

Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your shares, you should at once hand this Abridged Prospectus together with the NPA and RSF to the agent / broker through whom you effected the sale / transfer for onward transmission to the purchaser / transferee. All enquiries concerning the Rights Issue, which is the subject of this Abridged Prospectus, should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (Tel: 03 2783 9299 Fax: 03 2783 9222).

The Documents are only to be despatched to the Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 2 March 2017 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 2 March 2017. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of their entitlements to the Rights Shares, application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares would result in the contravention of any law of such countries or jurisdictions. We, AmInvestment Bank and/or other experts, shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements to the Rights Shares, application for Excess Rights Shares or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue has been obtained from the Shareholders at our EGM convened on 13 February 2017. Approval has also been obtained from Bursa Securities via its letter dated 20 January 2017 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities is in no way reflective of the merits of the Rights Issue. The listing of and quotation for the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The Board has seen and approved the Documents and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

AmInvestment Bank, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD

(Company No. 1035807-A)

(Incorporated in Malaysia under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,109,854,075 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF IOI PROPERTIES GROUP BERHAD ("IOIG SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.38 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING IOIG SHARES HELD AT 5.00 P.M. ON 2 MARCH 2017

Principal Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement Date	:	Thursday, 2 March 2017 at 5.00 p.m.
Last date and time for:-		
Sale of Provisional Rights Shares	:	Thursday, 9 March 2017 at 5.00 p.m.
Transfer of Provisional Rights Shares	:	Tuesday, 14 March 2017 at 4.00 p.m.
Acceptance and payment	:	Friday, 17 March 2017 at 5.00 p.m.
Excess Rights Shares Application and payment	:	Friday, 17 March 2017 at 5.00 p.m.

This Abridged Prospectus is dated 2 March 2017

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE RIGHTS ISSUE, 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 ADVISERS IMMEDIATELY.

SHAREHOLDERS / INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR FACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, INCLUDING, INTER-ALIA, DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following definitions shall apply throughout this Abridged Prospectus:-

Abridged Prospectus	: This Abridged Prospectus dated 2 March 2017 in relation to the Rights Issue
ABSD	: Additional buyer's stamp duty
Act	: Companies Act, 2016, as amended from time to time and any re-enactment thereof
AmInvestment Bank or Principal Adviser	: AmInvestment Bank Berhad (Company No. 23742-V)
BNM	: Bank Negara Malaysia
Board	: Board of directors of IOIPG
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
CBD	: Central business district
CDS	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Accounts	: Accounts established by Bursa Depository for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	: 17 March 2017 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Shares
CMSA	: Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
Dato' Lee	: Dato' Lee Yeow Chor
DIBS	: Developer interest bearing schemes
Director	: Has the meaning assigned to it in Section 2(1) of the CMSA and shall include any Non-Executive Director or any Executive Director
Documents	: Collectively, this Abridged Prospectus, the NPA and RSF
EBITDA	: Earnings before interest, tax, depreciation and amortisation
EGM	: Extraordinary general meeting
Entitled Shareholders	: Shareholders whose names appear in the Record of Depositors of our Company as at the Entitlement Date
Entitlement Date	: 5.00 p.m. on 2 March 2017

DEFINITIONS (CONT'D)

EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share
ESOS	:	Employees' share option scheme
ESOS Options	:	Options granted under our Company's ESOS
Excess Rights Shares	:	Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date
Excess Rights Shares Applications	:	Applications for additional Rights Shares in excess of the Provisional Rights Shares as set out in Section 3.6 of this Abridged Prospectus
Foreign Addressed Shareholders	:	Shareholders who have not provided an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue
FPE	:	Financial period ended
Full Subscription Level	:	Full subscription of up to 1,109,854,075 Rights Shares under the Rights Issue such that the Proposed Rights Issue will be undertaken on a Full Subscription Level
FYE	:	Financial year ended / ending, as the case may be
GDV	:	Gross development value
Government	:	Government of Malaysia
HKD	:	Hong Kong Dollar
IGF	:	Internally generated funds
IOIPG or Company	:	IOI Properties Group Berhad (Company No. 1035807-A)
IOIPG Group or Group	:	Collectively, IOIPG and its subsidiaries
IOIPG Shares or Shares	:	Ordinary shares in the share capital of IOIPG
Land	:	A parcel of leasehold land at Central Boulevard in Singapore measuring approximately 10,868.70 square metres (1.09 hectares) which is the subject matter of the Land Tender
Land Tender	:	Land tender by Wealthy Link of the Land for the Tender Consideration from the URA
LPD	:	6 February 2017, being the latest practicable date prior to the printing of this Abridged Prospectus
LRT	:	Light rail transit
LTV	:	Loan-to-value
Market Day	:	A day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is opened for trading in securities

DEFINITIONS (CONT'D)

Maximum Scenario	:	Assuming all of the outstanding exercisable ESOS Options as at the LPD are exercised, none of the treasury shares as at the LPD are cancelled, distributed as share dividends or resold prior to the Entitlement Date, and all Entitled Shareholders subscribe for their respective entitlements under the Rights Issue
Minimum Scenario	:	Assuming none of the outstanding exercisable ESOS Options as at the LPD are exercised, none of the treasury shares as at the LPD are cancelled, distributed as share dividends or resold prior to the Entitlement Date, and all Entitled Shareholders subscribe for their respective entitlements under the Rights Issue
Mr. Lee	:	Lee Yeow Seng
NA	:	Net assets
NPA	:	Notice of provisional allotment in relation to the Rights Issue
PAT	:	Profit after tax
PRC	:	People's Republic of China
Progressive Holdings	:	Progressive Holdings Sdn Bhd (Company No. 110365-A), the holding company of Vertical Capacity. The shareholders of Progressive Holdings are Tan Sri Dato' Lee, Puan Sri Datin Hoong, Dato' Lee and Mr. Lee
Provisional Shares	Rights :	Rights Shares provisionally allotted to the Entitled Shareholders
Puan Sri Datin Hoong	:	Puan Sri Datin Hoong May Kuan
Record of Depositors	:	Record of securities holders established by Bursa Depository as issued pursuant to the Rules of Bursa Depository
Rights Issue	:	Renounceable rights issue of up to 1,109,854,075 Rights Shares at an issue price of RM1.38 per Rights Share on the basis of one (1) Rights Share for every four (4) existing IOIPG Shares held on the Entitlement Date
Rights Shares	:	New IOIPG Shares to be allotted and issued pursuant to the Rights Issue
RM and sen	:	Ringgit Malaysia and sen respectively
RMB	:	PRC Renminbi
RPGT	:	Real property gains tax
RSF	:	Rights subscription form in relation to the Rights Issue
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA, including any amendments thereof issued by Bursa Depository from time to time
SC	:	Securities Commission of Malaysia

DEFINITIONS (CONT'D)

SGD	:	Singapore Dollar
Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd (Company No. 11324-H)
Shareholders	:	Shareholders of IOIPG
SICDA	:	Securities Industry (Central Depositories) Act, 1991, including Securities Industry (Central Depositories) Amendment Act, 1998
Singapore	:	Republic of Singapore
sq ft	:	square feet
sq m	:	square metre
Summervest	:	Summervest Sdn Bhd (Company No. 353525-U), a substantial shareholder of IOIPG as at the LPD, which is a private company held by Tan Sri Dato' Lee and Dato' Lee
Tan Sri Dato' Lee	:	Tan Sri Dato' Lee Shin Cheng
Tender Consideration	:	Tender consideration for the Land of SGD2,568,686,688 (approximately RM8.07 billion)
TERP	:	Theoretical ex-rights price
Undertaking Parties	:	Collectively, Tan Sri Dato' Lee, Dato' Lee, Mr. Lee, Vertical Capacity and Summervest
Undertakings	:	The irrevocable undertakings received from the Undertaking Parties to subscribe in full for their respective entitlements under the Rights Issue as well as to subscribe for the Excess Rights Shares via the Excess Rights Shares Applications
URA	:	Urban Redevelopment Authority, acting as agent for and on behalf of the Government of Singapore for the Land Tender
USD	:	United States Dollar
Vertical Capacity	:	Vertical Capacity Sdn Bhd (Company No. 404154-A), a wholly-owned subsidiary of Progressive Holdings and a controlling shareholder of IOIPG as at the LPD
VWAMP	:	Volume weighted average market price
Wealthy Link	:	Wealthy Link Pte Ltd (Company No. 201628128Z), a wholly-owned subsidiary of IOIPG

Any references to “**our Company**” or “**IOIPG**” in this Abridged Prospectus are to IOI Properties Group Berhad, and references to “**our Group**” or “**IOIPG Group**” are to our Company and subsidiaries. All references to “**we**”, “**us**”, “**our**” and “**ourselves**” in this Abridged Prospectus are to our Company and, save where the context otherwise requires, our subsidiaries.

All references to “**you**” in this Abridged Prospectus are to the Shareholders.

DEFINITIONS (CONT'D)

Any reference in this Abridged Prospectus to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted or guidelines.

Unless specifically referred to, words denoting the singular shall include the plural and *vice versa* and words denoting the masculine gender shall include the feminine and neuter genders and *vice versa*. Any references to persons shall include corporations, unless otherwise specified.

Any reference to time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated. Any discrepancy in the tables between the amounts listed and the totals in this Abridged Prospectus are due to rounding.

Unless otherwise stated, the exchange rates of SGD1.00 : RM3.1412, RMB1.00 : RM0.6453 and USD1.00 : RM4.4280, being the middle rates prevailing at 5.00 p.m. on the LPD, as published by BNM, have been applied in this Abridged Prospectus for illustration purposes, where applicable.

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IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD

(Company No. 1035807-A)

(Incorporated in Malaysia under the Companies Act, 2016)

BOARD OF DIRECTORS

Name (Designation)	Address	Nationality	Profession
Tan Sri Dato' Lee Shin Cheng (Executive Chairman)	No. 8, Lingkungan 3 Diamond Hill, IOI Resort 62502 Putrajaya	Malaysian	Company Director
Tan Sri Dato' Sri Koh Kin Lip (Senior Independent Non- Executive Director)	Lot LLS 2042 Jalan Lalang Mile 1 ½ North Road 90000 Sandakan Sabah	Malaysian	Company Director
Lee Yeow Seng (Executive Director / Chief Executive Officer)	No. 8, Lingkungan 3 Diamond Hill, IOI Resort 62502 Putrajaya	Malaysian	Company Director
Dato' Lee Yeow Chor (Non-Independent Non- Executive Director)	No. 6, Jalan Beverly Utama IOI Resort 62502 Putrajaya	Malaysian	Company Director
Datuk Tan Kim Leong @ Tan Chong Min (Independent Non-Executive Director)	B-PH-1 Mutiara Upper East Ampang No. 39, Jalan 1/76 Desa Pandan 55100 Kuala Lumpur	Malaysian	Chartered Accountant
Datuk Lee Say Tshin (Independent Non-Executive Director)	No. 37, Jalan Setiabakti Damansara Heights 50490 Kuala Lumpur	Malaysian	Company Director
Datuk Dr Tan Kim Heung (Independent Non-Executive Director)	N21-3A, Suria Stonor No. 2, Lorong Stonor 50450 Kuala Lumpur	Malaysian	Consultant Cardiologist

CORPORATE DIRECTORY (CONT'D)**AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Datuk Tan Kim Leong @ Tan Chong Min	Chairman	Independent Non-Executive Director
Datuk Lee Say Tshin	Member	Independent Non-Executive Director
Datuk Dr Tan Kim Heung	Member	Independent Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Tan Sri Dato' Sri Koh Kin Lip	Chairman	Senior Independent Non-Executive Director
Datuk Tan Kim Leong @ Tan Chong Min	Member	Independent Non-Executive Director
Datuk Dr Tan Kim Heung	Member	Independent Non-Executive Director

COMPANY SECRETARY : Tan Sin Yee (MAICSA 7060514)
B-5-6 Impian Heights
Off Jalan Pipit
Bandar Puchong Jaya
47100 Puchong
Selangor Darul Ehsan

HEAD OFFICE / REGISTERED OFFICE : Two IOI Square
IOI Resort
62502 Putrajaya
Telephone No. : 03 8947 8888
Facsimile No. : 03 8947 8909

WEBSITE : www.ioiproperties.com.my

AUDITORS AND REPORTING ACCOUNTANTS : PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Telephone No. : 03 2173 1188
Facsimile No. : 03 2173 1288

PRINCIPAL BANKERS : AmBank (M) Berhad
22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : 03 2036 2633
Facsimile No. : 03 2078 2842

CORPORATE DIRECTORY (CONT'D)

- PRINCIPAL BANKERS
(CONT'D)** :
- Malayan Banking Berhad
No. 7, Jalan Kenari 1
Bandar Puchong Jaya
47100 Puchong
Selangor Darul Ehsan
Telephone No. : 03 5882 0271
Facsimile No. : 03 5882 0276
 - RHB Bank Berhad
B-G-5 & B-1-5, Ground & 1st Floor
IOI Boulevard, Jalan Kenari 5
Bandar Puchong Jaya
47100 Puchong
Selangor Darul Ehsan
Telephone No. : 03 8070 8603 / 8604 / 8571 / 8572
Facsimile No. : 03 8070 8563
 - Standard Chartered Bank Malaysia Berhad
No. 30 & 32 Jalan Puteri ½
Bandar Puteri
47100 Puchong
Selangor Darul Ehsan
Telephone No. : 03 8064 6801
Facsimile No. : 03 8064 6822
- PRINCIPAL ADVISER** :
- AmInvestment Bank Berhad
22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : 03 2036 2633
Facsimile No. : 03 2078 2842
- SOLICITORS FOR THE RIGHTS
ISSUE** :
- Mah-Kamariyah & Philip Koh
3A07, Block B, Phileo Damansara II
15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor
Telephone No. : 03 7956 8686
Facsimile No. : 03 7956 2208
- SHARE REGISTRAR** :
- Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : 03 2783 9299
Facsimile No. : 03 2783 9222
- STOCK EXCHANGE LISTED
AND LISTING SOUGHT** :
- Main Market of Bursa Securities



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD

(Company No. 1035807-A)
(Incorporated in Malaysia under the Companies Act, 2016)

Registered Office:
Two IOI Square
IOI Resort
62502 Putrajaya

2 March 2017

Board of Directors

Tan Sri Dato' Lee Shin Cheng (*Executive Chairman*)
Tan Sri Dato' Sri Koh Kin Lip (*Senior Independent Non-Executive Director*)
Lee Yeow Seng (*Executive Director / Chief Executive Officer*)
Dato' Lee Yeow Chor (*Non-Independent Non-Executive Director*)
Datuk Tan Kim Leong @ Tan Chong Min (*Independent Non-Executive Director*)
Datuk Lee Say Tshin (*Independent Non-Executive Director*)
Datuk Dr Tan Kim Heung (*Independent Non-Executive Director*)

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,109,854,075 RIGHTS SHARES AT AN ISSUE PRICE OF RM1.38 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING IOIPG SHARES HELD AT 5.00 P.M. ON 2 MARCH 2017

1. INTRODUCTION

The Board is pleased to inform you that, at our EGM convened on 13 February 2017, the Shareholders had approved, amongst others, the Rights Issue. A certified true extract of the ordinary resolution pertaining to the Rights Issue which was passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

On 23 January 2017, AmInvestment Bank had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 20 January 2017, resolved to approve the listing of and quotation for up to 1,111,178,800 Rights Shares on the Main Market of Bursa Securities subject to the following conditions:-

Details of conditions imposed on the Rights Issue	Status of compliance
(i) Our Company and AmInvestment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Rights Issue;	To be met
(ii) Our Company and AmInvestment Bank are to inform Bursa Securities upon the completion of the Rights Issue;	To be met

Details of conditions imposed on the Rights Issue	Status of compliance
(iii) Our Company is to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed; and	To be met
(iv) To provide Bursa Securities with a certified true copy of the resolution passed by the Shareholders at the EGM for the Rights Issue.	Met

On 16 February 2017, AmInvestment Bank had, on behalf of the Board, announced that the Entitlement Date has been fixed at 5.00 p.m. on 2 March 2017.

Save for the Rights Issue, the Board has confirmed that as at the LPD, our Company does not have any other corporate proposal which has been approved by regulatory authorities which is pending implementation.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus, the announcements and circular to shareholders in relation to, amongst others, the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by AmInvestment Bank or us in connection with the Rights Issue.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Particulars of the Rights Issue

The Rights Issue entails the issuance of up to 1,109,854,075 Rights Shares at an issue price of RM1.38 per Rights Share on a renounceable basis of one (1) Rights Share for every four (4) existing IOIPG Shares held by the Entitled Shareholders as at the Entitlement Date.

In accordance with the terms and conditions of the Rights Issue as approved by the relevant authorities and the Shareholders, and subject to the terms and conditions of this Abridged Prospectus and the accompanying documents, our Company shall provisionally allot up to 1,109,854,075 Rights Shares to the Entitled Shareholders on the basis of one (1) Rights Share for every four (4) existing IOIPG Shares held as at the Entitlement Date.

As the Rights Shares are prescribed securities, the respective CDS Accounts of the Entitled Shareholders will be duly credited with the number of Provisional Rights Shares which they are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue. Entitled Shareholders will find enclosed in this Abridged Prospectus, the NPA notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable the Entitled Shareholders to subscribe for the Provisional Rights Shares as well as to apply for the Excess Rights Shares if the Entitled Shareholders so choose to. However, only the Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

Entitled Shareholders can fully or partially renounce their entitlements for the Rights Shares. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part.

Any dealings in our securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares will be credited directly into the CDS Accounts of the successful applicants. No physical share certificates will be issued.

Any Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable, shall be made available for Excess Rights Shares Application. It is the intention of the Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares Application; and
- (iv) fourthly, for allocation to transferee(s) and/or renounee(s) (if applicable), who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares Application.

Nevertheless, the Board reserves the right to allot any Excess Rights Shares applied for under the RSF in such manner as it deems fit, expedient and in the best interests of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of the Board set out above is achieved. The Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason.

As the Rights Issue will be undertaken on a Full Subscription Level, the Undertaking Parties will, pursuant to the Undertakings, subscribe for any remaining excess Rights Shares which are not taken up or are not validly taken up.

In determining Shareholders' entitlements under the Rights Issue, fractional entitlements, if any, shall be disregarded and dealt with in such manner as the Board shall in its discretion deems fit, expedient and in the best interests of our Company.

If you wish to accept the Provisional Rights Shares (in full or in part) as specified in the NPA and/or apply for the Excess Rights Shares, you may do so by completing the RSF.

Notices of allotment will be despatched to the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities.

If you do not wish to participate in the Rights Issue, you do not need to take any action.

You should read this Abridged Prospectus in its entirety before making a decision.

2.2 Rationale for the Rights Issue

The Rights Issue is mainly undertaken to reduce our Group's bank borrowings procured by the Group for the purposes of funding the Tender Consideration.

After due consideration of the proposed utilisation of proceeds as set out in Section 4 of this Abridged Prospectus and the various methods of fund raising, the Board is of the opinion that raising funds by way of the Rights Issue is most suitable for the following reasons:-

- (i) the Rights Issue will enable our Company to raise the requisite funds for the reduction of our Group's bank borrowings so as to minimise cash outflow in respect of interest servicing. As set out in Section 4 of this Abridged Prospectus, the utilisation of proceeds from the Rights Issue is expected to result in interest costs savings for our Group of between approximately RM18.69 million per annum (Minimum Scenario) and RM18.83 million per annum (Maximum Scenario). This would in turn improve and strengthen our Group's overall cash flow management;
- (ii) the Rights Issue will provide an opportunity for the existing Shareholders to further participate in the equity of our Company via the issuance of new IOIPG Shares at a discount to the prevailing market price, without diluting the existing Shareholders' interests, assuming that all the Entitled Shareholders fully subscribe for their respective entitlements pursuant to the Rights Issue; and
- (iii) the Rights Issue will increase the shareholders' funds of our Group, strengthen our Group's capital base and reduce our Group's gearing level. As illustrated in Section 8.3 of this Abridged Prospectus, our Group's net gearing is envisaged to increase after the Land Tender arising from the bank borrowings procured to fund the Tender Consideration.

Upon completion of the Rights Issue, our Group's NA is expected to strengthen to RM17.39 billion (Minimum Scenario) and RM17.48 billion (Maximum Scenario) respectively from RM15.89 billion as at 30 June 2016. The Rights Issue will also reduce our Group's net gearing as further detailed in Section 8.3 of this Abridged Prospectus.

2.3 Basis and justification of determining the issue price of the Rights Shares

The Board has fixed the issue price of the Rights Shares at RM1.38 per Rights Share.

The issue price of RM1.38 per Rights Share was arrived at after taking into consideration the TERP of IOIPG Shares of RM2.1396 based on the five (5)-day VWAMP of IOIPG Shares up to and including the preceding Market Day prior to the announcement of the Rights Issue of RM2.3295. The issue price of RM1.38 per Rights Share represents a discount of approximately 35.50% to the abovementioned TERP.

For illustration purposes, the issue price of RM1.38 per Rights Share represents a discount of approximately 30.35% to the TERP of IOIPG Shares of RM1.9814 based on the five (5)-day VWAMP of IOIPG Shares up to and including the LPD of RM2.1317.

The issue price of the Rights Shares, including its discount to the TERP of IOIPG Shares, was determined after taking into consideration, amongst others, the prevailing market conditions, the current and future prospects of our Group as well as the historical share price movement of IOIPG Shares vis-a-vis the funding requirements of IOIPG.

Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable, should note that the market price of our Shares is subject to occurrence of market forces and other uncertainties in addition to the risk factors set out in Section 6 of this Abridged Prospectus, which may affect the market price of our Shares being traded. Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable, should form their own views on the valuation of the Rights Shares before deciding to invest in the Rights Shares.

2.4 Ranking of the Rights Shares

The Rights Shares to be issued under the Rights Issue shall, upon allotment and issue, rank *pari passu* in all respects with the then existing IOIPG Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares.

2.5 Last date and time for acceptance and payment

The Closing Date is **5.00 p.m. on Friday, 17 March 2017.**

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE / TRANSFER AND EXCESS RIGHTS SHARES APPLICATION

Full instructions for the acceptance of and payment for the Provisional Rights Shares as well as Excess Rights Shares Application and the procedures to be followed should you and/or your transferee(s) and/or your renounee(s) (if applicable) wish to sell or transfer all or any part of your entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renounee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptances and/or payments for the Provisional Rights Shares which do not conform strictly to the terms and conditions of this Abridged Prospectus, the RSF and the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.

3.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares which you are entitled to subscribe for under the terms and conditions of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for such Rights Shares that you have been provisionally allotted as well as to apply for the Excess Rights Shares if you choose to do so. This Abridged Prospectus and the RSF are also available at your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (www.bursamalaysia.com).

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3.2 NPA

The Provisional Rights Shares are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications for the Rights Shares.

3.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF or the notes and instructions contained in these documents or which are illegible may be rejected at the absolute discretion of the Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, to the following address:-

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : 03 2783 9299
Facsimile No. : 03 2783 9222

so as to arrive not later than 5.00 p.m. on 17 March 2017, being the Closing Date.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies of the RSF from your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (www.bursamalaysia.com).

Only one (1) RSF must be used for acceptance of the Provisional Rights Shares standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Rights Shares standing to the credit of more than one (1) CDS Account. The Rights Shares accepted by you will be credited into the CDS Account(s) where the Provisional Rights Shares are standing to the credit.

The minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share. However, you should take note that a trading board lot comprises 100 shares. Fractions of a Rights Share arising from the Rights Issue will be dealt with as the Board may at its absolute discretion deem fit, expedient and in the best interests of our Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and made payable to "IOIPG RIGHTS ISSUE ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar by 5.00 p.m. on 17 March 2017. The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Rights Shares allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on 17 March 2017, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

The Board will then have the right to allot any Rights Shares not taken up or not validly taken up to applicants applying for the Excess Rights Shares in the manner as set out in Section 3.6 of this Abridged Prospectus.

3.4 Procedures for part acceptance

If you do not wish to accept the Provisional Rights Shares allotted to you in full, you are entitled to accept part of your entitlement of the Provisional Rights Shares that can be subscribed for / accepted PROVIDED ALWAYS that the minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share (wherein you must hold at least four (4) IOIPG Shares as at the Entitlement Date in order to be entitled to one (1) Rights Share).

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares which you are accepting (in the stipulated proportions) and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 3.3 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

3.5 Procedures for sale or transfer of Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons, you may do so through your stockbroker without first having to request us for a split of the Provisional Rights Shares standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(A) and II of the RSF. Please refer to Section 3.3 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

3.6 Procedures for the Excess Rights Shares Application

If you wish to apply for additional Rights Shares in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable on the Excess Rights Shares applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on 17 March 2017, being the last time and date for Excess Rights Shares Application and payment.

Payment for the Excess Rights Shares applied for should be made in the same manner described in Section 3.3 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia be made payable to "IOIPG EXCESS RIGHTS ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar by 5.00 p.m. on 17 March 2017. The payment must be made for the exact amount payable for the Excess Rights Shares applied. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment are not acceptable.

It is the intention of the Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares Application; and
- (iv) fourthly, for allocation to transferee(s) and/or renounee(s) (if applicable) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares Application.

Nevertheless, the Board reserves the right to allot any Excess Rights Shares applied for under Part I(B) of the RSF in such manner as it deems fit, expedient and in the best interests of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of the Board set out above is achieved. The Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

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NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES APPLICATION OR THE APPLICATION MONIES IN RESPECT THEREOF. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

3.7 Procedures to be followed by transferees and/or renounees

As a transferee and/or renounee, the procedures for acceptance, selling or transferring of Provisional Rights Shares, applying for the Excess Rights Shares and/or payment are the same as that which are applicable to the Entitled Shareholders as described in Sections 3.3 to 3.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (www.bursamalaysia.com).

TRANSFEREES AND/OR RENOUNCEES (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

3.8 CDS Account

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Rights Shares shall be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares shall mean consent to receive such Rights Shares as deposited securities which will be credited directly into your CDS Account. No physical share certificates will be issued.

All Excess Rights Shares allotted shall be credited directly into the CDS Accounts of successful applicants.

If you have multiple CDS Accounts into which the Provisional Rights Shares have been credited, you cannot use a single RSF for subscription of all these Provisional Rights Shares. Separate RSFs must be used for separate CDS Accounts. If successful, the Rights Shares that you subscribe for will be credited into the CDS Accounts where the Provisional Rights Shares are standing to the credit.

3.9 Foreign Addressed Shareholders

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of the Documents, as well as the acceptance of the Provisional Rights Shares and the subscription for or the acquisition of the Rights Shares may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed made or offered for subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to the Entitled Shareholders receiving the Documents or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) sent to our Foreign Addressed Shareholders. However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

The Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) may only accept or renounce all or any part of their entitlements and exercise any other rights in respect of the Rights Issue to the extent that it would be lawful to do so, and our Company, the Board and officers, AmInvestment Bank and/or other advisers named herein ("**Parties**") would not, in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or might be subject to. The Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) shall be solely responsible to seek advice from their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue would result in the contravention of the laws of the countries or jurisdictions to which he is or might be subject to.

The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlements or to any net proceeds thereof.

Our Company reserves the right, in our discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of the Excess Rights Shares available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable).

Each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or might be subject to;
- (ii) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) has complied with the laws to which the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) has obtained a copy of this Abridged Prospectus and has had access to such financial and other information and has been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) deem necessary in connection with the Foreign Addressed Shareholder and/or his transferee and/or his renounee's (if applicable) decision to subscribe for or purchase the Rights Shares; and
- (vi) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM1.38 per Rights Share, the gross proceeds and the expected utilisation of the proceeds to be raised from the Rights Issue are as follows:-

Proposed utilisation	Minimum Scenario (RM' million)	Maximum Scenario (RM' million)	Estimated time frame for utilisation⁽¹⁾
Repayment of short-term bank borrowings ⁽²⁾	1,519.25	1,530.60	Within eighteen (18) months
Estimated expenses ⁽³⁾	1.00	1.00	Within six (6) months
Total	1,520.25	1,531.60	

Notes:-

- (1) From the date of listing of and quotation for the Rights Shares.
- (2) The Group has procured and drawdown bank borrowings of SGD2.83 billion (approximately RM8.89 billion) mainly for the full settlement of the Tender Consideration. For information purposes, Wealthy Link had on 11 November 2016 successfully tendered for the Land for the Tender Consideration from the URA. The Land Tender was completed following the full settlement of the Tender Consideration on 8 February 2017.

Further information on the Land Tender is available in the circular to Shareholders dated 26 January 2017 which is available at www.bursamalaysia.com as well as Section 7.3 of this Abridged Prospectus.

The proceeds from the Rights Issue will be utilised to partly repay the principal of our Group's bank borrowings obtained to fund the Tender Consideration. The details of the bank borrowings intended to be repaid by our Group are as follows:-

Name of Bank	Proposed repayment of principal amount based on the Maximum Scenario (RM' million)
Bank of Tokyo-Mitsubishi UFJ, Ltd	Up to 765.30
United Overseas Bank Limited	Up to 765.30

For avoidance of doubt, it is the intention of the Company to utilise the proceeds to be raised from the Rights Issue to repay each of the bank above in equal proportion.

For illustrative purposes, the partial repayment of the said borrowings is expected to result in the interest costs savings as below based on the effective interest rates as follows:-

	Minimum Scenario (RM' million)	Maximum Scenario (RM' million)
Repayment of short-term bank borrowings	1,519.25	1,530.60
Interest rate per annum*	1.23%	1.23%
Interest savings per annum	18.69	18.83

* The interest rate applicable is 0.75%+SGD SWAP offer rate administered by ABS Benchmarks Administration Co Pte Ltd ("**SOR Rate**"). The 1-month SOR Rate as at the LPD has been applied in deriving the interest rate above.

- (3) The estimated expenses include professional fees and fees payable to the relevant authorities, printing cost of circular and this Abridged Prospectus, advertisement and miscellaneous expenses, the breakdown of which is as follows:-

Type of expenses	RM'000
Professional fees	500
Fees payable to the relevant authorities	300
Printing and advertisement costs	150
Miscellaneous expenses	50
Total	1,000

Any shortfall in funds allocated for estimated expenses will be funded from the proceeds allocated for repayment of short-term bank borrowings. Any excess in funds allocated for estimated expenses will be used for our Group's repayment of short-term bank borrowings.

5. FULL SUBSCRIPTION LEVEL AND UNDERTAKINGS

Our Company intends to undertake the Rights Issue on a Full Subscription Level basis. The Full Subscription Level will be met via the Undertakings which have been procured from the Undertaking Parties.

The Undertaking Parties have jointly and severally confirmed via the Undertakings that they collectively have sufficient financial resources to take up (i) the number of Rights Shares based on their respective entitlements as well as (ii) the Excess Rights Shares via Excess Rights Shares Applications to the extent that such Rights Shares are not taken up or are not validly taken up by other Entitled Shareholders and/or their renounee(s) (if applicable) under the Rights Issue. AmInvestment Bank has verified the sufficiency of financial resources of the Undertaking Parties for the purpose of subscribing for the Rights Shares on a collective basis pursuant to the Undertakings. In view of the Undertakings, underwriting arrangement is therefore not required for the Rights Issue.

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The shareholdings of the Undertaking Parties as at the LPD and their respective entitlements under the Rights Issue are as follows:-

Undertaking Parties	Shareholdings as at the LPD		Rights Shares entitlement		After the Rights Issue			
	No. of IOIPG Shares ('000)	%	Minimum Scenario		Minimum Scenario		Maximum Scenario	
			No. of Rights Shares ('000)	%	No. of IOIPG Shares ('000)	%		
Tan Sri Dato' Lee	39,568	0.90	9,892	0.90	49,460	0.90	*56,335	1.02
Dato' Lee	5,110	0.12	1,278	0.12	6,388	0.12	6,388	0.12
Mr. Lee	2,210	0.05	553	0.05	*1,803	0.05	*9,013	0.16
Vertical Capacity	2,258,338	51.25	564,585	51.25	2,822,923	51.25	2,822,923	50.87
Summervest	373,870	8.48	93,467	8.48	467,337	8.48	467,337	8.42

Note:-

* Assuming 5,500,000 ESOS Options held by Tan Sri Dato' Lee and 5,000,000 ESOS Options held by Mr. Lee as at the LPD are fully exercised prior to the Entitlement Date under the Maximum Scenario.

The Undertakings will not give rise to any consequences relating to a mandatory take-over offer obligation under the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC.

Further, in the event the Undertaking Parties subscribe for their Undertakings and no other Entitled Shareholder subscribes for its entitlements under the Rights Issue, the public shareholding spread of IOIPG will not fall below the minimum shareholding spread requirement of 25% as required pursuant to Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities.

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6. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) before subscribing for or investing in the Rights Shares.

6.1 Risks relating to our Group

Risks relating to the business and operations of our Group

(i) Performance of the property market

Our financial performance is largely dependent on the performance of the property market in Malaysia and other countries in which we operate. Any material developments affecting the property markets such as the deterioration in property demand and the property rental market may have an impact on our business operations and financial performance.

The performance of the property market is also affected by the regulatory environment. In efforts to promote a more stable and sustainable property markets, local authorities in Malaysia, Singapore and Xiamen, PRC have introduced certain regulatory restrictions and schemes.

In Malaysia, the Government has introduced several cooling measures such as, *inter-alia*, the RPGT as part of its efforts to curb speculation in the property market. As announced in the Malaysian Budget 2014, effective 1 January 2014, the RPGT rates for the disposal of properties have been revised as follows:-

Disposal period	RPGT rates (%)		
	Companies	Individuals (citizens and permanent residents)	Individuals (non-citizens)
Within 3 years	30	30	30
In the 4 th year	20	20	30
In the 5 th year	15	15	30
In the 6 th year and subsequent years	5	0	5

The Government had also imposed different minimum threshold of purchase price on properties purchasable by foreigners in different states of Malaysia as part of the Government's plans to restrict speculative activities in the property market.

In 2010, BNM had introduced a maximum LTV ratio of 70% with regards to third home purchases. Under the ruling, potential third home purchasers are only able to obtain loan-financing facility of up to 70% of the value of their proposed third home purchases. This ruling was introduced with the aim of discouraging speculation in the property market. In November 2013, BNM issued a ruling that banks are required to give out property loans based on net selling price of the properties, which excludes rebates and discounts as opposed to the gross selling price of the subject properties.

In addition, banks can no longer provide financing for projects with DIBS, which is generally a form of promotional incentive offered to potential purchasers in a bid by property developers to attract property buyers. Under DIBS, interests on the loan undertaken by the buyers are borne by the property developers until the property has been constructed. Any further introduction of cooling measures by the Government or BNM to control price levels of the Malaysian property market may impact our property development business in Malaysia.

In Singapore, the Government of Singapore has implemented several rounds of property curbs and cooling measures since September 2009 to keep the buoyancy of the property market in check. Such measures included, *inter-alia*, the lowering of LTV limits, the increase in minimum cash down payment, the imposition of ABSD, sellers' stamp duty and total debt servicing ratio of 60% as well as the stipulation of a maximum loan tenure. Any further lowering of LTV limits, extension of the ABSD scheme or the introduction of further stringent measures to control price levels of property in Singapore may impact our property development business in Singapore.

Similarly in Xiamen, PRC, the local government had announced cooling measures involving price control regulations on property transactions, such as, *inter-alia*, the increase of minimum down payment rates for certain second home buyers of up to 60% and restriction on purchasing a third home with floor space of less than 180 square meters.

The above measures may affect the demand for properties which in turn may impact our property development business.

(ii) Cost fluctuation and demand for properties

Our profitability may be affected by any increase in land acquisition costs and fluctuation of construction costs which are inherent to our industry. Higher cost of materials (including steel, cement and tiles), labour costs, contractor fees and overheads, will reduce our profit margin in the event we are unable to pass these increased costs to customers in the form of higher selling prices. Selling prices of properties are largely determined by product differentiation in terms of location, reputation, quality, design and the conditions of the property market in Malaysia and the other countries in which we operate.

There can be no assurance that any changes in development cost will not have any impact on our financial performance. Although our contractors bear the risk of fluctuation in prices of construction materials, a persistent uptrend in costs will likely affect our profit margins.

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(iii) Competition from other property developers

Our Company is the second largest property development company listed on Bursa Securities in terms of market capitalisation as at the LPD as detailed below:-

No.	Company	Market capitalisation (RM' million)
1.	S P Setia Berhad	9,730.55
2.	IOIPG	9,341.81
3.	Sunway Berhad	6,276.34
4.	UEM Sunrise Berhad	5,081.93
5.	Eco World Development Group Berhad	4,055.20
6.	UOA Development Berhad	3,915.23
7.	Mah Sing Group Berhad	3,590.04
8.	IGB Corporation Berhad	3,243.82
9.	Eastern & Oriental Bhd	2,212.67
10.	OSK Holdings Berhad	1,952.55

(Source: Bloomberg Finance L.P.)

Although there are some barriers of entry into the property development industry, we experience intense competition from existing players and new market entrants in respect of land bank, supply of raw materials and labour and selling prices of property. There are many local and foreign property developers undertaking property development and investment projects both in Malaysia and other countries in which we operate, thus putting downward pressure on property prices and creating material and labour scarcity.

(iv) Delay in completion of projects

We sell most of our properties prior to the completion of their construction, i.e. sell and build concept. Therefore, we may be affected by external factors which may give rise to delay in delivery of our properties to our buyers. These external factors include, but are not limited to, regulatory approvals and permits from various authorities, inclement weather, unsatisfactory performance of contractors, accidents at project sites, stop work orders issued by relevant local authorities, labour disputes and availability of quality materials and labour.

As a township developer, we engage independent contractors in all our projects and as such, we may experience delay due to failure of our contractors to complete their work based on an agreed time schedule and to the specifications required.

As such, any delay in completion may give rise to potential claims for liquidated damages from our buyers pursuant to the terms of the sale and purchase agreements entered into and such claims may affect our Group's reputation and financial performance.

(v) Performance of joint ventures

We are exposed to the risk of termination of our joint ventures. The occurrence of such events may affect the performance of our joint ventures, which in turn may affect our business, financial condition, result of operations and prospects.

(vi) Country risks from our ventures overseas

We are currently involved in the property development industry in Singapore and Xiamen, PRC. Hence, we are exposed to economic, political, legislative, regulatory, taxation and other developments that may affect our investments in these countries. Further, the repatriation of the investment and potential profits from our investments will also be subject to the relevant policies of Singapore and the PRC which are in existence at the point of repatriation. Any fluctuations in the exchange rate between RM, the SGD and RMB would also affect the reported future results of our ventures in those countries, respectively.

(vii) Scarcity of commercially viable land bank for development

Moving forward, for our Group to continue to be successful in the property development industry, we rely to a large extent on our existing land bank, as well as on our ability to identify and acquire suitable land bank with development potential to deliver sustainable growth and profitability. However, like our peers, we also face intense competition from other property developers in identifying and acquiring strategically located land bank at commercially viable prices. The competition among industry players has to a certain extent, created some scarcity in strategically located land, which may result in higher land acquisition cost, thus may lead to a potential decrease in our profitability and affect our prospects.

There can be no assurance that we will be able to continue to identify new land bank and replenish our land bank on commercially viable prices and on suitable terms, or be able to secure opportunities to jointly develop lands with land owners on commercially viable profit sharing terms and with good development potential to spur our growth.

(viii) We may be affected by property overhang and/or unsold properties

Property overhang is commonly caused by oversupply and/or low take-up rate of new property launches by property developers. Other factors contributing to property overhang may include economic downturn and unfavourable market conditions. Any prolonged rise in the property overhang situation would inevitably result in us potentially holding high number of unsold properties. Apart from the general property overhang situation, an increase in the number of unsold properties in the property market may also be due to other factors such as weak response from the launched properties, location of the development and changes in consumer preferences.

(ix) We are exposed to foreign exchange fluctuations

The reporting currency of our statutory financial statements is presented in RM as our Company is incorporated in Malaysia. However, we currently have operations in Singapore and Xiamen, PRC through our joint ventures and/or subsidiaries where their functional currencies are denominated in SGD and/or RMB.

We are hence exposed to foreign exchange fluctuation at each reporting date when the financial results of our overseas operations are consolidated for purposes of presentation in our Company's consolidated financial statements. We are also exposed to foreign exchange risk as we may provide additional capital / funds to our foreign subsidiaries / joint ventures and/or repatriate our profits from these entities, if such need arises from time to time.

There can be no assurance that any significant fluctuations in foreign exchange rates will not have an impact on our financial performance.

(x) Inherent risks in the property development industry

We are subject to inherent risks in the property development industry. These may include, *inter-alia*, changes in general economic conditions, inflation and changes in business conditions such as deterioration in prevailing market conditions, shortage of labour supply, increase in labour and raw material costs, fluctuating demand for real estate properties and changes in government policies on lending by banks. Further, as a property developer, we are also quite dependent on the continuous provision of services by our experienced contractors with track records and proven capabilities.

(xi) Inherent risks in the property investment industry

We developed residential and commercial properties (which include shop lots, office towers and shopping malls), some of which are held as investment properties. Our major investment properties include IOI City Mall, IOI City Towers, One IOI Square and Two IOI Square in IOI Resort City in Putrajaya, IOI Mall, Puchong Financial Corporate Centre and IOI Boulevard in Puchong as well as IOI Mall Kulai in Johor.

Investment properties are subject to, *inter-alia*, risks incidental to the ownership and management of residential and commercial properties including, amongst others, competition for tenants, change in market rents, inability to secure new tenants / lessees or renew leases or re-let spaces as existing leases expire, illiquidity of property investments and inability to dispose of major investment properties for the values at which they are recorded in our financial statements, deterioration in the value of our properties, inability to collect outstanding rentals from tenants / lessees, increased operating costs, the need to renovate, repair and re-let space periodically and to pay the associated maintenance costs.

(xii) Inherent risks in the leisure and hospitality industry

Our leisure and hospitality segment comprises golf courses and hotels in Malaysia. We are hence subject to the risks inherent to the leisure and hospitality industry such as, the fluctuation in demand for our leisure and hospitality services, competition from our peers who offer similar products, changes in business conditions, decline in the level of tourism and changes in consumer trends.

Further, the leisure and hospitality industry is typically quite susceptible to the effects of outbreak of infectious diseases, which tend to curbs travel and tourist arrivals. As such, if an outbreak of infectious disease were to occur, the financial condition and operating results of our leisure and hospitality business may be affected.

Other general risks relating to our Group

(i) Non-renewal of / failure to obtain permits, licenses and certificates

Our permits, licenses and certificates (for example, Construction Industry Development Board Malaysia / construction licenses, housing development licenses including developers' licenses and advertising permits and business licenses) are subject to periodic review and renewal by the relevant government authorities. In addition, the standards of compliance required may from time to time be subject to changes. Failure to obtain or renew such permits, licenses or certificates or revocation of such permits, licenses or certificates or changes imposed on the terms and conditions of licensing may cause disruption or delay in relation to our business operations and consequential impact to our Group.

There is no assurance that existing permits and licenses will be renewed, or renewed within the anticipated time frame, or that any new licenses required by our Group will be obtained or obtained in a timely manner or maintained without interruption after being obtained.

(ii) We may be affected by political and economic conditions

The business operations of our Group are closely linked to the economic fundamentals and political stability of Malaysia and other countries in which we operate. Any political and economic uncertainties including, but are not limited to, risks of war, expropriation, nationalisation and unfavourable changes in government policies such as changes in interest rates, methods of taxation, exchange control regulations or the introduction of new rules and regulations, could impact the financial performance and position of our Group.

There can be no assurance that any changes to these factors will not have an impact on the financial performance and position of our Group.

