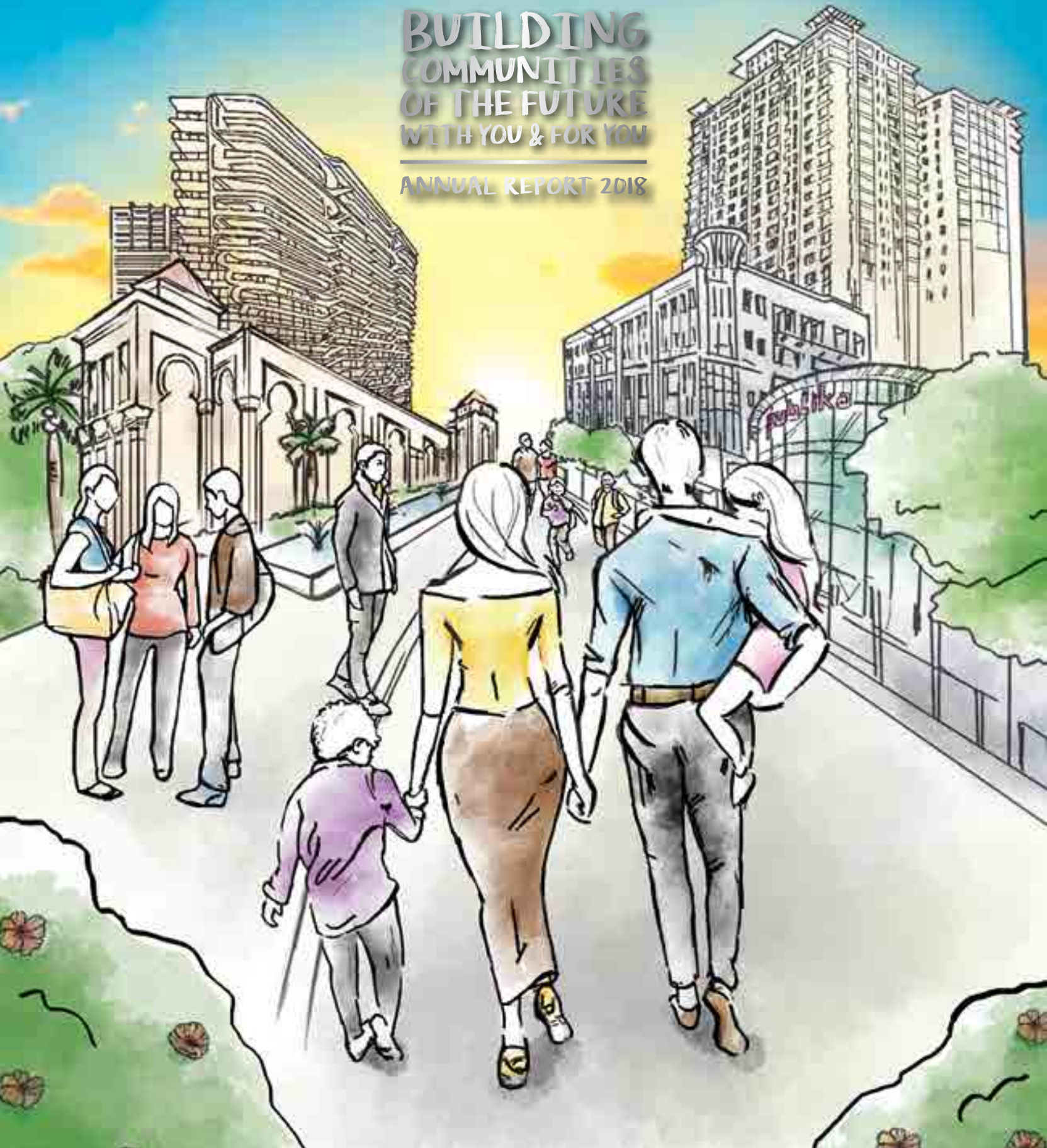




A member of UEM Group

BUILDING COMMUNITIES OF THE FUTURE WITH YOU & FOR YOU

ANNUAL REPORT 2018



Welcome to UEM Sunrise Berhad's
Annual Report 2018

INSIDE THIS REPORT

Celebrating 50 Years of Building Communities

2018 marked a very special year for UEM Sunrise, as we celebrated 50 formidable years of successful community building. By nurturing strong relationships with homeowners, residents, business owners and our loyal Trésorians, we have forged an unbreakable trust among those who have made their lives in the communities we built. We are privileged to serve you and invite the next generation of aspiring home and business owners to join us on our ongoing journey as we seek to create even greater impact on the lives of those we touch. The people we serve, and with whom we serve, inspire us to achieve our goals and vision with outstanding and innovative designs. Together, we can achieve a century of excellence, in the true spirit of building communities of the future with you and for you.



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01

VISION, MISSION & VALUES



VISION

Building communities of the future with you and for you.

MISSION

UEM Sunrise brings together the talented and skilled, the imaginative and the courageous. We create sustainable environments loved by home owners, acclaimed by investors and recognised by industry. We believe in thinking big and acting quickly to unlock potential; to thrive in a changing world.

VALUES

We are an **ENTERPRISING** entity that embraces **TEAMWORK**, **INTEGRITY** and **PASSION** with a focus on **SUCCESS**.

The key elements of our values are:

- We are enterprising and competitive with a mind-set geared towards creating greater value for our stakeholders.
- We practise teamwork, mutual respect, open communication and empowerment while embracing diversity and inclusiveness to foster internal and external collaborations.
- We hold true to ethical and professional behaviour to set the highest standards of integrity, honesty and trust.
- We are passionate, driven, competent and committed to gain knowledge and improve skill sets to achieve personal growth and exceptional performance.
- We achieve success by pushing boundaries, thinking creatively resulting with out-of-the-box innovative ideas and solutions.

2018 Highlights



Teamed up with BlackWall Limited of Australia to operate co-working spaces under the

brand **WOTSO** in Mercu Summer Suites, Kuala Lumpur



REVENUE ACHIEVED **RM 2.0 billion**

SALES ACHIEVED **RM 1.4 billion**

PATANCI ACHIEVED **RM 280.3 Million**



Acquired **72.7 acres** of land in Kepong for an integrated mixed commercial development with a total GDV of **RM 15 billion**



Launched "NEW YEAR NEW HOME" campaign and "VEM SUNRISE CELEBRATES 50 YEARS OF COMMUNITY BUILDING" campaign



Completion and partial settlement of Aurora Melbourne Central and Conservatory, **VEM SUNRISE'S MAIDEN PROJECTS IN AUSTRALIA**



Launched 1st Residensi Wilayah – Kondominium Kiara Kasih in Segambut with a total GDV of **RM 215.7 Million**



UNVEILED **HYATT HOUSE KUALA LUMPUR MONT'KIARA** a residentially inspired extended stay hotel – the first of its kind in Southeast Asia



ISKARNIVAL 2018 Placemaking Event in Puteri Harbour, attended by more than **70,000 PEOPLE**



RANKED **TOP 10** PROPERTY DEVELOPER AT THE EDGE MALAYSIA PROPERTY EXCELLENCE AWARDS 2018



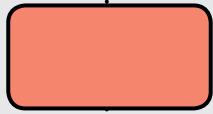
MD/CEO – ANWAR SYAHRIN ABDUL AJIB **OUTSTANDING PROPERTY CEO** of the Year AT THE EDGE MALAYSIA PROPERTY EXCELLENCE AWARDS 2018



Entered into a strategic **PARTNERSHIP WITH GRAB** for a cashless experience in Publika and Iskandar Puteri



Entered into joint ventures with Focused Facilities Management Pty. Ltd. and ACM Property Management Pty. Ltd. for provision of property management services for Aurora Melbourne Central and Conservatory in Melbourne.



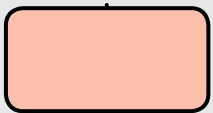
Announced consolidated results for the full year ended 31 December 2017.



Entered into a joint venture with WOTSO S.E.A Pty. Ltd., a wholly-owned subsidiary of BlackWall Limited Company, to explore opportunities, identify commercial and retail developments and manage co-working spaces.



Datin Teh Ija Mohd Jalil appointed as Independent Non-Executive Director on the Board of UEM Sunrise.



Participated in Invest ASEAN Conference in Singapore by Maybank.



Mr Subimal Sen Gupta re-designated to Senior Independent Non-Executive Director on the Board of UEM Sunrise.



Held 10th AGM where shareholders approved all resolutions proposed.

Dato' Srikandan Kanagainthiram retired as Board member of UEM Sunrise.



Announced 1st quarter consolidated results for the financial period ended 31 March 2018.



Notice of UEM Sunrise's 10th Annual General Meeting ("AGM") and announcement on dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2017.



Entered into Shareholders Subscription Agreement to subscribe 500,001 new ordinary shares in Mega Legacy (M) Sdn. Bhd. ("MLM") where MLM then entered into a Sale and Purchase Agreement with Datuk Bandar Kuala Lumpur to acquire 72.7 acres of land in Kepong, Kuala Lumpur.

MARC affirmed rating of MARC-1/S/AA-/S on two Islamic Commercial Papers and Islamic Medium-Term Notes ("IMTN") programmes for the 2017 rating review with a stable outlook on the ratings.



26 JULY

Participated in Malaysia C-Suite Investor Corporate Day in Kuala Lumpur by Citibank.

Rescission of Joint Land Development Agreement with Telekom Malaysia Berhad dated 27 May 2016 for the development of Lot 461 & Lot 493, Section 19, Kuala Lumpur.

Announced 2nd quarter consolidated results for the financial period ended 30 June 2018.

Participated in Asia Rising Dragons Conference in Kuala Lumpur by JP Morgan.

Held update briefing for UEM Sunrise *SUKUK* bondholders at UEM Sunrise Showcase gallery in Mont'Kiara.

Tan Sri Dato' Zamzamzairani Mohd Isa re-designated from Non-Independent Non-Executive Chairman to Independent Non-Executive Chairman.

Dato' Mohd Izzaddin Idris resigned from the Board of UEM Sunrise.

Dato' Noorazman Abd Aziz appointed as Non-Independent Non-Executive Director on the Board of UEM Sunrise.

Ms Wong Shu Hsien appointed as alternate to Dato' Noorazman Abd Aziz on the Board of UEM Sunrise.