(iii) Reliance on our Directors and key management personnel

We believe that our continued success will depend to a significant extent upon the abilities, skills, experience, competency and continuous efforts of our existing Directors and key management team.

Any significant or sudden loss of the services of our Directors and/or key management personnel without suitable and timely replacement or our inability to attract and retain qualified and skilled key management may have an impact on our Group's business operations.

(iv) Our borrowings and debt covenants may affect our financial performance

Our working capital requirements are met through a combination of borrowings and internally generated funds. There can be no assurance that our financial performance will not be affected in the event of unfavourable changes in interest rates and that any additional borrowings will not have any impact on our financial performance.

6.2 Risks relating to the Rights Issue

(i) Delay in or abortion of the Rights Issue

As stated in Section 5 of this Abridged Prospectus, our Company has procured the Undertakings from the Undertaking Parties, who have irrevocably and unconditionally undertaken, *inter-alia*, to subscribe in full for their respective entitlements under the Rights Issue as well as to subscribe for the Excess Rights Shares via the Excess Rights Shares Applications to the extent that such Rights Shares are not taken up or are not validly taken up by other Entitled Shareholders and/or their renounee(s) (if applicable) under the Rights Issue.

In the event of a failure in implementation of the Rights Issue, we will return in full without interest, all monies received in respect of any application for subscription of the Rights Shares within 14 days after our Company becomes liable to do so, in accordance with the provisions of the CMSA. If such monies are not repaid within 14 days after it becomes liable, we will repay such monies with an interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renounees (if applicable) and the Rights Issue is subsequently aborted, a return of subscription monies to all holders of the Rights Shares would only be achievable by way of cancellation of our Company's share capital as provided for under the Act and its related rules. Such cancellation requires the sanction of the Shareholders by way of a special resolution in a general meeting, consent of our creditors (where applicable) and may require the confirmation of the High Court of Malaya. In such an event, there can be no assurance that such monies can be returned within a short period of time or at all.

(ii) Capital market risk

The market price of our Shares is influenced by, amongst others, the prevailing market sentiment, the volatility of the stock market, movements in interest rates, the outlook of the property development industry in which our Company operates and our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of RM1.38 per Rights Share or the TERP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

Accordingly, there is no assurance that the market price of the Rights Shares will be at a level that meets the specific investment objectives or targets of any subscriber of the Rights Shares.

(iii) Potential dilution

Entitled Shareholders who do not or are not able to accept their Provisional Rights Shares will have their proportionate ownership and voting interests in our Company reduced, and the percentage of our enlarged issued share capital represented by their shareholdings in our Company will also be reduced accordingly. Further, their proportionate entitlement to any dividends, rights, allotments and/or other forms of distributions that our Company may declare, make or pay will also correspondingly be diluted.

In addition, the EPS of our Group is also expected to be diluted for the FYE 30 June 2017 as a result of the increase in the number of IOIPG Shares in issue after the Rights Issue, as further detailed in Section 8.2 of this Abridged Prospectus.

(iv) Forward-looking statements and other information

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on the estimates and assumptions made by our Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this Abridged Prospectus.

In view of this and other uncertainty factors, the inclusion of any forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by our Company, the Principal Adviser and/or other advisers that the plans and objectives of our Group will be achieved.

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7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

Information in Sections 7.1 and 7.2, save for Section 7.2.2.1, of this Abridged Prospectus have been extracted from the most recent available government publications and other publicly available resources.

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 4.3% in the third quarter of 2016 (2Q 2016: 4.0%), underpinned mainly by continued expansion in private sector spending and additional support from net exports. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.5% (2Q 2016: 0.7%).

Overall, domestic demand grew at a more moderate pace, as the sustained growth in private sector activity was more than offset by the slower growth in public spending. Private consumption grew by 6.4% (2Q 2016: 6.3%), supported by continued wage and employment growth as well as the increase in minimum wage effective 1 July 2016. Private investment registered a growth of 4.7% in the third quarter (2Q 2016: 5.6%), supported primarily by continued capital spending in the services and manufacturing sectors. Growth of public consumption moderated to 3.1% during the quarter (2Q 2016: 6.5%) due to lower spending on supplies and services, which partially offset the higher spending on emoluments. Public investment growth contracted by 3.8% (2Q 2016: 7.5%), attributable mainly to lower spending on fixed assets by the Federal Government.

On the supply side, growth in the third quarter was supported mainly by the services and manufacturing sectors, while the agriculture sector remained weak. The expansion in the services sector was underpinned primarily by private consumption activity, while growth in the manufacturing sector was supported by export-oriented industries. In the construction sector, growth continued to be driven by civil engineering activity, while the mining sector expanded at a faster pace on account of higher crude oil production. Growth in the agriculture sector, however, remained in contraction, attributable largely to the lagged impact of El Nino on crude palm oil (CPO) yields.

The Malaysian economy is expected to expand by 4 - 4.5% in 2016. Domestic demand, particularly private sector activity will continue to be the key driver of growth. Private consumption is expected to remain supported by wage and employment growth, with additional impetus coming from announced Government measures to increase disposable income. Investment activity will continue to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors. On the external front, export growth is expected to remain weak following subdued demand from Malaysia's key trading partners.

Overall, while domestic conditions remain resilient, uncertainties in the external environment may pose downside risks to Malaysia's growth prospects.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2016, BNM)

The Malaysian economy is expected to expand between 4% and 5% in 2017 (2016: 4% - 4.5%) with nominal gross national income per capita increasing 5% to RM39,699 (2016: 4.8%; RM37,812). Economic growth will be underpinned by strong domestic demand, especially private sector expenditure. Private sector activity will be supported by pro-growth fiscal and accommodative monetary policies in an environment of stable inflation which is projected to range between 2% and 3% (2016: 2% - 2.5%). Meanwhile, public sector expenditure will be driven mainly by higher capital investment by public corporations.

(Source: Economic Report 2016/2017, Ministry of Finance)

7.2 Outlook of property development industry

7.2.1 Outlook of property development industry in Malaysia

During the first half of 2016, the residential subsector grew 10.4% supported by steady growth in incoming supply at 13.1% to 816,174 units (January – June 2015: 13.5%; 10.3%; 721,730 units). Klang Valley, accounting for 26.2%, continued to contribute the most of the incoming supply mainly due to increasing affordable housing schemes (January – June 2015: 25.6%). However, during the period, new approvals declined significantly by 32% to 44,389 units as developers are clearing unsold properties, while buyers are more cautious amid increasing uncertainties in the global environment (January – June 2015: -2.1%; 65,231 units). Likewise, housing starts declined 16.8% to 60,378 units (January – June 2015: 15%; 72,545 units). Of which, terrace houses and condominiums/apartments accounted for 43.6% (26,324 units) and 29.9% (18,070 units), respectively, while low-end houses 11% (6,617 units). The take-up rate for residential units was lower at 25.6% in the first half of 2016 largely reflecting softer demand for high-end units (January – June 2015: 29.8%).

During the first half of 2016, a total of 102,096 residential properties valued at RM32.7 billion were transacted, accounting for 62.4% of total property transactions (January – June 2015: 119,446 transactions; RM36.5 billion; 64.1%). Residential properties transacted in Kuala Lumpur recorded a marked contraction of 20.1%, followed by Selangor (-14.1%), Pulau Pinang (-13.5%), and Johor (-10.9%). The softening of the transaction was partly due to the buyers' cautious sentiment and measures to contain the accelerating house prices. The residential overhang increased 63.1% to 13,438 units with a total value of RM7.6 billion during the first half of 2016 (January – June 2015: -24.1%; 8,238 units; RM2.7 billion) with Johor accounting for the highest overhang units at 21.1% (2015: 23.3%).

Malaysia House Price Index (MHPI) continues to moderate reflecting implementation of various measures to contain spiralling prices. The MHPI stood at 235.4 points (at base year 2000) during the second quarter of 2016, increasing 5.3%, the lowest since the fourth quarter of 2009 (Q2 2015: 223.5 points; 7.5%). All states recorded a positive growth except Kelantan (-0.2%) and Sabah (-0.6%). Johor registered the highest increase of 7%, followed by Kuala Lumpur (6.9%), Selangor (6.6%), Kedah (6.5%) and Negeri Sembilan (6.2%). The average all-house price increased to RM326,241 in the second quarter of 2016 relative to RM309,705 for the corresponding period in 2015, with detached houses recording the highest increase at 6.5%, followed by high rise units (6%) and terrace houses (5.7%).

The residential subsector is projected to expand driven by affordable housing programmes, particularly 1Malaysia Civil Servants Housing. Meanwhile, the nonresidential subsector is expected to benefit the mixed commercial development mainly in the Klang Valley, Johor and Pahang.

(Source: Economic Report 2016/2017, Ministry of Finance)

7.2.2 Outlook of property development industry in Singapore

7.2.2.1 Office

Supply and demand

Despite the growing economic uncertainty in 2016 resulting in consolidation among some companies, net take-up for Grade A and above offices in the CBD* from Q1 to Q3 2016 remained positive, at 0.15 million sq ft. A large proportion of the net take-up during this period was in Marina Bay (0.14 million sq ft). Some companies are taking advantage of the declining office rents, amid concerns of an excess supply in the short-term. Nonetheless, this also affirms how tenants, particularly those that are already in the CBD, continue to be drawn to the city centre and well-specified developments, given its high concentration and wide diversity of business activity.

Occupancy

Grade A and above offices in the CBD have generally performed better than the market average, in terms of occupancy. Over the past five years, occupancy for this tier of offices across all CBD micro-markets have generally been above 90%. This reflects the attractiveness of Grade A and above offices in the CBD as business locations. The Raffles Place micro-market commands the highest occupancy of 96.7% as at Q3/2016.

Occupancy of prime office buildings in Marina Bay started to ease in 2015, as financial institutions and multinational corporations (particularly energy and commodity companies) returned excess space to the market due to the weakening global economy as well as volatile financial and commodity markets.

** CBD comprises Marina Bay, Raffles Place, Shenton Way/Cecil Street and Tanjong Pagar.*

However, the downturn didn't last very long, as the shadow space was quickly absorbed. For example, IBM took up over 75,000 sq ft of shadow office space spanning three floors in MBFC Tower 2 to house their Asia Pacific headquarters, while LinkedIn expanded their premises in the same building with the lease of another whole floor. The above-mentioned four floors were formerly occupied by BHP Billiton, the world's biggest mining company. Consequently, Marina Bay's occupancy level remained resilient, and has been improving recently, to a healthy 95.1% as at Q3/2016.

Rents

Grade A and above office rents in the CBD have held up well, compared with other business locations. While rents in Marina Bay tend to be more volatile, given the high concentration of financial institutions and banks in the micro-market, those in the other CBD markets have generally been more stable. Nonetheless, the rental upside potential for Marina Bay is the highest in the CBD.

Average monthly gross rents of Grade A and above offices in the CBD micro-markets, as tracked by Savills, softened by about 10% from the previous peak of SGD9.92 per sq ft in Q1/2015 to SGD8.91 per sq ft in Q3/2016. Rents in Marina Bay declined the most significantly (21%), to SGD10.87 per sq ft per month in Q3 2016.

Prices

CBD office assets continued to be a highlight of the investment market in 2016, despite the lacklustre economic environment, as both local and foreign institutions looked towards deploying capital in this segment for asset diversification.

In view of office investment activity (especially in the CBD) holding up in 2016, prices of Savills basket of CBD Grade A and above office buildings remained flat at SGD2,723 per sq ft in Q3/ 2016, since the start of the year. Compared with the previous peak of SGD2,850 per sq ft in Q1/2015, prices were down by 4.5%. This was a milder decline compared with rentals, which fell by about 10% over the same period.

Potential Supply

Majority of the pipeline supply will be in 2017 (44%, 3.15 million sq ft) and 2018 (1.71 million sq ft). Of the pipeline supply in these two years, close to 60% (2.82 million sq ft) is estimated to be prime CBD office space i.e., Grade A and above.

From 2019 to 2021, Grade A and above office supply in the CBD is significantly more limited than the preceding period. However, there are several planned office projects in the CBD which have not confirmed their expected Temporary Occupation Permit (TOP) dates, namely, the redevelopment of CPF Building at 79 Robinson Road, the redevelopment of Golden Shoe Car Park and the development of a mixed-use development at the recently awarded Government Land Sales (GLS) white site at Central Boulevard. These projects are estimated to yield a total of approximately 2.22 million sq ft of Grade A and above office NLA. Assuming that this unconfirmed supply is straddled across 2020 and 2021, the pipeline supply may likely be more balanced in the mid-term, a conducive condition for rental growth stability.

Outlook

With real GDP growth expected to range between 1.0% and 1.5% in 2016, the short-term prospects of Singapore's economy are modest. Overall business sentiment remain soft, despite some improvement in major global economies e.g., United States and Mainland China and a rally in oil prices earlier in H1/2016. Coupled with the ensuing uncertainty following the changes in United States's political climate, firms are expected to be more conservative in their expansion plans in the short-term and net take-up in the near term is expected to be weak.

Taking into account Singapore's open economy and positioning as a "safe haven", as well as the government's pro-active efforts to capture high-growth sectors e.g., technology and ensure that industries are future-ready e.g., Industry Transformation Maps, we believe that net take-up will improve from 2017 to 2021. This also comes alongside the ongoing interest in the backdrop by foreign investors enquiring about investing in or developing CDB Grade A office buildings. Coupled with our outlook on future supply, occupancy for Grade A and above offices in the CBD is expected to improve steadily, after the significant supply influx in 2017.

Rents are expected to significantly correct in the short-term, given the impact of the large supply influx in 2017. However, the holding power of the landlords, arising from their strong balance sheets and being aided by a low interest rate environment, would mean that there is likely to be resistance to any sharp rental declines. Going forward, we believe that recovery in rents is likely to begin in late 2018/19.

Despite the challenging economic environment and some companies adopting more flexible working arrangements, many companies continue to favour the CBD as a choice business location. Well-specified offices in prime locations, especially Marina Bay, are expected to remain attractive to an increasingly diverse mix of corporates.

(Source: Valuation report dated 28 November 2016 prepared by Savills Valuation And Professional Services (S) Pte Ltd on the Land)

7.2.2.2 Residential

Home sales rose by 1.0% q-o-q to 4,596 units in Q3. The uptick in transaction sales was due to the stronger showing in the resale market, which saw a 15.7% q-o-q increase in sales. Primary home sales dipped 13.2% due to slower sales in August.

Despite the increase in transaction volume, prices remained soft as URA's private residential property price index fell for the 12th consecutive quarter. According to URA, private home prices fell by 1.5% q-o-q, and is almost at the same level as Q3 2010. The demand for homes remained suppressed by the cooling measures, while the slower economy exerted further downward pressure on home prices.

On the supply side, the inventory of unsold homes increased in Q3, as developers were actively replenishing their land bank through en bloc sales and the Government Land Sales Programme (GLS). The most recent GLS sale is the land parcel at Margaret Drive, which was triggered for SGD186m (SGD777.54 per sq ft per plot ratio) and will be put up for sale.

Home prices are likely to ease further, as Singapore's economy continues to face headwinds. In Q3, the economy expanded by 0.6 % y-o-y, which was lower than anticipated. With the economy slowing, the Monetary Authority of Singapore cautioned households to consider their housing choices carefully, as retirement adequacy could be compromised should households overstretched their finances.

Notwithstanding, prices for properties close to amenities and transportation facilities is expected to be resilient. The projects in 2017's pipeline are very attractive, and is expected to garner much interest. We anticipate most projects in 2017 to do well, given their choice locations.

We forecast sales volume in the primary market to trend upwards in 2017 to about 8,000 to 9,000 units, despite the weaker economy. Prospective buyers still view residential homes as "safe" assets and demand for homes will be supported by buyers with dry powder. We anticipate the demand for smaller units to remain strong in 2017, although it is likely that we see the demand for 3 bedroom units to improve. Prospective buyers on the sidelines are likely to enter the market, and will be attracted to projects in established estates, that comes with a unique identity and is proximate to both transportation and educational amenities.

Beside the GLS sites, private developers were more active in the private market, buying older estates through en bloc sales. This will also add to the options for buyers in 2017.

(Source: Demand from Singaporean buyers continue to increase, Singapore Q3 2016, Edmund Tie & Company Research)

7.2.3 Outlook of property development industry in Xiamen, PRC

With the home purchase restrictions which tied residential property purchase in Xiamen with household registration having been wound down in year end 2016, developers in Xiamen increased residential new supply. Therefore primary residential transaction volume rose in Q4 2015 which became an overdraft of the market demand in Q1 2016. Together with the impact of the Chinese New Year holidays, Xiamen's new supply and transaction volume are merely 133,000 sq m and 280,000 sq m respectively this quarter. Although the supply and demand for housing were proportionally larger than at the same time last year, the housing undersupply situation has been not substantially improved. In the first two months of 2016, residential price in Xiamen grew 4.9% y-o-y to RMB22,372 (US\$3,433) per sq m.

The second hand market remained active and recorded a total transaction volume of 651,000 sq m in the first two months, a 93.5% growth y-o-y. Judging from the DTZ/Cushman & Wakefield index, which reflects price change in the mid to high end residential market, Xiamen's quality second hand property witnessed 3.2 % growth in price q-o-q, much milder growth in comparison to the mass second hand property market.

(Source: South & West China Q1 2016, DTZ/Cushman & Wakefield)

7.3 Prospects of our Group

In arriving at the prospects of our Group, the Board has taken into consideration the prevailing conditions and outlook of the Malaysian economy as well as the property development industry in Malaysia as set out in Sections 7.1 and 7.2.1 of this Abridged Prospectus. Amidst a challenging property market environment resulting from economic uncertainties and prevailing consumer sentiment, the Board is cautiously optimistic that the property market in Malaysia remains positive, albeit at a slower rate.

As one of the leading property developers, well known for successful development of comprehensive self-contained suburban townships in Malaysia with sizeable development land bank of approximately 9,500 acres spread across the Klang Valley, Johor, Penang, Bahau in Negeri Sembilan and Ayer Keroh in Melaka, our Group will continue to leverage on our strength in terms of flexibility in launching products that cater to the changing preferences of purchasers as well as focus on strong execution and project management, to continue to deliver excellent products and services and sustain long-term growth and profitability.

For our newer townships in Bandar Puteri Bangi and Warisan Puteri @ Sepang, the recent opening of Tesco Hypermarket and Xiamen University within the respective vicinity of these townships had enhanced the range of township amenities and continue to draw potential purchasers going forward. Our Group will continue to focus on affordable housing which also includes landed properties in these townships. To date, total GDV for projects launched in Bandar Puteri Bangi and Warisan Puteri @ Sepang is approximately RM1.1 billion and RM0.3 billion respectively.

The developments of Bandar Puteri Bangi and Warisan Puteri @ Sepang are expected to span over approximately 15 years respectively. The remaining development land bank in Bandar Puteri Bangi and Warisan Puteri @ Sepang totalled approximately 221 acres and 128 acres with estimated GDV of approximately RM2.6 billion and RM3.6 billion respectively.

For our more established townships in Bandar Puchong Jaya and Bandar Puteri Puchong, the commencement of the LRT line will enhance the marketability of our existing land banks. With rapid urbanization, properties located near LRT lines continue to be identified as excellent investment choices due to ease of connectivity and convenience. To meet this market demand, our Group may consider transit-oriented development on land banks that are located in the vicinity of LRT stations. There are four (4) LRT stations within and in the vicinity of our Puchong townships. To date, the total GDV of projects launched in Bandar Puchong Jaya and Bandar Puteri Puchong totalled approximately RM3.8 billion and RM5.2 billion respectively. Our Group has remaining development land bank of approximately 8 acres and 138 acres in Bandar Puchong Jaya and Bandar Puteri Puchong with estimated GDV of approximately RM0.6 billion and RM10.8 billion respectively.

With the realignment of the MRT 2 line from Bandar Malaysia to Putrajaya, a MRT station is proposed for our 16 Sierra township, which will enhance ease of connectivity to our existing and future residences, in addition to providing visibility to our township. Our Group is optimistic that the connectivity of 16 Sierra will be further enhanced with the proposed connection of the MRT 2 line with the proposed high speed rail at Putrajaya. To date, total GDV of projects launched is approximately RM2.3 billion and our Group has remaining development land bank of approximately 198 acres with estimated GDV of approximately RM4.5 billion in this township.

IOI Resort City in Putrajaya is one of our major integrated mixed developments. Spanning more than 700 acres, IOI Resort City is strategically located in the southern Klang Valley and fronting the entrance to Putrajaya, with good connectivity to major urban centres within a 30-minute radius via major highways. Existing completed developments within IOI Resort City include amongst others, Puteri Palma condominiums, 5-star Le Meridien Putrajaya Hotel, 5-star Putrajaya Marriott Hotel, 4-star Palm Garden Hotel, an 18-hole championship golf course known as Palm Garden Golf Club, One and Two IOI Square office towers, IOI City Mall and IOI City Towers comprising two (2) blocks of 31-storey Grade A Green Building Index certified corporate office towers with approximately one (1) million sq ft of net lettable area. Our Group has a remaining development land bank of 322 acres with estimated GDV of RM18 billion which is expected to provide vibrancy to Putrajaya.

Our property development projects in well-established growth areas of the southern region of Malaysia comprise of townships in Bandar Putra Kulai, Bandar Putra Segamat, Taman Lagenda Putra and Taman Kempas Utama. The Platino, our serviced apartments and Taman Kempas Utama are both located in the vicinity of flagship A of Iskandar Malaysia whereas Bandar Putra Kulai and Taman Lagenda Putra are both located in the vicinity of flagship E of Iskandar Malaysia. Our Group has a sizeable remaining development land bank of approximately 4,200 acres with estimated GDV of approximately RM9.2 billion.

Flagship A of Iskandar Malaysia development comprises Johor Bahru city centre, which is the new financial and central business district with key landmarks being Danga Bay, a waterfront city and the Malaysia/Singapore Causeway, linking the city to Woodlands in Singapore via road and rail networks.

Flagship E of Iskandar Malaysia development comprises the Senai-Skudai region where the Senai International airport is located, with other landmarks being the Bandar MSC Cyberport, a new mixed development township project with world class infrastructure, Johor Premium Outlets, a shopping destination, Senai Aerospace Park which focuses on aviation and aerospace-related activities and Universiti Teknologi Malaysia.

Iskandar Malaysia's strategic location which is within an eight-hour flight radius from major cities in South East Asia and the Asia Pacific, makes it an ideal hub for businesses and emerging economic sectors. With the proposed high speed rail between Kuala Lumpur and Singapore via Nusajaya in Iskandar Malaysia and the rapid transit system link from Singapore to Iskandar Malaysia coming on stream in the near future, businesses and developments within and in the vicinity of Iskandar Malaysia are envisaged to benefit from enhanced connectivity and greater visibility, making the development district a strategic location with potential growth and investment opportunities.

Besides Malaysia, our Group's second Xiamen venture, IOI Palm City, is an integrated development consisting of residences, shopping malls, boutique offices, hotel and commercial lots with an estimated gross built-up area of approximately 7.1 million sq ft. The development of IOI Palm City has commenced in 2014 and is expected to be completed in 2021. To date, our Group has launched projects comprising condominiums and town villas with GDV of approximately RM1.4 billion of which 79% has been sold. Our Group is expected to launch residential projects comprising condominiums, link villas and semi-detached houses with estimated GDV of approximately RM2.5 billion between end of calendar year 2017 and early 2018.

Xiamen is the second largest city and the main commercial hub in the Fujian Province and has one of the busiest ports in the PRC. The Xiamen North Railway Station is a key stop on the high-speed coastal route of the China Rail Network, linking Xiamen to other major cities within Fujian Province as well as cities like Guangzhou and Shenzhen. Overall, Xiamen is ideally located which makes it an attractive hub for economic activity.

As such, our Group views the PRC as one of the key locations that provides vast investment and development potential. We remain optimistic on the prospects of our property development in the PRC and anticipate positive contribution from the remaining components in IOI Palm City (i.e. residential units, boutique offices, hotel and shopping mall). Our recent acquisition of a 6.20 acre parcel of land in Xiamen in August 2016 is intended for mixed development within the new Xiang'an CBD in Xiamen which is proposed to be a new integrated eco-city. The estimated GDV for the residential projects comprising condominiums and town villas is approximately RM2.3 billion. Construction work is expected to commence in the second half of calendar year 2017 and is expected to be completed within 3.5 years.

In addition to IOI City Mall which was opened in November 2014, the completion of IOI City Towers and opening of Le Meridien Putrajaya in IOI Resort City is anticipated to contribute to revenue growth from our property investment and leisure & hospitality segments. As our Group's retail, hospitality and office developments are strategically located within matured townships and growth corridors, this will continue to enable our Group to enjoy healthy occupancies and rental yields.

Over in Singapore, the South Beach, an integrated mixed-use development which is a joint venture development between IOIPG and City Developments Limited has been completed as at end of calendar year 2016. To date, the retail space is fully tenanted. With the completion of MRT links to the Esplanade and City Hall MRT stations, it is anticipated to provide convenience and increase the vibrancy and footfall to the entire development. Whilst for the South Beach Office Tower, it is fully tenanted with amongst others, several renowned multinational corporations such as Facebook, Rabobank and LEGO. The JW Marriott Hotel Singapore South Beach was recently opened in December 2016 following its rebranding and collaboration with Marriott International Inc., which is anticipated to enhance the global reach of potential clientele capitalising on the extensive network and strong branding of Marriott International Inc.

With the mixed-use components in place, the entire South Beach development is anticipated to contribute positively to the future prospects of the joint venture partners.

As announced by our Company on 11 November 2016, Wealthy Link had on even date successfully tendered for the Land for the Tender Consideration from the URA. The Land is situated in a prime and strategic location in Marina Bay, Singapore which is an international business and financial hub. Marina Bay is a vibrant destination with a good mix of commercial, residential and entertainment uses. It has been established as a major business and financial precinct to complement the existing CBD of Singapore and is home to many major local and international companies as well as financial institutions.

The Land is strategically located with a prominent frontage along Central Boulevard and Raffles Quay-Shenton Way, two (2) key roads within Marina Bay and the CBD of Singapore. The future development on the Land will offer excellent views for tenants with the Marina Bay waterfront to the north-east, green open space to the south-east, and across the CBD of Singapore to the west.

The future development on the Land will be linked directly to the surrounding developments at One Raffles Quay and Marina Bay Financial Centre as well as office clusters at Raffles Place and Shenton Way via an extensive network of pedestrian links and also seamlessly connected to the newly completed Downtown MRT Station, nearby Raffles Place MRT Station and the upcoming Shenton Way MRT Station, offering easy access to the rail network.

The details of the proposed development to be undertaken on the Land has yet to be finalised. Nonetheless, preliminary consideration for the proposed development may be two (2) office towers (16/18-storey block and 40/45-storey block) on a five (5)-storey podium with public/retail/childcare centre/car and bicycle parking facilities. Taking into consideration the prime and strategic location of the Land which is within Marina Bay and the CBD of Singapore surrounded by established office clusters and easily accessible via an extensive network of rail and pedestrian links, our Group is of the view that the proposed development of Grade A office buildings is expected to augur well for the Land's development potential.

In view of the above, our Group is optimistic on the prospects of the proposed development to be undertaken on the Land, which is envisaged to be attractive to major financial institutions and multinational corporations and contribute positively to the future financial performance of our Group.

Barring any unforeseen circumstances, our Group is optimistic on its existing and future developments to be undertaken and location of its land banks to continue to enhance shareholder value and sustain long-term growth and profitability.

(Source: Management of IOIPG)

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8. EFFECTS OF THE RIGHTS ISSUE

8.1 Share capital

The proforma effects of the Rights Issue on the issued share capital of IOIPG are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of IOIPG Shares ('000)	(⁽¹⁾ RM'000)	No. of IOIPG Shares ('000)	(⁽¹⁾ RM'000)
Issued share capital as at the LPD	4,423,627	16,995,206	4,423,627	16,995,206
Less: Treasury shares as at the LPD	(17,111)	-	(17,111)	-
To be issued upon full exercise of the outstanding ESOS Options	4,406,516	16,995,206	4,406,516	16,995,206
	-	-	32,900	⁽²⁾ 74,025
To be issued pursuant to the Rights Issue	4,406,516	16,995,206	4,439,416	17,069,231
	1,101,629	1,520,248	1,109,854	1,531,599
Enlarged issued share capital	5,508,145	18,515,454	5,549,270	18,600,830

Notes:-

- (1) Including the existing share premium of RM12.57 billion pursuant to Section 618(2) of the Act.
- (2) Assuming all 32,900,000 outstanding exercisable ESOS Options as at the LPD are exercised prior to the Entitlement Date at an exercise price of RM2.25 per share.

8.2 Earnings and EPS

The EPS of our Group is expected to be diluted for the FYE 30 June 2017 as a result of the increase in the number of IOIPG Shares in issue after the Rights Issue. However, the Board expects the Rights Issue to contribute positively to the future earnings of our Group via the utilisation of the proceeds, which is expected to contribute to the future earnings of our Group over the long-term.

Strictly for illustration purposes only, the proforma effects of the Rights Issue on our basic and diluted EPS, based on the audited consolidated earnings attributable to owners of our Company for the FYE 30 June 2016 of approximately RM1.08 billion, are as follows:-

	Before the Rights Issue ⁽¹⁾	After the Rights Issue
Basic EPS (sen)	26.72	19.61 ⁽²⁾
Diluted EPS (sen)	26.72	19.46 ⁽³⁾

Notes:-

- (1) Computed based on the weighted average number of ordinary shares in issue during the FYE 30 June 2016 after deducting treasury shares.
- (2) Computed based on 5.51 billion IOIPG Shares in issue after the Rights Issue based on the Minimum Scenario.
- (3) Computed based on 5.55 billion IOIPG Shares in issue after the Rights Issue based on the Maximum Scenario.

For information purposes, the interest expense (in relation to the bank borrowings procured to fund the Tender Consideration) to be expensed off in our Group's Statement of Comprehensive Income is dependent on the actual interest incurred up to the commencement of development work for the Land.

8.3 NA and gearing

Based on the latest audited consolidated financial statements of IOIPG for the FYE 30 June 2016, the proforma effects of the Rights Issue on the NA per share and gearing of our Group are as follows:-

Minimum Scenario

	Audited as at 30 June 2016 (RM'000)	After the Rights Issue (RM'000)
Share capital	4,423,627	⁽⁴⁾ 18,515,454
Reserves	13,555,923	⁽⁴⁾⁽⁵⁾ 974,159
Retained earnings	6,345,687	⁽³⁾ 6,344,687
Reorganisation debit balance	(8,440,152)	(8,440,152)
Shareholders' equity / NA	15,885,085	17,394,148
No. of ordinary shares ('000)	⁽¹⁾ 4,411,216	⁽²⁾ 5,508,145
NA per share (RM)	3.60	3.16
Net borrowings (net of cash and cash equivalents)	2,175,047	⁽⁶⁾ 9,555,580
Net gearing ratio (x) ⁽⁷⁾	0.14	⁽⁸⁾ 0.55

Notes:-

- (1) Excluding 12,411,500 treasury shares as at 30 June 2016.
- (2) Excluding 17,110,400 treasury shares as at the LPD.
- (3) After deducting the estimated expenses of RM1,000,000 in relation to the Rights Issue.
- (4) After taking into consideration the transfer of share premium amounting to approximately RM12.57 billion pursuant to Section 618(2) of the Act.
- (5) After taking into consideration the purchase of 4,698,900 treasury shares for a total consideration of RM10,185,000 subsequent to 30 June 2016 and up to the LPD.
- (6) After taking into consideration the bank borrowings amounting to SGD2.83 billion (approximately RM8.89 billion) which was obtained mainly to fund the Tender Consideration and the utilisation of proceeds from the Rights Issue for partial repayment of the borrowings.
- (7) Calculated based on total borrowings net of cash and cash equivalents, comprising short term funds, deposits with financial institutions and cash and bank balances divided by shareholders' equity.
- (8) For information purposes, as per our Company's announcement dated 29 August 2016, IOI (Xiamen) Properties Co Ltd, an indirect 99.8%-owned subsidiary of IOIPG, had on 26 August 2016 successfully tendered for a parcel of leasehold land in Xiamen, Fujian Province of the PRC for a total tender sum of RMB2.32 billion (approximately RM1.50 billion), which had been fully paid via bank borrowings amounting to RMB1.00 billion (approximately RM0.65 billion) ("RMB Loan") and IGF amounting to RMB1.32 billion (approximately RM0.85 billion). In addition, our Group had also drawdown a term loan amounting to USD400 million (approximately RM1.77 billion) ("USD Loan") in December 2016 of which USD150 million (approximately RM664.20 million) had been utilised to repay the RMB Loan.

After taking into account the USD Loan and the utilisation of IGF above, our Group's net gearing ratio after the Rights Issue is 0.64x.

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Maximum Scenario

	Audited as at 30 June 2016 (RM'000)	(I) After subsequent adjustment (RM'000)	(II) After (I) and the Rights Issue (RM'000)
Share capital	4,423,627	(5)17,069,231	18,600,830
Reserves	13,555,923	(4)(5)974,159	974,159
Retained earnings	6,345,687	6,345,687	(7)6,344,687
Reorganisation debit balance	(8,440,152)	(8,440,152)	(8,440,152)
Shareholders' equity / NA	15,885,085	15,948,925	17,479,524
No. of ordinary shares ('000)	(1)4,411,216	(2)4,439,416	(2)5,549,270
NA per share (RM)	3.60	3.59	3.15
Net borrowings (net of cash and cash equivalents)	2,175,047	(6)11,000,803	9,470,204
Net gearing ratio (x) ⁽⁶⁾	0.14	0.69	(9)0.54

Notes:-

- (1) Excluding 12,411,500 treasury shares as at 30 June 2016.
- (2) Excluding 17,110,400 treasury shares as at the LPD.
- (3) Assuming all 32,900,000 outstanding exercisable ESOS Options as at the LPD are exercised prior to the Entitlement Date at an exercise price of RM2.25 per share.
- (4) After taking into consideration the purchase of 4,698,900 treasury shares for a total consideration of RM10,185,000 subsequent to 30 June 2016 and up to the LPD.
- (5) After taking into consideration the transfer of share premium amounting to approximately RM12.57 billion pursuant to Section 618(2) of the Act.
- (6) After taking into consideration the borrowings amounting to SGD2.83 billion (approximately RM8.89 billion) which was mainly obtained to fund the Tender Consideration and the utilisation of proceeds from the Rights Issue for partial repayment of the borrowings.
- (7) After deducting the estimated expenses of RM1,000,000 in relation to the Rights Issue.
- (8) Calculated based on total borrowings net of cash and cash equivalents, comprising short term funds, deposits with financial institutions and cash and bank balances divided by shareholders' equity.
- (9) After taking into account the USD Loan and the utilisation of IGF as further detailed under Note 8 of Minimum Scenario, Section 8.3 of this Abridged Prospectus, our Group's net gearing ratio after the Rights Issue is 0.63x.

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9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

The Board is of the opinion that, after taking into account the funds generated from our operations, the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue, our Group will have sufficient working capital for a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group's total outstanding borrowings (all of which are interest-bearing) are set out below:-

	Amount in foreign currency ('000)	Amount in RM ('000)
Short-term borrowings (payable within twelve (12) months)		
Term loans in SGD	764,179	⁽¹⁾ 2,400,439
Term loans in USD	11,641	⁽¹⁾ 50,000
Term loans in RM	-	829,450
Long-term borrowings (payable after twelve (12) months)		
Term loans in SGD	450,000	⁽¹⁾ 1,413,540
Term loans in USD	464,028	⁽¹⁾⁽²⁾ 2,046,200
Term loans in RM	-	1,624,450
Total borrowings		8,364,079

Notes:-

- (1) The borrowings in foreign currency are converted based on the exchange rates of SGD1.00 : RM3.1412, RMB1.00 : RM0.6453 and USD1.00 : RM4.4280, being the middle rates prevailing at 5.00 p.m. on the LPD, as published by BNM, for illustrative purposes only. Such conversion should not be construed as representations that the foreign currency amounts referred to could have been, or could be, converted into RM, at that or any other rate at all.
- (2) Approximately USD75.7 million is converted based on the predetermined exchange rate of USD1.00 : RM4.2950 according to our Group's cross currency interest rate swap contract, which was entered into to minimise our Group's exposure to the fluctuation of foreign currency rate.

There has not been any default on payments of either interest and/or principal sums on any of the above borrowings throughout the past one (1) financial year, and subsequent financial period up to the LPD.

9.3 Contingent liabilities

The Board is not aware of any material contingent liabilities incurred or known to be incurred by our Group as at the LPD which upon becoming due or enforceable may have a material impact on the financial position or the business of our Group.

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9.4 Material commitments

Save as disclosed below, the Board is not aware of any material commitments incurred or known to be incurred as at the LPD which upon becoming due or enforceable may have a material impact on the financial position or the business of our Group:-

	Amount ⁽²⁾ (RM'000)
Approved and contracted for:-	
- Land held for property development	209,900
- Property, plant and equipment	24,000
- Investment properties	(1)6,507,600
Approved but not contracted for:-	
- Property, plant and equipment	469,300
- Investment properties	606,800
	7,817,600

Notes:-

- (1) Including approximately SGD2.06 billion (approximately RM6.48 billion) in relation to the balance payment for the Tender Consideration, which was fully paid on 8 February 2017 and funded via bank borrowings.
- (2) The commitments are expected to be funded via IGF and/or bank borrowings.

10. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus and the accompanying NPA and RSF.

11. FURTHER INFORMATION

You are advised to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of
IOI PROPERTIES GROUP BERHAD



TAN SRI DATO' SRI KOH KIN LIP
Senior Independent Non-Executive Director

**APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF
THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 13 FEBRUARY 2017**

IOI PROPERTIES GROUP BERHAD

(Company No. 1035807-A)

(Incorporated in Malaysia)

**CERTIFIED EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL
MEETING OF THE COMPANY HELD ON MONDAY, 13 FEBRUARY 2017**

ORDINARY RESOLUTION 1

PROPOSED RATIFICATION OF THE LAND TENDER BY WEALTHY LINK PTE LTD, A WHOLLY-OWNED SUBSIDIARY OF IOIPG, OF A PARCEL OF LEASEHOLD LAND AT CENTRAL BOULEVARD IN THE REPUBLIC OF SINGAPORE MEASURING APPROXIMATELY 10,868.70 SQUARE METRES (1.09 HECTARES) FOR A TENDER CONSIDERATION OF SGD2,568,686,688 (APPROXIMATELY RM7.96 BILLION BASED ON THE EXCHANGE RATE OF SGD1.00 : RM3.0995 AS AT 3 JANUARY 2017) FROM THE URBAN REDEVELOPMENT AUTHORITY, ACTING AS AGENT FOR AND ON BEHALF OF THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE (“LAND TENDER”) (“PROPOSED RATIFICATION”)

Pursuant to the Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Ordinary Resolution 1 was voted via poll and the results were summarised as follows:-

Ordinary Resolution 1	For		Against		Total Voting Shares
	No. of Ordinary Shares	%	No. of Ordinary Shares	%	
Proposed Ratification	3,341,034,094	92.57	268,288,499	7.43	3,609,322,593

As more than 50% of the votes were cast in favour of the Proposed Ratification, the Ordinary Resolution 1 was carried as follows:-

Resolved:-

THAT for the purpose of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other purposes, the Land Tender, including all the requirements, terms and conditions of the Land Tender, be hereby confirmed, approved and ratified;

THAT the execution of all relevant documents in relation to the Land Tender by any one of the Directors of the Company be hereby confirmed, approved and ratified;

AND THAT the Board of Directors of IOIPG (“Board”) be hereby authorised to do all acts and things as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any condition, modification, variation and/or amendment as may be required, or imposed by the relevant authorities, and to take all steps and to execute all such documents as may be required to implement, finalise and give full effect to the Proposed Ratification.

...2/-

**APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF
THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 13 FEBRUARY 2017
(CONT'D)**

IOI Properties Group Berhad (1035807-A)

Certified Extract of the Minutes of the Extraordinary General Meeting held on 13 February 2017

Page 2

ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,111,178,800 NEW ORDINARY SHARES OF RM1.00 EACH IN IOIPG (“IOIPG SHARES”) (“RIGHTS SHARES”) AT AN ISSUE PRICE OF RM1.38 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING IOIPG SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

Pursuant to the Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Ordinary Resolution 2 was voted via poll and the results were summarised as follows:-

Ordinary Resolution 2	For		Against		Total Voting Shares
	No. of Ordinary Shares	%	No. of Ordinary Shares	%	
Proposed Rights Issue	3,340,750,364	92.57	268,308,444	7.43	3,609,058,808

As more than 50% of the votes were cast in favour of the Proposed Rights Issue, the Ordinary Resolution 2 was carried as follows:-

Resolved:-

THAT subject to the approvals of all relevant regulatory authorities being obtained (if required), the Board be hereby authorised to provisionally allot by way of a renounceable rights issue of up to 1,111,178,800 new IOIPG Shares at an issue price of RM1.38 per Rights Share on the basis of one (1) Rights Share for every four (4) existing IOIPG Shares held, to the shareholders of the Company whose names appear in the Record of Depositors of IOIPG at 5.00 p.m. on an entitlement date to be determined by the Board, and that the Rights Shares shall, upon allotment and issue, be of the same class and rank *pari passu* in all respect with the then existing IOIPG Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the Rights Shares;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever shall first be made available for excess applications in such a manner as the Board shall determine at its discretion;

THAT the Rights Shares shall be listed on the Main Market of Bursa Malaysia Securities Berhad;

THAT the proceeds of the Proposed Rights Issue be utilised for the purposes as set out in the Circular to shareholders of IOIPG dated 26 January 2017 (“Circular”), and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities, where required;

...3/-

**APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF
THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 13 FEBRUARY 2017
(CONT'D)**

IOI Properties Group Berhad (1035807-A)

**Certified Extract of the Minutes of the Extraordinary General Meeting held on 13 February
2017**

Page 3

THAT the Board be hereby authorised to:-

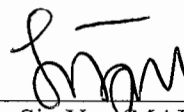
- (i) deal with any fractional entitlements that may arise from the Proposed Rights Issue in such manner and on such terms and conditions as the Board in its discretion deems fit or expedient or in the best interest of the Company; and
- (ii) do all acts, deeds, and things and execute, sign, deliver and cause to be delivered on behalf of IOIPG all such transactions, arrangements, agreements and/or documents as may be necessary or expedient in order to implement, give effect to and complete the Proposed Rights Issue with full powers to assent to any condition, modification, variation and/or amendment to the terms of the Proposed Rights Issue as the Board may deem fit, necessary and/or expedient in the interest of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares and new IOIPG Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue.

Authenticated by



Lee Yeow Seng
Director



Tan Sin Yee (MAICSA 7060514)
Secretary

Dated this 13th day of February 2017

APPENDIX II - INFORMATION ON OUR COMPANY**1. HISTORY AND PRINCIPAL ACTIVITIES**

IOIPG was incorporated in Malaysia under the Act on 25 February 2013 as a private limited company under the name IOI Properties Group Sdn Bhd, and subsequently assumed our current name upon our conversion to a public limited company on 4 June 2013. Our Company was subsequently listed on the Main Market of Bursa Securities under the properties sector on 15 January 2014. Our Company is principally engaged in investment holding. The principal activities of our subsidiaries are disclosed in Section 5 of Appendix II of this Abridged Prospectus.

2. SHARE CAPITAL

Our Company's issued share capital as at the LPD is RM16,995,206,228 (inclusive of existing share premium of RM12.57 billion pursuant to Section 618(2) of the Act) comprising 4,423,626,700 IOIPG Shares.

Details of the changes in our Company's issued share capital for the past three (3) years up to the LPD are as follows:-

Allotment date	No. of Shares allotted	Consideration / Type of Issue	Cumulative no. of issued Shares
6 February 2015	539,835,787	Cash (rights issue)	3,778,850,513
27 January 2016	644,776,187	Consideration other than cash	4,423,626,700

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APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)**3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

The substantial shareholders of IOIPG based on the Register of Substantial Shareholders as at the LPD and the proforma effects of the Rights Issue on their shareholdings in IOIPG are as follows:-

Minimum Scenario

Substantial shareholders	As at the LPD			After the Rights Issue			
	Direct		Indirect	Direct		Indirect	
	No. of IOIPG Shares ('000)	(1)%		No. of IOIPG Shares ('000)	(1)%		
Tan Sri Dato' Lee	39,568	0.90	(2)2,639,529	59.90	49,460	(2)3,299,411	59.90
Puan Sri Datin Hoong	-	-	(3)2,679,097	60.80	-	(3)3,348,871	60.80
Dato' Lee	5,110	0.12	(4)2,258,338	51.25	6,388	(4)2,822,923	51.25
Mr. Lee	2,210	0.05	(4)2,258,338	51.25	2,763	(4)2,822,923	51.25
Vertical Capacity	2,258,338	51.25	-	-	2,822,923	-	-
Progressive Holdings	-	-	(5)2,258,338	51.25	-	(5)2,822,923	51.25
Summervest	373,870	8.48	-	-	467,337	-	-
EPF	225,656	5.12	-	-	282,070	-	-

Notes:-

- (1) Excluding 17,110,400 treasury shares as at the LPD.
- (2) Deemed interested by virtue of his interests in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity and shares held by his sons, Dato' Lee and Mr. Lee and shares held by Summervest under Section 8 of the Act.
- (3) Deemed interested by virtue of her interest and the interests of her spouse, Tan Sri Dato' Lee and her sons, Dato' Lee and Mr. Lee in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity and shares held by Tan Sri Dato' Lee, Dato' Lee, Mr. Lee and Summervest under Section 8 of the Act.
- (4) Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity under Section 8 of the Act.
- (5) Deemed interested by virtue of its interest in its wholly-owned subsidiary, Vertical Capacity under Section 8 of the Act.

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

	(i)				(ii)			
	As at the LPD		Assuming full exercise of the outstanding exercisable ESOS Options		Direct		Indirect	
	No. of IOIPG Shares ('000)	(1)%	No. of IOIPG Shares ('000)	(1)%	No. of IOIPG Shares ('000)	(1)%	No. of IOIPG Shares ('000)	(1)%
Substantial shareholders								
Tan Sri Dato' Lee	39,568	0.90	(2)2,639,529	59.90	45,068	1.02	(2)2,644,529	59.57
Puan Sri Datin Hoong	-	-	(3)2,679,097	60.80	-	-	(3)2,689,597	60.58
Dato' Lee	5,110	0.12	(4)2,258,338	51.25	5,110	0.12	(4)2,258,338	50.87
Mr. Lee	2,210	0.05	(4)2,258,338	51.25	7,210	0.16	(4)2,258,338	50.87
Vertical Capacity	2,258,338	51.25	-	-	2,258,338	50.87	-	-
Progressive Holdings	-	-	(5)2,258,338	51.25	-	-	(5)2,258,338	50.87
Summervest	373,870	8.48	-	-	373,870	8.42	-	-
EPF	225,656	5.12	-	-	225,656	5.08	-	-

	(ii)			
	After (i) and the Rights Issue		Indirect	
	No. of IOIPG Shares ('000)	(1)%	No. of IOIPG Shares ('000)	(1)%
Substantial shareholders				
Tan Sri Dato' Lee	56,335	1.02	(2)3,305,661	59.57
Puan Sri Datin Hoong	-	-	(3)3,361,996	60.58
Dato' Lee	6,388	0.12	(4)2,822,923	50.87
Mr. Lee	9,013	0.16	(4)2,822,923	50.87
Vertical Capacity	2,822,923	50.87	-	-
Progressive Holdings	-	-	(5)2,822,923	50.87
Summervest	467,337	8.42	-	-
EPF	282,070	5.08	-	-

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)**Notes:-**

- (1) *Excluding 17,110,400 treasury shares as at the LPD.*
- (2) *Deemed interested by virtue of his interests in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity and shares held by his sons, Dato' Lee and Mr. Lee and shares held by Summervest under Section 8 of the Act.*
- (3) *Deemed interested by virtue of her interest and the interests of her spouse, Tan Sri Dato' Lee and her sons, Dato' Lee and Mr. Lee in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity and shares held by Tan Sri Dato' Lee, Dato' Lee, Mr. Lee and Summervest under Section 8 of the Act.*
- (4) *Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity under Section 8 of the Act.*
- (5) *Deemed interested by virtue of its interest in its wholly-owned subsidiary, Vertical Capacity under Section 8 of the Act.*

4. DIRECTORS

The details of the Board as at the LPD are set out in the table below:-

Name (Designation)	Age	Address	Nationality	Profession
Tan Sri Dato' Lee Shin Cheng <i>(Executive Chairman)</i>	77	No. 8, Lingkungan 3 Diamond Hill, IOI Resort 62502 Putrajaya	Malaysian	Company Director
Tan Sri Dato' Sri Koh Kin Lip <i>(Senior Independent Non-Executive Director)</i>	67	Lot LLS 2042 Jalan Lalang Mile 1 ½ North Road 90000 Sandakan Sabah	Malaysian	Company Director
Lee Yeow Seng <i>(Executive Director / Chief Executive Officer)</i>	38	No. 8, Lingkungan 3 Diamond Hill, IOI Resort 62502 Putrajaya	Malaysian	Company Director
Dato' Lee Yeow Chor <i>(Non-Independent Non-Executive Director)</i>	50	No. 6, Jalan Beverly Utama IOI Resort 62502 Putrajaya	Malaysian	Company Director
Datuk Tan Kim Leong @ Tan Chong Min <i>(Independent Non-Executive Director)</i>	77	B-PH-1 Mutiara Upper East Ampang No. 39, Jalan 1/76 Desa Pandan 55100 Kuala Lumpur	Malaysian	Chartered Accountant
Datuk Lee Say Tshin <i>(Independent Non-Executive Director)</i>	63	No. 37, Jalan Setiabakti Damansara Heights 50490 Kuala Lumpur	Malaysian	Company Director
Datuk Dr Tan Kim Heung <i>(Independent Non-Executive Director)</i>	54	N21-3A, Suria Stonor No. 2, Lorong Stonor 50450 Kuala Lumpur	Malaysian	Consultant Cardiologist

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

The proforma effects of the Rights Issue on the shareholdings of our Directors based on their shareholdings as at the LPD are as follows:-

Minimum Scenario

Directors	As at the LPD				After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of IOIPG Shares ('000)	(1)%	No. of IOIPG Shares ('000)	(1)%	No. of IOIPG Shares ('000)	(1)%	No. of IOIPG Shares ('000)	(1)%
Tan Sri Dato' Lee	39,568	0.90	(2)2,640,867	59.93	49,460	0.90	(2)3,301,084	59.93
Dato' Lee	5,110	0.12	(3)2,258,643	51.26	6,388	0.12	(3)2,823,304	51.26
Mr. Lee	2,210	0.05	(4)2,258,338	51.25	2,763	0.05	(4)2,822,923	51.25
Tan Sri Dato' Sri Koh Kin Lip	875	0.02	(5)35,589	0.81	1,094	0.02	(5)44,486	0.81
Datuk Tan Kim Leong @ Tan Chong Min	11	*	(6)68	*	13	*	(6)85	*
Datuk Lee Say Tshin	-	-	(7)85	*	-	-	(7)106	*
Datuk Dr Tan Kim Heung	22,856	0.52	-	-	28,570	0.52	-	-

Notes:-

* Negligible.

(1) Excluding 17,110,400 treasury shares as at the LPD.

(2) Deemed interested by virtue of his interests in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity, shares held by his sons, Dato' Lee and Mr. Lee, and shares held by Summervest under Section 8 of the Act as well as shares held by his daughters, Lee Yoke Ling, Lee Yoke Har, Lee Yoke Hean and Lee Yoke Hui under Section 59(1)(c) of the Act.

(3) Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity under Section 8 of the Act as well as shares held by his spouse, Datin Joanne Wong Su-Ching, under Section 59(1)(c) of the Act.

(4) Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity under Section 8 of the Act.

(5) Deemed interested by virtue of his interests in Rickoh Corporation Sdn Bhd and Rickoh Holdings Sdn Bhd under Section 8 of the Act.

(6) Deemed interested by virtue of his interests in E. P. H. Holdings Sdn Bhd and Tan Kang Hai Holdings Sdn Bhd under Section 8 of the Act as well as shares held by his son, Tan Enk Pum, under Section 59(1)(c) of the Act.

(7) Deemed interested by virtue of shares held by his spouse, Datin Tan Sok Ing, under Section 59(1)(c) of the Act.

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APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

	(i) Assuming full exercise of the outstanding exercisable ESOS Options					
	As at the LPD		Direct		Indirect	
	No. of IOIPG Shares ('000)	(1)%	No. of IOIPG Shares ('000)	(1)%	No. of IOIPG Shares ('000)	(1)%
Directors						
Tan Sri Dato' Lee	39,568	0.90	(2)2,640,867	59.93	(2)2,647,667	59.63
Dato' Lee	5,110	0.12	(3)2,258,643	51.26	(3)2,258,643	50.87
Mr. Lee	2,210	0.05	(4)2,258,338	51.25	(4)2,258,338	50.86
Tan Sri Dato' Sri Koh Kin Lip	875	0.02	(5)35,589	0.81	(5)35,589	0.80
Datuk Tan Kim Leong @ Tan Chong Min	11	*	(6)68	*	(6)68	*
Datuk Lee Say Tshin	-	-	(7)85	*	(7)85	*
Datuk Dr Tan Kim Heung	22,856	0.52	-	-	22,856	-

	(ii) After (i) and the Rights Issue			
	Direct		Indirect	
	No. of IOIPG Shares ('000)	(1)%	No. of IOIPG Shares ('000)	(1)%
Directors				
Tan Sri Dato' Lee	56,335	1.02	(2)3,309,584	59.63
Dato' Lee	6,388	0.12	(3)2,823,304	50.87
Mr. Lee	9,013	0.16	(4)2,822,923	50.86
Tan Sri Dato' Sri Koh Kin Lip	1,094	0.02	(5)44,486	0.80
Datuk Tan Kim Leong @ Tan Chong Min	13	*	(6)85	*
Datuk Lee Say Tshin	-	-	(7)106	*
Datuk Dr Tan Kim Heung	28,570	0.51	-	-

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)**Notes:-**

- * Negligible.
- (1) Excluding 17,110,400 treasury shares as at the LPD.
- (2) Deemed interested by virtue of his interests in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity, shares held by his sons, Dato' Lee and Mr. Lee, and shares held by Summervest under Section 8 of the Act as well as shares held by his daughters, Lee Yoke Ling, Lee Yoke Har, Lee Yoke Hean and Lee Yoke Hui under Section 59(11)(c) of the Act.
- (3) Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity under Section 8 of the Act as well as shares held by his spouse, Datin Joanne Wong Su-Ching, under Section 59(11)(c) of the Act.
- (4) Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in Vertical Capacity under Section 8 of the Act.
- (5) Deemed interested by virtue of his interests in Rickoh Corporation Sdn Bhd and Rickoh Holdings Sdn Bhd under Section 8 of the Act.
- (6) Deemed interested by virtue of his interests in E. P. H. Holdings Sdn Bhd and Tan Kang Hai Holdings Sdn Bhd under Section 8 of the Act as well as shares held by his son, Tan Enk Pum, under Section 59(11)(c) of the Act.
- (7) Deemed interested by virtue of shares held by his spouse, Datin Tan Sok Ing, under Section 59(11)(c) of the Act.

5. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Our Company's subsidiaries, associates and joint ventures as at the LPD are as follows:-

Company	Date / Place of incorporation	*Issued share capital (RM)	Effective equity interest (%)	Principal activities
IOI Properties Berhad ("IOIP")	24 December 1975 / Malaysia	1,287,738,125 ⁽¹⁾	99.8	Property development, property investment and investment holding
Bukit Kelang Development Sdn Bhd	19 September 1977 / Malaysia	40,538,500 ⁽²⁾	100	Property development and cultivation of plantation produce
IOI City Mall Sdn Bhd	13 May 2008 / Malaysia	1,386,615,633 ⁽³⁾	100	Property investment, property development, property management and investment holding
IOIPG Capital Sdn Bhd	12 October 1982 / Malaysia	5,200,000	100	Provision of treasury management services
IOI Consolidated (Singapore) Pte Ltd	15 July 1982 / Singapore	SGD637,545,391 ⁽⁴⁾	100	Investment holding
Resort Villa Development Sdn Bhd	30 May 1994 / Malaysia	280,019,740 ⁽⁵⁾	100	Property investment and hotel and hospitality services
Resort Villa Golf Course Berhad	25 April 1991 / Malaysia	102,742,525 ⁽⁶⁾	100	Management of a golf club

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Company	Date / Place of incorporation	*Issued share capital (RM)	Effective equity interest (%)	Principal activities
Resort Villa Golf Course Development Sdn Bhd	8 November 1991 / Malaysia	1,160,000 ⁽⁷⁾	100	Hotel and hospitality services
Palmex Industries Sdn Bhd	6 April 1973 / Malaysia	62,500,000 ⁽⁸⁾	100	Property development and investment holding
PMX Bina Sdn Bhd	19 June 1984 / Malaysia	750,000	100	General contractor
Nice Skyline Sdn Bhd	18 November 1994 / Malaysia	128,400,000 ⁽⁹⁾	99.9	Property development, investment holding and cultivation of plantation produce
IOI Properties Capital (L) Berhad	14 November 2013 / Labuan	USD3,617,170 ⁽¹⁰⁾	100	Provision of treasury management services
IOIP Capital Management Sdn Bhd	22 November 2013 / Malaysia	86,946,002 ⁽¹¹⁾	100	Provision of treasury management services
IOI Properties Empire Sdn Bhd	15 April 2014 / Malaysia	2,888,502 ⁽¹²⁾	100	Property development and property investment
Dynamism Investments Limited	18 August 2014 / Hong Kong	HKD1	100	Investment holding
Vital Initiative Limited	18 August 2014 / Hong Kong	HKD1	100	Investment holding
Strategy Assets (L) Limited	8 December 2014 / Labuan	USD100	100	Investment holding
Mayang Development Sdn Bhd	12 June 1982 / Malaysia	296,564,000 ⁽¹³⁾	100	Property development, property investment and investment holding
Nusa Properties Sdn Bhd	18 September 1984 / Malaysia	54,621,000 ⁽¹⁴⁾	100	Property development and property investment
Emerald Property Services Sdn Bhd	30 January 2015 / Malaysia	2	100	Provision of management services

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Company	Date / Place of incorporation	*Issued share capital (RM)	Effective equity interest (%)	Principal activities
Fortune Growers Sdn Bhd	8 June 2016 / Malaysia	2	100	Property development, property investment and cultivation of plantation produce
Wealthy Link Pte Ltd	12 October 2016 / Singapore	SGD1	100	Investment holding
Subsidiaries of IOIP				
Cahaya Kota Development Sdn Bhd	8 December 1978 / Malaysia	189,744,000 ⁽¹⁵⁾	99.8	Property development, property investment and investment holding
Flora Development Sdn Bhd	16 June 1994 / Malaysia	2,000,000	99.8	Property development and property investment
Future Link Properties Pte Ltd	24 April 1996 / Singapore	SGD10,000,000	99.8	Investment holding
Kumpulan Mayang Sdn Bhd (In members' voluntary winding-up)	12 June 1982 / Malaysia	300,000	99.8	Property development
Pine Properties Sdn Bhd	9 June 1994 / Malaysia	250,000	99.8	Property development and property investment
Dynamic Management Sdn Bhd	27 August 1984 / Malaysia	250,000	99.8	Property development, provision of management services and investment holding
Commercial Wings Sdn Bhd	31 May 1994 / Malaysia	10,000,000	99.8	Property investment
Property Skyline Sdn Bhd	19 November 1993 / Malaysia	111,909,638 ⁽¹⁶⁾	99.8	Provision of management services and investment holding
IOI Land Singapore Pte Ltd	9 May 2005 / Singapore	SGD5,000,000	99.8	Investment holding
Flora Horizon Sdn Bhd	16 June 1994 / Malaysia	100,000	99.8	Property development and cultivation of plantation produce

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Company	Date / Place of incorporation	*Issued share capital (RM)	Effective equity interest (%)	Principal activities
Pilihan Teraju Sdn Bhd	14 November 1995 / Malaysia	179,299,000 ⁽¹⁷⁾	99.8	Property development and property investment
Hartawan Development Sdn Bhd	22 February 1982 / Malaysia	21,351,000 ⁽¹⁸⁾	99.8	Property development and cultivation of plantation produce
Jutawan Development Sdn Bhd	5 June 1981 / Malaysia	4,600,000	79.8	Property development and property investment
Paska Development Sdn Bhd	15 June 1981 / Malaysia	250,000	99.8	Property development and property investment
Multi Wealth (Singapore) Pte Ltd	1 June 2007 / Singapore	SGD182,521,802 ⁽¹⁹⁾	99.8	Investment holding
IOI Properties (Singapore) Pte Ltd	20 July 2007 / Singapore	SGD709,495,802 ⁽²⁰⁾	99.8	Property investment and investment holding
IOI Landscape Services Sdn Bhd	19 July 1991 / Malaysia	100,000	99.8	Landscape services, sale of ornamental plants and turfing grass
Palmy Max Limited	6 July 2010 / Hong Kong	HKD195,810,000 ⁽²¹⁾	99.8	Investment holding
Speed Modulation Sdn Bhd	2 August 2007 / Malaysia	61,413,002 ⁽²²⁾	99.8	Property investment
IOI PFCC Hotel Sdn Bhd	30 July 2012 / Malaysia	99,712,000 ⁽²³⁾	99.8	Hotel and hospitality services
IOI Medini Sdn Bhd	15 January 2013 / Malaysia	91,394,000 ⁽²⁴⁾	99.8	Property development and property investment
IOI Medini Management Sdn Bhd	25 July 2013 / Malaysia	100,000	99.8	Provision of management services
Knowledge Vision Sdn Bhd	12 December 2012 / Malaysia	266,004,000 ⁽²⁵⁾	99.8	Property development and property investment
IOI Mulberry Sdn Bhd	11 April 2013 / Malaysia	84,365,000 ⁽²⁶⁾	99.8	Property development and property investment
IOI Harbour Front Sdn Bhd	12 August 2013 / Malaysia	8,758,000 ⁽²⁷⁾	99.8	Property development and property investment

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Company	Date / Place of incorporation	*Issued share capital (RM)	Effective equity interest (%)	Principal activities
IOI Lavender Sdn Bhd	14 August 2013 / Malaysia	27,936,000 ⁽²⁸⁾	99.8	Property development and property investment
IOI Prima Property Sdn Bhd	7 October 2013 / Malaysia	13,176,000 ⁽²⁹⁾	99.8	Property development and property investment
Subsidiaries of IOI City Holdings Sdn Bhd				
IOI City Hotel Sdn Bhd	15 August 2012 / Malaysia	136,064,400 ⁽³⁰⁾	100	Property development and hotel and hospitality services
IOI City Tower One Sdn Bhd	30 August 2012 / Malaysia	141,102,500 ⁽³¹⁾	100	Property management, property development and property investment
IOI City Tower Two Sdn Bhd	24 December 2012 / Malaysia	140,000,500 ⁽³²⁾	100	Property management, property development and property investment
IOI City Park Sdn Bhd	24 December 2012 / Malaysia	247,800,000 ⁽³³⁾	100	Car park operator and provision of car park management services
Subsidiary of Mayang Development Sdn Bhd				
Mayang Construction Sdn Bhd	27 June 2013 / Malaysia	2	100	General contractor
Subsidiaries of Cahaya Kota Development Sdn Bhd				
IOI Building Services Sdn Bhd	4 August 1993 / Malaysia	2	99.8	Building maintenance services
Lush Development Sdn Bhd	28 June 1995 / Malaysia	202,077,000 ⁽³⁴⁾	99.8	Property development and property investment
Riang Takzim Sdn Bhd	14 February 2000 / Malaysia	13,255,000 ⁽³⁵⁾	99.8	Investment holding
Tanda Bestari Development Sdn Bhd	3 October 2000 / Malaysia	16,519,402 ⁽³⁶⁾	99.8	Property development and property investment
Subsidiaries of Dynamic Management Sdn Bhd				
Paksi Teguh Sdn Bhd	6 August 1992 / Malaysia	750,000	99.8	General contractor

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Company	Date / Place of incorporation	*Issued share capital (RM)	Effective equity interest (%)	Principal activities
Pilihan Megah Sdn Bhd	27 March 1990 / Malaysia	2,000,000	99.8	Property development, property investment and provision of management services
Legend Advance Sdn Bhd	20 July 1995 / Malaysia	55,500,000 ⁽³⁷⁾	69.8	Property development and property investment
<u>Subsidiary of IOI City Mall Sdn Bhd</u>				
IOI City Holdings Sdn Bhd	14 September 2012 / Malaysia	668,632,700 ⁽³⁸⁾	100	Investment holding and property investment
<u>Subsidiary of Multi Wealth (Singapore) Pte Ltd</u>				
Clementi Development Pte Ltd	2 February 2012 / Singapore	SGD171,992,045 ⁽³⁹⁾	87.8	Property development
<u>Subsidiaries of Property Skyline Sdn Bhd</u>				
Nice Frontier Sdn Bhd	12 May 1994 / Malaysia	42,446,000 ⁽⁴⁰⁾	99.8	Property development, cultivation of plantation produce and property investment
Property Village Berhad	19 November 1993 / Malaysia	10,000,000	99.8	Property development, golf club and recreational services and investment holding
Wealthy Growth Sdn Bhd	10 July 2006 / Malaysia	243,448,000 ⁽⁴¹⁾	99.8	Property development
Trilink Pyramid Sdn Bhd	18 September 2009 / Malaysia	37,064,000 ⁽⁴²⁾	99.8	Property development
<u>Subsidiary of Property Village Berhad</u>				
Baycrest Sdn Bhd	6 September 1994 / Malaysia	750,000	99.8	General contractor
<u>Subsidiary of Pine Properties Sdn Bhd</u>				
PINE MJR Development Sdn Bhd	6 December 2016 / Malaysia	100	55.0	Property development

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Company	Date / Place of incorporation	*Issued share capital (RM)	Effective equity interest (%)	Principal activities
<u>Subsidiaries of Palmy Max Limited</u>				
IOI (Xiamen) Properties Co Ltd	14 December 2012 / PRC	USD228,306,336	99.8	Property development, property investment and hotel and hospitality services
Prime Joy Investments Limited	30 December 2009 / Hong Kong	HKD584,968,000 ⁽⁴³⁾	99.8	Investment holding
<u>Subsidiary of Prime Joy Investments Limited</u>				
Xiamen Double Prosperous Real Estate Development Co Ltd	4 August 2010 / PRC	USD90,000,000	99.8	Property development and property management services
<u>Subsidiaries of IOI (Xiamen) Properties Co Ltd</u>				
Xiamen Palm City Management Services Co Ltd	16 February 2015 / PRC	RMB510,000	99.8	Provision of management services
Xiamen Palm Kaiyue Real Estate Development Co Ltd	22 November 2016 / PRC	RMB50,000,000	99.8	Property development, property management and car park management
<u>Subsidiary of Nice Skyline Sdn Bhd</u>				
Jurang Teguh Sdn Bhd (In members' voluntary winding-up)	13 April 1995 / Malaysia	750,000	99.9	General contractor
<u>Associate of IOIP</u>				
Continental Estates Sdn Bhd	24 May 1995 / Malaysia	224,980,450 ⁽⁴⁴⁾	31.9	Property development and operation of an oil palm estate
<u>Joint venture of IOI Consolidated (Singapore) Pte Ltd</u>				
Scottsdale Properties Pte Ltd	2 July 2007 / Singapore	SGD1,077,433,761 ⁽⁴⁵⁾	49.9	Investment holding

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Company	Date / Place of incorporation	*Issued share capital (RM)	Effective equity interest (%)	Principal activities
<u>Subsidiaries of Scottsdale Properties Pte Ltd</u>				
Iselin Limited	4 January 2011 / The Cayman Islands	SGD372,386,491 ⁽⁴⁶⁾	49.9	Investment holding
Allventure Limited (In the process of deregistration)	4 June 2009 / The Republic of Mauritius	SGD150,000	49.9	Investment holding
South Beach Consortium Pte Ltd	12 October 2007 / Singapore	SGD1,301,047,069 ⁽⁴⁷⁾	49.9	Property owner, developer and investment holding
<u>Subsidiaries of South Beach Consortium Pte Ltd</u>				
South Beach International Hotel Management Pte Ltd	25 September 2012 / Singapore	SGD2	49.9	Hotel management
South Beach City Club Pte Ltd	3 December 2013 / Singapore	SGD2	49.9	Owner and operator of club
<u>Joint venture of IOIP</u>				
PJ Midtown Development Sdn Bhd	8 June 2006 / Malaysia	42,000,00 ⁽⁴⁸⁾	49.9	Property development
<u>Joint venture of IOI Land Singapore Pte Ltd</u>				
Seaview (Sentosa) Pte Ltd	13 March 2007 / Singapore	SGD1,000,000	49.9	Property development and real estate investment
<u>Joint venture of IOI Properties (Singapore) Pte Ltd</u>				
Pinnacle (Sentosa) Pte Ltd	7 January 2008 / Singapore	SGD1,076,200,000 ⁽⁴⁹⁾	64.9	Property development and real estate investment
<u>Joint venture of Multi Wealth (Singapore) Pte Ltd</u>				
Mergui Development Pte Ltd	21 November 2007 / Singapore	SGD1,000,000	59.9	Property development

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Notes:-

- * *The issued share capital of the companies as detailed in notes (1) to (49) below are inclusive of share premium and/or capital redemption reserve, where applicable, pursuant to Section 618(2) of the Act.*
- (1) *The issued share capital of IOI Properties Berhad consists of 812,786,250 ordinary shares.*
 - (2) *The issued share capital of Bukit Kelang Development Sdn Bhd consists of 1,000,000 ordinary shares and 39,419,000 redeemable non-cumulative preference shares.*
 - (3) *The issued share capital of IOI City Mall Sdn Bhd consists of 500,000 ordinary shares and 1,386,115,633 redeemable non-cumulative preference shares.*
 - (4) *The issued share capital of IOI Consolidated (Singapore) Pte Ltd consists of 2 ordinary shares and 637,545,389 redeemable preference shares.*
 - (5) *The issued share capital of Resort Villa Development Sdn Bhd consists of 3,500,000 ordinary shares and 2,764,520 redeemable preference shares.*
 - (6) *The issued share capital of Resort Villa Golf Course Berhad consists of 5,050,000 ordinary shares and 970,000 redeemable preference shares.*
 - (7) *The issued share capital of Resort Villa Golf Course Development Sdn Bhd consists of 1,125,000 ordinary shares.*
 - (8) *The issued share capital of Palmex Industries Sdn Bhd consists of 35,500,000 ordinary shares and 27,000,000 redeemable non-cumulative preference shares.*
 - (9) *The issued share capital of Nice Skyline Sdn Bhd consists of 5,000,000 ordinary shares and 123,400,000 redeemable non-cumulative preference shares.*
 - (10) *The issued share capital of IOI Properties Capital (L) Berhad consists of 100 ordinary shares and 3,617,070 redeemable non-cumulative preference shares.*
 - (11) *The issued share capital of IOIP Capital Management Sdn Bhd consists of 2,500,002 ordinary shares and 84,446,000 redeemable non-cumulative preference shares.*
 - (12) *The issued share capital of IOI Properties Empire Sdn Bhd consists of 2 ordinary shares and 2,888,500 redeemable non-cumulative preference shares.*
 - (13) *The issued share capital of Mayang Development Sdn Bhd consists of 250,000 ordinary shares and 296,314,000 redeemable non-cumulative preference shares.*
 - (14) *The issued share capital of Nusa Properties Sdn Bhd consists of 6,000,000 ordinary shares and 48,621,000 redeemable non-cumulative preference shares.*
 - (15) *The issued share capital of Cahaya Kota Development Sdn Bhd consists of 5,000,000 ordinary shares and 184,744,000 redeemable non-cumulative preference shares.*
 - (16) *The issued share capital of Property Skyline Sdn Bhd consists of 11,111,111 ordinary shares and 81,160,000 redeemable non-cumulative preference shares.*
 - (17) *The issued share capital of Pilihan Teraju Sdn Bhd consists of 2,000,000 ordinary shares and 177,299,000 redeemable non-cumulative preference shares.*
 - (18) *The issued share capital of Hartawan Development Sdn Bhd consists of 100,000 ordinary shares and 20,815,000 redeemable non-cumulative preference shares.*
 - (19) *The issued share capital of Multi Wealth (Singapore) Pte Ltd consists of 2 ordinary shares and 182,521,800 redeemable preference shares.*
 - (20) *The issued share capital of IOI Properties (Singapore) Pte Ltd consists of 2 ordinary shares and 709,495,800 redeemable preference shares.*
 - (21) *The issued share capital of Palmy Max Limited consists of 10,000 ordinary shares and 195,800,000 redeemable preference shares.*
 - (22) *The issued share capital of Speed Modulation Sdn Bhd consists of 2 ordinary shares and 61,413,000 redeemable non-cumulative preference shares.*
 - (23) *The issued share capital of IOI PFCC Hotel Sdn Bhd consists of 500,000 ordinary shares and 99,212,000 redeemable non-cumulative preference shares.*
 - (24) *The issued share capital of IOI Medini Sdn Bhd consists of 1,000,000 ordinary shares and 90,394,000 redeemable non-cumulative preference shares.*
 - (25) *The issued share capital of Knowledge Vision Sdn Bhd consists of 2,000,000 ordinary shares and 264,004,000 redeemable non-cumulative preference shares.*
 - (26) *The issued share capital of IOI Mulberry Sdn Bhd consists of 1,000,000 ordinary shares and 83,365,000 redeemable non-cumulative preference shares.*
 - (27) *The issued share capital of IOI Harbour Front Sdn Bhd consists of 1,000,000 ordinary shares and 7,758,000 redeemable non-cumulative preference shares.*
 - (28) *The issued share capital of IOI Lavender Sdn Bhd consists of 1,000,000 ordinary shares and 26,936,000 redeemable non-cumulative preference shares.*
 - (29) *The issued share capital of IOI Prima Property Sdn Bhd consists of 1,000,000 ordinary shares and 12,176,000 redeemable non-cumulative preference shares.*
 - (30) *The issued share capital of IOI City Hotel Sdn Bhd consists of 500,000 ordinary shares and 135,564,400 redeemable non-cumulative preference shares.*
 - (31) *The issued share capital of IOI City Tower One Sdn Bhd consists of 500,000 ordinary shares and 140,602,500 redeemable non-cumulative preference shares.*

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

- (32) *The issued share capital of IOI City Tower Two Sdn Bhd consists of 500,000 ordinary shares and 139,500,500 redeemable non-cumulative preference shares.*
- (33) *The issued share capital of IOI City Park Sdn Bhd consists of 500,000 ordinary shares and 247,300,000 redeemable non-cumulative preference shares.*
- (34) *The issued share capital of Lush Development Sdn Bhd consists of 500,000 ordinary shares and 201,577,000 redeemable non-cumulative preference shares.*
- (35) *The issued share capital of Riang Takzim Sdn Bhd consists of 1,000,000 ordinary shares and 12,255,000 redeemable non-cumulative preference shares.*
- (36) *The issued share capital of Tanda Bestari Development Sdn Bhd consists of 2 ordinary shares and 16,519,400 redeemable non-cumulative preference shares.*
- (37) *The issued share capital of Legend Advance Sdn Bhd consists of 5,000,000 ordinary shares and 1,000,000 irredeemable preference shares.*
- (38) *The issued share capital of IOI City Holdings Sdn Bhd consists of 500,000 ordinary shares and 668,132,700 redeemable non-cumulative preference shares.*
- (39) *The issued share capital of Clementi Development Pte Ltd consists of 1,000,000 ordinary shares and 170,992,045 redeemable preference shares.*
- (40) *The issued share capital of Nice Frontier Sdn Bhd consists of 10,000,000 ordinary shares and 10,146,000 redeemable non-cumulative preference shares.*
- (41) *The issued share capital of Wealthy Growth Sdn Bhd consists of 1,000,000 ordinary shares and 242,448,000 redeemable non-cumulative preference shares.*
- (42) *The issued share capital of Trilink Pyramid Sdn Bhd consists of 1,000,000 ordinary shares and 36,064,000 redeemable non-cumulative preference shares.*
- (43) *The issued share capital of Prime Joy Investments Limited consists of 10,000 ordinary shares and 584,958,000 redeemable preference shares.*
- (44) *The issued share capital of Continental Estates Sdn Bhd consists of 50,600,000 ordinary shares and 174,380,450 cumulative redeemable preference shares.*
- (45) *The issued share capital of Scottsdale Properties Pte Ltd consists of 230,000,000 ordinary shares and 847,433,761 redeemable preference shares.*
- (46) *The authorised share capital of Iselin Limited is SGD622,790,902 comprising 174,342,528 ordinary shares of SGD1.00 each and 448,448,374 redeemable convertible preference shares of SGD1.00 each of which SGD372,386,490 consisting 1 ordinary share of SGD1.00 each and 372,386,490 redeemable convertible preference shares of SGD1.00 each are issued and paid-up.*
- (47) *The issued share capital of South Beach Consortium Pte Ltd consists of 2,483,084,419 ordinary shares.*
- (48) *The issued share share capital of PJ Midtown Development Sdn Bhd consists of 2,000,000 ordinary shares and 40,000,000 redeemable preference shares.*
- (49) *The issued share capital of Pinnacle (Sentosa) Pte Ltd consists of 1,000,000 ordinary shares and 1,075,200,000 redeemable preference shares.*

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APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)**6. PROFIT AND DIVIDEND RECORD**

Our profit and dividend record based on our Company's audited consolidated financial statements for the past three (3) FYEs 30 June 2014 to 30 June 2016 as well as the unaudited consolidated financial statements for the six (6)-month FPE 31 December 2016 are as follows:-

	Audited			Unaudited
	FYE 30 June 2014 (RM'000)	FYE 30 June 2015 (RM'000)	FYE 30 June 2016 (RM'000)	Six (6)-month FPE 31 December 2016 (RM'000)
Revenue	1,454,445	1,906,491	3,024,940	2,094,240
Cost of sales	(660,869)	(926,142)	(1,645,512)	(1,276,854)
Gross profit	793,576	980,349	1,379,428	817,386
Other operating income	533,422	356,379	322,428	95,999
Marketing and selling expenses	(67,781)	(84,858)	(111,525)	(64,904)
Administration expenses	(115,298)	(162,141)	(202,515)	(88,806)
Other operating expenses	(75,159)	(83,883)	(97,667)	(95,724)
Operating profit	1,068,760	1,005,846	1,290,149	663,951
Interest income	36,174	50,691	57,078	22,596
Interest expense	(48,668)	-	-	-
Share of results of associates	3,494	1,716	(3,806)	1,100
Share of results of joint ventures	60,644	72,073	181,278	(1,962)
Profit before tax	1,120,404	1,130,326	1,524,699	685,685
Taxation	(216,662)	(229,729)	(424,440)	(197,319)
PAT	903,742	900,597	1,100,259	488,366
Attributable to:-				
Owners of the parent	889,918	890,702	1,080,018	463,098
Non-controlling interests	13,824	9,895	20,241	25,268
	903,742	900,597	1,100,259	488,366
EBITDA	1,151,642	1,109,775	1,505,237	679,757
Gross profit margin (%)	54.6	51.4	45.6	39.0
PAT margin (%)	62.1	47.2	36.4	23.3
Number of shares in issue (excluding treasury shares) ('000)	3,239,015	3,766,894	4,411,216	4,406,516
Earnings attributable to owners of our Company				
- Basic (sen) ⁽¹⁾	31.88 ⁽²⁾	25.83	26.72	10.50
- Diluted (sen) ⁽¹⁾	31.88 ⁽²⁾	25.83	26.72	10.50
Dividend per share, net of tax (sen)	8.00	6.00	8.00	-

Notes:-

- (1) Based on the weighted average number of ordinary shares in issue during the respective financial years, after taking into consideration of treasury shares held by our Company, save for FYE 30 June 2014.
- (2) Based on the weighted average of 2,163,867,000 ordinary shares issued by our Company to the owners of the legal subsidiary (i.e. IOIP) for the reverse acquisition for five (5) months up to 3 December 2014 and 3,239,014,726 ordinary shares in issue of our Company after 5 December 2014 for seven (7) months.

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Commentary:-**FYE 30 June 2014**

Our Group's revenue registered an increase of RM131.1 million or 9.9% from RM1,323.3 million in FYE 30 June 2013 to RM1,454.4 million in FYE 30 June 2014. Revenue from our property development business was the main income stream of our Group in FYE 30 June 2014, contributing approximately 85.5% of our Group's revenue. Property investment, leisure and hospitality and other segments contributed to the remaining 14.5% of our Group's revenue.

The increase in revenue from the property development segment was contributed by better performance from our Group's developments in Johor, the Klang Valley and our maiden development in Xiamen, PRC. Sales in Xiamen were very encouraging as 97.0% of the two (2) phases launched at our IOI Park Bay project was sold by the end of the financial year.

Our Group's PAT increased by RM190.1 million or 26.6% from RM713.6 million in FYE 30 June 2013 to RM903.7 million in FYE 30 June 2014. The increase in PAT was mainly due to one-off gain from acquisition of subsidiaries and fair value gain on investment properties.

Our Group's total assets as at 30 June 2014 amounted to RM14,725.1 million and with cash and cash equivalents of RM618.3 million. NA per share as at 30 June 2014 stood at RM3.46 per share.

FYE 30 June 2015

Our Group's revenue registered an increase of RM452.1 million or 31.1% from RM1,454.4 million in FYE 30 June 2014 to RM1,906.5 million in FYE 30 June 2015. Revenue from our property development business was the main income stream of our Group in FYE 30 June 2015, contributing approximately 83.5% of our Group's revenue. Property investment, leisure and hospitality and other segments contributed to the remaining 16.5% of our Group's revenue.

Increased revenue from the property development segment was mainly attributable to the robust sales of IOI Palm City Xiamen, PRC and higher sales registered from our Klang Valley developments, namely Bandar Puchong Jaya and Bandar Puteri Bangi. Besides, revenue from the property investment segment had also increased due mainly to the opening of IOI City Mall in November 2014 with a total net lettable area of 1.4 million sq ft.

Our Group's PAT increased by RM194.9 million or 27.6% from RM705.7 million (excluding the one-off gain from acquisition of subsidiaries) in FYE 30 June 2014 to RM900.6 million in FYE 30 June 2015, which was mainly contributed by higher revenue registered in our property development and property investment segments as explained above.

Our Group's total assets as at 30 June 2015 amounted to RM18,439.5 million and with total cash and cash equivalents amounted to RM1,909.6 million. NA per share as at 30 June 2015 stood at RM3.56 per share.

FYE 30 June 2016

Our Group's revenue registered an increase of RM1,118.4 million or 58.7% from RM1,906.5 million in FYE 30 June 2015 to RM3,024.9 million in FYE 30 June 2016. Revenue from our property development business was the main income stream of our Group in FYE 30 June 2016, contributing approximately 86.4% of our Group's revenue. Property investment, leisure and hospitality and other segments contributed to the remaining 13.6% of our Group's revenue.

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

The increase in revenue from the property development segment was mainly derived from our Group's overseas development projects both in Xiamen, PRC and Singapore, as well as our township in Bandar Puteri Bangi. Our Group's revenue from the property investment segment had also registered an increase of 41.2% to RM271.9 million in FYE 30 June 2016 from RM192.6 million in FYE 30 June 2015, which was mainly due to improved occupancy and rental rates from both retail and office segments.

Our Group's PAT increased by RM199.7 million or 22.2% from RM900.6 million in FYE 30 June 2015 to RM1,100.3 million in FYE 30 June 2016, which was mainly contributed by higher revenue registered in our property development and property investment segments as explained above as well as an one-off gain from acquisition of subsidiaries.

Our Group's total assets as at 30 June 2016 amounted to RM22,810.3 million and with total cash and cash equivalents amounted to RM2,087.0 million. NA per share as at 30 June 2016 stood at RM3.60 per share.

Six (6)-month FPE 31 December 2016

Our Group's revenue registered an increase of RM604.6 million or 40.6% from RM1,489.7 million in six (6)-month FPE 31 December 2015 to RM2,094.2 million in six (6)-month FPE 31 December 2016. Revenue from our property development business remained the main income stream of our Group, contributing approximately 88.9% of our Group's overall revenue. Property investment, leisure and hospitality and other segments contributed to the remaining 11.1% of our Group's revenue.

The increase in revenue was mainly contributed from the property development segment due to higher contribution from Triling project in Singapore and Klang Valley townships in IOI Resort City, Warisan Puteri @ Sepang and 16 Sierra. Also, our Group's revenue from the property investment segment had increased by 14.7% from RM129.8 million to RM148.8 million, which was mainly contributed by IOI City Mall as a result of higher occupancy and upward rate revision upon tenancy renewal.

Our Group's PAT increased by RM58.7 million or 13.7% from RM429.6 million in six (6)-month FPE 31 December 2015 to RM488.4 million in six (6)-month FPE 31 December 2016, which was mainly contributed by the higher revenue registered in our property development and better performance from the property investment segment as explained above, partly offset by the decrease in share of results of joint ventures which recorded a net fair value gain of RM121.0 million in the previous corresponding period.

Our Group's total assets as at 31 December 2016 amounted to RM27,423.1 million and with total cash and cash equivalents amounted to RM1,964.9 million. NA per share as at 31 December 2016 was RM3.69 per share.

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APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)**7. HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of IOIPG Shares traded on Bursa Securities for the past twelve (12) months preceding the date of this Abridged Prospectus are as follows:-

	High (RM)	Low (RM)
2016		
March	2.42	2.04
April	2.45	2.29
May	2.43	2.16
June	2.38	2.26
July	2.52	2.29
August	2.53	2.35
September	2.65	2.46
October	2.57	2.44
November	2.48	2.09
December	2.19	1.99
2017		
January	2.21	2.06
February	2.17	2.00

Last transacted market price on 17 November 2016, being the last Market Day immediately prior to the announcement of the Rights Issue RM2.39

Last transacted market price on 6 February 2017, being the LPD RM2.12

Last transacted market price on 27 February 2017, being the Market Day immediately prior to the ex-rights date for the Rights Issue RM2.15

(Source: Bloomberg Finance L.P.)