Transfer of Lembaga Tabung Haji's 348,871,500 shares (7.69%) in UEM Sunrise to Urusharta Jamaah Sdn. Bhd., a special purpose vehicle under the Ministry of Finance.

Announced 3rd quarter consolidated results for the financial period ended 30 September 2018.

Ms Christina Foo appointed as Independent Non-Executive Director on the Board of UEM Sunrise.

Issuance of RM700.0 million IMTN under the IMTN Programme with tenures of three, five and seven years maturing in 2021, 2023 and 2025 respectively.

Entered into a Memorandum of Understanding with GPay Network (M) Sdn. Bhd., GrabCar Sdn. Bhd. and MyTeksi Sdn. Bhd. to collaborate in areas around Publika and Iskandar Puteri.



CORPORATE PROFILE



Interior view of Conservatory, Melbourne



Exterior view of Conservatory, Melbourne

UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) is a public-listed Company and one of Malaysia’s leading property developers. It is the flagship Company for township and property development businesses of UEM Group Berhad (“UEM Group”) and Khazanah Nasional Berhad (“Khazanah”). UEM Group is wholly-owned by Khazanah, the strategic investment fund of the Government of Malaysia.

The Company has core competencies in macro township development; high-rise residential, commercial, retail and integrated developments; as well as property management and project & construction services.

In Malaysia, UEM Sunrise is the master developer of Iskandar Puteri, one of the five flagship zones of Iskandar Malaysia, and is currently undertaking the development of the area into a regional city. Iskandar Puteri is envisioned to become the largest fully integrated urban development in Southeast Asia that will provide significant investment, financial and business opportunities to the economic growth and development of the region, once fully completed.

In the Central Region, the Company is renowned for its award-winning and up-market high-rise residential, commercial and mixed-use developments, located largely in the affluent Mont’Kiara enclave, Serene Heights in Bangi, Bukit Jelutong in Shah Alam, Symphony Hills in Cyberjaya, Seremban as well as the creative retail in Solaris Dutamas, known as Publika.

Internationally, the Company extends into Vancouver, Canada with its completed mixed-use development, Quintet at Minoru Boulevard City; in Melbourne, Australia, with its 88-storey Aurora Melbourne Central – the tallest building in Melbourne Central Business District located on La Trobe Street; the 42-storey Conservatory located on MacKenzie Street; and Mayfair located on St. Kilda Road.

In Durban, South Africa, the Company has, together with the local municipal council, 30.6 acres of joint venture beachfront mixed development land while in Singapore, UEM Sunrise is the appointed Project Manager responsible for the development and marketing management of the mega mixed-use developments of Marina One and DUO.



Please scan this QR code for more information on our Event Highlights
<https://uemsunrise.com/corporate/media-centre/happenings>

CORPORATE INFORMATION

BOARD OF DIRECTORS

**Tan Sri Dato' Sri
Zamzamzairani Mohd Isa**
Independent
Non-Executive Chairman

Anwar Syahrin Abdul Ajib
Managing Director/
Chief Executive Officer

Subimal Sen Gupta
Senior Independent
Non-Executive Director

Dato' Noorazman Abd Aziz
Non-Independent
Non-Executive Director

Zaida Khalida Shaari
Non-Independent
Non-Executive Director

Lim Tian Huat
Independent
Non-Executive Director

**Ungku Suseelawati
Ungku Omar**
Independent
Non-Executive Director

**Tan Sri Dr Azmil Khalili
Dato' Khalid**
Independent
Non-Executive Director

Datin Teh Ija Mohd Jalil
Independent
Non-Executive Director

Christina Foo
Independent
Non-Executive Director

AUDIT COMMITTEE

Subimal Sen Gupta
Chairman
Lim Tian Huat
Member
Datin Teh Ija Mohd Jalil
Member

NOMINATIONS & REMUNERATION COMMITTEE

Ungku Suseelawati Ungku Omar
Chairperson
Lim Tian Huat
Member
Zaida Khalida Shaari
Member
Datin Teh Ija Mohd Jalil
Member

BOARD TENDER COMMITTEE

Tan Sri Dr Azmil Khalili Dato' Khalid
Chairman
Anwar Syahrin Abdul Ajib
Member
Subimal Sen Gupta
Member

BOARD DEVELOPMENT COMMITTEE

Tan Sri Dr Azmil Khalili Dato' Khalid
Chairman
Anwar Syahrin Abdul Ajib
Member
Zaida Khalida Shaari
Member

BOARD GOVERNANCE & RISK COMMITTEE

Datin Teh Ija Mohd Jalil
Chairperson
Anwar Syahrin Abdul Ajib
Member
Subimal Sen Gupta
Member
Christina Foo
Member

WHISTLE BLOWER COMMITTEE

(sub-committee of Board Governance
& Risk Committee)

Datin Teh Ija Mohd Jalil
Chairperson
Subimal Sen Gupta
Member
Christina Foo
Member

SECRETARIES

Liew Irene
MAICSA 7022609
Wong Lee Loo
MAICSA 7001219

AUDITORS

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

PRINCIPAL BANKERS

CIMB Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad
Stock Name: UEMS
Stock Code: 5148

PRINCIPAL SOLICITORS

Kadir Andri & Partners
Lee Hishammuddin Allen & Gledhill
Raja, Darryl & Loh

REGISTRARS

Boardroom Share Registrars Sdn. Bhd.
(formerly known as Symphony Share
Registrars Sdn. Bhd.)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel : +603-7849 0777
Fax : +603-7841 8151/52

REGISTERED OFFICE

Level 3, UEM Sunrise Showcase
No. 21, Jalan Kiara, Mont'Kiara
50480 Kuala Lumpur
Tel : +603-2718 7788
Fax : +603-6201 0622

GROUP CORPORATE STRUCTURE

As at 1 April 2019

SUBSIDIARIES

100%

UEM Land Berhad
Sunrise Berhad
Arcoris Sdn. Bhd.
Aston Star Sdn. Bhd.
Aurora Tower at KLCC Sdn. Bhd.
Bandar Nusajaya Development Sdn. Bhd.
Ibarat Duta Sdn. Bhd.
Laser Tower Sdn. Bhd.
Lembah Suria Sdn. Bhd.
Lucky Bright Star Sdn. Bhd.
Marina Management Sdn. Bhd.
Milik Harta Sdn. Bhd.
New Planet Trading Sdn. Bhd.
Nusajaya Development Sdn. Bhd.
Nusajaya DCS Sdn. Bhd.
Nusajaya Greens Sdn. Bhd.
Nusajaya Heights Sdn. Bhd.
Nusajaya Medical Park Sdn. Bhd.
Nusajaya Resort Sdn. Bhd.
Nusajaya Rise Sdn. Bhd.
SCM Property Services Sdn. Bhd.
Solid Performance Sdn. Bhd.
Sunrise Alliance Sdn. Bhd.
Sunrise DCS Sdn. Bhd.
Sunrise Innovations Sdn. Bhd.
Sunrise Mersing Sdn. Bhd.
Sunrise MS Pte. Ltd.
Sun Victory Sdn. Bhd.
Sunrise Pioneer Sdn. Bhd.
Symphony Hills Sdn. Bhd.
UEM Sunrise (Australia) Sdn. Bhd.
UEM Sunrise (Canada) Sdn. Bhd.
UEM Sunrise (Land) Pty. Ltd.
UEM Sunrise (Developments) Pty. Ltd.
UEM Sunrise (La Trobe Street) Unit Trust
UEM Sunrise (Mackenzie Street) Unit Trust
UEM Sunrise (St. Kilda Road) Unit Trust
UEM Sunrise (La Trobe Street Development) Pty. Ltd.
UEM Sunrise (Mackenzie Street Development) Pty. Ltd.
UEM Sunrise (St. Kilda Road Development) Pty. Ltd.
UEM Sunrise Management Services Sdn. Bhd.
UEM Sunrise Properties Sdn. Bhd.

60%

Aura Muhibah Sdn. Bhd.

JOINT VENTURES

80%

Nusajaya Premier Sdn. Bhd.

60%

Cahaya Jauhar Sdn. Bhd.

55%

Nusajaya Lifestyle Sdn. Bhd.

51%

Desaru North Course Residences Sdn. Bhd.

Desaru South Course Land Sdn. Bhd.

Desaru South Course Residences Sdn. Bhd.

50%

Gerbang Leisure Park Sdn. Bhd.

Horizon Hills Development Sdn. Bhd.

Nusajaya Consolidated Sdn. Bhd.

Sime Darby Sunrise Development Sdn. Bhd.

Sunrise MCL Land Sdn. Bhd.

40%

Haute Property Sdn. Bhd.

Malaysian Bio-XCell Sdn. Bhd.

Nusajaya Tech Park Sdn. Bhd.

30%

FASTTrack Iskandar Sdn. Bhd.

ASSOCIATE COMPANIES

40.2%

Durban Point Development Company
(Proprietary) Ltd.

40%

Sarandra Malaysia Sdn. Bhd.

Scope Energy Sdn. Bhd.

39%

Inneonusa Sdn. Bhd.

30%

UEM Sunrise Edgenta TMS Sdn. Bhd.

25%

Setia Haruman Sdn. Bhd.

Note:

The complete list of subsidiaries, associates and joint ventures and their respective principal activities, country of incorporation and the Group's effective interests are shown in notes 44 to 46 of the financial statements on pages 207 to 217 of this Annual Report.



The World in the City

Designed by renowned architectural firm Foster & Partners, Arcoris adds variety and character to the exclusive enclave of Mont'Kiara, drawing expatriates, world travellers and the well-heeled into luxurious living. This global community is a designated international zone just 6km from the Kuala Lumpur City Centre with its own reputable international schools, commercial centres, entertainment and leisure facilities.



**OUR PERFORMANCE
AND OUTLOOK**

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CHAIRMAN'S LETTER TO SHAREHOLDERS



TAN SRI DATO' SRI
ZAMZAMAIRANI MOHD ISA
Chairman

Dear Shareholders,

It gives me pleasure to present this annual report. Last year, I had mentioned how I was attracted to UEM Sunrise because of the Company's strong fundamentals and astute management. After a full year at its helm, my beliefs have been reinforced. Despite ongoing challenges in the property market here in Malaysia as well as, to an extent, in Melbourne, Australia, where we also have developments, the Company has surpassed its sales target of RM1.2 billion by achieving RM1.4 billion in sales while growing its revenue by 10% to RM2.0 billion.