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APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDED IN THE
ABRIDGED PROSPECTUS

The Board of Directors
IOI Properties Group Berhad
Two IOI Square
IOI Resort
62502 Putrajaya

16 February 2017

PwC/SG/TCY/WDY/lh/0236C

Dear Sirs,

Report on the Compilation of Pro Forma Consolidated Statement of Financial Position

- 1 We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statement of Financial Position of IOI Properties Group Berhad ("IOIPG" or "the Company") as at 30 June 2016, as set out in the Appendix (which we have stamped for the purpose of identification), which have been compiled by the Directors of the Company for inclusion in the Abridged Prospectus to be dated 2 March 2017 in connection with the renounceable rights issue of up to 1,109,854,075 new ordinary shares in the share capital of IOIPG ("IOIPG Shares") ("Rights Shares") at an issue price of RM1.38 per Rights Shares on the basis of one (1) Rights Share for every four (4) existing IOIPG Shares held at 5.00 P.M. on 2 March 2017 ("the Rights Issue").
- 2 The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statement of Financial Position are described in the Notes thereon of the Appendix and are specified in *Appendix 4 of the Prospectus Guidelines – Abridged Prospectus* issued by the Securities Commission.
- 3 The Pro Forma Consolidated Statement of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Rights Issue on the audited consolidated Statement of Financial Position of the Company as at 30 June 2016 had the Rights Issue been effected on that date. As part of this process, information about the Company's consolidated financial position has been extracted by the Directors from the Company's audited consolidated Statement of Financial Position as at 30 June 2016.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (CONT'D)**



The Board of Directors
IOI Properties Group Berhad
PwC/SG/TCY/WDY/lh/0236B7C
16 February 2017

The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

- 4 The Directors are responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis set out in the Notes thereon of the Appendix and in accordance with the requirements of the *Prospectus Guidelines – Abridged Prospectus*.

Our Independence and Quality Control

- 5 We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.
- 6 Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

- 7 Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statement of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in the Notes thereon of the Appendix.
- 8 We conducted our engagement in accordance with International Standard on Assurance Engagements (“ISAE”) 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis set out in the Notes thereon of the Appendix.
- 9 For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statement of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (CONT'D)**



**The Board of Directors
IOI Properties Group Berhad
PwC/SG/TCY/WDY/lh/0236B7C
16 February 2017**

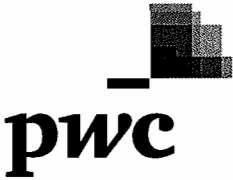
Our Responsibilities (continued)

- 10 The purpose of the Pro Forma Consolidated Statement of Financial Position included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.
- 11 A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position have been compiled in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:
 - The related pro forma adjustments give appropriate effect to those criteria; and
 - The Pro Forma Consolidated Statement of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.
- 12 The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company and its subsidiaries ("the Group"), the event or transaction in respect of which the Pro Forma Consolidated Statement of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.
- 13 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

- 14 In our opinion, the Pro Forma Consolidated Statement of Financial Position have been compiled, in all material respects, on the basis set out in the Notes thereon of the Appendix.

APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (CONT'D)



The Board of Directors
IOI Properties Group Berhad
PwC/SG/TCY/WDY/lh/0236B7C
16 February 2017

Other Matter

- 15 This report is issued for the sole purpose of inclusion in the Abridged Prospectus in connection with the Rights Issue and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Rights Issue.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Pricewaterhousecoopers', written over a faint, larger version of the PwC logo.

PRICEWATERHOUSECOOPERS
(No. AF 1146)
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Shirley Goh', written in a cursive style.

SHIRLEY GOH
01778/08/2018 J
Chartered Accountant

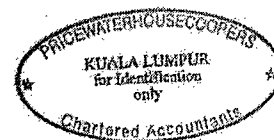
**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (CONT'D)**

APPENDIX

IOI PROPERTIES GROUP BERHAD

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	(1) Rights Issue -Minimum Scenario	(2) Assumption - Maximum Scenario
Audited as at 30 June 2016	Pro Forma I - After the Rights Issue	Pro Forma II - After the Rights Issue
RM'000	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant & equipment	1,122,322	1,122,322
Prepaid lease payments	105,090	105,090
Land held for property development	4,591,032	4,591,032
Investment properties	4,024,219	12,913,815
Goodwill on consolidation	11,472	11,472
Investments in associates	90,851	90,851
Interests in joint ventures	4,820,518	4,820,518
Deferred tax assets	96,227	96,227
	14,861,731	23,751,327
CURRENT ASSETS		
Property development costs	4,156,329	4,156,329
Inventories	700,324	700,324
Trade and other receivables	932,978	932,978
Current tax assets	71,994	71,994
Short term funds	118,812	118,812
Deposits with financial institutions	692,687	692,687
Cash and bank balances	1,275,486	1,339,326
	7,948,610	8,012,450
TOTAL ASSETS	22,810,341	31,763,777



**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (CONT'D)**

APPENDIX

IOI PROPERTIES GROUP BERHAD

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (CONTINUED)**

		⁽¹⁾ Rights Issue - Minimum Scenario	⁽²⁾ Assumption - Maximum Scenario
	Audited as at 30 June 2016 RM'000	Pro Forma I - After the Rights Issue RM'000	Pro Forma II - After the Rights Issue RM'000
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	4,423,627	18,515,454	18,600,830
Reserves ⁽³⁾	13,555,923	974,159	974,159
Retained earnings	6,345,687	6,344,687	6,344,687
Reorganisation debit balance	(8,440,152)	(8,440,152)	(8,440,152)
	15,885,085	17,394,148	17,479,524
NON-CONTROLLING INTERESTS	130,754	130,754	130,754
TOTAL EQUITY	16,015,839	17,524,902	17,610,278
NON-CURRENT LIABILITIES			
Borrowings	3,797,582	3,797,582	3,797,582
Derivative financial liabilities	21,183	21,183	21,183
Amounts due to non-controlling Interests	114,408	114,408	114,408
Deferred tax liabilities	781,023	781,023	781,023
	4,714,196	4,714,196	4,714,196
CURRENT LIABILITIES			
Borrowings	464,450	7,834,798	7,823,447
Derivative financial liabilities	9,623	9,623	9,623
Trade and other payables	1,576,652	1,576,652	1,576,652
Current tax liabilities	29,581	29,581	29,581
	2,080,306	9,450,654	9,439,303
TOTAL LIABILITIES	6,794,502	14,164,850	14,153,499
TOTAL EQUITY AND LIABILITIES	22,810,341	31,689,752	31,763,777
Net asset per share ⁽⁴⁾ (RM)	3.60	3.16	3.15

Note:

- (1) Minimum Scenario assumes that all outstanding Employee Share Option Scheme ("ESOS") options that were vested to the employees as at 6 February 2017, being the latest practicable date for purposes of the Pro Forma Consolidated Statement of Financial Position ("LPD") are not exercised.
- (2) Maximum Scenario assumes that all outstanding ESOS options that were vested to the employees as at LPD are exercised before the Rights Issue, at RM2.25 per share.
- (3) Treasury shares are included within reserves.
- (4) Net asset per share is calculated based on the equity attributable to equity holders of the parent divided by IOIPG shares after deducting treasury shares.



**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (CONT'D)**

APPENDIX

IOI PROPERTIES GROUP BERHAD

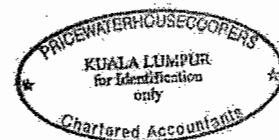
**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (CONTINUED)**

1 INTRODUCTION

- 1.1 The Pro Forma Consolidated Statement of Financial Position of IOI Properties Group Berhad ("IOIPG" or "the Company"), for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only in connection with the renounceable rights issue of up to 1,109,854,075 new ordinary shares in the share capital of IOIPG ("IOIPG Shares") ("Rights Shares") at an issue price of RM1.38 per Rights Share on the basis of one (1) Rights Share for every four (4) existing IOIPG shares held at 5.00 P.M. on 2 March 2017 ("the Rights Issue").
- 1.2 The Pro Forma Consolidated Statement of Financial Position together with the notes thereon have been prepared for illustrative purposes only, to show the effects of the Rights Issue on the audited Consolidated Statement of Financial Position of the Company as at 30 June 2016 had the Rights Issue have been effected on that date. Further, such information, because of its nature, does not purport to predict the future financial position of the Company of its subsidiaries ("the Group").

2 BASIS OF PREPARATION

- 2.1 The Pro Forma Consolidated Statement of Financial Position, for which the Directors of the Company are solely responsible, have been prepared based on the audited consolidated financial statements of the Company as at 30 June 2016 in accordance with the Financial Reporting Standards and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Company.



**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (CONT'D)**

APPENDIX

IOI PROPERTIES GROUP BERHAD

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (CONTINUED)**

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Wealthy Link Pte Ltd, a wholly owned subsidiary of IOI Properties Group Berhad, had on 11 November 2016 successfully tendered for a parcel of leasehold land at Central Boulevard in Singapore measuring approximately 10,868.70 square metres ("Land").

The acquisition was completed on 8 February 2017 following the full settlement of the purchase consideration of SGD2,568.7 million (RM8,068.8 million). Other direct cost of SGD261.3 million (RM820.8 million) was also incurred during the acquisition of the said Land. This total amount of SGD2,830.0 million (RM8,889.6 million) has been capitalised into investment property and was funded by short-term bank borrowings.

The exchange rate used for the purposes of the illustrations below is SGD 1.000 : RM 3.1412.

3.1 Pro Forma I – After the Rights Issue (Minimum Scenario)

The Pro Forma incorporates the effects of all of the following:

- (i) the abovementioned Land acquisition and the short-term bank borrowings taken to finance the purchase consideration;
- (ii) the additional acquisition of 4.7 million treasury shares purchased at a total consideration of RM10.2 million, bringing the total treasury shares to 17.1 million shares as at LPD; and
- (iii) the Rights Shares of 1,101.6 million shares to be issued at an issue price of RM1.38 per share on the assumption that none of the outstanding ESOS options that were vested to the employees as at LPD is exercised.

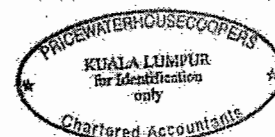
The total proceeds of RM1,520.2 million will be utilised to reduce the short-term bank borrowings of the Group taken for the purposes of funding the acquisition of the Land and the share issue expenses of RM1.0 million, which is deducted against retained earnings.

3.2 Pro Forma II - After the Rights Issue (Maximum Scenario)

The Pro Forma incorporates the effects of all of the following:

- (i) the abovementioned Land acquisition and the short-term bank borrowing taken to finance the purchase consideration; and
- (ii) the additional acquisition of 4.7 million treasury shares purchased at a total consideration of RM10.2 million, bringing the total treasury shares to 17.1 million shares as at LPD; and
- (iii) the Rights Shares of 1,109.9 million shares to be issued at an issue price of RM1.38 per share on the assumption that all the 32.9 million outstanding ESOS options that were vested to the employees as at LPD are exercised before the Rights Issue, at the exercise price of RM2.25 per share. It is assumed that there were no adjustments to the exercise price pursuant to the Rights Issue.

The total proceeds of RM1,531.6 million from the Rights Issue will be utilised to reduce the short-term bank borrowings of the Group taken for the purposes of funding the acquisition of the Land and the share issue expenses of RM1.0 million, which is deducted against retained earnings.



**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (CONT'D)**

APPENDIX

IOI PROPERTIES GROUP BERHAD

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (CONTINUED)**

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 Share Capital

Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016, the issued and paid up share capital of RM1.00 per share stood at RM4,423.6 million before excluding treasury shares.

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 30 June 2016, the share capital balance upon the implementation of the Rights Issue is as follows:

	Minimum Scenario		Maximum Scenario	
	No. of IOIPG Shares ('000)	RM'000	No. of IOIPG Shares ('000)	RM'000
Audited as at 30 June 2016	4,423,627	4,423,627	4,423,627	4,423,627
Transfer from share premium account pursuant to Section 618(2) of Companies Act, 2016	-	12,571,579	-	12,571,579
Assuming all outstanding ESOS options up to LPD are exercised	-	-	32,900	74,025
Proceeds from the Rights Issue	1,101,629	1,520,248	1,109,854	1,531,599
Pro Forma I/II	5,525,256	18,515,454	5,566,381	18,600,830

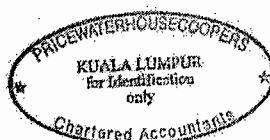
4.2 Cash and cash equivalents

Cash and cash equivalents consist of short term funds, deposits with financial institutions and cash and bank balances.

Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016, the cash and cash equivalents stood at RM2,087.0 million.

For illustrative purposes only, based on the Group's audited consolidated financial statements for the financial year ended 30 June 2016, the cash and cash equivalents balance upon the implementation of the Rights Issue is as follows:

	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Per audited balance of the Group as at 30 June 2016	2,086,985	2,086,985
- Purchase of treasury shares	(10,185)	(10,185)
Subtotal	2,076,800	2,076,800
- Proceeds from exercise of outstanding ESOS options	-	74,025
- Proceeds from the Rights Issue	1,520,248	1,531,599
- Payment for the estimated expenses	(1,000)	(1,000)
- Repayment of borrowings (Utilisation of proceeds)	(1,519,248)	(1,530,599)
Total adjustments for Pro Forma	-	74,025
As per Pro Forma I/II	2,076,800	2,150,825



**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (CONT'D)**

APPENDIX

IOI PROPERTIES GROUP BERHAD

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (CONTINUED)**

5 APPROVAL BY BOARD OF DIRECTORS

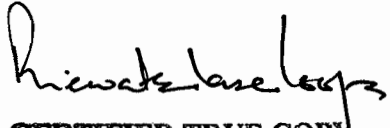
Approved and adopted by the Board of Directors of IOI Properties Group Berhad in accordance with a resolution dated 16 February 2017.



**LEE YEOW SENG
DIRECTOR**



**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON**



CERTIFIED TRUE COPY

PRICEWATERHOUSECOOPERS
SHIRLEY GOH
PARTNER

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

30 JUNE 2016

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors of IOI Properties Group Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associates and joint ventures are set out in Note 44 to the financial statements.

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

FINANCIAL RESULTS

The audited financial results of the Group and of the Company for the financial year ended 30 June 2016 are as follows:

	<u>Group</u> RM'000	<u>Company</u> RM'000
Profit before taxation	1,524,699	366,435
Taxation	(424,440)	(510)
Profit for the financial year	<u>1,100,259</u>	<u>365,925</u>
Attributable to:		
Owners of the parent	1,080,018	365,925
Non-controlling interests	20,241	-
	<u>1,100,259</u>	<u>365,925</u>

DIVIDENDS

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

	<u>Company</u> RM'000
In respect of the financial year ended 30 June 2015:	
Interim single tier dividend of 6.0 sen per ordinary shares, paid on 30 September 2015	<u>225,993</u>

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS (CONTINUED)

On 22 August 2016, the Directors have declared an interim single tier dividend of 8.0 sen per ordinary share, amounting to RM352,897,216 in respect of the financial year ended 30 June 2016. The dividend is payable on 21 October 2016 to shareholders whose names appear in the Record of Depositors and Register of Members of the Company at the close of business on 22 September 2016.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital (inclusive of treasury shares) from RM3,778,850,513 to RM4,423,626,700 by way of the issuance of 644,776,187 new ordinary shares of RM1.00 each pursuant to the acquisitions of new subsidiaries as disclosed in Note 20.1 and 30 to the financial statements.

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

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

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at an Annual General Meeting held on 26 October 2015, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy-Back").

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

During the financial year, the Company repurchased 455,100 ordinary shares of RM1.00 each of its issued shares from the open market. The average price paid for the ordinary shares repurchased was RM1.95 per ordinary share. The repurchased transactions were financed by internally generated funds. The ordinary shares repurchased are held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965.

The Company has the right to cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the right attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased had been sold as at 30 June 2016.

At the end of the financial year, the number of ordinary shares in issue after deducting treasury shares is 4,411,215,200 ordinary shares of RM1.00 each.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

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

On 23 May 2016, the Company offered a total of 33,800,000 share options at an option price of RM2.25 to the Eligible Persons (as defined below) of the Group in accordance with the By-Laws of the ESOS. As at 30 June 2016, there are a total of 33,500,000 share options accepted by the Eligible Persons.

The salient features of the ESOS are as follows:

(a) Maximum number of shares available under the ESOS

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

(b) Eligibility

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

- (i) the employee has attained at least 18 years of age;
- (ii) the employee falls under the grade of M1 and above;
- (iii) is an Executive Director of the Company who has been involved in the management of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer;
- (iv) the employee is confirmed in writing as a full time employee and/or has been in the employment of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer, including service during the probation period;
- (v) fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time; and
- (vi) the specific allocation of the IOIPG shares to that Executive Directors under the ESOS has been approved by the shareholders of IOIPG at a general meeting.

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

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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

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

(c) Basis of allotment and maximum entitlement

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

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

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

(d) Duration of the ESOS

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

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

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

(e) Exercise Price

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

- (i) the five (5)-day weighted average market price of IOIPG Shares, as quoted on Bursa Malaysia, immediately preceding the Date of Offer of the option, with a discount of not more than 10%; or
- (ii) the par value of IOIPG Shares of RM1.00 each.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

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

(f) Ranking of the new IOIPG Shares

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

(g) Retention period

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

(h) Termination of the ESOS

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

- (i) the effective date of termination;
- (ii) the number of options exercised or IOIPG Shares vested, if applicable; and
- (iii) the reasons and justification for termination.

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

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

	Number of options over ordinary shares of RM1.00 each				
	Option price RM	As at 1.7.2015 '000	Granted and accepted '000	Exercised '000	As at 30.6.2016 '000
<u>Date of offer</u> 23 May 2016	2.25	-	33,500	-	33,500

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

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

The Company has been granted exemption by the Companies Commission of Malaysia ("CCM") from having to disclose the list of option holders and their holdings who are granted options during the financial year except for the option holders holding 800,000 options and above, which are as follows:

Name of option holders	Number of share options
Tan Sri Dato' Lee Shin Cheng	5,500,000
Lee Yeow Seng	5,000,000
Teah Chin Guan @ Teh Chin Guan	2,500,000
Lee Yoke Har	1,800,000
Lim Beng Yeang	1,500,000
Tan Keng Seng	1,200,000
Heng Kwang Hock	1,200,000
Lau Sui Hing Betty	1,200,000
Ho Kwok Wing	1,000,000
Choo Kay Boon	800,000

RESERVES AND PROVISION

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

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Tan Sri Dato' Lee Shin Cheng
 Tan Sri Dato' Sri Koh Kin Lip (Appointed on 2 January 2016)
 Tan Sri Ong Ka Ting (Retired on 26 October 2015)
 Lee Yeow Seng
 Dato' Lee Yeow Chor
 Datuk Tan Kim Leong @ Tan Chong Min
 Datuk Lee Say Tshin
 Datuk Dr Tan Kim Heung

Tan Sri Dato' Sri Koh Kin Lip who was appointed during the financial year, retires pursuant to Article 93 of the Company's Articles of Association at the forthcoming Annual General Meeting ("AGM") and being eligible, offers himself for re-election.

In accordance with Article 87 of the Company's Articles of Association, Datuk Lee Say Tshin retires by rotation at the AGM and being eligible, offers himself for re-election.

Tan Sri Dato' Lee Shin Cheng and Datuk Tan Kim Leong @ Tan Chong Min who have attained the age of seventy, retire in accordance with Section 129(2) of the Companies Act, 1965 in Malaysia at the AGM. The Directors recommend that they be re-appointed in accordance with Section 129(6) of the said Act and to hold office until the conclusion of the next AGM of the Company.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia are as follows:

	As at 1.7.2015/ 11.1.2016^/ date of appointment#	<u>Allotted*</u>	<u>Acquired</u>	<u>Disposed</u>	As at 30.6.2016
<u>The Company</u>					
<u>Direct Interests</u>					
<i>No. of ordinary shares of RM1.00 each</i>					
Tan Sri Dato' Lee					
Shin Cheng	39,567,866	-	-	-	39,567,866
Tan Sri Dato' Sri Koh Kin Lip	875,233#	-	-	-	875,233
Lee Yeow Seng	2,210,366	-	-	-	2,210,366
Dato' Lee Yeow Chor	5,110,000	-	-	-	5,110,000
Datuk Tan Kim Leong @					
Tan Chong Min	10,500	-	-	-	10,500
Datuk Dr Tan Kim Heung	22,855,900	-	-	-	22,855,900
<u>Indirect Interests</u>					
<i>No. of ordinary shares of RM1.00 each</i>					
Tan Sri Dato' Lee					
Shin Cheng	1,939,829,705	644,776,187	33,598,200	-	2,618,204,092
Tan Sri Dato' Sri Koh Kin Lip	35,589,161#	-	-	-	35,589,161
Lee Yeow Seng	1,880,341,724	322,878,123	32,455,600	-	2,235,675,447
Dato' Lee Yeow Chor	1,880,646,824	322,878,123	32,455,600	-	2,235,980,547
Datuk Tan Kim Leong @					
Tan Chong Min	67,704	-	-	-	67,704
Datuk Lee Say Tshin	-	-	45,000	-	45,000
<u>Ultimate Holding Company</u>					
Progressive Holdings Sdn. Bhd. ("PHSB") ^					
<u>Direct Interests</u>					
<i>No. of ordinary shares of RM1.00 each</i>					
Tan Sri Dato' Lee					
Shin Cheng	18,000,000	-	-	-	18,000,000
Lee Yeow Seng	3,000,000	-	-	-	3,000,000
Dato' Lee Yeow Chor	3,000,000	-	-	-	3,000,000

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

	As at 1.7.2015/ 11.1.2016 [^] <u>date of appointment</u> [#]	<u>Allotted*</u>	<u>Acquired</u>	<u>Disposed</u>	As at <u>30.6.2016</u>
<u>Ultimate Holding Company</u>					
Progressive Holdings Sdn. Bhd. ("PHSB") ^ (continued)					
<u>Indirect Interests</u>					
<i>No. of ordinary shares of RM1.00 each</i>					
Tan Sri Dato' Lee Shin Cheng	1,000,000	-	-	-	1,000,000
<u>Direct Interests</u>					
<i>No. of redeemable non-cumulative preference share of RM0.01 each</i>					
Tan Sri Dato' Lee Shin Cheng	396,970,000	-	-	-	396,970,000

* Shares allotted to Summervest Sdn. Bhd. and Vertical Capacity Sdn. Bhd. ("VCSB") pursuant to the acquisition of Mayang Development Sdn. Bhd. and Nusa Properties Sdn. Bhd. by the Company.

[^] The Company became a subsidiary of VCSB, the wholly-owned subsidiary of PHSB on 11 January 2016.

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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

The movements of the options over the unissued ordinary shares of RM1.00 each in the Company granted under the ESOS to the Directors in office at the end of the financial year are as follows:

	<u>No. of options over ordinary shares of RM1.00 each in the Company</u>				
	<u>Option price</u>	<u>As at 1.7.2015</u>	<u>Granted and accepted</u>	<u>Exercised</u>	<u>As at 30.6.2016</u>
<u>Direct Interests</u>					
Tan Sri Dato' Lee Shin Cheng	RM2.25	-	5,500,000	-	5,500,000
Lee Yeow Seng	RM2.25	-	5,000,000	-	5,000,000
<u>Indirect Interest</u>					
Tan Sri Dato' Lee Shin Cheng	RM2.25	-	7,300,000	-	7,300,000

DIRECTORS' BENEFITS

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

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except for the share options granted to Directors of the Company pursuant to the Company's ESOS.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

- (a) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; and
- (b) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION

As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIFFERENT FINANCIAL YEAR END OF SUBSIDIARIES

Due to local requirements, three (3) indirect subsidiaries of the Company, IOI (Xiamen) Properties Co. Ltd., Xiamen Double Prosperous Real Estate Development Co. Ltd., and Xiamen Palm City Management Services Co. Ltd. are adopting 31 December as their statutory financial year end, which do not coincide with that of IOI Properties Berhad, the holding company of the above 3 subsidiaries, which in turn, a 99.8% owned subsidiary of the Company. The Directors of IOI Properties Berhad have been granted approvals under Section 168(3) of the Companies Act, 1965 in Malaysia by the Companies Commission of Malaysia for the aforementioned subsidiaries to have different financial year end from that of IOI Properties Berhad for the financial year ended 30 June 2016.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 42 to the financial statements.

AUDIT AND RISK MANAGEMENT COMMITTEE

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

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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDIT AND RISK MANAGEMENT COMMITTEE

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

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

NOMINATING AND REMUNERATION COMMITTEE

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

Tan Sri Dato' Sri Koh Kin Lip (Appointed on 2 January 2016)
Tan Sri Ong Ka Ting (Retired on 26 October 2015)
Datuk Tan Kim Leong @ Tan Chong Min
Datuk Dr Tan Kim Heung

ESOS COMMITTEE

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

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

HOLDING COMPANY

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

AUDITORS

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

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



TAN SRI DATO' LEE SHIN CHENG
DIRECTOR



LEE YEOW SENG
DIRECTOR

14 September 2016

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	7	3,024,940	1,906,491	382,600	460,130
Cost of sales		(1,645,512)	(926,142)	-	-
Gross profit		1,379,428	980,349	382,600	460,130
Other operating income		322,428	356,379	1,646	2,592
Marketing and selling expenses		(111,525)	(84,858)	(18)	(24)
Administration expenses		(202,515)	(162,141)	(13,638)	(4,748)
Other operating expenses		(97,667)	(83,883)	(14,119)	(588)
Operating profit	8	1,290,149	1,005,846	356,471	457,362
Interest income	10	57,078	50,691	22,706	22,081
Interest expense	11	-	-	(12,742)	(7,659)
Share of results of associates		(3,806)	1,716	-	-
Share of results of joint ventures		181,278	72,073	-	-
Profit before taxation		1,524,699	1,130,326	366,435	471,784
Taxation	12	(424,440)	(229,729)	(510)	(1,167)
Profit for the financial year		1,100,259	900,597	365,925	470,617
Profit attributable to:					
Owners of the parent		1,080,018	890,702	365,925	470,617
Non-controlling interests		20,241	9,895	-	-
		1,100,259	900,597	365,925	470,617
Earnings per ordinary share attributable to owners of the parent					
Basic earnings per share (sen)	13	26.72	25.83		
Diluted earnings per share (sen)	13	26.72	25.83		

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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the financial year	1,100,259	900,597	365,925	470,617
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations, net of tax	252,713	597,455	-	-
Net change in cash flow hedge	(11,669)	-	(11,669)	-
Other comprehensive income for the financial year, net of tax	241,044	597,455	(11,669)	-
Total comprehensive income for the financial year	<u>1,341,303</u>	<u>1,498,052</u>	<u>354,256</u>	<u>470,617</u>
Total comprehensive income attributable to:				
Owners of the parent	1,317,026	1,482,225	354,256	470,617
Non-controlling interests	24,277	15,827	-	-
	<u>1,341,303</u>	<u>1,498,052</u>	<u>354,256</u>	<u>470,617</u>

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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	15	1,122,322	1,120,101	-	-
Prepaid lease payments	16	105,090	108,401	-	-
Land held for property development	17	4,591,032	2,894,104	-	-
Investment properties	18	4,024,219	3,388,152	-	-
Goodwill on consolidation	19	11,472	11,472	-	-
Interests in subsidiaries	20	-	-	17,355,279	14,534,989
Investments in associates	21	90,851	95,788	-	1,050
Interests in joint ventures	22	4,820,518	4,155,262	-	-
Amount due from a subsidiary	20	-	-	232,853	498,306
Deferred tax assets	23	96,227	97,770	-	-
		<u>14,861,731</u>	<u>11,871,050</u>	<u>17,588,132</u>	<u>15,034,345</u>
CURRENT ASSETS					
Property development costs	24	4,156,329	3,355,681	-	-
Inventories	25	700,324	302,444	-	-
Trade and other receivables	26	932,978	906,520	3,209	146
Amounts due from subsidiaries	20	-	-	313,508	139,137
Current tax assets		71,994	94,164	-	-
Short term funds	27	118,812	706,481	118,812	706,481
Deposits with financial institutions	28	692,687	762,105	-	19,000
Cash and bank balances	29	1,275,486	441,053	38,123	997
		<u>7,948,610</u>	<u>6,568,448</u>	<u>473,652</u>	<u>865,761</u>
TOTAL ASSETS		<u><u>22,810,341</u></u>	<u><u>18,439,498</u></u>	<u><u>18,061,784</u></u>	<u><u>15,900,106</u></u>

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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (CONTINUED)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	30	4,423,627	3,778,851	4,423,627	3,778,851
Reserves	31	13,555,923	12,599,541	12,552,877	11,845,172
Retained earnings		6,345,687	5,488,957	369,457	229,525
Reorganisation debit balance		(8,440,152)	(8,440,152)	-	-
		<u>15,885,085</u>	<u>13,427,197</u>	<u>17,345,961</u>	<u>15,853,548</u>
Non-controlling interests	20	130,754	110,957	-	-
Total equity		<u>16,015,839</u>	<u>13,538,154</u>	<u>17,345,961</u>	<u>15,853,548</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	32	3,797,582	2,238,650	677,465	-
Derivative financial liabilities	33	21,183	-	21,183	-
Amounts due to non-controlling interests	34	114,408	104,896	-	-
Deferred tax liabilities	23	781,023	317,542	-	-
		<u>4,714,196</u>	<u>2,661,088</u>	<u>698,648</u>	<u>-</u>
CURRENT LIABILITIES					
Borrowings	32	464,450	560,360	-	-
Derivative financial liabilities	33	9,623	-	9,623	-
Trade and other payables	35	1,576,652	1,661,939	6,720	2,852
Amounts due to subsidiaries	20	-	-	-	42,976
Current tax liabilities		29,581	17,957	832	730
		<u>2,080,306</u>	<u>2,240,256</u>	<u>17,175</u>	<u>46,558</u>
Total liabilities		<u>6,794,502</u>	<u>4,901,344</u>	<u>715,823</u>	<u>46,558</u>
TOTAL EQUITY AND LIABILITIES		<u><u>22,810,341</u></u>	<u><u>18,439,498</u></u>	<u><u>18,061,784</u></u>	<u><u>15,900,106</u></u>

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)**

Group	Attributable to owners of the Company							Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Foreign currency translation reserve RM'000	Reorganisation debit balance RM'000	Retained earnings RM'000	Attributable to owners of the Company Total RM'000		Non-controlling interests RM'000
As at 1 July 2014	3,239,015	11,383,821	-	162,846	(8,440,152)	4,857,000	11,202,530	98,677	11,301,207
Profit for the financial year	-	-	-	-	-	890,702	890,702	9,895	900,597
Exchange differences on translation of foreign operations, net of tax	-	-	-	591,523	-	-	591,523	5,932	597,455
Total comprehensive income	-	-	-	591,523	-	890,702	1,482,225	15,827	1,498,052
Transactions with owners									
Issuance of ordinary shares	539,836	485,852	-	-	-	-	1,025,688	-	1,025,688
Share issuance costs	-	(900)	-	-	-	-	(900)	-	(900)
Changes in equity interests in subsidiaries	-	-	-	-	-	376	376	(547)	(171)
Dividend paid (Note 14)	-	-	-	-	-	(259,121)	(259,121)	-	(259,121)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(3,000)	(3,000)
Repurchase of treasury shares (Note 31.1)	-	-	(23,601)	-	-	-	(23,601)	-	(23,601)
As at 30 June 2015	3,778,851	11,868,773	(23,601)	754,369	(8,440,152)	5,488,957	13,427,197	110,957	13,538,154

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

	<u>Attributable to owners of the Company</u>						
	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	<u>Treasury share</u> RM'000	<u>Cash flow hedge reserve</u> RM'000	<u>Share-based payment reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total equity</u> RM'000
<u>Company</u>							
As at 1 July 2015	3,778,851	11,868,773	(23,601)	-	-	229,525	15,853,548
Profit for the financial year	-	-	-	-	-	365,925	365,925
Net change in cash flow hedge (Note 31.3)	-	-	-	(11,669)	-	-	(11,669)
Total comprehensive income	-	-	-	(11,669)	-	365,925	354,256
<u>Transactions with owners</u>							
Issuance of ordinary shares	644,776	702,806	-	-	-	-	1,347,582
Share option expenses in relation to employees' share option scheme	-	-	-	-	17,454	-	17,454
Shares issuance costs	-	-	-	-	-	-	-
Dividend paid (Note 14)	-	-	-	-	-	(225,993)	(225,993)
Repurchase of treasury shares (Note 31.1)	-	-	(886)	-	-	-	(886)
As at 30 June 2016	4,423,627	12,571,579	(24,487)	(11,669)	17,454	369,457	17,345,961
<u>As at 1 July 2014</u>							
As at 1 July 2014	3,239,015	11,383,821	-	-	-	18,029	14,640,865
Profit for the financial year	-	-	-	-	-	470,617	470,617
Total comprehensive income	-	-	-	-	-	470,617	470,617
<u>Transactions with owners</u>							
Issuance of ordinary shares	539,836	485,852	-	-	-	-	1,025,688
Shares issuance costs	-	(900)	-	-	-	-	(900)
Dividend paid (Note 14)	-	-	-	-	-	(259,121)	(259,121)
Repurchase of treasury shares (Note 31.1)	-	-	(23,601)	-	-	-	(23,601)
As at 30 June 2015	3,778,851	11,868,773	(23,601)	-	-	229,525	15,853,548

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		1,524,699	1,130,326	366,435	471,784
Adjustments for:					
Amortisation of prepaid lease payments	16	2,911	2,696	-	-
Banking facilities costs written off		18,507	-	148	-
Bad debts written off		141	230	-	-
Depreciation of property, plant and equipment	15	34,705	27,444	-	-
Impairment losses on:					
- receivables	26	1,010	88	-	-
- amounts due from subsidiaries		-	-	88	-
- interests in subsidiaries	20.1	-	-	13,507	-
Interest expense	11	-	-	12,742	7,659
Interest income	10	(57,078)	(50,691)	(22,706)	(22,081)
Property, plant and equipment written off	15	95	26	-	-
Dividend income		-	-	(382,600)	(460,130)
Fair value gain on investment properties	18	(145,405)	(316,586)	-	-
Inventories written off		400	265	-	-
Loss on:					
- disposal of property, plant and equipment		341	9	-	-
- disposal of investment in an associate	16	-	97	-	-
- disposal of land from compulsory acquisitions		-	2,641	-	-
Unrealised loss on foreign currency transactions		-	-	33	31
Bad debts recovered		(4)	(4)	-	-
Gain on:					
- bargain purchase for the acquisition of subsidiaries	20.1	(71,091)	-	-	-
- disposal of investment properties		-	(508)	-	-
- disposal of property, plant and equipment		(43)	(1,123)	-	-
- disposal of land from compulsory acquisitions		(2,061)	(1,148)	-	-
Reversal of impairment losses on receivables	26	(57)	(927)	-	-
Share of results of joint ventures		(181,278)	(72,073)	-	-
Share of results of associates		3,806	(1,716)	-	-
Share option expenses in relation to employees' share option scheme	30.1	17,454	-	-	-
Operating profit/(loss) before working capital changes		1,147,149	718,949	(12,337)	(2,737)

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Operating profit/(loss) before working capital changes (continued)		1,147,149	718,949	(12,337)	(2,737)
Increase in property development costs		(452,594)	(492,986)	-	-
Decrease in inventories		35,261	100,050	-	-
(Increase)/Decrease in trade and other receivables		(90,859)	(366,459)	141	2,112
(Decrease)/Increase in trade and other payables		(212,214)	590,399	(2,185)	2,110
Decrease in amount due to a subsidiary company		-	-	(871)	-
Cash generated from/(used in) operations		426,743	549,953	(15,252)	1,485
Tax paid		(328,923)	(218,503)	(408)	(953)
Tax refunded		13,274	2,812	-	-
Net cash from/(used in) operating activities		111,094	334,262	(15,660)	532

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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		83,146	101,515	388,600	324,130
Interest received		49,336	44,724	10,916	22,081
Proceeds from:					
- compulsory land acquisition		2,067	5,256	-	-
- disposal of investment in an associate		1,034	-	1,034	-
- disposal of other investments		-	401,237	-	-
- disposal of property, plant and equipment		252	12,530	-	-
- disposal of investment properties		-	2,094	-	-
Additional investments in subsidiaries		-	-	-	(302,030)
Additional investments in joint ventures		(238,860)	-	-	-
Redemption of preference shares		-	-	420	122,017
Repayment from a joint venture		8,556	46,765	-	-
Additions to:					
- property, plant and equipment	15	(66,245)	(179,857)	-	-
- land held for property development	17	(86,909)	(472,377)	-	-
- investment properties	18	(37,465)	(268,811)	-	-
Deposit paid for purchase of land		(3,204)	(2,774)	(3,204)	-
Acquisitions of subsidiaries, net of cash and cash equivalents	20.1	(740,259)	-	(741,639)	-
Advances to subsidiaries		-	-	(1,114,689)	(145,699)
Repayments from subsidiaries		-	-	486,578	46,089
Advances to joint ventures		(3,294)	(72,935)	-	-
Investment in an associate	21	-	(29,555)	-	-
Net cash (used in)/from investing activities		(1,031,845)	(412,188)	(971,984)	66,588

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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from non-controlling interests		759	-	-	-
Additional investment in a subsidiary		(1,775)	(171)	(1,775)	(171)
Interest paid		(125,487)	(90,274)	(8,548)	(7,659)
Dividend paid	14	(225,993)	(259,121)	(225,993)	(259,121)
Dividend paid to non-controlling interests		-	(3,000)	-	-
Banking facilities fees paid		(1,722)	-	(1,722)	-
Drawdown of borrowings		2,046,868	973,526	700,000	278,532
Repayment of a borrowing		(596,260)	(278,532)	-	(278,532)
Repurchase of treasury shares	31.1	(886)	(23,601)	(886)	(23,601)
Proceeds from issuance of right issues		-	1,024,788	-	1,024,788
Repayments to subsidiaries		-	-	(42,975)	(74,930)
Net cash from financing activities		1,095,504	1,343,615	418,101	659,306
Net increase/(decrease) in cash and cash equivalents		174,753	1,265,689	(569,543)	726,426
Cash and cash equivalents at beginning of financial year		1,909,639	618,252	726,478	52
Effect of exchange rate changes		2,593	25,698	-	-
Cash and cash equivalents at end of financial year	36	2,086,985	1,909,639	156,935	726,478

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

1 CORPORATE INFORMATION

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

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

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

The financial statements were authorised for issue in accordance with a resolution by Board of Directors on 14 September 2016.

2 PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associates and joint ventures are set out in Note 44 to the financial statements.

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

3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 46 to the financial statements has been prepared in accordance with Guidance on Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia's Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia.

3.2 Basis of accounting

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

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

3.3 Presentation currency

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

4 ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs

4.1 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are standards of the FRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not yet been early adopted by the Group and the Company.

Title	Effective Date
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRSs <i>Annual Improvements to FRSs 2012 – 2014 Cycle</i>	1 January 2016
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
FRS 9 <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share Based Payment Transactions</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers*</i>	1 January 2018
Clarification to MFRS 15 <i>Revenue from Contracts with Customers*</i>	1 January 2018
MFRS 16 <i>Leases*</i>	1 January 2019
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

* These standards will be adopted on the respective effective date upon the adoption of the MFRS framework.

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, as the effects would only be observable in future financial years.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**IOI PROPERTIES GROUP BERHAD**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)****4 ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs (CONTINUED)****4.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year**

The Group and the Company fall within the scope of transitioning entities as defined by the MASB which are required to adopt MFRS framework for annual periods beginning on or after 1 January 2018. The Group and the Company have opted to continue to apply the FRS framework and will adopt the MFRS framework before or during the annual period beginning on 1 July 2018. In adopting the new framework, the Group will be applying MFRS 1 *First-time adoption of MFRS*.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**5.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors are of the opinion that there are no material changes in estimates at the end of the reporting period other than that as disclosed in Note 18 to the financial statements.

5.2 Critical judgements made in applying accounting policies

Apart from those involving estimation, there are no significant judgements made by management and Board of Directors in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

5.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.3.1 Property development

The Group recognises property development revenue and expenses in profit or loss by using the "percentage of completion" method. The percentage of completion is determined by the proportion of property development costs incurred for work performed up to the reporting period to the estimated total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.

Significant judgements are required in determining the percentage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**IOI PROPERTIES GROUP BERHAD**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)****5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****5.3 Key sources of estimation uncertainty (continued)****5.3.2 Income taxes**

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

5.3.3 Deferred tax assets

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

5.3.4 Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1: Quoted prices in active markets for identical items (unadjusted);
- (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- (iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures investment property at fair value as disclosed in Note 6.7 to the financial statements. The Group engages professional valuers to perform valuations on investment properties as disclosed separately in Note 18 to the financial statements.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)****6 SIGNIFICANT ACCOUNTING POLICIES**

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

6.1 Basis of consolidation**6.1.1 Subsidiaries**

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**IOI PROPERTIES GROUP BERHAD**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)****6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****6.1 Basis of consolidation (continued)****6.1.1 Subsidiaries (continued)**

The Group re assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Disposal of subsidiaries

If the Group loses control of a subsidiary as a result of a transaction, event or other circumstances, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. The profit or loss on disposal is calculated as the difference between:

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Investment in subsidiaries in separate financial statements

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.2 Business combinations

Business combinations, including those under common control, are accounted for by applying the acquisition method of accounting.

Under the acquisition method of accounting, any excess of:

- i. the sum of the consideration transferred, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any),

over
- ii. the net fair value of the acquiree's identifiable assets and liabilities,

is recorded as goodwill. The accounting policy for goodwill is set out in Note 6.11 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss, after reassessment, on the acquisition date.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- i. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity; and
- ii. Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)IOI PROPERTIES GROUP BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.2 Business combinations (continued)

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, except that:

- (i) Deferred tax assets or liabilities and liabilities or assets related to employees benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;
- (ii) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and
- (iii) Assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured at fair value less costs to sell in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

6.1.3 Associates

Associates are entities in which the Group has significant influence and that is neither subsidiaries nor interests in joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investees but is neither control nor joint control over those policies.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses, if any.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting based on the financial statements of the associates concerned, from the date significant influence commences until the date the Group ceases to have significant influence over the associates. The financial statements of the associates are prepared for the same reporting period as that of the Group, using consistent accounting policies. Where necessary, accounting policies of associates are changed to ensure consistency with the policies adopted by the Group. The investments in associates in the consolidated statement of financial position are initially recognised at cost and adjusted thereafter for the post acquisition changes in the Group's share of net assets of the investments.

The interests in associates are the carrying amount of the investments in associates under the equity method together with any long term interests that, in substance, form part of the Group's net interests in the associates.

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The excess of the cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition represents goodwill. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the fair value of the net assets of the associates' identifiable assets, liabilities and contingent liabilities over the cost of investment at the date of acquisition is recognised in consolidated profit or loss.

The Group's share of results of the associates during the financial year is recognised in the consolidated profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss or other comprehensive income. The Group's share of those changes is recognised directly in equity of the Group. Distributions received from the associates reduce the carrying amount of the investments.

When the Group's share of losses equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

6.1.4 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.4 Joint arrangements (continued)

(i) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

The Group and the Company recognise in relation to its interest in a joint operation:

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

When the Group transacts with a joint operation (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, as such the gains and losses resulting from the transactions are recognised only to the extent of interests of other parties in the joint operation.

When the Group transacts with a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(ii) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.1 Basis of consolidation (continued)

6.1.4 Joint arrangements (continued)

(ii) Joint venture (continued)

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with FRS 128 *Investments in Associates and Joint Ventures*.

The financial statements of the joint venture are prepared for the same reporting period as that of the Group, using consistent accounting policies. Where necessary, accounting policies of joint venture are change to ensure consistency with the policies adopted by the Group.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

- (i) The structure of the joint arrangement;
- (ii) The legal form of joint arrangements structured through a separate vehicle;
- (iii) The contractual terms of the joint arrangement agreement; and
- (iv) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

6.1.5 Transactions eliminated on consolidation

Intragroup transactions, balances and the resulting unrealised gains and or losses are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated.

Unrealised gains arising from transactions between the Group and its associates and joint ventures, which are included in the carrying amount of the related assets and liabilities are eliminated against the investment to the extent of the Group's interests in the associates and joint ventures. Unrealised losses on such transactions are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

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The separate financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

6.2.2 Foreign currency translation and balances

Transactions in foreign currencies are converted into the relevant functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into the relevant functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

6.2.3 Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and statement of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed off or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, for which the Group is obligated to incur, if applicable.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the cost would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Construction-in-progress is also not depreciated until such time when the asset is available for use.

Other property, plant and equipment are depreciated on the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual depreciation rates are as follows:

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

Plantation development expenditure is capitalised under property, plant and equipment. New planting expenditure, which represents the total cost incurred from land clearing to the point of harvesting, is capitalised and is not amortised. Replanting expenditure, which represents cost incurred in replanting old planted areas, is charged to profit or loss in the financial year it is incurred.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 6.12 to the financial statements on impairment of non-financial assets).

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.3 Property, plant and equipment and depreciation (continued)

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The estimates of the residual values, useful lives and the related depreciation charges for the property, plant and equipment are determined based on commercial and production factors. The Group anticipates that the residual values of its property, plant and equipment will be insignificant.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is recognised in profit or loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement, net of deferred tax is recognised directly in equity. Any loss is recognised immediately in profit or loss.

6.4 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during the extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.5 Leases

6.5.1 Finance lease

Assets acquired under a finance lease which transfer substantially to the Group all the risks and rewards incidental to ownership are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations, net of finance charges, are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets as disclosed in Note 6.3 to the financial statements.

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

6.5.2 Operating lease

Leases of assets under which all the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.

- **The Group as lessee**

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

- **The Group as lessor**

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

6.5.3 Lease of land and building

Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and buildings elements of a lease are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and the rewards are classified as operating leases other than the following:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if it is held under a finance lease; and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

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The minimum lease payments including lump-sum upfront payments made to acquire the interest in the land and building are allocated between land and building elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element at the inception of the lease.

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

For leases of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the building is regarded as the economic life of the entire leased asset.

6.6 Property development activities**6.6.1 Land held for property development**

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less accumulated impairment losses, if any.

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

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

6.6.2 Property development costs

Property development costs comprise costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees, other relevant levies and borrowing costs.

Property development costs not recognised as an expense are recognised as an asset and are measured at the lower of cost and net realisable value.

When revenue recognised in profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under trade and other receivables. When progress billings to purchasers exceed revenue recognised in profit or loss, the balance is classified as progress billings under trade and other payables.

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Investment properties are properties, which are held either to earn rental yields or for capital appreciation or for both and are not substantially occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes related transaction costs. After initial recognition, investment properties are stated at fair value. Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the financial year in which they arise.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is completed, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

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

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss arising from the retirement or disposal of an investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

When the use of a property changes from investment property to owner-occupied, the property is remeasured to fair value and reclassified as property, plant and equipment. Any gain or loss arising on remeasurement is recognised directly in profit or loss.

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Contract cost comprises cost related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract. Contract cost includes direct materials, site labour costs and an appropriate proportion of construction overheads.

The aggregate costs incurred and profit or loss recognised on each contract is compared against the progress billings up to the financial year end. Where the total costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is classified as amounts due from contracts customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amounts due to contracts customers.

6.9 Inventories

Inventories of completed development properties are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct construction costs and other related development costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

6.10 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term highly liquid investments and short term funds with maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

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Goodwill arises from business combination and represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the entity, over the net fair value of the acquiree's identifiable assets and liabilities, as described in Note 6.1.2.

After initial recognition, goodwill is carried net of accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered profitability, or a sustained decline in the acquiree's market capitalisation.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate, as described in Note 6.1.3, is included in the carrying amount of the investment and is not amortised.

6.12 Impairment of non-financial assets

The carrying amount of assets, other than inventories, deferred tax assets, assets arising from construction contracts, investment properties measured at fair value, property development costs and financial assets (excluding investments in subsidiaries, associates and joint ventures) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs or groups of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of the CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8 *Operating Segments*.

Recoverable amount is the higher of net selling price and value-in-use, which is measured by reference to discounted future cash flows. In estimating the value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it will be charged to equity.

Impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

6.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

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(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)****6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****6.13 Financial instruments (continued)**

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

6.13.1 Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

Financial assets classified as financial assets at fair value through profit or loss including short term investment and short term funds.

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(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)****6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****6.13 Financial instruments (continued)****6.13.1 Financial assets (continued)****(ii) Held-to-maturity investments**

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.13 Financial instruments (continued)

6.13.1 Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

6.13.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.13 Financial instruments (continued)

6.13.2 Financial liabilities (continued)

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

All financial liabilities of the Group are measured at amortised cost except for financial liabilities at fair value through profit or loss, which are held for trading (including derivatives) or designated at fair value through profit or loss upon initial recognition.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.13 Financial instruments (continued)

6.13.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon approval of shareholders in a general meeting.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction, which would otherwise have been avoided.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction costs, is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, reissuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.13 Financial instruments (continued)

6.13.4 Derivative financial instruments

(i) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve (12) months, and as a current asset or liability when the remaining maturity of the hedged item is less than twelve (12) months.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

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(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)****6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****6.14 Impairment of financial assets**

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(i) Held-to-maturity investments and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivables, to determine whether there is objective evidence that an impairment loss on held-to-maturity investments and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of held-to-maturity investments is directly reduced by the impairment loss whilst the carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(ii) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

6.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

6.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Under the capital approach, government grants relating to investment properties are initially included in liabilities as deferred government grants, and are credited to investment properties when the costs for which the benefit of the grant is intended to compensate are incurred.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates. Revenue is recognised when it is probable that the economic benefits associated with the transaction would flow to the Group and the amount of the revenue can be measured reliably.

6.18.1 Property development

Revenue from property development is recognised based on the "percentage of completion" method in respect of all units that have been sold. The percentage of completion is determined based on the proportion of property development costs incurred for work performed up to the reporting period to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue shall be recognised only to the extent of property development costs incurred that is probable to be recoverable and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense in profit or loss immediately.

6.18.2 Construction contracts

Revenue from work done on construction contracts is recognised based on the "percentage of completion" method. The percentage of completion is determined based on the proportion of contract costs incurred for work performed up to the reporting period to the estimated total contract costs.

When the financial outcome of a construction contract cannot be estimated reliably, contract revenue shall be recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the foreseeable loss is recognised as an expense immediately.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.18 Revenue recognition (continued)

6.18.3 Dividend income

Dividend income is recognised when shareholder's right to receive payment is established.

6.18.4 Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight-line basis.

6.18.5 Interest income

Interest income is recognised in profit or loss as it accrues.

6.18.6 Club membership license fees

Club membership license fees, which are not refundable, are recognised as income when received.

6.18.7 Management fees

Management fees are recognised when services are rendered.

6.18.8 Hotel revenue

Revenue is recognised net of discounts upon delivery of products and customer acceptance, if any, or performance of services.

6.18.9 Sales of plantation produce

Revenue from the sale of plantation produce is recognised upon delivery of products and customer acceptance.

6.18.10 Sales of goods, services and rights of enjoyment

Revenue from sale of goods is recognised based on invoice value of goods sold and revenue from services is recognised net of discounts as and when services are performed.

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are sold.

6.19 Employee benefits

6.19.1 Short term employee benefits

Wages, salaries, other monetary and non-monetary benefits are measured on an undiscounted basis and are accrued in the period in which the associated services are rendered by employees of the Group.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.19 Employee benefits (continued)

6.19.1 Short term employee benefits (continued)

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

6.19.2 Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and its foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised as an expense in the period in which the employees render their services. Once the contributions have been paid, the Group has no further payment obligations.

6.19.3 Defined benefit plans

The Group operates various defined benefit plans for eligible employees of the Group. The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period less fair value of plan assets.

The Group determines the present value of the defined benefit obligations and the fair value of the plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The present value of the defined benefit obligations and the related current service cost and past service cost are determined using the projected unit credit method by an actuary. The rate used to discount the obligations is based on market yields at the reporting period for high quality corporate bonds or government bonds.

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6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.19 Employee benefits (continued)

6.19.3 Defined benefit plans (continued)

Remeasurement of the net defined obligation which comprise actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets are recognised directly within equity in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

In measuring its defined benefit liability, the Group recognises past service cost as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, the defined benefit plan, the Group recognises past service cost immediately in profit or loss.

Net interest is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of contributions and benefit payment during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

If the Group has an unconditional right to a refund during the life of the plan, it would recognise an asset measured as the amount of the surplus at the reporting date that it has a right to receive a refund which would be the fair value of the plan assets less the present value of the defined benefits obligation, less any associated costs, such as taxes. If the amount of a refund is determined as the full amount or a proportion of the surplus, rather than a fixed amount, the Group would make no adjustment for the time value of money, even if the refund is realisable only at a future date.

If there is no minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions is the present value of future service cost to the entity for each period over the shorter of the expected life of the plan and the expected life of the entity. The Group would assume that there would be no change to the benefits provided by a plan in the future until the plan is amended and a stable workforce unless it is demonstrably committed at the reporting dates to make a reduction in the number of employees covered by the plan.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.19 Employee benefits (continued)

6.19.4 Equity compensation benefits

The Group operates equity-settled, share-based compensation plans under which the Group receives services from employees as consideration for equity instruments (options) of the Group, allowing certain employees of the Group to acquire ordinary shares of the Company at pre-determined prices. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The expense relating to share options is recognised within staff costs in profit or loss over the vesting periods of the grants with a corresponding increase in share-based payment reserve. When there are no vesting conditions attached to the share options, the expense is recognised immediately in the period during which the share options were granted.

The total amount to be recognised as expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share options is computed using a Black Sholes model.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in share premium.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately.

If the Group modifies the terms and conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employees, the Group continues to account for the revised services received as consideration for the equity instruments granted as if that modification had not occurred.

In its separate financial statements of the Company, the grant options over its equity instruments by the Company to the employees of subsidiary in the Group is treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to share-based payment reserve of the Company.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.20 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries, associates, or joint ventures on distributions to the Group and the Company, and real property gains taxes payable on disposal of properties, if any.

Taxation in profit or loss comprises current and deferred tax.

6.20.1 Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

6.20.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.20 Income taxes (continued)

6.20.2 Deferred tax (continued)

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

6.21 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS for the financial year is calculated by dividing profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS for the financial year is calculated by adjusting profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.22 Operating segments

Operating segments are defined as components of the Group that:

- (i) engage in business activities from which it could earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the Group);
- (ii) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Board of Directors) in making decisions about resources to be allocated to the segment and assessing its performance; and
- (iii) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.22 Operating segments (continued)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (i) The reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (ii) The absolute amount of reported profit or loss is ten percent (10%) or more, in absolute terms of the greater of:
 - (a) the combined reported profit of all operating segments that did not report a loss; and
 - (b) the combined reported loss of all operating segments that reported a loss.
- (iii) The assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior year's segment data for comparative purposes.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.23 Fair value measurements

The fair value of an asset or a liability, (except for share-based payment and lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the assets.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

7 REVENUE

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Sales of development properties	2,588,879	1,562,258	-	-
Rental from investment properties	271,872	192,633	-	-
Revenue from leisure and hospitality	131,816	110,778	-	-
Management fees	7,586	10,906	-	-
Dividend income from subsidiaries in Malaysia	-	-	382,600	460,130
Others	24,787	29,916	-	-
	3,024,940	1,906,491	382,600	460,130

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

8 OPERATING PROFIT

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Operating profit has been arrived at after charging:				
Auditors' remuneration - statutory audit				
- PricewaterhouseCoopers Malaysia	914	776	91	75
- Member firms of PricewaterhouseCoopers International Limited	171	154	-	-
- Firms other than member firm of PricewaterhouseCoopers International Limited	118	49	-	-
Auditors' remuneration - non-statutory audit				
- PricewaterhouseCoopers Malaysia	1,019	674	255	192
- Member firms of PricewaterhouseCoopers International Limited	281	54	-	-
Bad debts written off	141	230	-	-
Amortisation of prepaid lease payments (Note 16)	2,911	2,696	-	-
Depreciation of property, plant and equipment (Note 15)	34,705	27,444	-	-
Direct operating expenses from investment properties	91,112	64,649	-	-
Inventories written off	400	265	-	-
Loss on disposal of				
- investment in an associate	97	-	16	-
- property, plant and equipment	341	9	-	-
- land from compulsory land acquisition	-	2,641	-	-
Property, plant and equipment written off (Note 15)	95	26	-	-
Property development costs*	1,481,935	798,397	-	-

Total cost of inventories of the Group recognised as an expense during the financial year amounted to RM61,365,000 (2015: RM77,714,000), out of which RM51,108,000 (2015: RM67,115,000) was included in property development costs of the Group.

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IOI PROPERTIES GROUP BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

8 OPERATING PROFIT (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating profit has been arrived at after charging (continued):				
Rental of premises to				
- former associate	-	666	-	-
- external parties	873	314	-	-
Realised loss on foreign currency transactions	43	626	203	-
Unrealised loss on foreign currency transactions	-	-	33	31
Impairment losses on				
- interests in subsidiaries (Note 20.1)	-	-	13,507	-
- receivables (Note 26)	1,010	88	-	-
- amounts due from subsidiaries	-	-	88	-
Management fees to				
- a subsidiary	-	-	780	172
- affiliates	1,143	1,455	-	-
- former associate	5,930	1,294	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
and crediting:				
Bad debts recovered	4	4	-	-
Dividend income from subsidiaries in Malaysia	-	-	382,600	460,130
Fair value gain on				
- investment properties (included in other operating income) (Note 18)	145,405	316,586	-	-
- short term funds	1,201	1,930	1,201	957
Gain on disposal of				
- investment properties	-	508	-	-
- land from compulsory acquisition	2,061	1,148	-	-
- property, plant and equipment	43	1,123	-	-
Gain on bargain purchase for the acquisitions of subsidiaries (Note 20.1)	71,091	-	-	-
Management fees from a joint venture	2,325	1,205	-	-
Reversal of impairment losses on receivables (Note 26)	57	927	-	-
Rental income from				
- investment properties	271,872	192,633	-	-
- others	12,942	12,662	-	-
Realised gain on foreign currency transactions	69,093	7,668	-	1,319
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

9 STAFF COSTS

The staff costs of the Group and of the Company are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and others	155,418	145,722	854	836
Contributions to Employee's Provident Fund	16,989	15,286	-	-
Share option expenses in relation to employees' share option scheme	17,454	-	-	-
	<u>189,861</u>	<u>161,008</u>	<u>854</u>	<u>836</u>

Included in staff costs are remuneration of the key management personnel of the Group and of the Company as disclosed in Note 37 to the financial statements.

10 INTEREST INCOME

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income from:				
Short term deposits	15,359	7,039	243	528
Short term funds	22,160	31,516	7,750	11,599
Subsidiaries	-	-	14,511	8,676
Joint ventures	7,208	5,967	-	-
Housing development accounts	3,908	2,781	-	-
Current accounts	4,287	1,285	202	1,278
Others	4,156	2,103	-	-
	<u>57,078</u>	<u>50,691</u>	<u>22,706</u>	<u>22,081</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

11 INTEREST EXPENSE

	<u>Company</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
Interest expense:		
Borrowings	12,574	519
Subsidiaries	168	7,140
	<u>12,742</u>	<u>7,659</u>

The Group's total interest expense charged by the banks and non-controlling interests of RM144,673,000 and RM2,550,000 (2015: RM106,988,000 and RM1,673,000) respectively have been capitalised as part of the costs of qualifying assets as disclosed in Notes 15, 17, 18 and 24 to the financial statements.

12 TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000	RM'000
Current year tax expense based on profit for the financial year:				
Malaysian income taxation	140,928	164,308	448	1,079
Foreign taxation	199,885	43	-	-
Deferred taxation (Note 23)	58,388	69,007	-	-
	<u>399,201</u>	<u>233,358</u>	<u>448</u>	<u>1,079</u>
Under/(Over) provision in prior years:				
Malaysian income taxation	5,997	(2,146)	62	(83)
Foreign taxation	(2)	(67)	-	-
Deferred taxation (Note 23)	19,244	(1,416)	-	171
	<u>25,239</u>	<u>(3,629)</u>	<u>62</u>	<u>88</u>
	<u>424,440</u>	<u>229,729</u>	<u>510</u>	<u>1,167</u>

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IOI PROPERTIES GROUP BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

12 TAXATION (CONTINUED)

A numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Applicable tax rate	24.00	25.00	24.00	25.00
Tax effects in respect of:				
Depreciation of non-qualifying property, plant and equipment	0.10	0.12	-	-
Non-allowable expenses	1.72	2.02	2.27	0.82
Non taxable income	(1.98)	(0.73)	(26.15)	(25.59)
Different tax rates arising from gain from real property investments	(1.72)	(6.94)	-	-
Different tax rates in foreign jurisdiction	6.90	2.80	-	-
Unused tax losses and unabsorbed capital allowances not recognised in loss making subsidiaries	0.02	0.03	-	-
Utilisation of previously unutilised tax losses and unabsorbed capital allowances	(0.07)	(0.09)	-	-
Share of post-tax results of associates	0.06	(0.04)	-	-
Share of post-tax results of joint ventures	(2.85)	(1.59)	-	-
Revision of tax rate	-	0.06	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	26.18	20.64	0.12	0.23
Under/(Over) provision in prior years	1.66	(0.32)	0.02	0.02
	<hr/>	<hr/>	<hr/>	<hr/>
	27.84	20.32	0.14	0.25
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The amount of tax savings arising from the utilisation of unutilised tax losses and unabsorbed capital allowances brought forward of the Group amounted to RM4,480,000 (2015: RM4,169,000).

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses of approximately RM2,560,000 (2015: RM5,924,000), for which the related tax effects have not been recognised in the financial statements. These losses are available to be carried forward for set off against future chargeable income when these subsidiaries derive future assessable income of a nature and amount sufficient for the tax losses to be utilised.

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

13 EARNINGS PER SHARE

(a) Basic

The basic earnings per ordinary share for the financial year is calculated based on the profit for the financial year attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial year, after taking into consideration of treasury shares held by the Company.

	<u>2016</u>	<u>Group 2015</u>
Profit attributable to owners of the parent (RM'000)	1,080,018	890,702
Weighted average number of ordinary shares in issue after deducting the treasury shares ('000)	4,041,357	3,448,043
Basic earnings per ordinary share (Sen)	<u>26.72</u>	<u>25.83</u>

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

13 EARNINGS PER SHARE (CONTINUED)

(b) Diluted (continued)

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
Profit attributable to owners of the parent	1,080,018	890,702

The adjusted weighted average number of ordinary shares for the computation of dilutive earning per ordinary share is arrived at as follows:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	'000	'000
Weighted average number of ordinary shares in issue after deducting the treasury shares	4,041,357	3,448,043
Adjustments for share option granted to employees of the Group	96	-
Weighted average number of ordinary shares for diluted earnings per ordinary share	<u>4,041,453</u>	<u>3,448,043</u>

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	Sen	Sen
Diluted earnings per ordinary share	<u>26.72</u>	<u>25.83</u>

14 DIVIDENDS

Dividends declared and paid by the Company are as follows:

	<u>Company</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
Interim single tier dividend in respect of financial year ended 30 June 2015 of 6.0 sen per ordinary share, paid on 30 September 2015	225,993	-
Interim single tier dividend in respect of financial year ended 30 June 2014 of 8.0 sen per ordinary share, paid on 29 October 2014	-	259,121
	<u>225,993</u>	<u>259,121</u>

Subsequent to the end of the financial year, on 22 August 2016, the Directors have declared an interim single tier dividend of 8.0 sen per ordinary share, amounting to RM352,897,216 in respect of the financial year ended 30 June 2016. The dividend is payable on 21 October 2016 to shareholders whose names appear in the Record of Depositors and Register of Members of the Company at the close of business on 22 September 2016.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

15 PROPERTY, PLANT AND EQUIPMENT

Group	At beginning of financial year RM'000	Additions RM'000	Acquisitions of subsidiaries (Note 20.1) RM'000	Reclassifications RM'000	Cost development adjustments RM'000	Transfer to land held for property development (Note 17) RM'000	Transfer from property development costs (Note 24) RM'000	Written off RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
<u>2016</u>											
<u>At Cost</u>											
Freehold land	133,428	315	-	(12,228)	-	-	-	-	(328)	-	121,187
Leasehold land	1,488	-	-	-	-	-	-	-	-	-	1,488
Golf course development expenditure	78,790	-	-	(23)	-	-	-	-	-	-	78,767
Buildings and improvements	722,832	2,240	3,415	22,376	(31,125)	-	-	(234)	-	(37)	719,467
Plant and machinery	101,146	2,562	-	-	(862)	-	-	(33)	-	-	102,813
Motor vehicles	13,204	1,643	-	-	-	-	-	(10)	(839)	(7)	13,991
Furniture, fittings and equipment	54,504	11,221	-	1,012	-	-	-	(175)	(65)	18	66,515
Construction-in-progress	116,252	48,264	-	(11,137)	-	-	-	(28)	-	(64)	153,287
	<u>1,221,644</u>	<u>66,245</u>	<u>3,415</u>	<u>-</u>	<u>(31,987)</u>	<u>-</u>	<u>-</u>	<u>(480)</u>	<u>(1,232)</u>	<u>(90)</u>	<u>1,257,515</u>

* Included cost adjustments pursuant to the finalisation of statement of final accounts by the consultants.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group</u>	<u>At beginning of financial year</u> RM'000	<u>Current year depreciation charge</u> RM'000	<u>Written off</u> RM'000	<u>Disposals</u> RM'000	<u>Foreign currency translation differences</u> RM'000	<u>At end of financial year</u> RM'000
<u>2016</u>						
<u>Accumulated Depreciation</u>						
Leasehold land	9	16	-	-	-	25
Golf course development expenditure	7,849	1,413	-	-	-	9,262
Buildings and improvements	5,700	15,753	(234)	-	(4)	21,215
Plant and machinery	54,876	7,428	(32)	-	-	62,272
Motor vehicles	6,629	2,352	(9)	(674)	(4)	8,294
Furniture, fittings and equipment	26,480	7,743	(110)	(8)	20	34,125
	<u>101,543</u>	<u>34,705</u>	<u>(385)</u>	<u>(682)</u>	<u>12</u>	<u>135,193</u>

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	At beginning of financial year RM'000	Additions RM'000	Reclassi- fications RM'000	Transfer to investment properties (Note 18) RM'000	Transfer to land held for property development (Note 17) RM'000	Transfer from property development costs (Note 24) RM'000	Written off RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
2015										
<u>At Cost</u>										
Freehold land	134,776	548	888	-	-	-	-	(2,784)	-	133,428
Leasehold land	-	-	-	-	-	1,488	-	-	-	1,488
Golf course development expenditure	78,308	889	-	-	-	-	-	(407)	-	78,790
Buildings and improvements	382,030	40,097	386,013	(18,502)	(61,413)	6,605	-	(13,342)	1,344	722,832
Plant and machinery	65,404	35,782	-	-	-	-	(5)	(35)	-	101,146
Motor vehicles	15,959	3,502	-	-	-	-	(40)	(6,395)	178	13,204
Furniture, fittings and equipment	38,539	18,103	(1,847)	-	-	-	(118)	(268)	95	54,504
Construction-in- progress	418,137	82,570	(385,054)	-	-	-	-	-	599	116,252
	<u>1,133,153</u>	<u>181,491</u>	<u>-</u>	<u>(18,502)</u>	<u>(61,413)</u>	<u>8,093</u>	<u>(163)</u>	<u>(23,231)</u>	<u>2,216</u>	<u>1,221,644</u>

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group</u>	<u>At beginning of financial year</u> RM'000	<u>Current year depreciation charge</u> RM'000	<u>Written off</u> RM'000	<u>Disposals</u> RM'000	<u>Foreign currency translation differences</u> RM'000	<u>At end of financial year</u> RM'000
<u>2015</u>						
<u>Accumulated Depreciation</u>						
Leasehold land	-	9	-	-	-	9
Golf course development expenditure	6,263	1,670	-	(84)	-	7,849
Buildings and improvements	3,085	8,208	-	(5,693)	100	5,700
Plant and machinery	46,433	8,481	(3)	(35)	-	54,876
Motor vehicles	10,159	2,198	(39)	(5,753)	64	6,629
Furniture, fittings and equipment	19,913	6,878	(95)	(250)	34	26,480
	<u>85,853</u>	<u>27,444</u>	<u>(137)</u>	<u>(11,815)</u>	<u>198</u>	<u>101,543</u>

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>2016</u>	<u>Group 2015</u>
	RM'000	RM'000
<u>Carrying Amount</u>		
Freehold land	121,187	133,428
Leasehold land	1,463	1,479
Golf course development expenditure	69,505	70,941
Buildings and improvements	698,252	717,132
Plant and machinery	40,541	46,270
Motor vehicles	5,697	6,575
Furniture, fittings and equipment	32,390	28,024
Construction-in-progress	153,287	116,252
	<u>1,122,322</u>	<u>1,120,101</u>

Included in additions to property, plant and equipment of the Group are interest expenses amounting to Nil (2015: RM1,634,000). Included in freehold land are plantation development expenditure amounting to RM2,568,000 (2015: RM1,284,000).

16 PREPAID LEASE PAYMENTS

	<u>2016</u>	<u>Group 2015</u>
	RM'000	RM'000
At beginning of financial year	108,401	94,502
Amortisation during the financial year	(2,911)	(2,696)
Foreign currency translation differences	(400)	16,595
At end of financial year	<u>105,090</u>	<u>108,401</u>

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17 LAND HELD FOR PROPERTY DEVELOPMENT

<u>Group</u>	<u>Freehold land</u> RM'000	<u>Long term leasehold land</u> RM'000	<u>Development costs</u> RM'000	<u>Total</u> RM'000
<u>2016</u>				
<u>At Cost</u>				
At beginning of financial year	2,014,572	317,177	562,355	2,894,104
Additions	-	-	202,935	202,935
Acquisitions of subsidiaries (Note 20.1)	1,105,210	376,690	160,100	1,642,000
Disposals	(6)	-	-	(6)
Transfer to investment properties (Note 18)	(15,084)	-	(1,110)	(16,194)
Transfer to property development costs (Note 24)	(37,028)	(11,826)	(81,907)	(130,761)
Foreign currency translation differences	-	(1,001)	(45)	(1,046)
At end of financial year	<u>3,067,664</u>	<u>681,040</u>	<u>842,328</u>	<u>4,591,032</u>
<u>2015</u>				
<u>At Cost</u>				
At beginning of financial year	2,191,138	398,568	422,005	3,011,711
Additions	2,303	-	526,454	528,757
Reclassifications	(3,674)	-	3,674	-
Disposals	(6,590)	-	(159)	(6,749)
Transfer from/(to) property, plant and equipment (Note 15)	61,622	-	(209)	61,413
Transfer to property development costs (Note 24)	(230,227)	(135,949)	(393,729)	(759,905)
Foreign currency translation differences	-	54,558	4,319	58,877
At end of financial year	<u>2,014,572</u>	<u>317,177</u>	<u>562,355</u>	<u>2,894,104</u>

Included in land held for property development of the Group are plantation land of RM381,727,000 (2015: RM381,539,000), which are intended to be used for property development. Currently, the subsidiaries are harvesting oil palm crops from the said land.

Included in additions to land held for property development of the Group are interest expenses charged by bank and non-controlling interest during the financial year amounting to RM77,497,000 and RM248,000 respectively (2015: charged by bank and non-controlling interest amounting to RM56,155,000 and RM225,000 respectively).

Certain titles of freehold land amounting to RM409,876,000 (2015: RM406,020,000), whereby the Group is the beneficiary owner, are registered under the name of the affiliate. The Group is in the midst of perfecting the land titles.

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18 INVESTMENT PROPERTIES

Group	At beginning	Re- classifications	Transfer from property, plant and equipment (Note 15)	Transfer to inventories (Note 17)	Acquisitions of subsidiaries (Note 20.1)	Fair value adjustments	Additions	Disposals	Foreign currency translation differences	At end of
	year									financial
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	year
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016										
Freehold land and buildings	3,004,753	-	-	16,194	435,000	135,803	26,317	-	-	3,618,067
Leasehold land	383,399	-	-	-	-	9,602	14,421	-	(1,270)	406,152
	<u>3,388,152</u>	<u>-</u>	<u>-</u>	<u>16,194</u>	<u>435,000</u>	<u>145,405</u>	<u>40,738</u>	<u>-</u>	<u>(1,270)</u>	<u>4,024,219</u>
2015										
Freehold land and buildings	2,397,254	1,290	18,502	(37,382)	-	354,760	271,915	(1,586)	-	3,004,753
Leasehold land	368,235	(1,290)	-	-	-	(38,174)	4,621	-	50,007	383,399
	<u>2,765,489</u>	<u>-</u>	<u>18,502</u>	<u>(37,382)</u>	<u>-</u>	<u>316,586</u>	<u>276,536</u>	<u>(1,586)</u>	<u>50,007</u>	<u>3,388,152</u>

Included in investment properties of the Group were interest expense charged by banks during the financial year amounting to RM3,273,000 (2015: RM7,725,000).

The fair values of the above investment properties were estimated based on valuations by independent registered valuers, which were based on:

- market evidence of transaction prices for similar properties for certain properties in which the values are adjusted for differences in key attributes such as property size and quality of interior fittings under the comparison method (market approach). The most significant input into this valuation method is price per square foot ("psf").
- receipts of contractual rentals, expected future market rentals, current market yields, void periods and maintenance requirements and approximate capitalisation rates under the investment method (income approach).
- estimated gross development values using investment method or comparison method, less estimated costs to complete under the residual method (income approach with estimated costs to complete).

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18 INVESTMENT PROPERTIES (CONTINUED)

The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period. The valuation updates by independent registered valuers are endorsed by the Board of Directors on an annual basis.

Fair value is determined through various valuation techniques using Level 3 inputs (defined as unobservable inputs for asset or liability) in the fair value hierarchy of FRS 13 *Fair Value Measurement*. Changes in fair value are recognised in the statement of comprehensive income during the reporting period in which they are reviewed.

The Level 3 inputs or unobservable inputs include:

- the expected rental that the investment properties are expected to achieve and are derived from the current passing rental, including revision upon renewal of tenancies during the financial year;
- the expected rental that the investment properties are expected to achieve upon expiry of term rental;
- refers to allowance provided for vacancy periods;
- estimated price psf for which a property should exchange on the date of valuation between a willing buyer and a willing seller;
- the expected monthly rental that the investment properties are expected to achieve;
- the expected annual outgoing that the investment properties are expected to incur; and
- the expected rental growth rate that the investment properties are expected to achieve.

There are inter-relationships between unobservable inputs. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase in future rental or sale values. An increase in the future rental income may be linked with higher costs. If the remaining lease term increases the yield may decrease.

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18 INVESTMENT PROPERTIES (CONTINUED)

The fair value measurements using Level 3 inputs as at 30 June 2016 are as follows:

Valuation technique	Fair value	Term yield	Reversion yield	Allowance for void	Price per sq foot	Significant unobservable inputs		
						Monthly rental rate per sq metre	Annual outgoing	Growth rate
Malls	RM'000	%	%	%	RM/psf	RM'000/psf	%	
Income approach	1,759,292	6.5-7.0	7.0-7.5	5.0	-	-	-	-
Residual approach	270,863	-	-	-	79	15,522	3.0	
Office towers								
Income approach	1,046,100	5.8-6.0	6.5	5.0	-	-	-	-
Market approach	109,940	-	-	-	268-1,700	-	-	-
Residual approach	54,289	-	-	-	17	1,937	2.0	
Others								
Income approach	29,000	6.0	6.5	5.0	-	-	-	-
Market approach	754,735	-	-	-	14-376	-	-	-
Total	<u>4,024,219</u>							

Changes to the reversion yield, price per square foot and all the unobservable inputs adopted by residual approach by 25 basis points, 10% and 5% respectively, will result in a change in fair value of approximately RM103,550,000, RM76,720,000 and RM22,350,000 respectively with all other inputs remain constant.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

18 INVESTMENT PROPERTIES (CONTINUED)

The fair value measurements using Level 3 inputs as at 30 June 2015 are as follows:

	Valuation technique	Fair value RM'000	Significant unobservable inputs			
			Term yield %	Reversion yield %	Allowance for void %	Price per sq foot ("psf") RM/psf
Malls	Income approach	1,754,342	6.5-7.0	7.0-7.5	5.0	-
	Market approach	255,940	-	-	-	1,638
Office towers	Income approach	909,100	6.0 - 6.5	6.5	5.0	-
	Market approach	160,399	-	-	-	268 - 1,700
Others	Market approach	308,371	-	-	-	14 - 375
	Total	<u>3,388,152</u>				

Changes to the reversion yield and price per square foot by 10 basis points and 10% respectively, will result in a change in fair value of approximately RM43,600,000 and RM72,450,000 respectively with all other inputs remain constant.

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19 **GOODWILL ON CONSOLIDATION**

	<u>2016</u>	<u>Group</u> <u>2015</u>
	RM'000	RM'000
At beginning/end of financial year	11,472	11,472

For the purpose of impairment testing, goodwill is allocated to the Group's "CGUs" identified according to the operating segments as follows:

	<u>2016</u>	<u>Group</u> <u>2015</u>
	RM'000	RM'000
Property development	3,802	3,802
Leisure and hospitality	7,670	7,670
	<u>11,472</u>	<u>11,472</u>

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. The carrying amount of goodwill was compared to the recoverable amounts based on value-in-use. Value-in-use is determined by discounting the cash flows projections based on the financial budgets approved by the management. The discount rate used is the Group's weighted average cost of capital of 7% (2015: 8%).

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20 SUBSIDIARIES

20.1 Interests in subsidiaries

	<u>Company</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
<u>At Cost</u>		
Unquoted shares in Malaysia	14,638,158	11,889,240
Unquoted shares outside Malaysia	1,598,984	1,540,812
Equity contribution	17,454	-
	<u>16,254,596</u>	<u>13,430,052</u>
Less: Accumulated impairment losses	(13,507)	-
	<u>16,241,089</u>	<u>13,430,052</u>
Equity loans (Note 20.2)	1,114,190	1,104,937
	<u>17,355,279</u>	<u>14,534,989</u>

Unquoted shares include redeemable preference shares ("RPS") issued by subsidiaries (some of which are also issued to non-controlling interests), which are redeemable at the option of issuer and entitle the Company to receive dividend out of profits of the issuer at a rate to be determined by the issuer.

Details of the subsidiaries are set out in Note 44 to the financial statements.

2016

During the financial year, the Company acquired or subscribed for shares in its subsidiaries as follows:

Acquisition of shares

On 26 January 2016, the Company acquired the entire issued and paid-up ordinary share capital in Mayang Development Sdn. Bhd. and Nusa Properties Sdn. Bhd. and thereafter, subscribed to the new redeemable non-cumulative preference shares-Class B in both companies:

<u>Company name</u>	<u>Equity interest</u>	<u>Purchase consideration</u> RM'000	<u>Assumption of debts</u> RM'000	<u>Total purchase consideration</u> RM'000
Mayang Development Sdn. Bhd. ("MDSB")	100%	1,502,224	232,853	1,735,077
Nusa Properties Sdn. Bhd. ("NPSB")	100%	352,818	1,326	354,144
		<u>1,855,042</u>	<u>234,179</u>	<u>2,089,221</u>

The above total purchase considerations of RM2,089,221,000 were satisfied via the issuance of 644,776,187 new ordinary shares of the Company and cash settlement of RM741,639,000.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

Acquisition of shares (continued)

- (1) The fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:

	RM'000
Property, plant and equipment	3,415
Land held for property development	1,642,000
Investment properties	435,000
Property development costs	475,427
Inventories	34,100
Trade and other receivables	29,529
Cash and bank balances	1,380
Trade and other payables	(70,542)
Taxation	(2,746)
Deferred tax liabilities	(387,251)
	<hr/>
Total identifiable net assets	2,160,312
Gain on bargain purchase from the acquisitions of subsidiaries	(71,091)
	<hr/>
Total cost of acquisition	<u>2,089,221</u>

- (2) The effects of the acquisition of new subsidiaries on cash flows were as follows:

	RM'000
Total cost of acquisition	2,089,221
Less: Non-cash consideration	(1,347,582)
	<hr/>
Consideration settled in cash	741,639
Cash and cash equivalents of subsidiaries acquired	(1,380)
	<hr/>
Net cash outflow of the Group on acquisition	<u>740,259</u>

During the financial year, the Company also acquired 471,000 ordinary shares of RM0.50 each in IOI Properties Berhad ("IOIPB") at an average price of RM3.77 per IOIPB share for cash consideration of RM1,775,000.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

Subscriptions of shares

<u>Company</u>	<u>Type of shares</u>	<u>No. of shares</u> <u>'000</u>	<u>Amount</u> <u>RM'000</u>
IOIP Capital Management Sdn. Bhd. ("IOIPCM")	RPS of RM0.01 each at share premium of RM0.99 each	70,946	70,946
IOI City Mall Sdn. Bhd. ("IOICMSB")	RPS of RM0.10 each at share premium of RM0.90 each	684,058	684,058
IOI Properties Empire Sdn. Bhd. ("IOIPESB")	RPS of RM0.10 each at share premium of RM0.90 each	10	10
IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL")	RPS at an issue price of SGD1.00 each	24,551	71,679
Palmex Industries Sdn. Bhd. ("PISB")	RPS of RM0.01 each at share premium of RM0.99 each	27,000	27,000
Resort Villa Golf Course Berhad ("RVGCB")	RPS of RM0.50 each at share premium of RM99.50 each	970	97,000

The above subscription were settled by offsetting with the amounts due to the Company. The above subscription of shares had no impact on the Group's financial statements.

Equity contribution

During the financial year, the share options expenses of RM17,454,000 in relation to the share option scheme of the Company had been capitalised as investment in the respective participating subsidiaries.

Redemption of shares

<u>Company</u>	<u>Type of shares</u>	<u>No. of shares</u> <u>'000</u>	<u>Amount</u> <u>RM'000</u>
Property Skyline Sdn. Bhd.	RPS of RM0.01 each at share premium of RM0.99 each	420	420

The above redemption of shares were settled by cash. The above redemption of shares had no material impact on the Group's financial statements.

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20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

Impairment loss

During the financial year, an impairment loss on investment in a subsidiary amounting to RM13,507,000 relating to a subsidiary, IOI Properties Capital (L) Berhad has been recognised in profit or loss due to the recoverable amount of this subsidiary is lower than the cost of investment of the Company as the subsidiary has discontinued its intended activities.

2015

In the previous financial year, the Company acquired, disposed of or subscribed for shares in its subsidiaries as follows:

Acquisition of shares/incorporation of new subsidiaries

- (i) Acquired 1 ordinary share at an issue price of HKD1.00 each, representing 100% of the issued and paid-up capital of Dynamism Investments Limited for cash consideration of HKD1.00;
- (ii) Acquired 1 ordinary share at an issue price of HKD1.00 each, representing 100% of the issued and paid-up capital of Vital Initiative Limited for cash consideration of HKD1.00;
- (iii) Incorporation of a wholly-owned subsidiary known as Strategy Assets (L) Limited with 100 ordinary shares at an issue price of USD1.00 each for cash consideration of USD100;
- (iv) Acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up capital of Emerald Property Services Sdn. Bhd. for cash consideration of RM2.00;
- (v) Incorporation of a wholly-owned subsidiary known as Xiamen Palm City Management Services Co. Ltd. with total registered capital of RMB510,000; and
- (vi) Acquired 65,000 ordinary shares of RM0.50 each in IOIPB at an average price of RM2.63 per IOIPB share for cash consideration of RM171,000.

The above acquisitions and/or incorporation of new subsidiaries had no material impact on the Group's financial statements.

Subscriptions of shares

<u>Company</u>	<u>Type of shares</u>	<u>No. of shares</u> <u>'000</u>	<u>Amount</u> <u>RM'000</u>
Resort Villa Development Sdn. Bhd.	RPS of RM0.50 each at share premium of RM99.50 each	1,800	180,000
IOIP Capital Management Sdn. Bhd.	RPS of RM0.01 each at share premium of RM0.99 each	13,500	13,500

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20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

Subscriptions of shares

<u>Company</u>	<u>Type of shares</u>	<u>No. of shares</u> <u>'000</u>	<u>Amount</u> <u>RM'000</u>
IOI City Mall Sdn. Bhd.	RPS of RM0.10 each at share premium of RM0.90 each	491,308	491,308
IOI Properties Empire Sdn. Bhd.	RPS of RM0.10 each at share premium of RM0.90 each	2,879	2,879
IOI Consolidated (Singapore) Pte. Ltd.	RPS at an issue price of SGD1.00 each	17,422	47,373
IOI Properties Capital (L) Berhad	RPS at an issue price of USD1.00 each	3,617	13,506

The above subscription were settled by cash, except for the subscription of shares amounting to (i) RM2,577,000 in IOI Consolidated (Singapore) Pte. Ltd., which were settled by offsetting with amounts due to the Company and (ii) RM444,130,000 in IOI City Mall Sdn. Bhd. which were settled via an exchange of shares as described in Note 20.1(a) to the financial statements. The above subscription of shares had no impact on the Group's financial statements.

Redemption of shares

<u>Company</u>	<u>Type of shares</u>	<u>No. of shares</u> <u>'000</u>	<u>Amount</u> <u>RM'000</u>
Bukit Kelang Development Sdn. Bhd.	RPS of RM0.01 each at share premium of RM0.99 each	11,950	11,950
Resort Villa Golf Course Berhad	RPS of RM0.50 each at share premium of RM99.50 each	1,072	107,245
Property Skyline Sdn. Bhd.	RPS of RM0.01 each at share premium of RM0.99 each	2,822	2,822

The above redemption of shares were settled by cash. The above redemption of shares had no material impact on the Group's financial statements.

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20 SUBSIDIARIES (CONTINUED)

20.1 Interests in subsidiaries (continued)

Disposal of shares

In the previous financial year, the Company,

- (a) disposed of its wholly-owned subsidiary, IOI City Holdings Sdn. Bhd. to IOI City Mall Sdn. Bhd. for a total consideration of RM444,129,933. The total consideration was settled by issuance of an equivalent value of new redeemable non-cumulative preference shares ("RPS") of RM0.10 each with a premium of RM0.90 per RPS each in IOI City Mall Sdn. Bhd. to the Company credited as fully paid-up. The above common-control transaction had no impact on the Company's financial statements.
- (b) disposed of 1,000 ordinary shares of RM0.50 each in IOIPB to IOI City Holdings Sdn. Bhd. for total consideration of RM500. There are no material impact on the Group's financial statements.

20.2 Equity loans

Equity loans represent advances to foreign subsidiaries, which are used to invest in development properties in the People's Republic of China ("PRC"), onward capital injection into the joint venture's projects in Singapore and development projects in Malaysia of RM958,942,000, RM2,496,000 and RM152,752,000 respectively (2015: RM1,023,960,000, RM7,131,000 and RM73,846,000 respectively). These amounts are unsecured, non-interest bearing and settlements are neither planned nor likely to occur in the foreseeable future, and in substance form part of the Company's net investment in subsidiaries.

20.3 Amounts due from/(to) subsidiaries

The non-current amount due from a subsidiary represents outstanding amounts arising from advances. These amounts are unsecured, bear interest rate at 5.55% per annum and payable on 26 January 2021 in cash and cash equivalents or on demand upon one month written notice from the Company. The non-current amount due from a subsidiary for the last financial year represented advances, which was unsecured, bore interest rates ranging from 1.16% to 2.07% per annum. This amount has been reclassified as current amounts due from subsidiaries during the financial year.

The current amounts due from subsidiaries represent advances and payments made on behalf of a subsidiary, which are unsecured, non-interest bearing except for RM179,227,000, which bears interest at rates ranging from 1.74% to 2.61% (2015: Nil) per annum and are payable upon demand in cash and cash equivalents.