02



Puteri Harbour International Ferry Terminal

GROWING
REVENUE BY

10%

TO

RM 2.0 billion

A key contributing factor to this encouraging performance has been the ability of management to anticipate market expectations. Having identified a shift in demand from premium properties to the more affordable mid-market landed type in Johor, the focus in our stronghold over the last few years has been on such properties where interest is still intact. Since launching Almās@Puteri Harbour and Estuari Gardens also in Puteri Harbour in 2014 and 2015, respectively, we have temporarily suspended the launches of premium high-rise products in Iskandar Puteri. Recent launches in the Southern region are mainly mid-market products, the likes of Serimbun, which has been very well received and, just in January this year, Aspira ParkHomes, which I am confident will attract the same positive response.

Meanwhile, in the Central region, and especially in cosmopolitan, sought-after Mont'Kiara, the take up of more up-market property is still good. We have leveraged on the demand for such value propositions by introducing a number of attractive developments, including the region's first Hyatt House.

Our entry into the Australian market has also been validated as we see our projects, Aurora Melbourne Central and Conservatory, completing progressively with settlement very much on track.

Sales for the year was partly supported by inventory monetisation efforts. Two highly successful campaigns were held in which we offered a range of completed properties from both the Southern and Central regions. These garnered a total of RM311.2 million in sales and bookings for seven completed properties as at 12 April 2019. Sales from new project launches have also been encouraging.

In addition to positive sales, it has been very reassuring to see UEM Sunrise strengthen its operational efficiencies through enhanced processes and systems in order to optimise cost and improve margins. Our focus on operational excellence will go a long way towards further entrenching the sustainability of the Company.

Overall, it is evident that UEM Sunrise has been building a high-performance culture supported not only by operational efficiencies but also a highly skilled and motivated workforce. The Company is investing significantly in growing its talent and building a strong leadership pipeline which are essential to assure continuity in what has proven to be effective strategic plans. During the year, a Talent Council and an Advisory Council were set up which will contribute towards shaping UEM Sunrise's talent management policies and procedures to support our organisational goals.



UEM Sunrise's Denai Nusantara - Rumah Mampu Biaya Johor

As a developer, one of the most significant ways we can do this is to use our resources and capacity to help Malaysians from the lower income brackets to own their own homes.

VALUE CREATION

For the nation at large, we continue to contribute towards ongoing socio-economic development. As a developer, one of the most significant ways we can do this is to use our resources and capacity to help Malaysians from the lower income brackets to own their own homes. I'm proud to share that this is one of our focus areas, and we are continuing to make dreams of home ownership come true with the launch of Kondominium Kiara Kasih, our first Residensi Wilayah in Segambut, neighbouring Mont'Kiara, Kuala Lumpur in March last year, 3-bedroom 2-bathroom apartment unit with a built-up size of 850 square feet and priced at RM300,000 per unit while delivering 1,217 units comprising 1,109 units of residences sized at 1,000 square feet and priced at RM150,000 each, and 108 shop lots priced at RM200,000 per unit with a built-up of 1,200 square feet in Denai Nusantara, IskandarPuteri, in January

this year. We also plan to launch Rumah Selangorku in Serene Heights and Phase 1 of Gerbang Nusantara in Gerbang Nusajaya, Iskandar Puteri before the end of 2019.

In our local communities, we place great emphasis on education and have been focusing on elevating standards in underserved schools through the PINTAR school adoption programme initiated by Khazanah Nasional Berhad. Since getting involved in the programme in 2008, we have adopted 25 schools, 11 of which have seen marked improvement in their academic outcomes and thus graduated, leaving us with 14 schools still under our care. It is fantastic to see how the children respond so well to the interventions provided. Our hope is to inspire in these children a passion for excellence – not just academic but in every sphere of life – so that they go on to make a real difference within their communities as well as the nation.



Fun time with the kids from the Siddharthan Home, Petaling Jaya

Our commitment to serving our stakeholders in ways that are meaningful to them is reflected by the fact that we have undertaken a materiality assessment and use of the material matters that surfaced to guide our sustainability actions. For more details on this, please read our Sustainability Report, which is available on our website at www.uemsunrise.com.

GOVERNANCE

Governance continues to be a key concern for the Board, and is being accorded greater prominence in line with the recommendations of the Malaysian Code on Corporate Governance ("MCCG"). On 1 June 2018, we renamed our Board Risk Committee to Board Risk & Governance Committee to reflect an expanded scope of oversight which now includes governance and compliance. On 28 November 2018, the Committee's name was changed again, this time to Board Governance & Risk Committee to underscore greater emphasis on governance review matters.

Also in line with the recommendations of MCCG, we have increased the number of women Directors on our Board, from two out of nine at end 2017 (22.2%) to four out of ten (40%) as at end 2018. This was achieved by welcoming Datin Teh Ija Mohd Jalil on 1 March 2018, and Christina Foo on 23 November 2018 – both as Independent Non-Executive Directors.

OUTLOOK

The property sector looks set to continue in much the same vein as it did in 2018, hence we will maintain our current focus on mid-market landed developments accentuated by more up-market projects in the right locations.

More significantly, there seems to be a marked shift taking place at deeper levels in the property landscape. The emergence of a new generation with vastly different priorities compared to before is not to be ignored. Very mobile and more interested in short-term gratification, members of this generation are already exerting their influence in work space sharing, which I'm proud to say we have also ventured into via WOTSO Workspace in Mercuri Summer Suites, Kuala Lumpur. Now, we need to align our strategies to cater for a similar sharing concept for every-day living.

Our goal is to be a property specialist that caters to the needs of all the different demographics in our markets. It is an exciting time for us, and I have every confidence that UEM Sunrise has what it takes to continue to deliver, enticing homebuyers and community tenants with our unique value propositions.

APPRECIATION

That UEM Sunrise continues to achieve robust and sustainable financial numbers is undoubtedly the result of the support and contributions of various parties. The group includes our shareholders, customers, suppliers and business partners – whom I would like to thank for their beliefs in our ability to deliver. Internally, it encompasses the Board of Directors, who have guided the Company with their wise counsel and diligence in maintaining the highest level of governance; our management, who continues to lead with keen insight as well as foresight; and all our employees, who are our true heroes, putting in the hours to ensure we achieve our shared goals. My heartfelt gratitude goes to all our Titans, as the UEM Sunrise family members are known. It is a privilege to see the way you translate the strength inferred in this name into our everyday actions geared at building sustainable communities of the future.

02

MANAGEMENT DISCUSSION & ANALYSIS



**ANWAR SYAHRIN
ABDUL AJIB**
Managing Director/
Chief Executive Officer

We continue to strengthen our resilience against the backdrop of the current challenging property market environment by improving the efficiency of our operations and prioritising cost controls to improve our margins.

UEM Sunrise delivered an improvement in our financial results, driven by disciplined operational performance and placing customers at the heart of our business. We have achieved sales of more than RM1.4 billion, surpassing our RM1.2 billion target, with 30% contributed from the sale of completed properties following our efforts to monetise inventories through our successful marketing campaigns. We launched RM907.9 million worth of new products in Malaysia, and completed our first two developments in Melbourne, Australia; Aurora Melbourne Central and Conservatory.

We continue to strengthen our resilience against the backdrop of the current challenging property market environment by improving the efficiency of our operations and prioritising cost controls to improve our margins. Through the execution of our priorities, we aim to deliver sustainable shareholder value, building the Company's profitability and making a positive impact in the communities in which we operate.

In UEM Sunrise, everyone carries the responsibility of doing the right thing for our customers and delivering customer satisfaction. Building on the strength of

our EVE (Exciting, bringing Value and Easy to own) philosophy, we seek to anticipate our customers' evolving needs and continue to improve the efficiency and quality of dealing with our customers. These are achieved through research, improvements in sales processes and investing in technology, from developments to our customer service systems. We recognise that our quest towards operational excellence and building sustainable communities of the future hinges on our ability to adapt, innovate and integrate digital technologies into our business.

CORPORATE ACHIEVEMENTS IN 2018

Awards

At The Edge Property Excellence Awards, we finished strongly as a Top 10 Property Developer in Malaysia, rising from ninth to seventh place. We are one of the best property players in Malaysia based on quantitative attributes, quality and product innovation. The strength of our leadership was also underlined by our Managing Director/Chief Executive Officer ("MD/CEO") being conferred the Outstanding Property CEO Award 2018.



Please scan this QR code for more information on our Awards & Recognition

<https://uemsunrise.com/corporate/about/industry-recognition>

Achieved
RM 1.4 billion
in sales

30%
of sales from
completed projects

We are also a Starproperty.my Awards 2018 All-Star Top Ranked Developer, achieving the Skyline Award for Residensi Solaris Parq, the Family-Friendly Award for Estuari Gardens in Puteri Harbour, the WOW Award (Most Iconic Development) Residential/Hybrid for Arcoris Mont'Kiara, and the Best Comprehensive Township award for Gerbang Nusajaya.

Our MD/CEO was named PropertyGuru Asia Property Awards 2018's Real Estate Personality of The Year, while Almās @Puteri Harbour was named Best Mix Use Development and Best Green Development (Highly Commended).

The above awards and other recognition we received in 2018 validate the thought, planning and commitment that go into every UEM Sunrise's development, motivating us to work harder to maintain our position as a leader in the industry.

New Project Launches

We successfully launched five new projects with a total Gross Development Value ("GDV") of RM907.9 million in 2018.

In February, we introduced our RM139.0 million double-storey terrace homes in Serimbun, a landed mid-market residential

development in Iskandar Puteri. This was followed, in March, by Kondominium Kiara Kasih, a Residensi Wilayah development (formerly known as Rumah Wilayah Persekutuan or RUMAWIP) in Segambut, neighbouring Mont'Kiara, Kuala Lumpur.

Encouraged by the strong take-up of Residensi Solaris Parq in Dutamas, a premium product within the Mont'Kiara/Dutamas enclaves, we launched Residensi Astrea in Mont'Kiara in October. This unique premium high-rise condominium with a GDV of RM323.0 million offers wide frontage for the living and bedroom areas with green features interwoven throughout its 37 floors.

Also in October, we returned to the mid-market by launching Eugenia, the fifth instalment of Serene Heights, with a GDV of RM62.5 million, before closing the year with our first commercial development in Iskandar Puteri, 68° Avenue. Located opposite Phase 1 of the Southern Industrial and Logistics Clusters ("SILC"), 68° Avenue carries a GDV of RM167.7 million.