In the previous financial year, the amounts due to subsidiaries represented advances and payments made on behalf by subsidiaries, bore interest at rates ranging from 4.99% to 5.48% per annum and payable upon demand in cash and cash equivalents.

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20 SUBSIDIARIES (CONTINUED)

20.4 Material non-controlling interests

As at 30 June 2016, the total non-controlling interests are RM130,754,000 (2015: RM110,957,000), of which RM76,985,000 (2015: RM60,494,000) are attributable to Clementi Development Pte. Ltd. ("Clementi"). The other non-controlling interests are not significant.

Set out below are the summarised financial information for Clementi that has non-controlling interests that are material to the Group. The below financial information is based on amounts before inter-company eliminations.

	<u>Clementi</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
Proportion of ordinary shares held by non-controlling interests (%)	12%	12%
Summarised statements of comprehensive income:		
Revenue	474,569	85,550
Profit/Total comprehensive income for the financial year	92,881	12,975
Profit/Total comprehensive income attributable to non-controlling interests	<u>11,146</u>	<u>1,557</u>
Summarised statements of financial position:		
Current assets	1,636,820	1,416,971
Current liabilities	(95,855)	(197,148)
Non-current assets	1,530	672
Non-current liabilities	(912,356)	(718,294)
Net assets	<u>630,139</u>	<u>502,201</u>
Summarised cash flows:		
Cash flows from operating activities	46,809	3,013
Cash flows used in investing activities	(1,671)	(2)
Cash flows from financing activities	2,071	12,537
Net increase in cash and cash equivalents during the financial year	47,209	15,548
Cash and cash equivalents at beginning of the financial year	53,163	33,878
Foreign exchange differences on opening balances	3,886	3,737
Cash and cash equivalents at end of the financial year	<u>104,258</u>	<u>53,163</u>

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21 ASSOCIATES

21.1 Investments in associates

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, at cost	76,671	77,721	-	1,050
Bargain purchase recognised in prior years	9,754	9,754	-	-
	86,425	87,475	-	1,050
Share of post-acquisition results and reserves	4,426	8,313	-	-
	90,851	95,788	-	1,050

Unquoted shares include redeemable preference shares ("RPS") issued by associate, which is redeemable at the option of issuer.

All the associates of the Group are accounted for using the equity method in the consolidated financial statements. Details of the associates are set out in Note 44 to the financial statements.

The Group does not have any associate which is individually material to the Group for both financial years ended 30 June 2016 and 30 June 2015.

During the financial year, the Group and the Company disposed of 1,050,000 ordinary shares of RM1.00 each in IOI Global Services Sdn. Bhd. (formerly known as IOI Corporate Services Sdn. Bhd.) for total consideration of RM1,034,000. Accordingly, the Group and the Company have recognised a loss on disposal of RM97,000 and RM16,000 respectively in the profit or loss.

In the previous financial year, the Group acquired additional 7.8% of the issued and paid-up ordinary shares and 9.2% of the issued and paid-up cumulative redeemable preference shares in Continental Estates Sdn. Bhd. ("CESB") for a total consideration of RM29,555,000. CESB became a 32.0% associate of the Group subsequent to the said acquisition.

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21 ASSOCIATES (CONTINUED)

21.2 Summary of financial information of the associates are as follows:

	<u>2016</u>	<u>Group</u> <u>2015</u>
	RM'000	RM'000
<u>Assets and liabilities</u>		
Total assets	254,815	255,412
Total liabilities	4,636	8,962
	<u> </u>	<u> </u>
<u>Results</u>		
Revenue	15,429	16,584
(Loss)/Profit/Total comprehensive income for the financial year	(12,646)	6,042
	<u> </u>	<u> </u>

There was no dividend paid by the associates in both financial years.

21.3 The reconciliation of net assets of the associates to the carrying amount of the investment in associates is as follows:

	<u>2016</u>	<u>Group</u> <u>2015</u>
	RM'000	RM'000
Share of net assets of the Group	81,097	86,034
Bargain purchase	9,754	9,754
	<u> </u>	<u> </u>
Carrying amount in the statement of financial position	90,851	95,788
	<u> </u>	<u> </u>
Share of (loss)/profit of the Group	(3,806)	1,716
	<u> </u>	<u> </u>

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22 JOINT VENTURES

22.1 Interests in joint ventures

	<u>2016</u>	<u>Group</u> <u>2015</u>
	RM'000	RM'000
Unquoted shares, at cost	3,153,593	2,913,003
Share of post-acquisition results and reserves	511,574	158,509
	<u>3,665,167</u>	<u>3,071,512</u>
Amounts due from joint ventures	1,155,351	1,083,750
	<u>4,820,518</u>	<u>4,155,262</u>

Unquoted shares include redeemable preference shares ("RPS") issued by joint ventures, which are redeemable at the option of issuer and entitle the Company to receive dividend out of profits of the issuer at a rate to be determined by the issuer.

The above joint arrangements of the Group are regarded as joint ventures pursuant to the contractual rights and obligations of the joint venture agreements that provide the Group with the rights to the net assets of the joint ventures. The joint ventures are accounted for using the equity method in the consolidated financial statements. Details of the joint ventures are set out in Note 44 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method.

(i) Summarised statements of financial position:

<u>2016</u>	<u>Scottsdale Properties Pte. Ltd. RM'000</u>	<u>Pinnacle (Sentosa) Pte. Ltd. RM'000</u>
Non-current:		
Non-current assets	7,543,625	4,650
Current:		
Cash and cash equivalents	48,378	1,111
Other current assets	2,587,468	4,064,421
Total current assets	2,635,846	4,065,532
Total assets	10,179,471	4,070,182
Non-current:		
Financial liabilities (excluding trade and other payables and provisions)	4,739,292	1,667,590
Other liabilities (including trade and other payables and provisions)	36,104	-
Total non-current liabilities	4,775,396	1,667,590
Current:		
Financial liabilities (excluding trade and other payables and provisions)	1,195,155	5,068
Other liabilities (including trade and other payables and provisions)	352,008	38,128
Total current liabilities	1,547,163	43,196
Total liabilities	6,322,559	1,710,786
Net assets	3,856,912	2,359,396

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22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method (continued).

(i) Summarised statements of financial position (continued):

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
<u>2015</u>		
Non-current:		
Non-current assets	6,372,432	4,361
Current:		
Cash and cash equivalents	14,955	1,142
Other current assets	2,212,439	4,104,800
Total current assets	<u>2,227,394</u>	<u>4,105,942</u>
Total assets	<u>8,599,826</u>	<u>4,110,303</u>
Non-current:		
Financial liabilities (excluding trade and other payables and provisions)	1,134,750	1,567,187
Other liabilities (including trade and other payables and provisions)	66,217	-
Total non-current liabilities	<u>1,200,967</u>	<u>1,567,187</u>
Current:		
Financial liabilities (excluding trade and other payables and provisions)	4,401,636	-
Other liabilities (including trade and other payables and provisions)	540,394	41,700
Total current liabilities	<u>4,942,030</u>	<u>41,700</u>
Total liabilities	<u>6,142,997</u>	<u>1,608,887</u>
Net assets	<u>2,456,829</u>	<u>2,501,416</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method (continued).

(ii) Summarised statements of comprehensive income:

<u>2016</u>	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
Revenue	181,387	55,545
Depreciation and amortisation	(46,885)	(4)
Interest income	78	10
Interest expenses	(75,086)	(35,605)
Profit/(Loss) before taxation	701,766	(293,176)
Taxation	39,241	-
Profit/(Loss)/Total comprehensive income for the financial year	<u>741,007</u>	<u>(293,176)</u>

There was no dividend paid by the joint ventures.

<u>2015</u>	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
Revenue	28,071	30,757
Depreciation and amortisation	(575)	(4)
Interest income	17	9
Interest expenses	(13,174)	(28,653)
Profit/(Loss) before taxation	148,998	(15,063)
Taxation	(37,500)	4,152
Profit/(Loss)/Total comprehensive income for the financial year	<u>111,498</u>	<u>(10,911)</u>

There was no dividend paid by the joint ventures.

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22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method (continued).

(iii) Reconciliation of the summarised information presented to the carrying amounts of interest in joint ventures is set out below:

<u>2016</u>	<u>Scottsdale Properties Pte. Ltd. RM'000</u>	<u>Pinnacle (Sentosa) Pte. Ltd. RM'000</u>
Net assets:		
As at 1 July 2015	2,456,829	2,501,416
Profit/(Loss) for the financial year	741,007	(293,176)
Movement in share capital	482,145	-
Foreign currency translation differences	176,931	151,156
As at 30 June 2016	<u>3,856,912</u>	<u>2,359,396</u>
Interest in joint ventures as at year end	49.9%	65.0%
Unquoted shares, at cost	1,309,665	1,820,364
Share of post-acquisition results and reserves	601,051	(286,757)
Total investments in joint ventures	<u>1,910,716</u>	<u>1,533,607</u>
Amounts due from joint ventures	602,517	3,294
Total interests in joint ventures	<u>2,513,233</u>	<u>1,536,901</u>

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22 JOINT VENTURES (CONTINUED)

22.2 Financial information of joint ventures (continued)

Set out below is the summarised financial information for joint ventures that are material to the Group, which are accounted for using the equity method (continued).

(iii) Reconciliation of the summarised information presented to the carrying amounts of interest in joint ventures is set out below (continued):

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000
<u>2015</u>		
Net assets:		
As at 1 July 2014	2,049,246	2,265,316
Profit/(Loss) for the financial year	111,498	(10,911)
Movement in share capital	102,182	41,491
Foreign currency translation differences	193,903	205,520
As at 30 June 2015	<u>2,456,829</u>	<u>2,501,416</u>
Interest in joint ventures as at year end	49.9%	65.0%
Unquoted shares, at cost	1,069,075	1,820,364
Share of post-acquisition results and reserves	143,000	(194,444)
Total investments in joint ventures	<u>1,212,075</u>	<u>1,625,920</u>
Amounts due from joint ventures	566,240	-
Total interests in joint ventures	<u>1,778,315</u>	<u>1,625,920</u>

Set out below are the summarised information of all individually immaterial joint ventures on an aggregate basis.

	<u>2016</u> RM'000	<u>2015</u> RM'000
Unquoted shares, at cost and share of post-acquisition results and reserves	220,844	233,517
Amounts due from joint ventures	549,540	517,510
Total interests in joint ventures	<u>770,384</u>	<u>751,027</u>
Share of joint ventures' profits/total comprehensive income	<u>2,080</u>	<u>23,528</u>

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22 JOINT VENTURES (CONTINUED)

22.3 Amounts due from joint ventures

The amounts due from joint ventures represent outstanding amounts arising from the Group's subsidiaries' proportionate share in the advances and working capital to the joint ventures for the acquisition of land and its development projects in Singapore. In the previous financial year, an amount of SGD28,742,000 (equivalent to RM80,530,000) was capitalised as redeemable preference shares. The amounts due from joint ventures are unsecured, non-interest bearing except for an amount of RM549,540,000 (2015: RM517,510,000), which bears interest at ranging from 1.20% to 1.40% (2015: 1.20%) per annum and is not repayable within the next twelve (12) months.

23 DEFERRED TAXATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At beginning of financial year	219,772	132,515	-	(171)
Recognised in the profit or loss (Note 12)				
- Current financial year	58,388	69,007	-	-
- Prior years	19,244	(1,416)	-	171
	77,632	67,591	-	171
Addition through acquisitions of subsidiaries (Note 20.1)	387,251	-	-	-
Foreign currency translation differences	141	19,666	-	-
At end of financial year	<u>684,796</u>	<u>219,772</u>	<u>-</u>	<u>-</u>
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	781,023	317,542	-	-
Deferred tax assets	(96,227)	(97,770)	-	-
	<u>684,796</u>	<u>219,772</u>	<u>-</u>	<u>-</u>

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23 DEFERRED TAXATION (CONTINUED)

The movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Deferred tax liabilities</u>				
At beginning of financial year	317,542	205,411	-	-
Recognised in profit or loss				
Temporary differences on capital allowances	14,763	7,970	-	-
Temporary differences on fair value adjustments on business combinations	374,968	(5,610)	-	-
Temporary differences on fair value adjustments on investment properties	8,441	15,906	-	-
Temporary differences on profit from sales of development properties	65,309	93,865	-	-
	463,481	112,131	-	-
At end of financial year	781,023	317,542	-	-
<u>Deferred tax assets</u>				
At beginning of financial year	97,770	72,896	-	171
Recognised in profit or loss				
Temporary differences on unutilised tax losses	999	(848)	-	-
Temporary differences on unabsorbed capital allowances	38	6,363	-	-
Unrealised profits on intercompany transactions	(7,667)	23,001	-	-
Other deductible temporary differences	5,087	(3,642)	-	(171)
	(1,543)	24,874	-	(171)
At end of financial year	96,227	97,770	-	-

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23 DEFERRED TAXATION (CONTINUED)

The components of deferred tax liabilities and assets at the end of the reporting period comprise the tax effects of:

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000	RM'000
<u>Deferred tax liabilities</u>				
Temporary differences on accelerated capital allowances	41,276	26,513	-	-
Temporary differences on fair value adjustments on business combinations*	421,687	46,719	-	-
Temporary differences on fair value adjustments on investment properties	83,063	74,622	-	-
Temporary differences on profit from sales of development properties	234,997	169,688	-	-
	<u>781,023</u>	<u>317,542</u>	<u>-</u>	<u>-</u>
<u>Deferred tax assets</u>				
Unutilised tax losses	1,871	872	-	-
Unabsorbed capital allowances	6,902	6,864	-	-
Unrealised profits on intercompany transactions	63,934	71,601	-	-
Other deductible temporary differences	23,520	18,433	-	-
	<u>96,227</u>	<u>97,770</u>	<u>-</u>	<u>-</u>

* Comprises mainly of deferred tax adjustments on temporary differences arising from land held for property development, development properties and investment properties.

The following deferred tax assets have not been recognised:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
Unutilised tax losses	<u>2,560</u>	<u>5,924</u>

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

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24 PROPERTY DEVELOPMENT COSTS

<u>Group</u>	<u>Freehold land</u> RM'000	<u>Long term leasehold land</u> RM'000	<u>Development costs</u> RM'000	<u>Accumulated cost charged to profit or loss</u> RM'000	<u>Total</u> RM'000
<u>2016</u>					
<u>At Cost</u>					
At beginning of financial year	1,482,671	401,594	2,615,278	(1,143,862)	3,355,681
Costs incurred	3,035	-	1,946,624	-	1,949,659
Acquisitions of subsidiaries (Note 20.1)	9,559	-	465,868	-	475,427
Transfer from land held for property development (Note 17)	37,028	11,826	81,907	-	130,761
Transfer to inventories	(22,135)	(25,849)	(351,457)	-	(399,441)
Foreign currency translation differences	73,236	(1,313)	18,639	(15,460)	75,102
Recognised as expense in profit or loss as part of cost of sales	-	-	-	(1,430,860)	(1,430,860)
Completed projects	(6,862)	-	(194,733)	201,595	-
At end of financial year	1,576,532	386,258	4,582,126	(2,388,587)	4,156,329
<u>2015</u>					
<u>At Cost</u>					
At beginning of financial year	1,460,633	250,595	5,387,569	(4,982,110)	2,116,687
Costs incurred	3,034	-	1,289,622	-	1,292,656
Transfer to property, plant and equipment (Note 15)	-	(1,488)	(6,605)	-	(8,093)
Transfer from land held for property development (Note 17)	230,227	135,949	393,729	-	759,905
Transfer to inventories	(8,093)	(2,948)	(162,817)	-	(173,858)
Foreign currency translation differences	94,820	29,734	42,592	(42,014)	125,132
Recognised as expense in profit or loss as part of cost of sales	-	-	-	(756,748)	(756,748)
Completed projects	(297,950)	(10,248)	(4,328,812)	4,637,010	-
At end of financial year	1,482,671	401,594	2,615,278	(1,143,862)	3,355,681

Included in costs incurred in property development of the Group are interest expenses charged by bank and non-controlling interests during the financial year amounting to RM63,903,000 and RM2,302,000 (2015: RM41,474,000 and RM1,448,000) respectively.

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25 INVENTORIES

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
<u>At Cost</u>		
Completed development properties	695,743	299,038
Raw materials and consumables	1,751	684
Others	2,830	2,722
	<u>700,324</u>	<u>302,444</u>

26 TRADE AND OTHER RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000	RM'000
Trade receivables (Note 26.1)	366,392	399,240	-	-
Other receivables, deposits and prepayments (Note 26.2)	107,340	219,961	3,209	146
Accrued billings	458,820	287,066	-	-
Amounts due from contract customers (Note 26.3)	426	253	-	-
	<u>932,978</u>	<u>906,520</u>	<u>3,209</u>	<u>146</u>

26.1 Trade receivables

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
Trade receivables	369,372	401,910
Less: Accumulated impairment losses	(2,980)	(2,670)
	<u>366,392</u>	<u>399,240</u>

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26 TRADE AND OTHER RECEIVABLES (CONTINUED)

26.1 Trade receivables (continued)

- (a) Included in trade receivables of the Group are amounts due from affiliates of RM2,328,000 (2015: RM1,731,000) for property project management services, provision of landscaping services and related costs provided by a subsidiary, which is unsecured, non-interest bearing and payable within the credit period in cash and cash equivalents.
- (b) The normal trade credit terms granted by the Group range from 7 to 90 days (2015: 7 to 90 days) from date of invoice and progress billing. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.
- (c) The reconciliation of movements in the accumulated impairment losses of trade receivables is as follows:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
At beginning of financial year	2,670	3,644
Charge for the financial year	569	88
Written back	(5)	(927)
Written off	(254)	(135)
At end of financial year	<u>2,980</u>	<u>2,670</u>

26.2 Other receivables, deposits and prepayments

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000	RM'000
Other receivables	62,148	166,640	-	141
Less: Accumulated impairment losses	(1,824)	(1,439)	-	-
	<u>60,324</u>	<u>165,201</u>	<u>-</u>	<u>141</u>
Deposits	36,831	31,063	3,209	5
Prepayments	10,185	23,697	-	-
	<u>107,340</u>	<u>219,961</u>	<u>3,209</u>	<u>146</u>

Included in other receivables of the Group were an amount of RM34,391,000 (2015: RM100,160,000) in relation to a government grant for the infrastructure costs of a project undertaken by the Group and Nil (2015: RM50,432,000) pertaining to dividend receivable from a joint venture.

Included in deposits of the Group and of the Company were an amount of RM14,478,000 and RM3,204,000 (2015: RM11,274,000 and Nil) respectively paid for new land acquisitions.

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26 TRADE AND OTHER RECEIVABLES (CONTINUED)

26.2 Other receivables, deposits and prepayments (continued)

- (a) The reconciliation of movements in the accumulated impairment losses of other receivables is as follows:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
At beginning of financial year	1,439	1,439
Charges for the financial year	441	-
Written back	(52)	-
Written off	(4)	-
	<hr/>	<hr/>
At end of financial year	<u>1,824</u>	<u>1,439</u>

26.3 Amounts due from contract customers

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
Aggregate costs incurred to date	27,491	27,837
Recognised profit	6,964	6,964
	<hr/>	<hr/>
Progress billings	34,455	34,801
	(34,029)	(34,548)
	<hr/>	<hr/>
Amounts due from contract customers	<u>426</u>	<u>253</u>

27 SHORT TERM FUNDS

	<u>Group and Company</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
Investments in fixed income trust funds in Malaysia at fair value through profit or loss	<u>118,812</u>	<u>706,481</u>

Investments in fixed income trust funds in Malaysia represent investment in highly liquid money market funds, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

28 DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks	692,687	762,105	-	19,000

Included in the Group's deposits with financial institutions are amounts of:

- (i) SGD29,515,000 (2015: SGD12,738,000), equivalents to approximately RM87,993,000 (2015: RM35,687,000) held under Housing Developers (Project Account) (Amendment) Rules, 1997 in Singapore, which is not available for general use by the Group.
- (ii) RMB58,000,000 (2015: Nil), equivalent to approximately, RM35,114,000 (2015: Nil) held under Housing Developers (Project Account) Rules, Fujian Province, Administration of Pre-sale of Commodity Premises Regulations (Revised), in PRC which is not available for general use by the Group.

29 CASH AND BANK BALANCES

Included in the Group's cash and bank balances are amounts of:

- (i) RM165,097,000 (2015: RM166,846,000) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 in Malaysia, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002 in Malaysia, which is not available for general use by the Group.
- (ii) SGD113,000 (2015: SGD162,000), equivalent to approximately RM338,000 (2015: RM454,000) held under Housing Developers (Project Account) (Amendment) Rules, 1997 in Singapore, which is not available for general use by the Group.
- (iii) RMB59,700,000 (2015: RMB141,087,000), equivalent to approximately RM36,144,000 (2015: RM85,772,000) held under Housing Developers (Project Account) Rules, Fujian Province, Administration of Pre-sale of Commodity Premises Regulations (Revised), in PRC which is not available for general use by the Group.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
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IOI PROPERTIES GROUP BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

30 SHARE CAPITAL

	Par value per share RM	Group and Company	
		Number of shares '000	RM'000
<u>2016</u>			
<u>Ordinary shares</u>			
Authorised:			
At beginning / end of financial year	1.00	50,000,000	50,000,000
Issued and fully paid-up:			
At beginning of financial year	1.00	3,778,851	3,778,851
Issuance during the financial year	1.00	644,776	644,776
At end of financial year		4,423,627	4,423,627
 <u>2015</u>			
<u>Ordinary shares</u>			
Authorised:			
At beginning / end of financial year	1.00	50,000,000	50,000,000
Issued and fully paid-up:			
At beginning of financial year	1.00	3,239,015	3,239,015
Issuance during the financial year	1.00	539,836	539,836
At end of financial year		3,778,851	3,778,851

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**IOI PROPERTIES GROUP BERHAD**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)****30 SHARE CAPITAL (CONTINUED)**

Of the total 4,423,626,700 (2015: 3,778,850,513) issued and fully paid-up ordinary shares of RM1.00 each, 12,411,500 shares (2015: 11,956,400) are held as treasury shares as disclosed in Note 31.1 to the financial statements. Accordingly, the number of ordinary shares issued and fully paid-up after deducting treasury shares as at the end of the financial year is 4,411,215,200 (2015: 3,766,894,113) ordinary shares of RM1.00 each.

During the financial year, the Company increased its issued and paid-up ordinary share capital (inclusive of treasury shares) from RM3,778,850,513 to RM4,423,626,700 by way of issuance of 644,776,187 new ordinary shares of RM1.00 each pursuant to the acquisitions of new subsidiaries as disclosed in Note 20.1 to the financial statements.

In the previous financial year, the Company increased its issued and paid-up ordinary share capital (inclusive of treasury shares) from RM3,239,014,726 to RM3,778,850,513 by way of issuance of 539,835,787 new ordinary shares of RM1.00 for total cash proceeds of RM1,024,788,000 pursuant to the renounceable rights issue.

30.1 Employees' Share Option Scheme ("ESOS")

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

On 23 May 2016, the Company offered a total of 33,800,000 share options at an option price of RM2.25 to the Eligible Persons (as defined below) of the Group in accordance with the By-Laws of the ESOS. As at 30 June 2016, there are a total of 33,500,000 share options accepted by Eligible Persons.

The salient features of the ESOS are as follows:

(a) Maximum number of shares available under the ESOS

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

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

30 SHARE CAPITAL (CONTINUED)

30.1 Employees' Share Option Scheme ("ESOS") (continued)

(b) Eligibility

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

- (i) the employee has attained at least 18 years of age;
- (ii) the employee falls under the grade of M1 and above;
- (iii) is an Executive Director of the Company who has been involved in the management of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer;
- (iv) the employee is confirmed in writing as a full time employee and/or has been in the employment of the IOIPG Group for a period of at least three (3) years of continuous service prior to and up to the Date of Offer, including service during the probation period;
- (v) fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time; and
- (vi) the specific allocation of the IOIPG Shares to that Executive Directors under the ESOS has been approved by the shareholders of IOIPG at a general meeting.

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

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

(c) Basis of allotment and maximum entitlement

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

30 SHARE CAPITAL (CONTINUED)

30.1 Employees' Share Option Scheme ("ESOS") (continued)

(d) Duration of the ESOS

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

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

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

(e) Exercise Price

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

- (i) the five (5)-day weighted average market price of IOIPG Shares, as quoted on Bursa Malaysia, immediately preceding the Date of Offer of the option, with a discount of not more than 10%; or
- (ii) the par value of IOIPG Shares of RM1.00 each.

(f) Ranking of the new IOIPG Shares

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

(g) Retention period

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

(h) Termination of the ESOS

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

- (i) the effective date of termination;
- (ii) the number of options exercised or IOIPG Shares vested, if applicable; and
- (iii) the reasons and justification for termination.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

30 SHARE CAPITAL (CONTINUED)

30.1 Employees' Share Option Scheme ("ESOS") (continued)

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

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

	<u>Option price</u> RM	<u>Outstanding as at 1.7.2015</u> '000	<u>Granted and accepted</u> '000	<u>Exercised</u> '000	<u>Outstanding as at 30.6.2016</u> '000	<u>Exercise as at 30.6.2016</u> '000
<u>Date of offer</u>						
23 May 2016	2.25	-	33,500	-	33,500	33,500

The weighted average fair value of share options granted during the financial year determined using a Black Scholes Model is RM0.52 (2015: Nil). The key inputs into the model are as follows:-

Group and Company
2016

Valuation assumptions:-

Weighted average share price at date of grant (per share)	RM2.25
Exercise price (per share)	RM2.25
Expected volatility*	29.7%
Expected share option life	4 years
Expected dividend yield per annum	2.5%
Risk-free interest rate per annum	3.7%

* The volatility measured at the standard deviation of continuously compounded share returns which is based on statistical analysis of daily share price over the last three years.

Value of employee services received for issue of share options.

	<u>2016</u> RM'000	<u>Group</u> <u>2015</u> RM'000	<u>2016</u> RM'000	<u>Company</u> <u>2015</u> RM'000
Share-based payment expense Capitalised as investments in subsidiaries for share-based payments allocated to the employees of the subsidiaries	17,454	-	17,454	-
	-	-	(17,454)	-
Total expense recognised as share-based payments	17,454	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

31 RESERVES

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000	RM'000
Share premium	12,571,579	11,868,773	12,571,579	11,868,773
Treasury shares (Note 31.1)	(24,487)	(23,601)	(24,487)	(23,601)
Foreign currency translation reserve (Note 31.2)	1,003,046	754,369	-	-
Cash flow hedge reserve (Note 31.3)	(11,669)	-	(11,669)	-
Share-based payment reserve (Note 31.4)	17,454	-	17,454	-
	<u>13,555,923</u>	<u>12,599,541</u>	<u>12,552,877</u>	<u>11,845,172</u>

31.1 Treasury shares

The shareholders of the Company, by an ordinary resolution passed at an Annual General Meeting held on 26 October 2015, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy-Back").

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

During the financial year, the Group and the Company repurchased its issued ordinary shares of RM1.00 each from the open market as follows:

	<u>No. of shares</u> '000	<u>Cost</u> RM'000	<u>Purchase price*</u>		
			<u>Highest</u> RM	<u>Lowest</u> RM	<u>Average</u> RM
<u>2016</u>					
At beginning of financial year	11,956	23,601	2.11	1.85	1.97
Purchased during the financial year					
July 2015	352	656	1.90	1.81	1.86
November 2015	4	9	2.14	2.14	2.14
May 2016	99	221	2.24	2.24	2.24
	<u>455</u>	<u>886</u>	<u>2.24</u>	<u>1.81</u>	<u>1.95</u>
At end of financial year	<u>12,411</u>	<u>24,487</u>	<u>2.24</u>	<u>1.81</u>	<u>1.97</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

31 RESERVES (CONTINUED)

31.1 Treasury shares (continued)

	No. of shares '000	Cost RM'000	Purchase price*		
			Highest RM	Lowest RM	Average RM
<u>2015</u>					
At beginning of financial year	-	-	-	-	-
Purchased during the financial year					
May 2015	9,611	19,186	2.11	1.96	2.00
June 2015	2,345	4,415	2.09	1.85	1.88
At end of financial year	<u>11,956</u>	<u>23,601</u>	<u>2.11</u>	<u>1.85</u>	<u>1.97</u>

* Purchase price includes stamp duties, brokerage, clearing fee and goods and service tax.

The transactions under Share Buy-Back were financed by internally generated funds. The repurchased ordinary shares of the Company were held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965 in Malaysia.

31.2 Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, whereby the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

31.3 Cash flow hedge reserve

The cash flow hedge reserve represents the deferred fair value gains/(losses) relating to derivative financial instruments used to hedge certain borrowings of the Group.

At the reporting date, the Group and the Company have recognised derivative financial liabilities and a corresponding fair value loss of RM30,806,000 (2015: Nil) in the cash flow hedge reserve in respect of the CCIRS.

During the financial year, an amount of RM19,137,000 (2015: Nil) was reclassified from the cash flow hedge reserve to the profit or loss, to offset the foreign exchange gain of RM17,344,000 (2015: Nil) arising from the translation of the USD borrowing to RM, and to increase interest expense by RM1,793,000 (2015: Nil) as the underlying floating interest rates were lower than the hedged interest rates on the borrowing, so as to reflect a hedged position.

31.4 Share-based payment reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

32 **BORROWINGS**

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<u>Non-current liabilities</u>				
<u>Unsecured</u>				
Borrowings	4,262,032	2,799,010	677,465	-
Less: Portion due within 12 months included under short term borrowings	(464,450)	(560,360)	-	-
	<u>3,797,582</u>	<u>2,238,650</u>	<u>677,465</u>	<u>-</u>
 <u>Current liabilities</u>				
<u>Unsecured</u>				
Borrowings - portion due within 12 months	464,450	560,360	-	-
	<u>464,450</u>	<u>560,360</u>	<u>-</u>	<u>-</u>
 Total borrowings	 <u>4,262,032</u>	 <u>2,799,010</u>	 <u>677,465</u>	 <u>-</u>

Unsecured

Borrowings of the Group include:

- (a) Term loan of RM300,000,000 with fixed interest at 4.75% per annum and is repayable at the end of 3rd year from the draw down date in May 2014.
- (b) Synthetic foreign currency loan of USD150,000,000, equivalent to RM493,350,000 was drawn down in RM. The currency used for settlement of both principal and interest is also in RM, which is based on the rate of currency exchange fixed at the date of inception. The said loan bears fixed interest at 4.70% per annum and is repayable in five (5) years from draw down date in December 2013 with three (3) annual principal repayments of RM164,450,000 each commencing from December 2016.
- (c) Sukuk Murabahah of RM750,000,000 with fixed profit rate at 4.98% per annum and is repayable in five (5) years from draw down date in September 2014 with three (3) annual principal repayments of RM190,000,000, RM190,000,000 and RM370,000,000 respectively commencing from September 2017.
- (d) Commodity Murabahah Term Financing-I of RM700,000,000 with fixed profit rate at 5.10% per annum and is repayable in four and half (4.5) years with four (4) semi-annual repayments of RM175,000,000 each commencing thirty-six (36) months from the first draw date in October 2014.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

32 BORROWINGS (CONTINUED)

Borrowings (continued)

- (e) Term loan of SGD200,000,000 with interest at 0.75% plus Swap Offer Rate per annum, which was outstanding as at 30 June 2015, was fully repaid and refinanced by a new term loan obtained from a financial institution during the financial year. This new term loan of SGD200,000,000 is bearing interest at 0.80% plus Swap Offer Rate per annum and is repayable at the end of 5th year after the date of the facility agreement in May 2016.
- (f) Synthetic term loan of USD400,000,000 with interest at 1.18% plus London Interbank Offer Rate ("LIBOR") per annum and is repayable in five (5) years with three (3) equal annual principal repayments commencing three (3) years from the draw down date. During the financial year, the Group had cancelled this undrawn facility.
- (g) Term loan of SGD250,000,000 with interest at 0.75% plus six (6) months Swap Offer Rate in arrears per annum. The loan is repayable in three (3) years with bullet repayment commencing from the draw down date in July 2015. The Group had fully drawn down this term loan during the financial year.
- (h) Commodity Murabahah Financing-i facility of USD75,669,383 with profit rate at 1.20% plus LIBOR per annum and is repayable in five (5) years with four (4) annual principal repayments of USD11,354,400, USD17,410,080, USD23,465,760 and USD23,465,760 respectively commencing twenty-four (24) months from the first transaction date in January 2016. The Group has entered into cross currency interest rate swap contract to hedge against fluctuation in exchange rate and interest rate as disclosed in Note 33 to the financial statements.
- (i) Revolving credit of RM375,000,000 with fixed interest rate at 4.82% per annum and is repayable in five (5) years with three (3) annual principal repayments of RM125,000,000 each commencing thirty-six (36) months from first draw down in January 2016.

Borrowings of the Company comprise new term loans obtained during the financial year as described in notes 32 (h) and (i) to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

32 BORROWINGS (CONTINUED)

The borrowings are repayable upon maturity over the following years:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Less than 1 year	464,450	560,360	-	-
1 - 2 years	750,768	463,499	46,431	-
2 - 3 years	1,644,481	703,499	194,819	-
3 - 4 years	588,065	703,499	218,207	-
4 - 5 years	814,268	368,153	218,008	-
	<u>4,262,032</u>	<u>2,799,010</u>	<u>677,465</u>	<u>-</u>

33 DERIVATIVE FINANCIAL LIABILITIES

The Group's and the Company's derivative financial liabilities are as follows:-

	Group and Company	
	2016 RM'000	2015 RM'000
Derivative designated in hedging relationship		
Cross Currency Interest Rate Swaps ("CCIRS") as cash flow hedge on USD denominated borrowing		
- Non-current liabilities	21,183	-
- Current liabilities	9,623	-
	<u>30,806</u>	<u>-</u>

The details of the CCIRS are set out as below:

Commencement date	Contract/Notional amount		Exchange rate	Interest rate
	2016 RM'000	2015 RM'000		
27 January 2016	325,000	-	The Group and the Company pay RM in exchange for receiving USD at predetermined exchange rate of RM4.295/USD according to the scheduled principal and quarterly interest repayment of the USD borrowing as disclosed in Note 32(h) to the financial statements	The Group and the Company pay a fixed interest rate of 4.78% per annum in exchange for receiving LIBOR plus a spread on the outstanding principal amount.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

34 AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The settlement dates of the CCIRS coincide with the dates on which principal and interest are payable on the underlying borrowing and settlement.

The amounts due to non-controlling interests represent outstanding amounts mainly arising from the non-controlling interests' proportionate advances and working capital for the acquisition of land and its development projects in Singapore. The outstanding amounts are unsecured, bear interest at rates ranging from 1.74% to 3.05% (2015: 1.16% to 3.15%) per annum, and are not repayable within the next twelve (12) months after the reporting date.

35 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables (Note 35.1)	494,238	490,643	-	-
Other payables and accruals (Note 35.2)	780,179	664,269	6,720	2,852
Progress billings	244,223	487,296	-	-
Provisions (Note 35.3)	58,012	19,731	-	-
	1,576,652	1,661,939	6,720	2,852

35.1 Trade payables

Included in trade payables of the Group are retention monies of RM280,393,000 (2015: RM198,692,000).

Credit terms of trade payables vary from 14 to 60 days (2015: 14 to 60 days) from the date of invoice and progress claim. The retention monies are repayable upon expiry of the defect liability period of 6 to 24 months (2015: 6 to 24 months).

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

35 TRADE AND OTHER PAYABLES (CONTINUED)

35.2 Other payables and accruals

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables	85,146	70,387	-	1,807
Customer deposits and other deposits	103,345	64,407	-	-
Accruals	591,688	529,475	6,720	1,045
	780,179	664,269	6,720	2,852

35.3 Provision

Group	Provision for affordable housing RM'000
<u>2016</u>	
As at 1 July 2015	19,731
Provision during the financial year	38,281
As at 30 June 2016	58,012
<u>2015</u>	
As at 1 July 2014	-
Provision during the financial year	19,731
As at 30 June 2015	19,731

As at 30 June 2016, a provision of RM38,281,000 (2015: RM19,731,000) has been recognised for the excess of unavoidable costs in meeting the obligation to develop affordable housing over the economic benefits expected to be recovered from the purchasers of the affordable housing.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

36 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term funds (Note 27)	118,812	706,481	118,812	706,481
Deposits with financial institutions (Note 28)	692,687	762,105	-	19,000
Cash and bank balances (Note 29)	1,275,486	441,053	38,123	997
	<u>2,086,985</u>	<u>1,909,639</u>	<u>156,935</u>	<u>726,478</u>

37 SIGNIFICANT RELATED PARTY DISCLOSURES

37.1 Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- i. Progressive Holdings Sdn. Bhd ("PHSB"), the ultimate holding company. Tan Sri Lee Shin Cheng, a Director of the Company and his immediate family members are shareholders of PHSB and together they own 51.74% (2015: 51.16%) of the shares in the Company;
- ii. Vertical Capacity Sdn. Bhd.; the immediate holding company;
- iii. Direct and indirect subsidiaries as disclosed in Note 44 to the financial statements;
- iv. Direct and indirect subsidiaries of the immediate and ultimate holding companies;
- v. Associates and joint ventures as disclosed in Note 44 to the financial statements;
- vi. Key management personnel which is the Directors of the Company whom having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
- vii. Affiliates, companies in which the Directors who are also the substantial shareholders of the Company have substantial shareholdings interest.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

37.2 Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had undertaken the following transactions with related parties during the financial year:

	2016	Group 2015
	RM'000	RM'000
<u>Affiliates</u>		
Property project management services	2,678	7,351
Rendering of building maintenance services	968	1,061
Sales of plant and landscaping services	727	626
Rental income	2,051	2,052
Golf services	43	38
Hotel services	109	558
Rental expenses	(280)	(431)
Sales of palm products	24,787	29,916
Rendering of management services	101	233
Management fees	(1,143)	(1,455)
<u>Joint ventures</u>		
Interest income	7,208	5,967
Management fees	2,325	1,205
Dividend income	27,759	149,856
<u>Former associate</u>		
Rental income	2,533	2,533
Hotel services	5	38
Sale of plant and landscaping services	16	19
Golf services	-	7
Rental expense	-	(666)
Management fees	(5,930)	(1,294)

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37 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

37.2 Significant related party transactions (continued)

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had undertaken the following transactions with the related parties during the financial year (continued):

	<u>Company</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
<u>Subsidiaries</u>		
Interest income	14,511	8,676
Interest expense	(168)	(7,140)
Management fees	(780)	(172)
	<u> </u>	<u> </u>

The related party transactions described above were carried out on terms and conditions negotiated and agreed between the parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2016 are disclosed in Note 20.2, 20.3, 22.1 and 26.1 to the financial statements.

37.3 Key management personnel compensation

The remuneration of key management personnel during the financial year is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000	RM'000
Fees	784	770	784	770
Remuneration	43,757	37,095	70	66
Share option expenses in relation to employees' share option scheme	5,471	-	-	-
Estimated monetary value of benefits-in-kind	84	72	40	-
Total short term employee benefits	<u>50,096</u>	<u>37,937</u>	<u>894</u>	<u>836</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

38 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group are able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity mix.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Capital of the Group comprises equity, borrowings and other long term liabilities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2016 and 30 June 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to owners of the parent. The Group's net debt includes borrowings less cash and cash equivalents.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Borrowings (Note 32)	4,262,032	2,799,010	677,465	-
Less: Cash and cash equivalents (Note 36)	(2,086,985)	(1,909,639)	(156,935)	(726,478)
Net debt/(assets)	2,175,047	889,371	520,530	(726,478)
Equity	15,885,085	13,427,197	17,345,961	15,853,548
Gearing ratio	0.14	0.07	0.03	*

* It is not applicable as there is no borrowing as at 30 June 2015.

The Group is subject to certain externally imposed requirements in the form of loan covenants. The Group monitors gearing ratios and compliance with loan covenants based on the terms of the respective loan agreements, such as debts to equity ratio less than one (1) time and interest coverage ratio at least two-and-half (2.5) times. The Group has complied with loan covenants during the financial year.

39 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and position.

The Group operates within an established Enterprise Risk Management framework with clearly defined policies and guidelines which are administered via Divisional Risk Management Committees. Divisional Risk Management Committees report regularly to the Audit Committee which oversees the management of risk in the Group on behalf of the Board of Directors.

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(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)****39 FINANCIAL INSTRUMENTS (CONTINUED)****39.1 Foreign currency risk**

The Group operates internationally and is exposed to various currencies, mainly Singapore Dollar ("SGD"), US Dollar ("USD") and Renminbi ("RMB"). Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

The Group's foreign currency risk management objective is to minimise foreign currency exposure that gives rise to economic impact, both at transaction and reporting period translation levels.

39.1.1 Risk management approach

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country, in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Cross currency interest rate swap contracts are used to hedge the volatility in the cash flow attributable to variability in the foreign currency denominated borrowings from the inception to maturity of the borrowings.

Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

39.1.2 Foreign currency risk exposure

The Group and the Company are not exposed to significant foreign currency risk as the majority of the Group's and the Company's transactions, assets and liabilities are denominated in the functional currencies of the respective entities within the Group except for the USD borrowings. For USD borrowings in a designated hedging relationship as these are effectively hedged, the foreign currency movements will not have material impact on the statement of profit or loss.

39.2 Interest rate risk

The Group's interest rate risk arises from its interest-bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

The Group's objective on interest rate risk management is to achieve a balance in repricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

39.2.1 Risk management approach

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

Funds held for liquidity purposes and temporary surpluses are placed in short term interest-bearing financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Interest rate risk (continued)

39.2.2 Interest rate risk exposure

The Group's interest bearing assets are primarily cash held in Housing Development Accounts and short term funds. The Group considers the risk of significant changes to interest rates on those deposits and short term funds to be unlikely.

The exposure of the Group and of the Company to interest risk arises primarily from their loans and borrowings. The Group and the Company manage their interest rate exposure by monitoring a mix of fixed and floating rate borrowings. The Group and the Company also entered into cross currency interest rate swap contract to hedge the floating rate interest payable on a borrowing as disclosed in Note 33 to the financial statements.

As at 30 June 2016, after taking into account the effect of an interest rate swap on the Group's borrowings that denominated in USD, the borrowings and amounts due to non-controlling interests of the Group of RM1,644,050,000 (2015: RM560,360,000) and RM114,408,000 (2015: RM104,896,000) respectively are at floating interest rate.

As at 30 June 2016, the net amounts due from subsidiaries of the Company of RM112,837,000 (2015: RM455,330,000) are at floating interest rate.

39.2.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments are measured at amortised cost.

A movement of 50 basis point in interest rates at the respective financial year would increase or decrease the additions to property development costs arising from capitalised borrowing costs of the Group and of the Company by approximately RM8,792,000 (2015: RM3,326,000) and RM564,000 (2015: RM2,277,000).

39.3 Credit risk

The Group's credit risk exposure is mainly related to external counter-party credit risk on monetary financial assets and trade credits. Credit risk is managed at the business unit level, but macro Group-wide policies on the granting of credit and credit control are issued and monitored centrally, such as those relating to credit risk concentration, adequacy of formal credit rating and evaluation of counter parties, credit impairment and unit level credit control performance.

Credit risk from monetary financial assets is generally low as the counter-parties involved are strongly rated financial institutions. The Group does not extend any loans or financial guarantees to third parties except for its own subsidiaries and joint ventures.

Credit risks with respect to trade receivables are limited as the legal title to the properties sold remain with the Group until the purchase consideration is fully paid.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

The Group's objective on credit risk management is to avoid significant exposure to any individual customer or counter party and to minimise concentration of credit risk.