We then opened 2019 with more landed mid-market products; Aspira ParkHomes in Gerbang Nusajaya, Iskandar Puteri, carrying a GDV of RM101.8 million.

Response to these newly launched developments has been encouraging. Serimbun and Kondominium Kiara Kasih have attracted take-up rates of 73% and 97% respectively, while Residensi Astrea, Eugenia and 68° Avenue have take-ups within the range of 53% to 64%.



Management Discussion & Analysis

Property development activities accounted for 70% of our total revenue, an improvement of 3% from FY2017 with 46% contributed from international projects followed by 30% from the Southern region and 24% Central.

Sales Achieved

Property development sales stood at RM1,433.0 million, exceeding our RM1.2 billion target by 19%. About 54% of our sales was from the Central region, mainly developments in Mont’Kiara led by Residensi Solaris Parq, Kondominium Kiara Kasih and Residensi Astrea; while 32% was from the Southern region, headed by Serimbun, Estuari Gardens and 68° Avenue. The remaining 14% was from projects in Melbourne, particularly Mayfair on St. Kilda Road. As noted, 30% of our total property development sales was from completed properties, 37% from new project launches, and the remaining 33% was contributed from sales of ongoing developments. Despite our sales performance, we remain pragmatic and target to achieve sales of RM1.2 billion in 2019 while launching RM1.2 billion worth of new projects.

Financial Position

Having adopted the Malaysian Financial Reporting Standards (“MFRS”) framework effective 1 January 2018, we no longer recognise revenue for our international projects based on progress completion but upon completion and settlement. The financials reported in the financial year ended 2017 (“FY2017”) have been re-stated in compliance with the MFRS for comparison purposes with our 2018 financial numbers.

Total revenue recorded for 2018 increased to RM2,044.0 million compared to RM1,860.6 million in



Kondominium Kiara Kasih, Kuala Lumpur

FY2017, driven by the recognition of ongoing local developments, completion and partial settlement of Aurora Melbourne Central and Conservatory, as well as non-strategic asset divestment (disposal of non-strategic lands). Profit after tax and non-controlling interests (“PATANCI”) increased by approximately 166% to RM280.3 million from RM105.6 million in FY2017 on the back of strong revenue growth, development cost savings and contribution from non-strategic asset divestment.

Property development activities accounted for 70% of our total revenue, an improvement of 3% from FY2017 with 46% contributed from international projects followed by 30% from the Southern region and 24% Central. The largest contributor was Conservatory followed by Aurora Melbourne Central and Almãs. In line with our land portfolio rebalancing strategy, UEM Sunrise has also recognised a total of RM457.4 million from the disposal of non-strategic lands.

Unbilled sales as at 31 December 2018 stood at RM4.4 billion of which 68% was from international developments, followed by the Central and Southern regions at 22% and 10%, respectively.

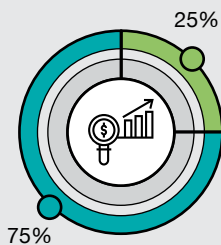
Other income improved by 32% to RM74.3 million from RM56.2 million in FY2017 due to higher interest income and foreign exchange gains, amongst others. The share of results from associate and joint venture companies improved by 15%, mainly from Nusajaya Tech Park Sdn. Bhd. and Sunrise MCL Sdn. Bhd..

SNAPSHOT OF PERFORMANCE FOR THE FINANCIAL YEAR ENDED 2018

REVENUE
RM 2,044.0 Million

10% increase compared to FY2017

Source of Revenue

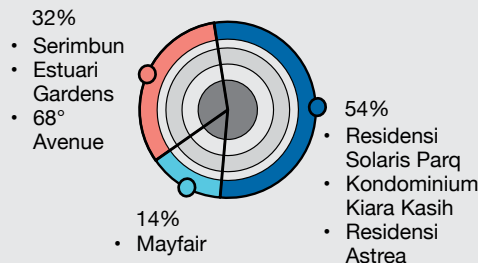


- 34% inventories.
- 16% ongoing projects.
- 43% international projects.
- 7% property investment, project. & asset/facilities management.

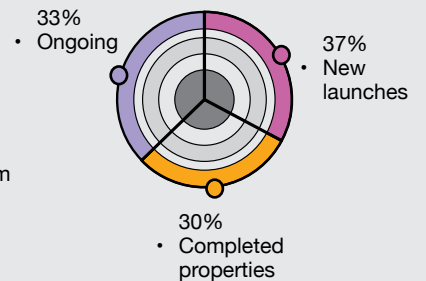
SALES
RM 1,433.0 Million

- Exceeded sales target of RM1.2 bil by 19%.
- Mainly from Residensi Solaris Parq, Kondominium Kiara Kasih, Mayfair, Residensi Astrea, Symphony Hills and Serimbun.

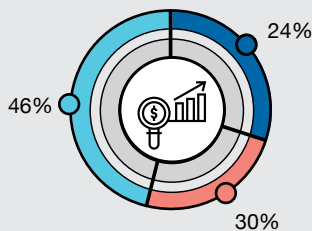
Contribution by Region



Composition

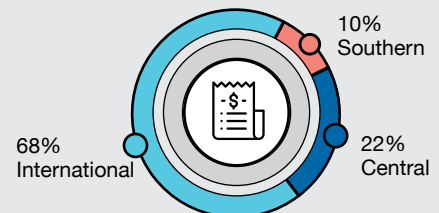


Contribution by Region
 Property Development Revenue

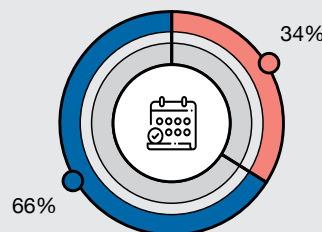


- **Southern** mainly Almãs, Estuari Gardens and Denai Nusantara.
- **Central** mainly Symphony Hills, Residensi Sefina and Serene Heights.
- **International** mainly Aurora Melbourne Central and Conservatory.

Unbilled Sales
RM 4.4 billion
 As at 31 December 2018



LAUNCHED GDV
RM 907.9 Million
 Close to target of RM1 billion



GROSS GEARING
0.66x
 As at 31 December 2018

PATANCI
RM 280.3 Million

● Southern ● Central ● International ● Property Development & Others ● Land sales

Management Discussion & Analysis



The interior of Aurora Melbourne Central – Australia

FINANCIAL PERFORMANCE

Indicator	FY2018 (RM mil)	FY2017* (RM mil)
Revenue	2,044.0	1,860.6
Cost of Sales	(1,302.7)	(1,317.5)
Operating Expenses	(339.6)	(350.1)
Other Income	74.3	56.2
Operating Profit	476.0	249.2
Finance Costs	(101.0)	(91.2)
Share of Results of Associates & JV	41.4	36.1
Profit Before Zakat and Income Tax	416.4	194.1
PATANCI	280.3	105.6
ROE	4.0%	1.5%

* Restated based on the MFRS framework

Borrowings at Manageable Level

Borrowings increased from RM4.2 billion to RM4.7 billion in view of the drawdown for the Australian projects although there has been a reduction in local borrowings. Our gearing, which stood at 0.66x as at end 2018, is expected to decrease towards the end of 2019 upon the completion and settlement of Aurora Melbourne Central and Conservatory. We will continue to consolidate our cash through our asset divestment strategy where we identify non-strategic lands and assets for disposal as a means to raise funds. In 2018, we achieved RM457.4 million mainly from the disposal of non-strategic lands to Country View Berhad and Kimlun Corporation Berhad whilst earmarking another divestment of RM300.0 million in 2019.

In relation to our *SUKUK*, Malaysian Rating Corporation Berhad (“MARC”) has reaffirmed our rating of MARC-1s/AA-Is on two of our Islamic Commercial Papers and Islamic Medium-Term Notes programmes ICP/IMTN-1 and ICP/IMTN-2 with a stable outlook rating. The ICP/IMTN programme each has a programme limit of RM2.0 billion with a sublimit of RM500.0 million on the ICP issuances.

We issued RM700.0 million under the 2016 IMTN programme in October 2018. The RM700.0 million IMTN have tenures of three, five and seven years and will mature in 2021, 2023 and 2025, respectively. The proceeds were utilised to redeem the outstanding IMTN of the same value issued under the 2012 RM2.0 billion IMTN programme.

Delivering Customer Satisfaction

We place customers at the heart of everything we do, with their satisfaction being one of the indicators of our success. To ensure we maintain a consistently high customer experience, we engage an independent consultant to conduct an annual Customer Satisfaction Survey.

In 2018, close to 1,300 customers across our projects in the Central and Southern regions responded to the survey. We scored 79% (77% in 2017) in the perception category and 77% (75% in 2017) for overall performance. We also took the opportunity to gauge their awareness of the UEM Sunrise brand and were pleased to achieve a double-digit score compared to a single digit in 2017, indicating that our brand awareness efforts have been effective.

STATUS OF DEVELOPMENTS

CENTRAL

Approximately 5% of our developable landbank (665 acres) is located in the Central region which comprises Kuala Lumpur, Selangor and Seremban. The remaining GDV of ongoing projects (phases yet to be launched) stands at RM7.9 billion. This consists mainly of projects such as Serene Heights, Solaris Parq, Radia Bukit Jelutong (50:50 joint venture with Sime Darby Property Berhad) and Seremban Forest Heights (50:50 joint venture with MCL Land Ltd). The total estimated GDV from potential pipeline projects is RM18.4 billion mainly from a new development we plan to launch in Kepong.

Launches in 2018:

Kondominium Kiara Kasih in Segambut, facing the North-South Expressway and overlooking the Jalan Duta toll. The 40-storey residential development with a GDV of RM215.7 million was launched in March and has a take-up to date of 97%. The development comprises 719 apartment units, each with a built-up of 850 square feet selling at RM300,000. It also features condominium facilities, a multipurpose hall, swimming and wading pools, an observation deck and garden. Completion is slated for 2022.



Residensi Astrea, Mont'Kiara

Residensi Astrea in Mont'Kiara, launched in October. The 37-storey high-rise premium apartment features 240 units with built-ups ranging from 1,364 to 1,859 square feet priced from RM1.2 million per unit. Carrying a total GDV of RM323.0 million, the development is targeted for completion in 2023, and has a current take-up of 53%.