39.3.1 Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an on-going basis. If necessary, the Group may obtain collateral from counter parties as a mean of mitigating losses in the event of default.

The Group's credit risk varies with the different classes of counter-parties as outlined below:

(i) Property

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk. Property investment entails the hospitality sub-segment for which sales are generally cash settled; and the rental property sub-segment which poses a certain degree of collection risk in correlation with the macroeconomic environment.

Policies and procedures

- (a) Tail-end progress billings on property units sold that serve as retention sum are closely monitored and claimed upon expiry of retention period;
- (b) Credit granted for corporate clients in the hospitality sub-segment are duly assessed and selectively approved with established limits;
- (c) All tenants of its investment properties are subjected to deposits requirement averaging three (3) months rental; and
- (d) Credit exposure is monitored on limits and aging, managed and reviewed periodically. Debtors with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore past due status.

Collateral and credit enhancement

In general, a combination of:

- (a) Title retention and conveyance on clearance for property development;
- (b) Cash deposits/advance for hospitality sub-segment; and
- (c) Deposits for rental sub-segment.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.1 Risk management approach (continued)

(ii) Financial institutions and exchanges

The Group places its working capital and surplus funds in current account, money market, and time-deposits with banks; and in security papers and investment trusts managed by licensed institutions. Beyond the minimal deposit guarantee offered by certain sovereign nation's deposit insurance schemes, the Group is exposed to a degree of counter-parties' credit risk in times of severe economic or financial crisis.

Policies and procedures

- (a) Funds are placed only with licensed financial institutions with credit rating of "A- and above"; and
- (b) Funds placements are centrally monitored, and where applicable are spread out based on location need.

Collateral and credit enhancement

In general, a combination of:

- (a) National deposit insurance; and
- (b) Fidelity guarantee.

In general, all business units in the Group have a comprehensive policy that governs the need for formal credit rating system and evaluation on counter parties prior to any contractual arrangement that would result in credit risk exposure. Besides exposure amount, credit risk is also measured and monitored by way of credit quality segregation, past due aging analysis, and limits breach alerts. Reviews on credit impairment needs are made quarterly based on objective evidence of loss events.

39.3.2 Credit risk exposures and concentration

Exposure to credit risk- property development

The Group does not have any significant credit risk from its property development activities as sale of development units are made to large number of property purchasers with end financing facilities from reputable end-financiers, and the ownership and rights to the properties revert to the Group in the event of default.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.2 Credit risk exposures and concentration (continued)

Exposure to credit risk- property investment

Credit risk arising from the Group's property investment sub-segment is limited as all tenants of its investment properties are subjected to deposits requirement averaging three (3) months rental.

Exposure to credit risk- monetary financial assets

Credit risk from monetary financial assets (short term funds, deposits with financial institutions and cash and bank balances) is generally low as the counter-parties involved are reputable financial institutions.

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised on the statement of financial position.

Credit risk concentration profile

Concentrations of credit risk with respect of trade and other receivables are limited due to the Group's large number of customers, who are dispersed over a broad spectrum of industries and businesses.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.2 Credit risk exposures and concentration (continued)

The credit risk concentration of the Group is mainly in the "receivables" class, except for deposits and prepayments, and this is further analysed below to reveal the credit risk concentration by geographic location and business segment.

Group	Property development		Property investment		Others		Total	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>2016</u>								
Malaysia	298,364	82	50,877	100	10,441	100	359,682	84
Asia (excluding Malaysia)	67,034	18	-	-	-	-	67,034	16
	<u>365,398</u>	<u>100</u>	<u>50,877</u>	<u>100</u>	<u>10,441</u>	<u>100</u>	<u>426,716</u>	<u>100</u>
<u>2015</u>								
Malaysia	204,930	47	113,833	100	11,512	100	330,275	59
Asia (excluding Malaysia)	234,166	53	-	-	-	-	234,166	41
	<u>439,096</u>	<u>100</u>	<u>113,833</u>	<u>100</u>	<u>11,512</u>	<u>100</u>	<u>564,441</u>	<u>100</u>

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Credit risk (continued)

39.3.2 Credit risk exposures and concentration (continued)

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk except for amounts due from subsidiaries. The credit risks with respect of amounts due from subsidiaries are assessed to be low.

Financial assets that are neither past due nor impaired

The credit quality of trade and other receivables that are neither past due nor impaired are substantially amounts due from property purchasers with end financing facilities from reputable end-financiers and customers with good collection track record with the Group. All short term funds, deposits with financial institutions, cash and bank balances are placed with or entered into with reputable financial institutions.

Financial assets that are past due but not impaired

As at 30 June 2016, trade and other receivables of the Group of RM55,996,000 (2015: RM55,663,000) were past due but not impaired. Receivables of the Group that are past due but not impaired are mainly related to the progress billings to be settled by end-buyers' financiers. It is the Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The aging analysis of these receivables is as follows:

	2016	Group 2015
	RM'000	RM'000
Up to 3 months	37,500	39,616
More than 3 months	18,496	16,047
	55,996	55,663

39.4 Liquidity and cash flow risk

Liquidity and cash flow risk arise when financial resources are insufficient to meet financial obligations as and when they fall due, or have to be met at excessive cost. The Group's liquidity risk also includes non-financial instruments.

The Group's liquidity risk management objective is to ensure that all foreseeable funding commitments can be met as and when due in a cost-effective manner.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.4 Liquidity and cash flow risk (continued)

39.4.1 Risk management approach

The Group leverages on IOI Properties Group Berhad ("IOIPG") as the public listed parent company whereby treasury related activities are centralised and where the optimal weighted average costs of funds is managed. The Company, as a parent company plays a central liquidity management role where the Group's longer term funding requirements are managed based on business and liquidity needs, whilst the day-to-day operational liquidity needs are decentralised at the business unit level. The Group practises an arm's-length market based policy with regard to funding costs.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure all operating, investing and financing needs are met. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and investment activities. In addition, the Group strives to maintain available banking facilities at a reasonable level against its overall debt position. As at 30 June 2016, the Group has undrawn banking facilities of RM31,088,000 (2015: RM2,259,997,000).

The Group manages its liquidity risk with a combination of the following methods:

- (i) Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);
- (ii) Maintain a diversified range of funding sources with adequate back-up facilities;
- (iii) Maintain debt financing and servicing plan; and
- (iv) Maintain medium to long term cashflow planning incorporating funding positions and requirements of all its subsidiaries.

As a Group policy, all business units conform to the following processes in ensuring its liquidity profiles are balanced and that all its obligations can be met when due:

- (i) Perform annual cash flow budgeting and medium term cash flow planning, in which the timing of operational cash flows and its resulting surplus or deficit are reasonably determined. The aggregation of these allows for an overview of the Group's forecast cash-flow and liquidity position, which in turn facilitates further consolidated cash flow planning;
- (ii) Manage contingent liquidity commitment and exposures;
- (iii) Monitor liquidity ratios against internal thresholds;
- (iv) Manage working capital for efficient use of funds and optimise cash conversion cycle; and
- (v) Manage concentration and maturity profile of both financial and non-financial liabilities.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.4 Liquidity and cash flow risk (continued)

39.4.2 Liquidity risk exposure

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	More than 4 years RM'000	Total RM'000
2016						
Financial liabilities						
Trade and other payables*	1,274,417	-	-	-	-	1,274,417
Amounts due to non-controlling interests	2,258	116,397	-	-	-	118,655
Borrowings	616,681	867,316	1,722,259	614,666	827,722	4,648,644
Derivative financial liabilities	9,623	10,101	7,413	3,625	44	30,806
	<u>1,902,979</u>	<u>993,814</u>	<u>1,729,672</u>	<u>618,291</u>	<u>827,766</u>	<u>6,072,522</u>
2015						
Financial liabilities						
Trade and other payables*	1,154,912	-	-	-	-	1,154,912
Amounts due to non-controlling interests	1,959	106,590	-	-	-	108,549
Borrowings	676,759	573,005	784,198	755,552	388,427	3,177,941
Derivative financial liabilities	-	-	-	-	-	-
	<u>1,833,630</u>	<u>679,595</u>	<u>784,198</u>	<u>755,552</u>	<u>388,427</u>	<u>4,441,402</u>

* Includes retention monies of RM280,393,000 (2015: RM198,692,000) which are repayable within the normal operating cycle i.e. upon expiry of the defect liability period of 6 to 24 months (2015: 6 to 24 months).

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.4 Liquidity and cash flow risk (continued)

39.4.2 Liquidity risk exposure (continued)

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations (continued):

<u>Company</u>	<u>Less than 1 year</u> RM'000	<u>1 - 2 years</u> RM'000	<u>2 - 3 years</u> RM'000	<u>3 - 4 years</u> RM'000	<u>More than 4 years</u> RM'000	<u>Total</u> RM'000
<u>2016</u>						
<u>Financial liabilities</u>						
Amounts due to subsidiaries	-	-	-	-	-	-
Trade and other payables	6,720	-	-	-	-	6,720
Borrowings	23,651	69,724	214,566	230,463	222,524	760,928
Derivative financial liabilities	9,623	10,101	7,413	3,625	44	30,806
	<u>39,994</u>	<u>79,825</u>	<u>221,979</u>	<u>234,088</u>	<u>222,568</u>	<u>798,454</u>
<u>2015</u>						
<u>Financial liabilities</u>						
Amounts due to subsidiaries	42,976	-	-	-	-	42,976
Trade and other payables	2,852	-	-	-	-	2,852
Borrowings	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-
	<u>45,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,828</u>

Financial liabilities contractual maturity periods exceeding 12 months are within comfortable levels, and should be well covered by its annual free cash flow to be generated from its operations.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values

(a) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and certain borrowings, are reasonable approximation of their respective fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

- (ii) Fixed rate borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the end of each reporting period.

(b) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Group								
2016								
Financial assets								
Financial asset at fair value through profit or loss								
- Short term funds	118,812	-	-	-	-	-	118,812	118,812
Financial liabilities								
Other financial liabilities carried at amortised costs								
- Borrowings	-	-	-	-	4,213,883	-	4,213,883	4,262,032
- Amounts due to non-controlling interests	-	-	-	-	114,408	-	114,408	114,408
Derivative used for hedging								
- Derivative financial liabilities	-	21,183	-	-	-	-	21,183	21,183
	-	21,183	-	-	4,328,291	-	4,328,291	4,349,474
								4,397,623

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2015								
Financial asset								
Financial asset at fair value through profit or loss								
- Short term funds	706,481	-	-	-	-	-	706,481	706,481
Financial liabilities								
Other financial liabilities carried at amortised costs								
- Borrowings	-	-	-	-	2,210,624	-	2,210,624	2,238,650
- Amounts due to non-controlling interests	-	-	-	-	104,896	-	104,896	104,896
Derivative used for hedging	-	-	-	-	-	-	-	-
- Derivative financial liabilities	-	-	-	-	2,315,520	-	2,315,520	2,343,546

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Company								
2016								
Financial assets								
Financial asset at fair value through profit or loss								
- Short term funds	118,812	-	-	-	-	-	118,812	118,812
Loans and receivables								
- Amount due from a subsidiary	-	-	-	-	232,853	-	232,853	232,853
	118,812	-	-	-	232,853	-	351,665	351,665
Financial liabilities								
Other financial liabilities carried at amortised costs								
- Borrowings	-	-	-	-	671,222	-	671,222	677,465
Derivative used for hedging								
- Derivative financial liabilities	-	21,183	-	-	-	-	21,183	21,183
	-	21,183	-	-	671,222	-	692,405	698,648

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.5 Fair values (continued)

(b) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount	
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
Company									
2015									
Financial assets									
Financial asset at fair value through profit or loss									
- Short term funds	706,481	-	-	-	-	-	706,481	706,481	
Loans and receivables	-	-	-	-	498,306	-	498,306	498,306	
- Amount due from a subsidiary	706,481	-	-	-	498,306	-	1,204,787	1,204,787	
Financial liabilities									
Other financial liabilities carried at amortised costs									
- Borrowings	-	-	-	-	-	-	-	-	
Derivative used for hedging	-	-	-	-	-	-	-	-	
- Derivative financial liabilities	-	-	-	-	-	-	-	-	

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.6 Classification of financial instruments

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement:

<u>Financial assets</u>	<u>Loans and receivables</u> RM'000	<u>Fair value through profit or loss</u> RM'000	<u>Total</u> RM'000
<u>Group</u>			
<u>2016</u>			
Trade and other receivables, net of deposits and prepayments	426,716	-	426,716
Short term funds	-	118,812	118,812
Deposits with financial institutions	692,687	-	692,687
Cash and bank balances	1,275,486	-	1,275,486
	<u>2,394,889</u>	<u>118,812</u>	<u>2,513,701</u>
<u>2015</u>			
Trade and other receivables, net of deposits and prepayments	564,441	-	564,441
Short term funds	-	706,481	706,481
Deposits with financial institutions	762,105	-	762,105
Cash and bank balances	441,053	-	441,053
	<u>1,767,599</u>	<u>706,481</u>	<u>2,474,080</u>

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39 FINANCIAL INSTRUMENTS (CONTINUED)

39.6 Classification of financial instruments (continued)

<u>Financial assets</u>	<u>Loans and receivables</u> RM'000	<u>Fair value through profit or loss</u> RM'000	<u>Total</u> RM'000
<u>Company</u>			
<u>2016</u>			
Trade and other receivables, net of deposits and prepayments	-	-	-
Amounts due from subsidiaries	546,361	-	546,361
Short term funds	-	118,812	118,812
Deposits with financial institutions	-	-	-
Cash and bank balances	38,123	-	38,123
	<u>584,484</u>	<u>118,812</u>	<u>703,296</u>
<u>2015</u>			
Trade and other receivables, net of deposits and prepayments	141	-	141
Amounts due from subsidiaries	637,443	-	637,443
Short term funds	-	706,481	706,481
Deposits with financial institutions	19,000	-	19,000
Cash and bank balances	997	-	997
	<u>657,581</u>	<u>706,481</u>	<u>1,364,062</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

39 FINANCIAL INSTRUMENTS (CONTINUED)

39.6 Classification of financial instruments (continued)

	Derivative used for <u>hedging</u> RM'000	Other financial liabilities at <u>amortised costs</u> RM'000	<u>Total</u> RM'000
<u>Financial liabilities</u>			
<u>Group</u>			
<u>2016</u>			
Borrowings	-	4,262,032	4,262,032
Trade and other payables	-	1,274,417	1,274,417
Amounts due to non-controlling interests	-	114,408	114,408
Derivative financial liabilities	30,806	-	30,806
	<u>30,806</u>	<u>5,650,857</u>	<u>5,681,663</u>
<u>2015</u>			
Borrowings	-	2,799,010	2,799,010
Trade and other payables	-	1,154,912	1,154,912
Amounts due to non-controlling interests	-	104,896	104,896
Derivative financial liabilities	-	-	-
	<u>-</u>	<u>4,058,818</u>	<u>4,058,818</u>
<u>Company</u>			
<u>2016</u>			
Borrowings	-	677,465	677,465
Trade and other payables	-	6,720	6,720
Amounts due to subsidiaries	-	-	-
Derivative financial liabilities	30,806	-	30,806
	<u>30,806</u>	<u>684,185</u>	<u>714,991</u>
<u>2015</u>			
Borrowings	-	-	-
Trade and other payables	-	2,852	2,852
Amounts due to subsidiaries	-	42,976	42,976
Derivative financial liabilities	-	-	-
	<u>-</u>	<u>45,828</u>	<u>45,828</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

40 COMMITMENTS

40.1 Capital commitments

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
Authorised capital expenditure not provided for in the financial statements		
- Contracted		
Additions of land held for property development	121,359	121,359
Additions of property, plant and equipment	70,331	121,468
Additions of investment properties	63,636	109,571
- Not contracted		
Additions of property, plant and equipment	443,888	493,956
Additions of investment properties	593,708	667,879

40.2 Operating lease commitments

40.2.1 The Group as lessee

The Group entered into a non-cancellable operating lease agreement for office equipment and freehold land for a lease period of between one (1) to three (3) years.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at end of the reporting period but not recognised as liabilities are as follows:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	RM'000	RM'000
Not later than one (1) year	131	478
Later than one (1) year and not later than five (5) years	153	428
	<u>284</u>	<u>906</u>

40.2.2 The Group as lessor

The Group entered into non-cancellable operating lease agreements on its investment properties and unsold properties. These leases have remaining non-cancellable lease terms of between two (2) to twenty (20) years.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

40 COMMITMENTS (CONTINUED)

40.2 Operating lease commitments (continued)

40.2.2 The Group as lessor (continued)

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at end of reporting period but not recognised as receivables are as follows:

	<u>2016</u>	<u>Group</u> <u>2015</u>
	RM'000	RM'000
Not later than one (1) year	194,101	175,845
Later than one (1) year and not later than five (5) years	144,848	197,993
Later than five (5) years	57,223	17,755
	<u>396,172</u>	<u>391,593</u>

41 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

- (a) Acquisition of entire issued and paid-up ordinary share capital and subscription of new redeemable non-cumulative preference shares-class B in Mayang Development Sdn. Bhd and Nusa Properties Sdn. Bhd.

On 26 January 2016, the Company completed the acquisition of the entire issued and paid-up ordinary share capital in Mayang Development Sdn. Bhd. and Nusa Properties Sdn. Bhd. and thereafter subscribed to the new redeemable non-cumulative preference shares-class B in both companies. The total purchase consideration of RM2,089,221,000 was satisfied via the issuance of 644,776,187 new ordinary shares of the Company and cash settlement of RM741,639,000. Accordingly, the Company recorded a gain of RM71,091,000 from the above said transaction as disclosed in Note 20.1 to the financial statements.

42 SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) Acquisition of land by Fortune Growers Sdn Bhd. ("FGSB").

On 12 July 2016, the Company acquired the entire issued and paid-up ordinary share capital in FGSB for RM2.00. On 8 August 2016, FGSB has entered into a Sale and Purchase Agreement with Poh Ann Enterprise Sdn. Bhd. to acquire 14 parcels of freehold land in Kuala Langat, Negeri Selangor with an area of approximately 323 acres for a total consideration of RM140,605,102. The Group paid a deposit of RM14,061,000 in respect of the said purchase as of the date of this report.

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42 SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (CONTINUED)

(b) Acquisition of land by IOI (Xiamen) Properties Co. Ltd. ("IOIXPCL")

On 26 August 2016, IOIXPCL successfully tendered for a parcel of leasehold land in Xiamen, Fujian Province of the People's Republic of China measuring approximately 25,079.73 square metres for a total tender sum of RMB2.324 billion (approximately RM1.40 billion) from the Xiamen Bureau of Land Resources and Real Estate Management. The Group has fully settled the purchase consideration as of the date of this report.

43 SEGMENTAL INFORMATION

The Group has four (4) reportable operating segments that are organised and managed separately according to the nature of products and services, specific expertise and technological requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

Property development	Development of residential, commercial and industrial properties
Property investment	Investments in shopping mall, office complex and other properties
Leisure & hospitality	Management and operation of hotels, resorts and golf course
Other operations	Project and building services management, landscape services and other operations which are not sizeable to be reported separately

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including interest expense) and income taxes are managed on a group basis and are not allocated to operating segments.

The transactions between segments are carried out on terms and conditions negotiated and agreed between the parties.

Segment assets exclude current tax assets, deferred tax assets and assets used primarily for corporate purposes such as goodwill on consolidation, short term funds and deposits with financial institutions net of deposits held under Housing Developers (Project Accounts) in Singapore and PRC.

Segment liabilities exclude tax liabilities, deferred tax liabilities, borrowings and derivative financial liabilities that are managed under centralised treasury function.

Details are provided in the reconciliations from segment assets and liabilities to the Group position.

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43 **SEGMENTAL INFORMATION (CONTINUED)**

	Property development RM'000	Property investment RM'000	Leisure & hospitality RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
<u>Revenue</u>						
External	2,613,666	271,872	131,816	7,586	-	3,024,940
Inter-segment	139,047	2,038	812	130,287	(272,184)	-
Total revenue	<u>2,752,713</u>	<u>273,910</u>	<u>132,628</u>	<u>137,873</u>	<u>(272,184)</u>	<u>3,024,940</u>
<u>Results</u>						
Segment operating profit	909,134	141,361	18,221	4,937	-	1,073,653
Gain on bargain purchase for the acquisitions of subsidiaries	71,091	-	-	-	-	71,091
Fair value gain on investment properties	-	145,405	-	-	-	145,405
Share of results of associates	(4,046)	-	-	240	-	(3,806)
Share of results of joint ventures	(191,485)	448,887	(76,124)	-	-	181,278
Segment results	<u>784,694</u>	<u>735,653</u>	<u>(57,903)</u>	<u>5,177</u>	<u>-</u>	<u>1,467,621</u>

Included in the Group's share of results of joint ventures are fair value gain on investment properties, net of deferred taxation of RM421,899,000 (2015: RM82,493,000) and impairment loss on the completed development properties in Singapore of RM186,505,000 (2015: Nil).

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43 SEGMENTAL INFORMATION (CONTINUED)

<u>2016</u>	<u>Property development</u> RM'000	<u>Property investment</u> RM'000	<u>Leisure & hospitality</u> RM'000	<u>Other operations</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>					
Operating assets	11,652,894	4,561,176	811,020	5,797	17,030,887
Investments in associates	90,851	-	-	-	90,851
Interests in joint ventures	2,965,055	1,377,005	478,458	-	4,820,518
Segment assets	<u>14,708,800</u>	<u>5,938,181</u>	<u>1,289,478</u>	<u>5,797</u>	<u>21,942,256</u>
<u>Liabilities</u>					
Segment liabilities	<u>1,422,776</u>	<u>223,549</u>	<u>42,163</u>	<u>2,572</u>	<u>1,691,060</u>
<u>Other information</u>					
Capital expenditure	12,023	46,491	48,464	5	106,983
Depreciation and amortisation	4,933	12,021	20,581	81	37,616
Non-cash items other than depreciation and amortisation	1,005	772	240	110	2,127

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

43 SEGMENTAL INFORMATION (CONTINUED)

<u>2015</u>	<u>Property development</u> RM'000	<u>Property investment</u> RM'000	<u>Leisure & hospitality</u> RM'000	<u>Other operations</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
<u>Revenue</u>						
External	1,592,174	192,633	110,778	10,906	-	1,906,491
Inter-segment	178,504	1,860	1,094	60,232	(241,690)	-
Total revenue	<u>1,770,678</u>	<u>194,493</u>	<u>111,872</u>	<u>71,138</u>	<u>(241,690)</u>	<u>1,906,491</u>
<u>Results</u>						
Segment operating profit	575,831	97,515	10,143	5,771	-	689,260
Fair value gain on investment properties	-	316,586	-	-	-	316,586
Share of results of associates	1,821	-	-	(105)	-	1,716
Share of results of joint ventures	12,121	81,231	(21,279)	-	-	72,073
Segment results	<u>589,773</u>	<u>495,332</u>	<u>(11,136)</u>	<u>5,666</u>	<u>-</u>	<u>1,079,635</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

43 **SEGMENTAL INFORMATION (CONTINUED)**

<u>2015</u>	<u>Property development</u> RM'000	<u>Property investment</u> RM'000	<u>Leisure & hospitality</u> RM'000	<u>Other operations</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>					
Operating assets	7,806,671	3,925,648	776,683	7,454	12,516,456
Interests in associates	94,898	-	-	890	95,788
Interests in joint ventures	2,877,224	933,151	344,887	-	4,155,262
Segment assets	<u>10,778,793</u>	<u>4,858,799</u>	<u>1,121,570</u>	<u>8,344</u>	<u>16,767,506</u>
<u>Liabilities</u>					
Segment liabilities	<u>1,367,731</u>	<u>331,454</u>	<u>65,852</u>	<u>1,798</u>	<u>1,766,835</u>
<u>Other information</u>					
Capital expenditure	22,672	347,220	87,964	171	458,027
Depreciation and amortisation	3,627	6,271	20,156	86	30,140
Non-cash items other than depreciation and amortisation	951	260	21	12	1,244

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

43 SEGMENTAL INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2016 RM'000	Group 2015 RM'000
<u>Profit or loss</u>		
Segment results	1,467,621	1,079,635
Interest income	57,078	50,691
Profit before taxation	1,524,699	1,130,326
Taxation	(424,440)	(229,729)
Profit for the financial year	1,100,259	900,597
<u>Assets</u>		
Segment assets	21,942,256	16,767,506
Unallocated corporate assets	868,085	1,671,992
Total assets	22,810,341	18,439,498
<u>Liabilities</u>		
Segment liabilities	1,691,060	1,766,835
Unallocated corporate liabilities	5,103,442	3,134,509
Total liabilities	6,794,502	4,901,344

Comparative figures have been restated to conform with the segmental information reviewed by the Group's chief operating decision maker.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

43 SEGMENTAL INFORMATION (CONTINUED)

Geographical segments

The Group's major businesses operate in the following principal geographical areas:

Malaysia	Development of residential, commercial and industrial properties Investments in shopping mall, office building and other properties Management and operation of golf course, project management, landscape services and other operations
Singapore	Development of residential and commercial properties Investment in retail, hotel and office building
PRC	Development of residential properties Investments in shopping mall, hotel, office building and other properties

	<u>Malaysia</u> RM'000	<u>Singapore</u> RM'000	<u>PRC</u> RM'000	<u>Total</u> RM'000
<u>2016</u>				
Revenue from external customers by location of customers	1,742,029	474,569	808,342	3,024,940
Non-current assets [^]	9,253,443	4,801,048	699,541	14,754,032
Capital expenditure by location of assets	88,298	1,653	17,032	106,983
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2015</u>				
Revenue from external customers by location of customers	1,504,120	85,550	316,821	1,906,491
Non-current assets [^]	7,081,973	3,999,763	680,072	11,761,808
Capital expenditure by location of assets	454,506	-	3,521	458,027
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

[^] Excluding financial instruments, deferred tax assets and goodwill on consolidation.

There is no single external customer from which the revenue generated exceeded 10% of the Group's revenue.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

44 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The subsidiaries, associates and joint ventures incorporated in Malaysia except otherwise stated, are as follows:

<u>Name of Company</u>	<u>Effective Group Interest</u>		<u>Principal Activities</u>
	<u>2016</u> %	<u>2015</u> %	
<u>Direct Subsidiaries</u>			
Bukit Kelang Development Sdn. Bhd.	100.0	100.0	Property development and cultivation of plantation produce
IOIPG Capital Sdn. Bhd. <i>(Formerly known as Eng Hup Industries Sdn. Bhd.)</i>	100.0	100.0	Provision of treasury management services
IOI City Mall Sdn. Bhd.	100.0	100.0	Property investment, property development, property management and investment holding
IOI Consolidated (Singapore) Pte. Ltd. * <i>(Incorporated in Singapore)</i>	100.0	100.0	Investment holding
IOI Properties Berhad	99.8	99.8	Property development, property investment and investment holding
IOI Properties Capital (L) Berhad <i>(Incorporated in Labuan)</i>	100.0	100.0	Provision of treasury management services
IOI Properties Empire Sdn. Bhd.	100.0	100.0	Property development and property investment
IOIP Capital Management Sdn. Bhd.	100.0	100.0	Provision of treasury management services
Mayang Development Sdn. Bhd.	100.0	-	Property development, property investment and investment holding
Nice Skyline Sdn. Bhd.	99.9	99.9	Property development, investment holding and cultivation of plantation produce
Nusa Properties Sdn. Bhd.	100.0	-	Property development and property investment
Palmex Industries Sdn. Bhd.	100.0	100.0	Property development and investment holding
PMX Bina Sdn. Bhd.	100.0	100.0	General contractor
Resort Villa Development Sdn. Bhd.	100.0	100.0	Property investment and hotel and hospitality services

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

44 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

The subsidiaries, associates and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

<u>Name of Company</u>	<u>Effective Group Interest</u>		<u>Principal Activities</u>
	<u>2016</u> %	<u>2015</u> %	
<u>Direct Subsidiaries</u> (continued)			
Resort Villa Golf Course Berhad	100.0	100.0	Management of a golf club
Resort Villa Golf Course Development Sdn. Bhd.	100.0	100.0	Hotel and hospitality services
Emerald Property Services Sdn. Bhd.	100.0	100.0	Provision of management services
Dynamism Investments Limited * <i>(Incorporated in Hong Kong)</i>	100.0	100.0	Investment holding
Vital Initiative Limited * <i>(Incorporated in Hong Kong)</i>	100.0	100.0	Investment holding
Strategy Assets (L) Limited <i>(Incorporated in Labuan)</i>	100.0	100.0	Investment holding
<u>Subsidiaries of IOI Properties Berhad</u>			
Cahaya Kota Development Sdn. Bhd.	99.8	99.8	Property development, property investment and investment holding
Commercial Wings Sdn. Bhd.	99.8	99.8	Property investment
Dynamic Management Sdn. Bhd.	99.8	99.8	Property development, investment holding and provision of management services
Flora Development Sdn. Bhd.	99.8	99.8	Property development and property investment
Flora Horizon Sdn. Bhd.	99.8	99.8	Property development and cultivation of plantation produce
Future Link Properties Pte. Ltd. * <i>(Incorporated in Singapore)</i>	99.8	99.8	Investment holding
Hartawan Development Sdn. Bhd.	99.8	99.8	Property development and cultivation of plantation produce
IOI Harbour Front Sdn. Bhd.	99.8	99.8	Property development and property investment
IOI Landscape Services Sdn. Bhd.	99.8	99.8	Landscape services, sale of ornamental plants and turfing grass

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

44 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

The subsidiaries, associates and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

<u>Name of Company</u>	<u>Effective Group Interest</u>		<u>Principal Activities</u>
	<u>2016</u> %	<u>2015</u> %	
<u>Subsidiaries of IOI Properties Berhad</u> (continued)			
IOI Land Singapore Pte. Ltd. * <i>(Incorporated in Singapore)</i>	99.8	99.8	Investment holding
IOI Lavender Sdn. Bhd.	99.8	99.8	Property development and property investment
IOI Medini Sdn. Bhd.	99.8	99.8	Property development and property investment
IOI Medini Management Sdn. Bhd.	99.8	99.8	Provision of management services
IOI Mulberry Sdn. Bhd.	99.8	99.8	Property development and property investment
IOI PFCC Hotel Sdn. Bhd.	99.8	99.8	Hotel and hospitality services
IOI Prima Property Sdn. Bhd.	99.8	99.8	Property development and property investment
IOI Properties (Singapore) Pte. Ltd. * <i>(Incorporated in Singapore)</i>	99.8	99.8	Property investment and investment holding
Jutawan Development Sdn. Bhd.	79.8	79.8	Property development and property investment
Knowledge Vision Sdn. Bhd.	99.8	99.8	Property development and property investment
Kumpulan Mayang Sdn. Bhd. <i>(In members' voluntary winding-up)</i>	99.8	99.8	Property development
Multi Wealth (Singapore) Pte. Ltd. * <i>(Incorporated in Singapore)</i>	99.8	99.8	Investment holding
Palmy Max Limited * <i>(Incorporated in Hong Kong)</i>	99.8	99.8	Investment holding
Paska Development Sdn. Bhd.	99.8	99.8	Property development and property investment
Pilihan Teraju Sdn. Bhd.	99.8	99.8	Property development and property investment

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

44 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

The subsidiaries, associates and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

<u>Name of Company</u>	<u>Effective Group Interest</u>		<u>Principal Activities</u>
	<u>2016</u> %	<u>2015</u> %	
<u>Subsidiaries of IOI Properties Berhad</u> (continued)			
Pine Properties Sdn. Bhd.	99.8	99.8	Property development and property investment
Property Skyline Sdn. Bhd.	99.8	99.8	Provision of management services and investment holding
Speed Modulation Sdn. Bhd.	99.8	99.8	Property investment
<u>Subsidiaries of IOI City Holdings Sdn Bhd</u>			
IOI City Hotel Sdn. Bhd.	100.0	100.0	Property development and hotel and hospitality services
IOI City Park Sdn. Bhd.	100.0	100.0	Car park operator and provision of car park management services
IOI City Tower One Sdn. Bhd.	100.0	100.0	Property investment, property development and property management
IOI City Tower Two Sdn. Bhd.	100.0	100.0	Property investment, property development and property management
<u>Subsidiary of Mayang Development Sdn Bhd</u>			
Mayang Construction Sdn. Bhd.	100.0	-	General contractor
<u>Subsidiaries of Cahaya Kota Development Sdn. Bhd.</u>			
IOI Building Services Sdn. Bhd.	99.8	99.8	Building maintenance services
Lush Development Sdn. Bhd.	99.8	99.8	Property development and property investment
Riang Takzim Sdn. Bhd.	99.8	99.8	Investment holding
Tanda Bestari Development Sdn. Bhd.	99.8	99.8	Property development and property investment

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

44 **LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)**

The subsidiaries, associates and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

<u>Name of Company</u>	<u>Effective Group Interest</u>		<u>Principal Activities</u>
	<u>2016</u> %	<u>2015</u> %	
<u>Subsidiaries of Dynamic Management Sdn. Bhd.</u>			
Legend Advance Sdn. Bhd.	69.9	69.8	Property development and property investment
Paksi Teguh Sdn. Bhd.	99.8	99.8	General contractor
Pilihan Megah Sdn. Bhd.	99.8	99.8	Property development, property investment and provision of management services
<u>Subsidiary of IOI City Mall Sdn. Bhd.</u>			
IOI City Holdings Sdn. Bhd.	100.0	100.0	Investment holding and property investment
<u>Subsidiary of Multi Wealth (Singapore) Pte. Ltd.</u>			
Clementi Development Pte. Ltd.* (Incorporated in Singapore)	87.8	87.8	Property development
<u>Subsidiaries of Property Skyline Sdn. Bhd.</u>			
Nice Frontier Sdn. Bhd.	99.8	99.8	Property development, property investment and cultivation of plantation produce
Property Village Berhad	99.8	99.8	Property development, golf club and recreational services and investment holding
Trilink Pyramid Sdn. Bhd.	99.8	99.8	Property development
Wealthy Growth Sdn. Bhd.	99.8	99.8	Property development
<u>Subsidiary of Property Village Berhad</u>			
Baycrest Sdn. Bhd.	99.8	99.8	General contractor
<u>Subsidiaries of Palmy Max Limited</u>			
IOI (Xiamen) Properties Co. Ltd. # (Incorporated in the People's Republic of China)	99.8	99.8	Property development, property investment and hotel and hospitality services

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

44 **LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)**

The subsidiaries, associates and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

<u>Name of Company</u>	<u>Effective Group Interest</u>		<u>Principal Activities</u>
	<u>2016</u> %	<u>2015</u> %	
Prime Joy Investments Limited * <i>(Incorporated in Hong Kong)</i>	99.8	99.8	Investment holding
<u>Subsidiary of Prime Joy Investments Limited</u>			
Xiamen Double Prosperous Real Estate Development Co. Ltd. # <i>(Incorporated in the People's Republic of China)</i>	99.8	99.8	Property development and property management services
<u>Subsidiary of IOI (Xiamen) Properties Co. Ltd.</u>			
Xiamen Palm City Management Services Co. Ltd.# <i>(Incorporated in the People's Republic of China)</i>	99.8	99.8	Provision of management services
<u>Subsidiary of Nice Skyline Sdn. Bhd.</u>			
Jurang Teguh Sdn. Bhd. <i>(In members' of voluntary winding-up)</i>	99.9	99.9	General contractor
<u>Direct Associate</u>			
IOI Global Services Sdn Bhd# <i>(Formerly known as IOI Corporate Services Sdn. Bhd.)</i>	-	35.0	Provision of management services
<u>Associate of IOI Properties Berhad</u>			
Continental Estates Sdn. Bhd. #	31.9	31.9	Property development and cultivation of plantation produce
<u>Joint Venture of IOI Consolidated (Singapore) Pte. Ltd.</u>			
Scottsdale Properties Pte. Ltd. # <i>(Incorporated in Singapore)</i>	49.9	49.9	Investment holding

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

44 LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTINUED)

The subsidiaries, associates and joint ventures incorporated in Malaysia except otherwise stated, are as follows (continued):

<u>Name of Company</u>	<u>Effective Group Interest</u>		<u>Principal Activities</u>
	<u>2016</u>	<u>2015</u>	
	<u>%</u>	<u>%</u>	
<u>Joint Venture of IOI Land Singapore Pte. Ltd.</u>			
Seaview (Sentosa) Pte. Ltd. # <i>(Incorporated in Singapore)</i>	49.9	49.9	Property development
<u>Joint Venture of IOI Properties Berhad</u>			
PJ Midtown Development Sdn. Bhd.	49.9	49.9	Property development
<u>Joint Venture of IOI Properties (Singapore) Pte. Ltd.</u>			
Pinnacle (Sentosa) Pte. Ltd. # <i>(Incorporated in Singapore)</i>	64.9	64.9	Property development
<u>Joint Venture of Multi Wealth (Singapore) Pte. Ltd.</u>			
Mergui Development Pte. Ltd. # <i>(Incorporated in Singapore)</i>	59.9	59.9	Property development

Audited by a firm other than member firm of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers, Malaysia

* *Audited by member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia*

45 AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2016 were authorised for issue by the Board of Directors on 14 September 2016.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

46 SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period are analysed as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
Realised	4,878,241	4,314,975	237,297	300,248
Unrealised	1,387,827	1,243,995	2,159	957
	<u>6,266,068</u>	<u>5,558,970</u>	<u>239,456</u>	<u>301,205</u>
Total share of retained earnings/ (accumulated losses) from associates				
Realised	4,739	8,626	-	-
Unrealised	(313)	(313)	-	-
	<u>4,426</u>	<u>8,313</u>	<u>-</u>	<u>-</u>
Total share of (accumulated losses)/ retained earnings from joint ventures				
Realised	(451,025)	(63,454)	-	-
Unrealised	526,218	(14,872)	-	-
	<u>75,193</u>	<u>(78,326)</u>	<u>-</u>	<u>-</u>
	<u><u>6,345,687</u></u>	<u><u>5,488,957</u></u>	<u><u>239,456</u></u>	<u><u>301,205</u></u>

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

IOI PROPERTIES GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 13 to 151 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 46 to the financial statements on page 152 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



TAN SRI DATO' LEE SHIN CHENG
DIRECTOR



LEE YEOW SENG
DIRECTOR

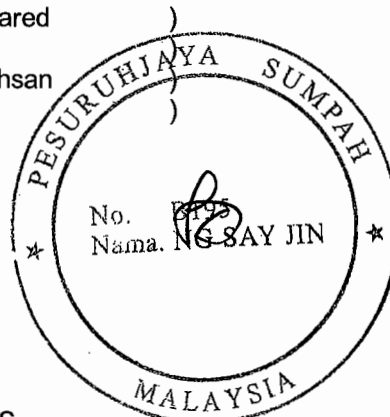
Putrajaya
14 September 2016

STATUTORY DECLARATION

I, Lau Sui Hing Betty, being the officer primarily responsible for the financial management of IOI Properties Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 13 to 152 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed
at Puchong, Selangor Darul Ehsan
this 14 September 2016

Before me



COMMISSIONER FOR OATHS

No. C-2-45, IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong, Selangor



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES GROUP BERHAD

(Incorporated in Malaysia)
(Company No. 1035807 A)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IOI Properties Group Berhad on pages 13 to 151, which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 45.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

*PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my*

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30
JUNE 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES GROUP BERHAD (CONTINUED)**
(Incorporated in Malaysia)
(Company No. 1035807 A)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 44 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 46 on page 152 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 1035807 A)

OTHER MATTERS

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

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over the printed name of the firm.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Shirley Goh', written over the printed name of the accountant.

SHIRLEY GOH
01778/08/2018 J
Chartered Accountant

Kuala Lumpur
14 September 2016

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Profit or Loss

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/16	31/12/15	31/12/16	31/12/15
	RM'000	RM'000	RM'000	RM'000
Revenue	1,194,725	894,408	2,094,240	1,489,670
Cost of sales	(723,404)	(475,997)	(1,276,854)	(783,678)
Gross profit	471,321	418,411	817,386	705,992
Other operating income	69,728	14,213	95,999	26,081
Marketing and selling expenses	(34,995)	(22,871)	(64,904)	(56,653)
Administration expenses	(48,398)	(54,150)	(88,806)	(93,807)
Other operating expenses	(64,061)	(36,406)	(95,724)	(50,504)
Operating profit	393,595	319,197	663,951	531,109
Share of results of associates	718	(1,161)	1,100	(2,108)
Share of results of joint ventures	(5,709)	99,240	(1,962)	85,880
Profit before interest and taxation	388,604	417,276	663,089	614,881
Interest income	7,621	17,128	22,596	27,780
Profit before taxation	396,225	434,404	685,685	642,661
Taxation	(107,780)	(123,636)	(197,319)	(213,038)
Profit for the period	288,445	310,768	488,366	429,623
Attributable to:				
Owners of the parent	273,530	307,165	463,098	422,641
Non-controlling interests	14,915	3,603	25,268	6,982
	288,445	310,768	488,366	429,623
Earnings per share for profit attributable to owners of the parent (sen)				
Basic	6.20	8.16	10.50	11.22
Diluted	6.20	8.16	10.50	11.22

Original Sighted

Tan Sin Yee (MAICSA 7060514)
Company Secretary

Date: 22 FEB 2017

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to this quarterly financial report.)

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

IOI PROPERTIES

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/16	31/12/15	31/12/16	31/12/15
	RM'000	RM'000	RM'000	RM'000
Profit for the period	288,445	310,768	488,366	429,623
Other comprehensive income that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations, net of tax	149,794	(202,417)	268,447	539,285
Net change in cash flow hedge	12,379	-	10,097	-
Other comprehensive income for the period, net of tax	162,173	(202,417)	278,544	539,285
Total comprehensive income for the period	450,618	108,351	766,910	968,908
Total comprehensive income attributable to:				
Owners of the parent	433,280	106,678	737,807	956,748
Non-controlling interests	17,338	1,673	29,103	12,160
	450,618	108,351	766,910	968,908

(The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to this quarterly financial report.)

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

IOI PROPERTIES

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	As at 31/12/16 RM'000	As at 30/06/16 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,188,583	1,122,322
Prepaid lease payments	110,470	105,090
Land held for property development	6,292,454	4,591,032
Investment properties	4,363,000	4,024,219
Goodwill on consolidation	11,472	11,472
Investments in associates	91,951	90,851
Interests in joint ventures	5,109,344	4,820,518
Derivative financial assets	27,737	-
Deferred tax assets	94,098	96,227
	<u>17,289,109</u>	<u>14,861,731</u>
Current assets		
Property development costs	3,322,074	4,156,329
Inventories	1,065,141	700,324
Trade and other receivables	3,621,085	932,978
Current tax assets	62,251	71,994
Other investments	98,546	-
Short term funds	280,741	118,812
Deposits with financial institutions	1,267,781	692,687
Cash and bank balances	416,346	1,275,486
	<u>10,133,965</u>	<u>7,948,610</u>
TOTAL ASSETS	<u><u>27,423,074</u></u>	<u><u>22,810,341</u></u>

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

IOI PROPERTIES

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	As at 31/12/16 RM'000	As at 30/06/16 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	4,423,627	4,423,627
Share premium	12,571,579	12,571,579
Other reserves	1,248,561	984,344
Retained earnings	6,456,610	6,345,687
Reorganisation debit balance	<u>(8,440,152)</u>	<u>(8,440,152)</u>
	16,260,225	15,885,085
Non-controlling interests	<u>159,193</u>	<u>130,754</u>
Total equity	<u>16,419,418</u>	<u>16,015,839</u>
Non-current liabilities		
Borrowings	5,156,522	3,797,582
Derivative financial liabilities	11,796	21,183
Amounts due to non-controlling interests	114,427	114,408
Deferred tax liabilities	<u>881,780</u>	<u>781,023</u>
	6,164,525	4,714,196
Current liabilities		
Borrowings	3,202,455	464,450
Derivative financial liabilities	7,619	9,623
Trade and other payables	1,576,849	1,576,652
Current tax liabilities	52,208	29,581
	<u>4,839,131</u>	<u>2,080,306</u>
Total liabilities	<u>11,003,656</u>	<u>6,794,502</u>
TOTAL EQUITY AND LIABILITIES	<u>27,423,074</u>	<u>22,810,341</u>
Net assets per share attributable to owners of the parent (RM)	3.69	3.60

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to this quarterly financial report.)