We also launched **Eugenia**, the fifth instalment of Serene Heights, in October 2018. The RM3.7 billion township development was first launched in June 2015 mainly for the mid-market segment. It offers landed double-storey terrace and semi-detached homes, bungalows, condominiums and commercial units. Eugenia, with a GDV of RM62.5 million, comprises 84 double-storey terrace homes priced from RM565,000 per unit. Its take-up to date stands at 61%.

Current key developments:

Residensi Solaris Parq, a 41-storey premier high-rise residential development located next to the iconic Masjid Wilayah in Mont'Kiara. It features 576 apartment units with built-ups ranging from 721 to 2,469 square feet priced from RM873,800 to RM2.9 million per unit. Launched in October 2017, the RM765.0 million project has achieved a take-up rate of 70% and is slated for completion in 2024.

Residensi Sefina, a low-density 35-storey residential development in Mont'Kiara. Launched in August 2015, the beach themed project with a GDV of RM307.0 million comprises 245 apartment units. So far, 98% of the units have been taken up; and we target to complete and deliver the entire project this year.

Serene Heights' Acacia, Begonia, Camellia and Dahlia. These projects carry a total GDV of RM396.5 million and have achieved a combined take-up of 98% to date.

We achieved total sales of RM776.8 million in the Central region in 2018. The year also saw the completion and handover of Acacia and Begonia, the first phases to be completed in Serene Heights.

Exciting Pipeline in 2019

In April 2018, we acquired 72.7 acres of land in Kepong, Kuala Lumpur from Datuk Bandar Kuala Lumpur via a joint venture arrangement with a private developer, Mega Legacy Equity Sdn. Bhd. ("MLE"). The land is adjacent to the 235-acre Kepong Metropolitan Park near the Kuala Lumpur Middle Ring Road 2 ("MRR2"). UEM Sunrise will lead in the development of the land and transform it into a new high-rise integrated mixed residential and commercial township. The development will be modern contemporary lifestyle to attract a generation of young home owners who will inject fresh vigour into the community emulating the Mont'Kiara lifestyle with a touch of local Kepong attributes.

The development includes two interchanges connecting directly to the MRR2 with the first interchange to be completed within 18 months from the launch of the first phase; two towers of serviced apartments with a small portion dedicated to retail at an estimated GDV of RM640.0 million. We are also currently fine tuning the overall masterplan and target to unveil the overall development during the launch of the first phase in quarter four this year. The entire project carries an estimated GDV of RM15.0 billion featuring 11,000 units of serviced apartments, retail, commercial, and an office space on top of a hotel in addition to an educational and wellness component. The entire development is to be completed over a period of 15 years.

New Business Opportunities

In December 2018, we unveiled UEM Sunrise's first hospitality service, the pioneering four-star Hyatt House Kuala Lumpur Mont'Kiara within the Arcoris development. The 299-room residentially inspired extended stay hotel is the first of its kind in Southeast Asia and was awarded the Most Valued Extended Stay Suites at the Malaysia Property Press Awards 2018. Going at an average daily rate of RM320 per night, interest has so far been overwhelming.

Another first was our foray into the workspace segment with the launch of WOTSO Workspace in Mercu Summer Suites, Kuala Lumpur. In June 2018, we formed a 50:50 joint venture with WOTSO S.E.A Pty. Ltd., a subsidiary of BlackWall Limited and Australia's largest collaborative workspace provider, to meet a growing need among entrepreneurs and SMEs in Malaysia and Singapore for cost effective co-working spaces. WOTSO Workspace in Mercu Summer Suites spans approximately 13,000 square feet and can accommodate about 240 members at any one time. Opened for business on 14 November 2018, WOTSO prides itself to be beyond sharing infrastructure and cost, but belonging to a community, accessibility and sustainability. Unlike the majority of co-working operators, WOTSO does not lock its clients into long term contracts. Instead, it gives flexibility with all offerings available by the day, week or month. Entrepreneurs interested in using the workspace need only pay a monthly membership fee of RM400 and RM50 for day passes.

Management Discussion & Analysis



Aspira LakeHomes, Gerbang Nusajaya, Johor

SOUTHERN

76% of our developable landbank (9,990 acres) is in the Southern region, with 49% or 6,379 acres in Iskandar Puteri and the remaining in Desaru, Kulai and Mersing, which have yet to be launched. The remaining GDV of ongoing projects in Iskandar Puteri stands at RM17.4 billion, mostly from East Ledang, Almās and Estuari Gardens in Puteri Harbour, Mall of Medini (55:45 joint venture with Iskandar Investment Berhad), Horizon Hills (50:50 joint venture with Gamuda Land Berhad), Emerald Bay (40:60 joint venture with Bandaraya Development Berhad), Aspira LakeHomes (formerly known as Melia Residences), Nusa Idaman and Nusa Bayu. The total estimated GDV from potential pipeline projects is RM70.2 billion, mainly from Gerbang Nusajaya, Fraser Metropolis, Kulai (60:40 joint development with KLK Land Sdn. Bhd.), Desaru (51:49 joint venture with Desaru Development Corporation Sdn. Bhd.'s subsidiaries), Residential South, Puteri Harbour (80:20 joint venture with Iskandar Coast Sdn. Bhd.), Serimbun Phase 2 and The Waves, Puteri Harbour (50:50 joint venture with United Malayan Land Bhd).

Iskandar Puteri is envisioned as a township for business, living and leisure. As master developer, UEM Sunrise is committed in executing the masterplan which entails the development of residential precincts, industrial hubs, commercial and retail developments as well as infrastructures whilst maintaining a substantial area as Iskandar Puteri's green lung. Its developments have been progressing well ever since its inception with the commencement and completion of several key projects including the operation of developments which are catalytic in nature. We have also dedicated a 71-acre Sireh Park (Phase 1) for Iskandar Puteri's residences bordering Nusa Idaman and Horizon Hills for leisure and trekking activities.

Launches in 2018 and early 2019:

Serimbun, launched in February 2018. A mid-market residential development featuring 215 units of double-storey terrace homes with a GDV of RM139.0 million. The 23.2-acre development is strategically located in a mature area near the Bukit Indah township, easily accessible via the Coastal Highway, Second Link Expressway and North South Expressway. Priced from RM525,000 per unit, 73% has been taken up to date. Completion is slated for 2021.

68° Avenue, a commercial development opposite SILC, launched in December 2018. It features 136 units of two to three-storey shop offices with built-ups ranging from 3,113 to 5,728 square feet. The project, with a GDV of RM167.7 million is priced from RM955,000 per unit and has attracted a take-up of 60%. It is to be completed in 2020.

Aspira ParkHomes in Gerbang Nusajaya, launched in January 2019. Phase 1 consists of 162 units of double-storey terrace homes with a GDV of RM101.8 million. In total, the development comprises 452 units of double-storey terrace homes with a total GDV of RM292.3 million. We also plan to launch Phase 1 of Aspira Gardens in Gerbang Nusajaya, another residential development with an estimated GDV of RM84.7 million, in the second half of this year. Aspira ParkHomes is slated for completion in 2021.

Key current developments:

Estuari, a lush enclave of exclusive homes sprawling across 394 acres in Puteri Harbour. The first phase, Estuari Gardens, comprising 350 double-storey superlink homes with built-ups ranging from 2,708 to 3,780 square feet, was launched in August 2015 and completed in August 2018. To date, the take-up of the RM656.8 million development is close to 50% while a total of 140 units have been delivered to the home owners. The entire development, with a GDV of RM3.4 billion, is slated for completion by 2025.

Almās, a high-rise mixed commercial-residential development in Puteri Harbour. It comprises two office blocks, a retail boulevard, two residential towers and one block of suites, carrying a total GDV of RM2.4 billion. The 34-storey residential Almās Suites was launched in January 2014. Comprising 544 suites and towering atop seven storeys of car park and a facility podium with a GDV of RM311.2 million, Almās Suites was completed in December 2018. Its take-up to date is 93%. We have also commenced works on Almās Retail, 220 units of 44 retail blocks comprising five-storeys adjacent to Almās Suites. With a GDV of RM268.9 million, Almās Retail is targeted to be completed towards the end of April 2019.

We realise the need to rebalance our landbank portfolio and increase our presence in the Central region, where there is still a robust market for the right value propositions.

Denai Nusantara, our first Rumah Mampu Biaya Johor, an affordable high-rise residential development with a GDV of RM188.5 million. Launched in January 2016, the development comprises 1,109 units of three-bedroom apartments measuring 1,000 square feet each and 108 single-storey shop lots measuring 1,200 square feet each. Completion of the development in January 2019 was celebrated in a ceremony officiated by Johor's Chief Minister. As at mid-April 2019, approximately 600 units have been delivered with a take-up of 82%.

Aspira LakeHomes, comprising 625 units of double-storey terrace homes spread across 73.6 acres of land in Gerbang Nusajaya. Since April 2016, 366 units from Phases 1 to 3 have been launched with a take-up of 74%. Phases 1 and 2 are slated to be completed before year end followed by Phase 3 in 2020. The total development carries a GDV of RM541.3 million.

Sales achieved in the Southern region for 2018 stood at RM456.8 million. The year also saw the completion and handover of Estuari Gardens and Almás Suites. In January 2019, we delivered Denai Nusantara.

Catalytic Developments in Iskandar Puteri

Since becoming the master developer of Iskandar Puteri in early 2000, Iskandar Puteri has been one of our flagship developments. We see our role here as not only to design and manage a comprehensive masterplan that amalgamates world-class commercial, industrial, residential, sports, entertainment, hospitality, healthcare, educational and F&B facilities, but also to catalyse footfall through a range of exciting events and activities.

Puteri Harbour

Puteri Harbour is a 688-acre integrated urban waterfront development, fondly known as the crown jewel of Iskandar Puteri. It has previously won the FIABCI Best Master Plan award and was selected as Runner Up in the Best Master Plan category at the FIABCI International Prix d'Excellence. Today, it is being developed into a luxe marina resort complete with waterfront promenades, residences, fine-dining restaurants, hotels, cafes, indoor theme parks, retail outlets as well as yachting facilities. It offers convenient connectivity in the form of bus and shuttle services from Larkin, Johor Bahru to Puteri Harbour. In addition, ferries from the Puteri Harbour International Ferry Terminal ply to and from Batam and Tanjung Balai, Indonesia with plans to expand to Singapore, enhancing Puteri Harbour as a tourist destination and lifestyle hub.