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

IOI PROPERTIES

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	6 Months Ended 31/12/16 RM'000	6 Months Ended 31/12/15 RM'000
Operating Activities		
Profit before taxation	685,685	642,661
Adjustments for:		
Unrealised foreign currency translation loss	17,102	-
Depreciation and amortisation	16,668	20,208
Share of results of joint ventures	1,962	(85,880)
Interest income	(22,596)	(27,780)
Gain on disposal of land from compulsory acquisitions	(27,718)	-
Other non-cash items	(290)	2,165
Operating profit before working capital changes	670,813	551,374
Decrease in inventories	153,132	1,712
Increase in receivables and other assets	(73,481)	(73,443)
Decrease in payables and other liabilities	(61,196)	(247,370)
Cash generated from operations	689,268	232,273
Tax paid	(79,296)	(106,162)
Tax refunded	3,407	3,593
Net cash inflow from operating activities	613,379	129,704
Investing Activities		
Proceeds from disposal of land from compulsory acquisition	30,881	294
Interest received	18,150	24,248
Dividends received from a joint venture	18,034	-
Repayments from a joint venture	4,813	3,946
Proceeds from disposal of property, plant and equipment	24	81
Additions to investment properties	(65,222)	(4,966)
Additions to property, plant and equipment	(80,429)	(19,973)
Additions to other investments	(98,546)	(636,977)
Additional investments in joint ventures	(109,959)	-
Additions to land held for property development	(1,686,465)	(50,567)
Deposit paid for purchase of land	(2,399,641)	-
Deposit paid for acquisition of subsidiaries	-	(15,833)
Advances to joint ventures	-	(158,766)
Net cash outflow from investing activities	(4,368,360)	(858,513)
Financing Activities		
Net drawdown of borrowings	3,982,963	293,948
Additional investment in a subsidiary	(255)	(1,207)
Repurchase of treasury shares	(10,179)	(665)
Interest paid	(98,699)	(62,616)
Dividend paid	(352,897)	(225,993)
Advances from non-controlling interests	-	759
Net cash inflow from financing activities	3,520,933	4,226
Net decrease in cash and cash equivalents	(234,048)	(724,583)
Cash and cash equivalents at beginning of financial period	2,086,985	1,909,639
Effect of exchange rate changes	111,931	95,635
Cash and cash equivalents at beginning of financial period	2,198,916	2,005,274
Cash and cash equivalents at end of financial period	1,964,868	1,280,691

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to this quarterly financial report.)

APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Condensed Consolidated Statement Of Changes In Equity

(RM'000)

	Share capital	Share premium	Share Treasury shares	Foreign currency translation reserve	Cash flow hedge reserve	Share-based payment reserve	Reorganisation debit balance	Retained earnings	Total equity attributable to owners of the Parent	Non-controlling interests	Total equity
As at 1 July 2016	4,423,627	12,571,579	(24,487)	1,003,046	(11,669)	17,454	(8,440,152)	6,345,687	15,885,085	130,754	16,015,839
Profit for the financial period	-	-	-	-	-	-	-	463,098	463,098	25,268	488,366
Exchange differences on translation of foreign operations, net of tax	-	-	-	264,612	-	-	-	-	264,612	3,835	268,447
Net change in cash flow hedge	-	-	-	-	10,097	-	-	-	10,097	-	10,097
Total comprehensive income	-	-	-	264,612	10,097	-	-	463,098	737,807	29,103	766,910
Transactions with owners	-	-	-	-	-	(313)	-	313	-	-	-
Employee share options lapsed	-	-	-	-	-	-	-	409	409	(664)	(255)
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	(352,897)	(352,897)	-	(352,897)
Dividend paid	-	-	(10,179)	-	-	-	-	-	(10,179)	-	(10,179)
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2016	4,423,627	12,571,579	(34,666)	1,267,658	(1,572)	17,141	(8,440,152)	6,456,610	16,260,225	159,193	16,419,418
As at 1 July 2015	3,778,851	11,868,773	(23,601)	754,369	-	-	(8,440,152)	5,488,957	13,427,197	110,957	13,538,154
Profit for the financial period	-	-	-	-	-	-	-	1,080,018	1,080,018	20,241	1,100,259
Exchange differences on translation of foreign operations, net of tax	-	-	-	248,677	-	-	-	-	248,677	4,036	252,713
Net change in cash flow hedge	-	-	-	-	(11,669)	-	-	-	(11,669)	-	(11,669)
Total comprehensive income	-	-	-	248,677	(11,669)	-	-	1,080,018	1,317,026	24,277	1,341,303
Transactions with owners	644,776	702,806	-	-	-	-	-	-	1,347,582	-	1,347,582
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Share option expenses in relation to employees' share option scheme	-	-	-	-	-	17,454	-	-	17,454	-	17,454
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	2,705	2,705	(4,480)	(1,775)
Dividend paid	-	-	-	-	-	-	-	(225,993)	(225,993)	-	(225,993)
Repurchase of treasury shares	-	-	(886)	-	-	-	-	-	(886)	-	(886)
As at 30 June 2016	4,423,627	12,571,579	(24,487)	1,003,046	(11,669)	17,454	(8,440,152)	6,345,687	15,885,085	130,754	16,015,839

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying notes attached to this quarterly financial report.)

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Explanatory Notes

a) Accounting Policies

The quarterly financial report of the IOIPG Group is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016. Those explanatory notes attached to the quarterly financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2016.

The accounting policies and methods of computation adopted by the Group in this quarterly financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2016.

b) Seasonal or Cyclical Factors

There were no significant seasonal or cyclical factors that affect the business of the Group for the quarter under review.

c) Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income and cash flows for the quarter under review.

d) Material changes in Estimates of Amounts Reported

There were no material changes in estimates of amounts reported in prior financial year that have a material effect in the current financial quarter.

e) Details of Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buy-back, share cancellation, shares held as treasury shares and/or resale of treasury shares for the current financial period ended 31 December 2016 save for the repurchase of equity securities of 4,698,900 ordinary shares at an average price of RM2.17 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965.

f) Dividends Paid

On 21 October 2016, the Company paid an interim single-tier dividend of 8 sen per ordinary share amounting to RM352,897,000 in respect of the financial year ended 30 June 2016.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Explanatory Notes

g) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Leisure & Hospitality	Other Operations	Elimination	Consolidated
6 Months Ended 31/12/16						
REVENUE						
External	1,861,823	148,822	79,984	3,611	-	2,094,240
Inter-segment	42,634	908	438	60,456	(104,436)	-
Total revenue	<u>1,904,457</u>	<u>149,730</u>	<u>80,422</u>	<u>64,067</u>	<u>(104,436)</u>	<u>2,094,240</u>
RESULT						
Segment operating profit	560,998	86,383	13,940	2,630	-	663,951
Share of results of associates	1,100	-	-	-	-	1,100
Share of results of joint ventures	14,731	21,489	(38,182)	-	-	(1,962)
Segment results	<u>576,829</u>	<u>107,872</u>	<u>(24,242)</u>	<u>2,630</u>	<u>-</u>	<u>663,089</u>
Interest income						<u>22,596</u>
Profit before taxation						<u>685,685</u>
Taxation						<u>(197,319)</u>
Profit for the period						<u>488,366</u>
6 Months Ended 31/12/15 *						
REVENUE						
External	1,287,646	129,805	68,703	3,516	-	1,489,670
Inter-segment	81,233	892	445	61,479	(144,049)	-
Total revenue	<u>1,368,879</u>	<u>130,697</u>	<u>69,148</u>	<u>64,995</u>	<u>(144,049)</u>	<u>1,489,670</u>
RESULT						
Segment operating profit	450,832	67,476	10,611	2,190	-	531,109
Share of results of associates	(2,227)	-	-	119	-	(2,108)
Share of results of joint ventures	(201,552)	329,240	(41,808)	-	-	85,880
Segment results	<u>247,053</u>	<u>396,716</u>	<u>(31,197)</u>	<u>2,309</u>	<u>-</u>	<u>614,881</u>
Interest income						<u>27,780</u>
Profit before taxation						<u>642,661</u>
Taxation						<u>(213,038)</u>
Profit for the period						<u>429,623</u>

Other operations consist mainly of project and building services management and other activities unrelated to any of the abovementioned major operation segments.

* Restatement has been made to prior year's figures to conform to the presentation for the current quarter.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

IOI PROPERTIES

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Explanatory Notes

h) Material Events Subsequent to the End of Financial Period

The were no material events subsequent to the end of the financial period save for the proposed renounceable rights issue as disclosed in Notes 7(b), 7(c), 7(d) and 7(e) of this interim report.

i) Changes in the Composition of the Group

On 12 July 2016, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the total issued and paid-up share capital in Fortune Growers Sdn Bhd ("Fortune Growers") for a total cash consideration of Ringgit Malaysia Two (RM2.00) only. Following the acquisition, Fortune Growers has become a wholly-owned subsidiary of the Group.

On 12 October 2016, the Company has incorporated a wholly-owned subsidiary, namely Wealthy Link Pte Ltd ("WLPL"). WLPL was incorporated in Singapore as a private limited company under the Companies Act, Chapter 50 with 1 ordinary issued and paid up share capital and WLPL is currently dormant. The intended principal activity of WLPL is investment holding.

Xiamen Palm Kaiyue Real Estate Development Co Ltd ("XPK") was incorporated under the laws of the People's Republic of China on 22 November 2016 with an intended registered capital of RMB50.0 million. The registered and paid in capital of XPK will be increased up to RMB1.0 billion upon the proposed Xiang An land transfer from IOI (Xiamen) Properties Co Ltd to XPK, as announced on 2 February 2017. The proposed land transfer is expected to be completed by March 2017.

On 25 January 2017, Pine Properties Sdn Bhd ("PPSB"), a 99.98% owned subsidiary of the Company disposed 45% of its existing equity stake in PINE MJR Development Sdn Bhd ("PINE MJR") to MJR Investment Pte Ltd ("MJRI"). PINE MJR will be a special purpose entity which is 55% owned by PPSB and 45% owned by MJRI for the purpose of developing a freehold land located at Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan, measuring 9.652 acres in area, into residential condominiums.

j) Contingent Liabilities

There were no material contingent liabilities for the Group as at 31 December 2016.

k) Capital Commitments

Capital commitments not provided for in the Condensed Report as at the end of the financial period are as follows:

- Contracted	RM'000
Additions of land held for property development	209,900
Additions of property, plant and equipment	27,700
Additions of investment properties *	6,444,400
	<u>6,682,000</u>
 - Not contracted	
Additions of property, plant and equipment	476,300
Additions of investment properties	610,500
	<u>1,086,800</u>
	<u>7,768,800</u>

* The above additions include the balance payment in relation to the tender consideration for Central Boulevard land located in Singapore, amounting to SGD2.06 billion (approximately RM6.40 billion). This payment was settled on 8 February 2017.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

1) Review of Group's Performance

(a) Performance of the current year quarter against the preceding year corresponding quarter

The Group recorded revenue and operating profit of RM1,194.7 million and RM393.6 million respectively for the current quarter, which is RM300.3 million or 34% and RM74.4 million or 23% respectively higher than the preceding year corresponding quarter. The Group's profit before taxation of RM396.2 million for the current quarter is RM38.2 million or 9% lower than the preceding year corresponding quarter mainly due to decrease in share of results of joint ventures derived from net fair value gain of RM121.0 million. After excluding the net fair value gain, the Group's profit before taxation for the current quarter is RM82.8 million or 26% higher than preceding year corresponding quarter. The increase in both revenue and operating profit is derived from the three main business segments and can be summarised as follows:-

Property development

The property development segment recorded revenue and operating profit of RM1,068.3 million and RM337.5 million respectively in the current quarter as compared to RM785.5 million and RM273.3 million recorded respectively in the preceding year corresponding quarter, an increase of RM282.8 million or 36% and RM64.2 million or 23% respectively. The increase in both revenue and operating profit is mainly contributed from higher sales take-up rates for the overseas projects in Singapore. In addition, the sales from IOI Resort City, 16 Sierra and Bandar Puteri, Bangi continued to register favourable take-up rates, coupled with steady increase in progress works from all on-going development projects.

Property investment

Revenue has increased by 12% from RM69.0 million to RM77.5 million and operating profit has increased by 17% from RM37.7 million to RM43.9 million. The increase was mainly contributed by IOI City Mall which recorded a higher revenue in 2Q17 mainly due to increased in average occupancy rates and upward rate revision upon tenancy renewal.

Leisure and hospitality

Revenue and operating profit of RM47.5 million and RM11.1 million are recorded respectively for the current quarter, which is RM9.2 million or 24% and RM3.4 million or 44% respectively higher than the preceding year corresponding quarter. The increase in revenue is mainly derived from Four Points by Sheraton, Puchong and Le Meridien by Starwood, Putrajaya which commenced its business operations in August 2016.

(b) Performance of the current year to date against the preceding year corresponding period

The Group recorded revenue and operating profit of RM2,094.2 million and RM664.0 million respectively for the current year to date, which is RM604.6 million or 41% and RM132.8 million or 25% respectively higher than the preceding year corresponding period. The increase in both revenue and operating profit is mainly derived from the property development, whereby the Group's overseas development project in Singapore and Klang Valley townships in IOI Resort City, Warisan Puteri @ Sepang and 16 Sierra have contributed significantly to the increase.

2) Material Change in Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

The Group recorded profit before tax of RM396.2 million for the current quarter, which is RM106.7 million or 37% higher than the immediate preceding year quarter of RM289.5 million. The increase is mainly due to higher margins derived from higher revenue recorded from the three main business segments in Note 1(a) above.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

3) Prospects

The demand for properties in Malaysia is generally supported by a young population demographic, conducive interest rate environment and urbanisation. The Group's property development segment is expected to contribute positively to its performance as evidenced by the demand for mid-priced range properties at its township developments in Malaysia.

On the international front, our development projects in Singapore and Xiamen, China will continue to contribute positively to the Group's results. The development project in Singapore, Triling is expected to obtain the Temporary Occupational Permit by next quarter.

In the property investment segment, amidst an increasingly competitive environment, the strategic locations of the Group's retail, hospitality and office developments within matured townships and high growth corridors have enabled our property investment portfolio to enjoy healthy occupancies and rental yields.

With our sizable land bank in strategic locations, strong track record of delivery and solid financial capabilities, the Group is well-positioned to adapt to market demand. Barring any unforeseen circumstances, the Group is expected to perform well in the remaining financial period.

4) Achievability of Forecast Results

Not applicable.

5) Variance of Actual Profit from Forecast Results or Profit Guarantee

Not applicable.

6) Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
The tax expense comprises the following:				
Current taxation				
-Current year	67,247	40,236	114,495	62,300
-Prior year	425	(485)	(4,786)	2,095
Deferred taxation	40,108	83,885	87,610	148,643
	107,780	123,636	197,319	213,038

The effective tax rate of the Group for the current quarter of 27% is higher than the prevailing statutory rate of 24%. The higher effective tax rate is mainly due to higher tax rate in the People's Republic of China, which was then offsetted by tax rate of 17% in the Singapore jurisdiction, for which significant profits are derived from.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

7) Corporate Proposals

- (a) **Renounceable rights issue of 539,835,787 new ordinary shares of RM1.00 each in IOIPG ("IOIPG Shares") ("Rights Shares") at an issue price of RM1.90 per Rights Share on the basis of one (1) Rights Share for every six (6) existing IOIPG Shares ("2015 Rights Issue").**

The 2015 Rights Issue had been duly completed following the listing and quotation of 539,835,787 new ordinary shares on the Main Market of Bursa Malaysia on 9 February 2015. The total gross proceeds raised from the 2015 Rights Issue were amounted to RM1,025,688,000. The status of the utilisation of proceeds as at 31 December 2016 is as follows:-

Details of utilisation	Approved utilisation RM'mil	Actual utilisation RM'mil	Balance unutilised RM'mil	Time frame for utilisation
Capital expenditure	500.0	473.0	27.0	Within 30 months *
Investment opportunities	200.0	71.0	129.0	Within 24 months **
Working capital	324.8	324.8	-	Within 18 months
Estimated expenses in relation to the Rights Issue	0.9	0.9	-	Within 6 months
	<u>1,025.7</u>	<u>869.7</u>	<u>156.0</u>	

* As announced on 20 April 2016, the Company had extended the time frame for the utilisation of the balance of the proceeds for another 12 months from August 2016 to August 2017.

** As announced on 8 February 2017, the Company had extended the time frame for the utilisation of the balance of the proceeds for another 6 months from February 2017 to August 2017.

- (b) **As announced on 18 November 2016, the Company proposed to undertake a renounceable rights issue of 1,111,178,800 new ordinary shares of RM1.00 each in IOIPG ("IOIPG Shares") ("Rights Shares") at an issue price of RM1.38 per Rights Share on the basis of one (1) Rights Share for every four (4) existing IOIPG Shares ("Proposed Rights Issue").**

The Rights Shares will be offered to the shareholders of IOIPG whose names appear in the Record of Depositors of the Company as at the close of business at the Entitlement Date ("Entitled Shareholder"). The Entitled Shareholders can fully or partially renounce their entitlements for the Rights Shares.

Any Rights Shares which are not taken up or validly taken up shall be made available for excess Rights Shares applications by the Entitled Shareholders and/or their renounees. It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner on such basis to be determined by the Board and announced later by the Company.

The proceeds from the Proposed Rights Issue will be utilised to repay the borrowings obtained to fund the parcel of leasehold land at Central Boulevard in the Republic of Singapore measuring approximately 1.09 hectares.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

7) Corporate Proposals (continued)

(c) As announced on 26 January 2017, circular was issued to the shareholders in relation to the following ordinary resolutions:-

- (i) Proposed ratification of the land tender by Wealthy Link Pte Ltd, a wholly owned subsidiary of the Company, of a parcel of leasehold land at Central Boulevard in the Republic of Singapore measuring approximately 10,868.70 square metres (1.09 hectares) for a tender consideration of SGD2,568,686,688 (approximately RM7.96 billion based on the exchange rate of SGD1.00:RM3.0995 as at 3 January 2017) from the Urban Redevelopment Authority, acting as agent for and on behalf of the government of the Republic of Singapore ("Proposed Ratification"); and
- (ii) Proposed renounceable rights issue up to 1,111,178,800 new ordinary shares of RM1.00 each in the Company ("IOIPG shares") ("Rights shares") at an issue price of RM1.38 per rights share on the basis of one rights share for every four existing IOIPG shares held on an entitlement date to be determined later.

(d) As announced on 13 February 2017, Extraordinary General Meeting ("EGM") of the Company held on the even date, the Proposed Ratification and Proposed Rights Issue set forth in the Notice of EGM were considered and approved by way of poll.

(e) As announced on 16 February 2017, the entitlement date of the Rights Issue has been fixed on 2 March 2017.

8) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 31 December 2016 are as follows:

	As at 31/12/16	As at 30/06/16
	RM'000	RM'000
a) Short term borrowings		
Unsecured		
Denominated in RM	829,450	464,450
Denominated in SGD (SGD764 million)	<u>2,373,005</u>	<u>-</u>
	3,202,455	464,450
b) Long term borrowings		
Unsecured		
Denominated in RM	1,624,077	2,153,532
Denominated in USD (USD476 million) (2016: USD76 million)	2,135,060	302,465
Denominated in SGD (SGD450 million)	<u>1,397,385</u>	<u>1,341,585</u>
	5,156,522	2,455,997
Total borrowings	8,358,977	2,920,447

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

9) Derivative Financial Instruments

- (i) During the financial year ended 30 June 2016, the Group entered into cross currency interest rate swap contract to hedge its long term borrowing that is denominated in USD in order to minimise its exposure to the fluctuation of foreign currency rate and volatility of the interest rate.

Details of derivative financial instrument outstanding as at 31 December 2016 are as follows:

Type of derivative	Notional value RM'000	Fair value assets/(liabilities) RM'000
Cash flow hedge derivative		
Cross currency interest rate swap		
- less than one year	-	(7,619)
- one year to three years	125,000	(11,796)
- more than three years	200,000	27,737
	<u>325,000</u>	<u>8,322</u>

The Group's derivative financial instrument is subject to market and credit risk as follows:

(a) Market risk

Market risk on derivative is the potential fluctuation in the value of this contract arising from the change in price of the underlying items such as interest rates, foreign currency rate or other indices. The market risk to the Group is mitigated as the swap contract effectively swapped the Group's USD floating interest rate borrowing into RM fixed interest rate liability and serve as a cash flow hedge for the Group's principal and interest repayment for the USD borrowing obtained.

(b) Credit risk

Credit risk exposure arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and or the Bank has entered into. There is minimal credit risk to the Group as the swap was entered into with reputable financial institution which is governed by appropriate policies and procedures.

(ii) Cash requirement of the derivatives

There is no cash requirement for this derivative other than the repayment obligation for the underlying bank borrowing.

(iii) Related Accounting Policies

There have been no changes since the end of the previous financial year ended 30 June 2016 in respect of the accounting policies.

10) Fair Value Changes of Financial Assets

As at 31 December 2016, the Group has recognised a derivative financial assets of RM8.3 million in respect of a cross currency interest rate swap, with the corresponding fair value gain of RM39.1 million in the cash flow hedge reserve since 30 June 2016.

The fair value gain is due to unfavourable movements on the underlying borrowings and interest rates up to the maturity date of the contract, as compared to the contracted rates since the inception date of the swap contract.

The fair value of the cross currency interest rate swap is calculated based on the present value of estimated cash flow using an appropriate market-based yield curve.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

11) Realised and Unrealised Profits/(Losses)

The retained earnings as at the end of the reporting period are analysed as follows:

	As at 31/12/16 RM'000	As at 30/06/16 RM'000
Total retained earnings of IOI Properties Group Berhad and its subsidiaries:		
- Realised	5,226,731	4,878,241
- Unrealised	1,169,382	1,387,827
	6,396,113	6,266,068
Total share of retained earnings/(accumulated losses) from associates:		
- Realised	5,839	4,739
- Unrealised	(313)	(313)
	5,526	4,426
Total share of retained earnings/(accumulated losses) from joint ventures		
- Realised	(465,683)	(451,025)
- Unrealised	520,654	526,218
	54,971	75,193
Total Group retained earnings	6,456,610	6,345,687

12) Notes to the Condensed Consolidated Statement of Comprehensive Income

Profit for the period has been arrived after charging/(crediting):

	CURRENT YEAR QUARTER (31/12/16) RM'000	CURRENT YEAR TO DATE (31/12/16) RM'000
Interest income	(7,621)	(22,596)
Impairment losses on receivables written back	(8)	(18)
Realised foreign currency exchange gain	(9,172)	(27,415)
Unrealised foreign currency translation loss	7,277	17,102
Depreciation and amortisation	8,041	16,668
Impairment losses on receivables	96	126

Other than as per disclosed above, the Group does not have other material items that recognised as profit/loss in the consolidated statement of profit or loss and statement of other comprehensive income.

13) Material Litigation

There is no pending material litigation as at the date of this announcement.

14) Dividends

No dividend has been declared by the Board for the financial quarter ended 31 December 2016.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
(6)-MONTH FPE 31 DECEMBER 2016 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

15) Earnings per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM'000	RM'000	RM'000	RM'000
a) Basic earnings per share				
Net profit for the period	273,530	307,165	463,098	422,641
Weighted average number of ordinary shares in issue ('000)	4,409,743	3,766,540	4,410,479	3,766,549
Basic earnings per share (sen)	6.20	8.16	10.50	11.22
b) Diluted earnings per share				
Net profit for the period	273,530	307,165	463,098	422,641
Weighted average number of ordinary shares in issue ('000)	4,410,514	3,766,540	4,412,277	3,766,549
Diluted earnings per share (sen)	6.20	8.16	10.50	11.22

16) Audit Qualification

The audit report on the Group's preceding year's financial statements is not qualified.

By Order of the Board

Tan Sin Yee

Company Secretary

Putrajaya

21 February 2017

APPENDIX VI - DIRECTORS' REPORT



IOI PROPERTIES

Date: 22 FEB 2017

The Shareholders of

IOI PROPERTIES GROUP BERHAD
("IOIPG" OR THE "COMPANY")

Dear Sir / Madam,

On behalf of the Board of Directors of IOIPG ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 30 June 2016 (being the date to which the last audited financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, since the last audited financial statements of the Group, no circumstances that have adversely affected the trading or the value of the assets of the Group have arisen;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Abridged Prospectus, there are no contingent liabilities that have arisen by reason of any guarantees or indemnities given by the Group;
- (e) there has not been, since the last audited financial statements of the Group, any default or known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group;
- (f) save as disclosed in the unaudited financial statements of the Group for the six (6)-month financial period ended 31 December 2016 as set out in Appendix V of this Abridged Prospectus, there have not been, since the last audited financial statements of the Group, any material changes in the published reserves or unusual factors affecting the profits of the Group; and
- (g) as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully,
For and on behalf of the Board of
IOI PROPERTIES GROUP BERHAD

Lee Yeow Seng
Chief Executive Officer

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APPENDIX VII - ADDITIONAL INFORMATION

1. SHARE CAPITAL

- (i) No securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the LPD, there is only one (1) class of shares in our Company, namely ordinary shares in the share capital of our Company, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in Section 2 of Appendix II of this Abridged Prospectus, no securities of our Company have been issued or are proposed or intended to be issued as fully or partly paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Abridged Prospectus.
- (iv) Save as disclosed below, no person has been or is entitled to be granted an option to subscribe for any securities of our Company and no capital of our Company is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Abridged Prospectus:-
 - (a) The Rights Shares to be issued pursuant to the Rights Issue, which are the subject of this Abridged Prospectus; and
 - (b) The ESOS which involves the granting of ESOS Options of up to 10% of the issued share capital of our Company (excluding treasury shares) at any point in time during the duration of the ESOS. The ESOS came into force on 8 May 2015 and shall be in force for a duration of five (5) years and expires on 8 May 2020.

Subject to any adjustments made in accordance with the provisions of the by-laws governing our Company's ESOS, the exercise price at which the eligible persons are entitled to subscribe for new IOIPG Shares shall be based on the five (5)-day VWAMP of IOIPG Shares immediately preceding the date of offer of the ESOS Option, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS.

2. REMUNERATION OF DIRECTORS

An extract of the provisions of our Constitution relating to the remuneration of our Directors are as follows:-

Article 95 - Directors' fee

The fees payable to the Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as that Directors may determine provided always that:-

- (a) *fees payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover;*

APPENDIX VII - ADDITIONAL INFORMATION (CONT'D)

- (b) *fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and*
- (c) *any fee paid to an Alternate Director shall be such amount as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

Article 96 - Reimbursement

The Directors may also be paid all traveling, hotel, and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. Any Director who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration.

Article 97 - Special remuneration

If by arrangement with the Directors, any Director shall perform or render any special duties outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged provided that the special remuneration payable to non-executive directors shall not by way of a commission on or percentage of profits or turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts which have been entered into by our Group (not being contracts entered into in the ordinary course of business) during the two (2) years preceding the date of this Abridged Prospectus:-

- (i) Conditional share sale agreement dated 19 October 2015 entered into among IOIPG, Tan Sri Dato' Lee and Puan Sri Datin Hoong for the acquisition of 250,000 ordinary shares of RM1.00 each in Mayang Development Sdn Bhd by IOIPG from Tan Sri Dato' Lee and Puan Sri Datin Hoong for a total purchase consideration of RM1,263.46 million. The transaction has been completed in accordance with the terms of the share sale agreement;
- (ii) Conditional subscription agreement dated 19 October 2015 entered into between IOIPG and Mayang Development Sdn Bhd for the subscription of 296,314,000 new redeemable non-cumulative preference shares-class B of RM0.01 each in Mayang Development Sdn Bhd at a cash subscription price of RM296,314,000 by IOIPG. The subscription has been completed in accordance with the terms of the subscription agreement;
- (iii) Conditional share sale agreement dated 19 October 2015 entered into among IOIPG, Tan Sri Dato' Lee, Puan Sri Datin Hoong and Dato' Lee for the acquisition of 6,000,000 ordinary shares of RM1.00 each in Nusa Properties Sdn Bhd by IOIPG from Tan Sri Dato' Lee, Puan Sri Datin Hoong and Dato' Lee for a total purchase consideration of RM319.83 million. The transaction has been completed in accordance with the terms of the share sale agreement;

APPENDIX VII - ADDITIONAL INFORMATION (CONT'D)

- (iv) Conditional subscription agreement dated 19 October 2015 entered into between IOIPG and Nusa Properties Sdn Bhd for the subscription of 48,621,000 new redeemable non-cumulative preference shares-class B of RM0.01 each in Nusa Properties Sdn Bhd at a cash subscription price of RM48,621,000 by IOIPG. The subscription has been completed in accordance with the terms of the subscription agreement;
- (v) Sale and purchase agreement dated 15 December 2015 entered into between Lush Development Sdn Bhd, a 99.8%-owned subsidiary of IOIPG, (as vendor) and Rafflesia School (Puchong) Sdn Bhd (as purchaser) for the sale and purchase of (1) a portion of leasehold land measuring 5 acres forming part of the leasehold land held under H.S.(D) 36877, PT 50367, Mukim Dengkil, Daerah Sepang, Negeri Selangor together with a building erected thereon and (2) a portion of leasehold land measuring 1 acre forming part of the leasehold land held under H.S.(D) 36877, PT 50367, Mukim Dengkil, Daerah Sepang, Negeri Selangor, at the purchase consideration of RM38,068,000. The transaction has been completed in accordance with the terms of the sale and purchase agreement;
- (vi) Sale and purchase agreement dated 8 August 2016 entered into between Poh Ann Enterprise Sdn Bhd, Lee Swee Eng, Lee Swee Hoon @ Lee Thun Ching, Lee Swee Hwa @ Lee Liam Poh, Lee Swee Keow, Lee Swee Khim, Lee Swee Leong @ Lee Swi Liong, Lee Poi Chong and Lee Poi Kee (as executors and trustees of the estate of Lee Swee Liam (deceased) and Lee Boon Pin (deceased)), Lee Swee Lian @ Lee Swee Lin and Lee Swee Mui @ Lee Swee Chin (collectively as vendors) and Fortune Growers Sdn Bhd, a wholly-owned subsidiary of IOIPG, (as purchaser) for the sale and purchase of 14 parcels of lands measuring a total area of approximately 367.7849 acres which are held under (1) GRN 48011, Lot 3535; (2) GRN 48010, Lot 3534; (3) GRN 48008, Lot 3532; and (4) GRN 48085, Lot 2379 and 1989, all located at Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor; and (5) GRN 331563, Lot 10697, Seksyen 2; (6) GRN 331558, Lot 10673, Seksyen 2; (7) GRN 331562, Lot 10699, Seksyen 2; (8) GRN 331564, Lot 10698, Seksyen 2; (9) GRN 331560, Lot 10696, Seksyen 2 (partly Lot 3550); (10) GRN 331559, Lot 10695, Seksyen 2 (partly Lot 3550); (11) GRN 48086, Lot 1, Seksyen 2; (12) GRN 273721, Lot 666; (13) GRN 273722, Lot 667; and (14) GRN 273728, Lot 671, all located at Pekan Bukit Changgang, Daerah Kuala Langat, Negeri Selangor, together with all buildings and structures, save for a portion of approximately 9,222 square metres held under Lot 667, at an aggregate sale and purchase consideration of RM140,605,102.00, subject to the adjustment provisions contained therein. The transaction is pending completion as at the LPD;
- (vii) Xiamen Municipal State-owned Construction Land Use Right Grant Contract (No. 35021320160906CG039) dated 6 September 2016 entered into between Xiamen Bureau of Land Resources and Real Estate Management ("**Xiamen Land Bureau**"), IOI (Xiamen) Properties Co Ltd, an indirect 99.8% owned subsidiary of IOIPG, Xiamen Xiang'an District Development, and Xiamen Land Development Company for the granting of land use right for development of urban residential and commercial building on a parcel of land located in Xiang An District, 13-15 Xiang An Xin Cheng Area (Xiang An New Town), Northeast Intersection of Xin Cheng Middle Road and Xiang An West Road in Xiamen, Fujian Province of the People's Republic of China, measuring approximately 25,079.73 square metres, ("**Xiang An Land**") at a total consideration of RMB2.324 billion. The parties have subsequently executed a supplemental agreement dated 9 January 2017, Xiamen Land Bureau has agreed to transfer the Xiang An Land from IOI (Xiamen) Properties Co Ltd to Xiamen Palm Kaiyue Real Estate Development Co Ltd, a wholly-owned subsidiary of IOI (Xiamen) Properties Co Ltd. The transaction is pending completion as at the LPD;

APPENDIX VII - ADDITIONAL INFORMATION (CONT'D)

- (viii) Shareholders' Agreement dated 25 January 2017 in respect of Pine MJR Development Sdn Bhd ("**Pine MJR**") entered into between MJR Investment Pte Ltd, Pine Properties Sdn Bhd, a wholly-owned subsidiary of IOIPG, ("**Pine Properties**") and Pine MJR setting out *inter-alia* the terms governing their relationship as shareholders in Pine MJR to jointly develop a parcel of freehold land held under H.S.(D) 10727, PT 72, Pekan Bukit Bisa, Daerah Sepang, Negeri Selangor, measuring 9.652 acres in area ("**Project Land**"), into residential project comprising approximately 676 units to be developed in 2 phases, involving the construction of 4 blocks of stratified buildings units during phase 1 and 4 blocks of stratified buildings units during phase 2 ("**Project**");
- (ix) Land Development Agreement dated 26 January 2017 entered into between Pine Properties and Pine MJR setting out the rights granted by Pine Properties (as legal registered and beneficial owner of the Project Land) to Pine MJR in relation to the development and construction of the identified buildings and units relating to phase 1 of the Project at the consideration of RM97,121,899.00. The transaction is pending completion as at the LPD; and
- (x) Building agreement dated 8 February 2017 entered into between Wealthy Link and the Collector of Land Revenue on behalf of the President of Singapore for the grant of a lease in relation to the Land for a term of 99 years.

4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither IOIPG nor its subsidiaries are engaged, whether as plaintiff or defendant, in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of our Group and the Board is not aware of any proceedings, pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group:-

- (i) High Court of Malaya at Shah Alam Civil Suit No. S-22NCVC-332-04/2012: Koh Beng Teck and 4 others ("**Plaintiffs 1**") v. IOI Properties Berhad ("**IOIP**"), Flora Development Sdn Bhd, a wholly-owned subsidiary of IOIPG ("**Flora Development**") and Majlis Perbandaran Subang Jaya (collectively, the "**Defendants**") ("**Claim 1**");
- (ii) High Court of Malaya at Shah Alam Civil Suit No. 21NCVC-65-04/2012: Paramanathan a/l Muniandy & 1 other ("**Plaintiffs 2**") v. the Defendants ("**Claim 2**"); and
- (iii) High Court of Malaya at Shah Alam Civil Suit No. 21NCVC-100-06/2012: Chai Yoke Mei ("**Plaintiff 3**") v. the Defendants ("**Claim 3**").

All these three (3) claims arise from substantially the same set of background facts and circumstances and essentially have the same basis of claim.

A legal suit was instituted by each of Plaintiffs 1, Plaintiffs 2 and Plaintiff 3 (collectively, the "**Plaintiffs**"), who are respectively the owners and family members of the owners of properties situated at Jalan Puteri 9/2A ("**Puteri 9/2A Property**") and Jalan Puteri 9/2 ("**Puteri 9/2 Property**"), Bandar Puteri Puchong, 47100 Puchong forming part of a development known as "*Elyssa Villas Puteri 9*", against the Defendants. The Statement of Claims which were all filed in 2012 alleged, *inter-alia*, that IOIP and Flora Development have failed to discharge their engagement as developer of Elyssa Villas Puteri 9 under the Sale and Purchase Agreements entered into with Flora Development and to carry out proper designing, architectural and engineering works for construction of the Plaintiffs' respective properties and the surrounding areas and structures comprised in Elyssa Villas Puteri 9, resulting in the occurrence of a landslide and collapse of the retaining wall incident in May 2011 at Jalan Puteri 9/2 (i.e. the only access road leading to the Plaintiffs' properties).

APPENDIX VII - ADDITIONAL INFORMATION (CONT'D)

In respect of Claim 1:

The Plaintiffs 1 are claiming for, *inter-alia*, injunctions restraining the Defendants from entering and carrying out construction works at one of the Plaintiffs 1's property and publishing any statements that may give rise to defamatory meanings and special and general damages and costs.

In respect of Claim 2:

The Plaintiffs 2 are claiming for, *inter-alia*, special damages in the approximate sum of RM26,400,000 and such other cost and amount as may be assessed by the court.

In respect of Claim 3:

The Plaintiff 3 is claiming for, *inter-alia*, special damages in the approximate sum of RM8,188,800 and such other cost and amount as may be assessed by the court.

Two mediations were conducted on 2 May 2013 and 24 June 2013 for the parties to negotiate for settlement. The mediation scheduled on 12 July 2013 was vacated as the parties could not reach on any settlement. As such, the parties have agreed to proceed with trial proceeding for the Claim 1, Claim 2 and Claim 3 (collectively, the "**Suits**").

Following an application by IOIP and Flora Development, the High Court of Malaya at Shah Alam has on 27 November 2013 granted an order to consolidate the Suits.

Subsequently, the parties have arrived at amicable settlement of the claims. The Court had on 22 July 2015 recorded settlement and ordered that striking-off of the Suits by the Plaintiffs with no liberty upon any of the Plaintiffs to file afresh and with no order as to costs in respect of Flora Development and IOIP.

Pursuant to the settlement arrangement in respect of Claim 1 and Claim 3, the Plaintiffs 1, Plaintiffs 3 and the Defendant have pursuant to the agreed terms of settlement entered into the following agreements ("**Claim 1 and Claim 3 Settlement Agreements**"):-

- (a) Sale and purchase agreement dated 27 November 2015 entered into between Koh Beng Teck and Ooi Soo Lee (as vendors) and Flora Development (as purchaser) for the acquisition of the Puteri 9/2A Property at a consideration of RM6,700,000; and
- (b) Sale and purchase agreement dated 27 November 2015 entered into between Chong Chiew Ping (as vendor) and Flora Development (as purchaser) for the acquisition of the Puteri 9/2 Property at a consideration of RM5,600,000.

As at the LPD, the sale and purchase of the properties as contemplated under the Claim 1 and Claim 3 Settlement Agreements have been completed in accordance with the terms and conditions contained therein.

In respect of Claim 2, Plaintiffs 2 failed to perform and comply with the terms of settlement as had been agreed with Flora Development and IOIP. IOIP and Flora Development have on 25 May 2016 filed an originating summons seeking for declaratory relief that they each be released and discharged from their obligations pertaining to any settlement with Plaintiffs 2.

APPENDIX VII - ADDITIONAL INFORMATION (CONT'D)

The High Court had on 15 November 2016 granted an order in favour of IOIP and Flora Development, ordering *inter-alia* that Plaintiffs 2 shall finalise and execute a sale and purchase agreement with IOIP and Flora Development in respect of the disposal of the Puteri 9/2A Property by Plaintiffs 2 to IOIP and Flora Development ("**Plaintiffs 2's obligations**") within 30 days from 15 November 2016, failing which Plaintiffs 2 would be deemed to have relinquished their rights pertaining to the settlement with IOIP and Flora Development, and IOIP and Flora Development would be released and discharged from their obligation to purchase the Puteri 9/2A Property from Plaintiffs 2. The Plaintiffs 2 had, on 9 December 2016, filed a notice of appeal to the Court of Appeal against the said order of the High Court. The appeal case management date has been fixed on 7 February 2017 and subsequently adjourned to 14 February 2017. The Registrar had on 14 February 2017 (i) directed the Plaintiffs 2 to re-file their records of appeal in compliance with the Practice Direction on the filing of the record of appeal and (ii) fixed a further appeal case management date on 10 March 2017.

5. GENERAL

- (i) There are no service contracts or proposed service contracts between our Directors and our Company or any of our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus;
- (ii) Save as disclosed in this Abridged Prospectus, the Board is not aware of any material information, including all special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits; and
- (iii) To the best knowledge of the Board, the financial condition and operations of our Group are not affected by any of the following, save as disclosed in this Abridged Prospectus:-
 - (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease our Group's liquidity;
 - (b) any material commitment for capital expenditure of our Group;
 - (c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from our operations; and
 - (d) known trends or uncertainties which have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our revenues or operating income.

6. CONSENTS

- (i) The written consents of the Principal Adviser, Company Secretary, Share Registrar, Solicitors for the Rights Issue and Principal Bankers for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

APPENDIX VII - ADDITIONAL INFORMATION (CONT'D)

- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Abridged Prospectus of its name, letter relating to our proforma consolidated statement of financial position as at 30 June 2016, report on our Company's audited consolidated financial statements for the FYE 30 June 2016 and all reference thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (iii) The written consent of Bloomberg Finance L.P. to the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.
- (iv) The written consent of Savills Valuation and Professional Services (S) Pte Ltd to the inclusion in this Abridged Prospectus of its name and the extract of its valuation report dated 28 November 2016 on the Land has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.
- (v) The written consent of Edmund Tie & Company Research to the inclusion in this Abridged Prospectus of its name and the extract of its report titled 'Demand from Singaporean buyers continue to increase, Singapore Q3 2016' has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.
- (vi) The written consent of Cushman & Wakefield to the inclusion in this Abridged Prospectus of its name and the extract of its report titled 'South & West China Q1 2016' has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Level 10, Two IOI Square, IOI Resort, 62502 Putrajaya during normal business hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

- (i) our Company's Constitution;
- (ii) our proforma consolidated statement of financial position as at 30 June 2016 together with the Reporting Accountants' letter thereon as set out in Appendix III of this Abridged Prospectus;
- (iii) our audited consolidated financial statements for the past two (2) FYEs 30 June 2015 and 30 June 2016;
- (iv) our unaudited consolidated financial statements for the six (6)-month FPE 31 December 2016;
- (v) the Undertakings referred to in Section 5 of this Abridged Prospectus;
- (vi) the Directors' Report as set out in Appendix VI of this Abridged Prospectus;
- (vii) the material contracts referred to in Section 3 of Appendix VII of this Abridged Prospectus;
- (viii) the writ and relevant cause papers in relation to the material litigation matters as set out in Section 4 of Appendix VII of this Abridged Prospectus;

APPENDIX VII - ADDITIONAL INFORMATION (CONT'D)

- (ix) the letters of consent as referred to in Section 6 of Appendix VII of this Abridged Prospectus; and
- (x) the certified true extract of the ordinary resolution in respect of the Rights Issue passed at our EGM convened on 13 February 2017 as set out in Appendix I of this Abridged Prospectus.

8. RESPONSIBILITY STATEMENT

All the documentation relating to the Rights Issue, including this Abridged Prospectus together with the NPA and RSF, have been seen and approved by our Board. Our Board collectively and individually accepts full responsibility for the accuracy of the information contained therein and confirms that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement therein false or misleading.

AmInvestment Bank, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue.

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