We have yet to maximise the full potential of Puteri Harbour as a destination for business, living and leisure, and have plans to rejuvenate the entire development. The goal is to unlock its potential GDV in excess of RM14.7 billion through ongoing and pipeline projects. Between 2019 and 2021, we plan to develop key attractions including the ONE° 15 Estuari Sports Centre together with our joint venture partner, ONE15 Marina Holdings Pte. Ltd. of Singapore; Marina Walk, ONE° 15 Marina Puteri Harbour (club) together with the same joint venture partner; Tanjung Marina Promenade, Tanjung Point Park and a Convention Centre.

We continue to build meaningful, long term relationships that make us the developer of choice for our trusted partners. The 40:60 joint venture operating under ONE°15 Marina Development Berhad ("ONE°15 MDB") begins selling club memberships in early 2019 having been given the approval by the Companies Commission of Malaysia in December 2018. A marketing gallery, to be opened in the second quarter of 2019, will introduce the waterfront marina lifestyle to potential club members and general public, targeting Malaysians, Singaporeans and expatriates. ONE°15 Marina Puteri Harbour will feature a 13,616 m² private clubhouse with a full-service private marina, 207 berths, 77 deluxe hotel rooms and suites, a two-storey members' lounge, meeting rooms and a 320-seat ballroom, gym, swimming pool with water play area for kids, multiple dining outlets, co-working spaces, kids' club, day spa, retail outlets and yacht chartering services. The ONE°15 Estuari Sports Centre will offer sports and recreational activities.

Meanwhile, various 'placemaking' events are being organised to appeal to different demographics, creating a vibrant working and living environment. The most significant of these the annual Iskarnival, which attracted more than 70,000 visitors on 8-9 December 2018. Themed Iskarnival Main-Main, it showcased a string of highly talented Malaysian musicians. Other crowd pullers included the Moscow Circus and Iskandar Puteri Jazz Festival. In the realm of physical endurance, we hosted the inaugural Spartan Asia Pacific Championship 2018, Challenge Iskandar Puteri 2018 triathlon, and Iskandar Puteri Night Marathon 2018. Yet another highlight of the year was the inaugural fashion extravaganza, STYLO Gentlemen's Weekend, held at Puteri Harbour from 26-28 October.

Management Discussion & Analysis

EXISTING PROPERTIES

Southern Region Project	Type	Launched GDV (RM mil)	Remaining GDV (RM mil)	Development Period
East Ledang	Landed Residential	1,843.5	1,463.3	2008 - 2023
Nusa Idaman	Landed Residential	946.3	932.9	2005 - 2020
Nusa Bayu	Landed Residential	750.8	409.1	2010 - 2021
Imperia	High-Rise Residential	469.6	0.0	Completed
Teega	High-Rise Residential	1,347.3	0.0	Completed
Almas	High-Rise Mixed Residential Commercial	580.1	1,377.4	2013 - 2022
Estuari Gardens	Landed Residential	656.8	2,702.0	2015 - 2025
Aspira LakeHomes	Landed Residential	262.4	158.0	2016 - 2022
Denai Nusantara	High-Rise Affordable	188.5	0.0	Completed
Serimbun	Landed Residential	139.0	0.0	2018 - 2021
68° Avenue	Commercial	167.7	0.0	2018 - 2020
Aspira ParkHomes	Landed Residential	101.8	190.5	2019 - 2021
Horizon Hills (JV)	Mixed Residential Commercial	5,471.2	1,730.8	2007 - 2020
Somerset Puteri Harbour (JV)	Low-Rise Serviced Apartments	220.0	0.0	Completed
Emerald Bay (JV)	Landed Residential	338.0	3,177.0	2012 - 2023
Mall of Medini (JV)	Commercial	103.0	2,097.0	2012 - 2022
Nusajaya Tech Park (JV)	Industrial	315.0	3,185.0	2014 - 2025
TOTAL		13,901.0	17,423.0	N/A

Central Region Project	Type	Launched GDV (RM mil)	Remaining GDV (RM mil)	Development Period
Serene Heights	Landed Residential	459.3	3,247.5	2015 - 2025
Symphony Hills	Landed and High-Rise Residential	1,269.4	0.0	Completed
Residensi Sefina	High-Rise Residential	307.3	0.0	2015 - 2019
Arcoris	High-Rise Mixed Commercial	1,257.9	0.0	Completed
Summer Suites and Summer VOS	High-Rise Commercial	470.7	0.0	Completed
Residensi 22	High-Rise Residential	971.3	0.0	Completed
Radia Bukit Jelutong (JV)	Mixed Residential Commercial	982.1	1,038.9	2013 - 2021
Seremban Forest Heights (JV)	Mixed Residential Commercial	582.5	1,640.4	2003 - 2025
Residensi Solaris Parq	High-Rise Residential	765.2	2,015.6	2017 - 2024
Kondominium Kiara Kasih	High-Rise Affordable Residential	215.7	0.0	2018 - 2022
Residensi Astrea	High-Rise Residential	323.0	0.0	2018 - 2023
TOTAL		7,604.4	7,942.4	N/A

International Project	Type	Launched GDV (RM mil)	Remaining GDV (RM mil)	Development Period
Quintet, Canada	Mixed Residential Commercial	1,032.9	0.0	Completed
Aurora Melbourne Central	High-Rise Residential Mixed Commercial	2,389.6	0.0	2014 - 2019
Conservatory	High-Rise Residential	990.6	0.0	Completed
Mayfair	High-Rise Residential	1,132.6	0.0	2017 - 2021
TOTAL		5,545.7	0.0	N/A

- Southern
- Central
- International



Note:
Projects in the latest launches above were launched in 2018 except for Aspira ParkHomes which was launched in January 2019.

Gerbang Nusajaya

Our next growth catalyst is the 4,471-acre Gerbang Nusajaya which is being developed to serve as the business and economic engine of Iskandar Puteri featuring residential precincts, industrial hubs, lifestyle and retail zones as well as campus offices. Seen as the gate to sustainable economic opportunities and high-quality life, Gerbang Nusajaya leverages its connectivity – being just 15km away from the Tuas checkpoint in Singapore and 33km from Senai International Airport – to attract investors and high-value businesses among others.

Further boosting its connectivity, the Gerbang Nusajaya Interchange is being developed jointly with Mulpha International Berhad, and slated for completion towards the end of 2020. Between 2019-2023, freshly injected funds will be utilised to build roads, interchanges, bridges, drains, detention ponds, reservoirs, treatment plants, street lighting and landscaping. There are also plans to construct a main spinal road and an Iskandar Puteri Transportation Hub to leverage on the existing Keretapi Tanah Melayu railway tracks which currently heads to the Port of Tanjung Pelepas. In addition, we hope to incorporate transit-oriented developments around the area to further enhance its economic potential. The entire development is estimated to unfold over a period of 25 years.

Gerbang Nusajaya offers residential homes where eco-living coincides with biodiversity. Some of the residential precincts are carefully planned around centrally located lakes to encourage a serene lifestyle. Under the approved Gerbang Nusajaya masterplan, we will be providing a total of 11,540 units of houses including those under joint ventures. In the immediate term, we have identified five developments that have either been launched or planned for launches i.e. Aspira LakeHomes, Aspira ParkHomes, Aspira Gardens, Gerbang Nusantara and Aspira Square, totalling 6,141 units with total a GDV of RM1.5 billion.



Serene Heights in Bangi

Today, we have developed two mid-market gated and guarded residences, namely Aspira LakeHomes and Aspira ParkHomes. Aspira LakeHomes comprises 625 units of double-storey terrace homes spread across 73.6 acres of land with a total GDV of RM541.3 million priced from RM597,800 per unit. Since April 2016, a total of 366 units from Phases 1 to 3 have been launched with a take-up of 74%. Aspira ParkHomes, also landed and stratified, was launched on 19 January 2019 priced from RM529,000 per unit. It will see a three-phased roll-out of 452 units of double-storey terrace homes at a total GDV of RM292.3 million. To date, 162 units in Phase 1 with a GDV of RM101.8 million have enjoyed sales and bookings of close to 60%. Towards the end of 2019, we plan to launch Phase 1 of Aspira Gardens, another new residential development with a total estimated GDV of RM84.7 million and Aspira Square, a commercial development totalling 82 units with an estimated GDV of RM68.0 million.

Meanwhile, the Johor State Government has approved the development of 4,868 units under the Rumah Mampu Biaya Johor scheme. The project with a total GDV of RM500.6 million, to be known as Gerbang Nusantara, sits on 164.8 acres north of Gerbang Nusajaya and will comprise a combination of landed and high-rise units with the residential unit priced at RM150,000 per unit. Targeted to be launched in the second half of 2019, Gerbang Nusantara will include communal facilities such as a mosque, integrated and primary schools, multipurpose hall and a neighbourhood community centre.

Excluding the ongoing developments, we have slightly above 2,300 acres of developable lands in Gerbang Nusajaya potentially generating an estimated total GDV of RM25.4 billion.

Nusajaya Tech Park (“NTP”) is an integrated industrial park with eco-friendly infrastructure, design and facilities 60:40 owned by the Ascendas Group and UEM Land Berhad respectively via a joint venture company, Nusajaya Tech Park Sdn. Bhd. in Gerbang Nusajaya. To date, 43 ready-built factories have been completed with 21 units sold and another four leased, mainly by investors from Singapore, Malaysia, the United Kingdom and United States. Most of the lessors are engaged in precision engineering and the aerospace industry.

In July 2018, British aerospace supplier GKN Aerospace signed agreements to set up its first Asian repair and research centre in NTP, committing to an investment of USD30.0 million. The research centre, occupying a total gross floor area of about 105,000 square feet, is expected to open in mid-2019 with about 150 employees in the first two years of operation, doubling to 300 after five years. GKN Aerospace is the world’s leading tier one supplier of aerospace systems and products. In November 2018, a 225,225 square feet build-to-suit precision engineering manufacturing facility was completed and handed over to Daiichi Seiko from Japan. Its grand opening is expected to be held in the second half of 2019.

Management Discussion & Analysis

The **Southern Industrial and Logistics Clusters (“SILC”)** is our flagship 1,300-acre advanced technology industrial park. Phases 1 and 2 are sold out with 342 factories completed. Phase 3, with a net saleable area of 196 acres, was officially launched in February 2017 with the disposal of 4.1 acres to Crown Worldwide Group which is investing RM37.0 million in a facility to store 1.5 million boxes of documents for its Crown Records Management brand. In 2018, we entered into four other agreements for the disposal of industrial plots of varying sizes at a total consideration of RM26.0 million.

Investments such as these will create employment opportunities which, in turn, will bring in the population required for Iskandar Puteri to reach critical mass for organic growth. They also support the government’s development agenda. Having GKN Aerospace set up its first Asian repair and research centre in Iskandar Puteri is consistent with the Government’s aspirations to make Malaysia the leading aerospace nation in Southeast Asia as spelt out under the Malaysia Aerospace Industry Blueprint 2030.

Afiat Healthpark is a 67.2-acre health and well-being hub in Iskandar Puteri. It currently boasts the Columbia Asia Hospital and Millesime Hotel. Columbia Asia Hospital, which opened in 2010 with 80 beds, has been recording an average occupancy rate of 80%-100%. The hospital purchased another three acres of land from UEM Sunrise in June 2015 for expansion, which was completed in the second quarter of 2018 enhancing its capacity to 155 beds. This is aligned with our promotion of Iskandar Puteri as a medical tourism destination. To date, we have a balance of 28.2 acres of saleable land in Afiat Healthpark.

INTERNATIONAL

Completion and Partial Settlement of Australian Projects

Topping out at a staggering 289-meter AHD (Australian Height Datum) and located where shopping, work, education, cultural and transportation hubs converge vis-à-vis direct linkage to the concourse of Melbourne Central Station, Aurora Melbourne Central reached its structural peak on 4 April 2019. Located in La Trobe Street, it is currently the tallest building in Melbourne Central Business District. The 88-storey mixed-use development comprising 959 residential apartments, 252 serviced apartments, office suites and premium retail space will create more than 500 ongoing opportunities for employment upon its completion and has seen over 3,000 jobs created during construction.

The first Separable Portion (“SP”), SP3 (levels 10 to 30), with a GDV of AUD115.1 million, was completed and progressively handed over beginning September 2018. The handover of the completed units is on track with a total of 201 units delivered to the respective buyers achieving a settlement rate of over 97% to date. SP4 (levels 31 to 59), which has a GDV of AUD277.6 million, and SP5 (levels 60 to 88) with a GDV of AUD241.2 million are targeted for completion in the second and fourth quarters of 2019 respectively. The en-bloc sale of serviced apartments to Ascendas Australia Hotel Trust signed in December 2015 for AUD120.0 million, is expected to be completed in the third quarter of 2019.

Another of our developments in Melbourne, adjacent to UNESCO World Heritage Carlton Gardens is **Conservatory**. With a GDV of AUD322.0 million and featuring 446 residences, Conservatory’s SP1 was completed and handed over beginning December 2018 followed by its SP2 and SP3 which were handed over progressively from January and February 2019, respectively. To date, all 446 units in the 42-storey building on MacKenzie Street have been completed with 311 units handed over to the purchasers, reflecting a settlement rate of 70% to date. We have also settled the entire project financing for Conservatory via the receipt of the settlement proceeds. Surplus from the proceeds shall be a cash inflow to UEM Sunrise.



Aurora Melbourne Central, Australia

Overlooking the Shrine of Remembrance and the Royal Botanic Gardens on St. Kilda Road is **Mayfair**, our ultra-luxurious development featuring 158 residences. The high-rise icon was designed by the late world-renowned architect, Dame Zaha Hadid.

With existing structural issues still plaguing the property sector, the market is expected to remain challenging in 2019.

Plans in Durban, South Africa

In South Africa, we are developing Durban Point, located at the entrance of the busiest port in Africa within the Central Spatial Region, part of the Greater Durban Central Business District. Measuring approximately 30.6 acres, the development is being undertaken by a 50:50 joint venture with the local eThekweni Municipality, held indirectly by UEM Sunrise South Africa (Pty) Ltd. The land's strategic location, along the Point Promenade overlooking the Indian Ocean, is its unique value proposition. In addition, the Durban Municipality has also invested substantially into developing relevant infrastructures and promenade to make the area more attractive.

Since acquiring the land in the 1990s, several developments have come into existence including the promenade, a theme park and other infrastructures adding value to the location. Durban Municipality itself has a strong pull factor, boasting the nation's highest Credit Rating of AA-/A1+ and having the best collection and capital (infrastructure) investment rates in addition to being the largest domestic tourism destination and ranking second for 'Quality of Living' among all cities throughout Africa based on Mercer Consulting 2018.

In view of the circumstances, we are planning to re-activate the development of Durban Point and unlock its potential value. We have identified three plots of land measuring 8.5 acres for disposal to raise funds to partly finance a mixed high-rise residential and retail development on a plot of land fronting the beach.

ECONOMY

The Malaysian economy is expected to expand by 4.3% to 4.8% in 2019 (*source: Bank Negara Malaysia*) compared with the 4.7% recorded in 2018. Although private sector consumption is expected to slow down to move closer to its long-term average of 6.7%, it will continue to be the main driver of growth. The projected deceleration in this segment is largely due to consumers factoring in the effect of the Sales Service Tax in their spending, besides already having frontloaded their spending for durable goods during the zero-rated GST period.

The external sector is anticipated to record a more moderate growth in line with modest global economic outlook and trade activity. Global trade developments will remain a key factor affecting the 2019 outlook, as trade tensions between the US and China pose downside risks in the near-term future. Other short-term downside risks include the relatively high levels of

private and public sector debts, as well as the increased reliance on oil-related revenue. Over time, the implementation of reforms via the six pillars announced during the Mid-term Review of the 11th Malaysia Plan should improve public sector efficiency and foster equitable growth within the nation.

With existing structural issues still plaguing the property sector, the market is expected to remain challenging in 2019. Anticipated headwinds include continued property oversupply and an apparent supply and demand mismatch, combined with the subdued economic growth, the dampened sentiment following the post-election initial euphoria, and the rising cost of living. Affordability issues continue to weigh on the sector, particularly in the residential segment where household income growth falls short of the real increase in cost of living and housing especially in urban areas.

Nonetheless, the residential market has shown possible early signs of recovery as transaction volume in the first nine months of 2018 grew by 1.3% year-on-year – after having recorded negative growth in the first nine-month periods of the past three years – indicating positive opportunities in the current market, given the right location, product and pricing strategy. Having said that, transaction activity grew mainly in the segment where property prices are below RM500,000 per unit, which is supported by the mass market. By location, the Southern region will lag behind Central in recovery due to the massive numbers of unsold units in Johor particularly in the high-rise segment, as compared to elsewhere in the country.

In an effort to spur activity, the Government has introduced various waivers and initiatives to encourage homebuyers, some of which have been supported by UEM Sunrise. We are participating in the FundMyHome scheme placing our high-rise Verdi Eco-dominium, Symphony Hills in Cyberjaya as one of the products which potential buyers can rent and thereafter buy. We also took part in the launch of our Home Ownership Campaign 2019 in early March which saw us sell 34 residential properties mainly comprising Serene Heights' Eugenia and Dahlia, two units of Verdi Eco-dominium and two units of Serimbun worth RM26.0 million during the three-day campaign.

Meanwhile, in Australia the outlook is also less optimistic this year, mainly due to the weaker growth in consumption as well as household income. The 2019 GDP growth forecast was lowered to 2.7% (*source: Bloomberg's weighted average as at February 2019*), and the property market continues to be sluggish with residential prices especially in Sydney and Melbourne having declined most significantly. Tightened access to credit, subdued consumer sentiment, reduced investment and higher dwelling supply are the main factors behind this waning condition. Despite the gloomy outlook, a low unemployment rate and possible recovery in income growth are expected to support the economy in the near to medium term.

Management Discussion & Analysis

STRATEGY & OPERATIONS

TRANSFORMING OUR DELIVERY ENGINE

Customers at the Heart of Our Business

We recognise that our customers are our most influential ambassadors and seek to ensure the best possible experience for them with UEM Sunrise. We conduct customer feedbacks and annual customer satisfaction surveys, to better understand our customers' needs and bridge various gaps through relevant initiatives.

Through the eProperty Track platform, potential customers are able to obtain online information on our products. We also introduced virtual tours of actual units and the overall plan of selected projects, apart from partnering with third party platforms, such as Loan Plus, for immediate loan screening within 20 minutes. We are also increasing our social media utilisation and presence towards reaching out to targeted audiences.

We have enhanced our customer channels to make it easier for customers to reach us for requests or enquiries. Our Customer Contact Centre, on a dedicated 1800 888 008 number, and e-mail customercare@uemsunrise.uemnet.com are now operational seven days a week (excluding public holidays) from 9.00 am to 6.00 pm. In addition, we have set up Customer "One Stop" Lounges at respective projects in the Central and Southern regions, offering easy access for walk-in customers for a variety of services, including property handover, defects management and property management. Dedicated Customer Experience executives are assigned to all enquiries to ensure each case is managed efficiently and resolutions are achieved within the stipulated time.

To facilitate transportation, we provide daily shuttle bus services in Mont'Kiara and Iskandar Puteri. Further adding value to our customers and residents, in October we entered into a Memorandum of Understanding ("MOU") with GPay Network (M) Sdn. Bhd., GrabCar Sdn. Bhd. and MyTeksi Sdn. Bhd. (collectively known as "Grab Partners") to collaborate on transport services within Mont'Kiara, Dutamas and Iskandar Puteri. Through the collaboration, we are implementing a non-exclusive cash payment service that covers transportation solutions, e-wallet payment services with stored value facilities, food delivery services, bicycle and scooter sharing services, and other related services. To ensure the venture's success, on 29 March 2019 we further detailed the responsibilities of each party under the MOU via a Collaboration Agreement.

Operational Excellence

Key to our transformation journey is revamping the way we do things. We have identified the need to improve our processes and systems, especially in key areas relating to development and procurement, as a means to accomplish operational excellence.



Strategic partnership between UEM Sunrise and Grab Malaysia

The goal is to be an accomplished developer, as well as a price and cost leader, measured not just by sales and revenue targets, but also by our efficiencies and professionalism. Aiming to achieve operational excellence through operations management, we focused on three major areas; Project Overall Life Cycle, Design Management and Procurement Process.

- Project Overall Life Cycle – With the goal of changing our mindset from construction to customer and business-centric, we are revamping our operational processes and implemented a reporting tool called RAR; short for Results-Action-Review. RAR enables users access to all the key metrics of a project involved in decision making with only a few clicks. Granting the right level of empowerment to the Directors and project team leaders to enable agility when it comes to 'on-the-ground' decision making, is also paramount in our improvement efforts. This reduces the backlog of impending decisions, resulting in more transparent accountability while the operationalisation of each project's profit and loss structure, enable us to monitor costs. We also need to ensure that UEM Sunrise's signature is engrained in all our projects considering that standardisation among the regional teams is required at all times. With the introduction of streamlined business submissions and approvals amongst others, we are well underway in 2018.
- Design Management – We challenged ourselves with the true meaning of the ideal UEM Sunrise project considering that our customers want our products to be EXCITING with unbeatable VALUE and EASY to own. Based on this philosophy, we developed "EVE", a new template that focuses on customer centricity.
- Procurement Process – We implemented a robust vendor accreditation and evaluation programme to ensure the quality of our partners and service providers. To ensure accountability across the board, a collaborative scoring of key performance indicators in tender processes was also introduced. We also implemented a more efficient tendering strategy, putting in place effective processes and engaging mostly with quality vendors. This allows us to achieve cost optimisation which can be driven further and reduce the amount of time spent on the whole procurement process.

UEM Sunrise has a large developable landbank of approximately 13,000 acres, including lands planned for joint venture developments.

A workable base to push business operations towards digitalisation in UEM Sunrise is taking form. Efforts to reduce costs and cycle times, improve product quality and increase efficiency are coming into force as we journey towards operational excellence.

Human Capital

Recognising the importance of our people to our ongoing success, we are restructuring our organisation to provide better clarity of individual roles and responsibilities, while aligning key performance indicators with our business goals. We are creating a high growth culture in which development support is ingrained in our everyday operations, daily routines and conversations. We encourage our people to keep challenging themselves. We recognise that mistakes will be made in such an environment, and share the view that mistakes are to be treated as learning opportunities for us to be better at what we do. Hence, programmes have been established to ensure our people are equipped with the right skills through learning and development initiatives, among which is the development of a customer-centric quality, which we strive to embed throughout the organisation.

UEM Sunrise is committed to identifying future leaders to continue to drive the business via succession planning and talent management. Our Talent Council and Advisory Council provide governance in building a sustainable talent pipeline through a series of interventions that enable our people to fully develop their potential. High performers are enrolled in a Senior Leadership Development programme. We help senior managers advance in their careers through the UEM Sunrise-Nottingham Business Management Programme.

STRENGTHEN SALES

Balancing Our Portfolio

UEM Sunrise has a large developable landbank of approximately 13,000 acres, including lands planned for joint venture developments. Of this, 76% is in the Southern region, particularly Johor; 19% in Tapah, Perak; while the remaining 5% is in the Central region. Our land in Durban Point represents approximately 0.2% of our total developable landbank.

We realise the need to rebalance our landbank portfolio and increase our presence in the Central region, where there is still a robust market for products with the right value propositions. This is being achieved by divesting non-strategic lands to provide the capital to secure strategic landbank in the Central region, where we hope to further grow the UEM Sunrise brand by emulating the success of our Mont'Kiara and Dutamas developments.

In 2018, we disposed of a total of RM457.4 million of non-strategic lands in Iskandar Puteri. This was followed by the disposal of a 10.6-acre pocket land to RA Suria Sdn. Bhd., its second acquisition in Iskandar Puteri following that of 23.6 acres in April 2017 for RM55.5 million, which we recognised in 2018. This second acquisition, with a consideration of RM24.8 million, was inked in January 2019, and is expected to be completed in the second quarter of the year.

Towards the end of March this year, we acquired a pocket land measuring 2.9 acres in Mont'Kiara from Bright Axiom Sdn Bhd. Prior to this, in June 2018, we acquired a similar sized pocket land also in Mont'Kiara from Nepfield Sdn. Bhd.. In April 2018 we acquired 72.7 acres of land in Kepong from Datuk Bandar Kuala Lumpur via a joint venture arrangement with MLE, while back in December 2017, we acquired 19.2 acres in Taman Equine, Seri Kembangan from Kemaris Residences Sdn. Bhd..

Inventory Monetisation Efforts

To help reduce some of our inventories and enhance our cashflow position, we ran two campaigns to make home ownership more affordable. In February, we launched 'A New Year, A New Home' offering value propositions such as Easy Entry, Easy Plan, Easy Move and Easy Privileges. This was followed by 'UEM Sunrise Celebrates 50 years of Community Building' ("C50") in August that leveraged a re-pricing strategy as well as sundry offers to further enhance our properties' value proposition. These campaigns targeted seven properties; Symphony Hills' landed properties and its two blocks of residential towers known as Verdi Eco-dominiums in Cyberjaya, Estuari Gardens, Almās, Teega, Residensi Ledang and Bayu Angkasa in Iskandar Puteri. Through the campaigns, we garnered total sales including bookings of RM311.2 million as at 12 April 2019 for the seven properties.

The Company's inventories as at end 2018 stood at RM695.3 million, just 14% higher than RM609.7 million as at end 2017. This is an achievement considering that we completed several major projects in 2018, especially in the second half of the year, including the fully-sold Acacia and Begonia, the first two phases of Serene Heights, Estuari Gardens and Almās. These completed projects caused our inventories to increase by RM287.9 million as at end of 2018. In January this year, we completed and delivered Denai Nusantara, and plan to deliver Residensi Sefina in Mont'Kiara as well as Camellia of Serene Heights. We plan to continue with the campaign in anticipation of lower inventories towards the end of 2019.

Management Discussion & Analysis

Planned Product Launches

We are of the view that products with unique value propositions within strategic locations and attractive pricing packages, should continue to have encouraging demand. As such, we plan to launch projects worth a total GDV of RM1.2 billion in 2019 focusing on reasonably sized mid-market projects in mature locations with prices ranging from RM500,000 to slightly below RM1.0 million per unit in both the Central and Southern regions. This excludes our affordable homes, the pricing of which is determined by the respective state authority's requirements.

The year 2019 started well with the launch of Aspira ParkHomes in Gerbang Nusajaya on 19 January which attracted considerable interest and has seen over 60% bookings to date. This is to be followed by other pipeline developments in the Southern region, specifically in Gerbang Nusajaya; a subsequent phase of Aspira ParkHomes, Aspira Square (Phase 1), Aspira Gardens (Phase 1) and Gerbang Nusajaya's first affordable homes, Gerbang Nusantara – all in the second half of 2019. In the Central region, we aim to launch two towers of serviced apartments with GDV of RM640 million in Kepong, Kuala Lumpur before year end and continue to introduce new phases of Serene Heights.

Our launches in 2018 have been successful, securing at least 60% take-up after six months of launch proving that our EVE philosophy has worked to date, particularly bringing to the market the right product and pricing, complemented by a strong marketing strategy. For example, the take-up of 68^o Avenue launched in December 2018 is already 60%. For Eugenia, Serene Heights launched in October 2018, the take-up to date is 61%. Among our other successful launches is Kondominium Kiara Kasih, which has enjoyed a take-up of 97% within a year of launch.

Our launches in 2018 have been successful, securing at least 60% take-up after six months of launch.

STRENGTHEN FINANCIALS

Earnings and Balance Sheet

While diversifying our sales portfolio for enhanced earnings, we seek to better manage our working capital by ensuring take-up rates exceed 60% prior to securing project financing for new launches. We will also explore project specific financing vis-à-vis broad funding as well as plan palatable repayment profiles. Sales targets will be relatively sized, easy to manage and we endeavour to manage receivables through stringent collection mechanisms.

Cash Flow Management

Liquidity is important, likewise our commitment towards settling borrowings. Towards this end, UEM Sunrise will continue with our cash consolidation exercise through asset divestment strategy having identified few pockets of land for disposal, earmarking close to RM300.0 million in 2019 as well as continuous sale of our product launches. We will also intensify our inventory monetisation efforts to clear Estuari Gardens, Teega, Residensi Ledang and Symphony Hills' landed homes as well as our high-rise Verdi Eco-dominium and map our commitment alongside our funding requirements prioritising developments, investments or repayments based on importance and urgency in line with the Company's strategy.

Smart Spending Initiatives

UEM Sunrise embarked on a group-wide smart spending initiative in 2018 to instil prudent and efficient spending without deteriorating the delivery and quality of our products. The initiative spans from project planning up to project financing costs. It has improved our performance in terms of overall savings in comparison to the initial budget in 2018. The initiative will continue throughout 2019.

FUTURE PROOFING THE BUSINESS

Digital technology is set to become an important element in our expansion plan moving forward. Our efforts can be broadly categorised into three areas: Digitisation (the process of converting information from a physical format into a digital one), Partnership and New Business Model. For Digitisation, we have commenced the use of technology to improve internal and external efficiencies for greater cost savings. Internally, we employed Microsoft 365 as our working modernisation tool and a new Sales Force CRM system for better lead management, sales and servicing. Externally, in 2018 we launched our new website and our first minimum viable product (MVP) App called Hub for our loyal customers to ease their journey with UEM Sunrise starting from finding the right properties up to post sales services.

Concurrently, we are actively looking for the right start-ups, i.e. newly-emerged businesses, to partner with. In 2018, we launched Smart Home for Residensi Astrea by partnering with B-wave in collaboration with Inneonusa Sdn. Bhd., our joint venture company with Telekom Malaysia Berhad. As mentioned, we are also collaborating with Grab Partners to bring their services into our development areas with some expansion on their roadmap. We implemented a pilot project with Smart Parking to



WOTSO, Mercu Summer Suites, Kuala Lumpur

ease customers' and stakeholders' parking experience and Loan Plus to enable quick checks on loan eligibility in order to buy our properties. We have identified other start-ups to work with in 2019 and hope they will bring more value to the Company.

On new business opportunities, we are actively looking for new revenue streams, one of which is our collaboration with BlackWall Limited on the co-working space in Malaysia. We also implemented a Design Thinking exercise in 2018 to rejuvenate Puteri Harbour. From the exercise, certain areas have been identified for potential monetisation which we hope to launch this year.

MANAGING KEY RISKS

Competition Risk

Competition is stiff for strategically located and reasonably priced landbanks, the supply of raw materials and labour, and selling prices of property. To sharpen our competitive edge, we review our brand strategy and product value proposition every year, while identifying potential operational improvements, enhancing our project delivery and strengthening our customer experience.

Operational Risk

Failure to deliver key projects efficiently is a major risk, which we manage by continuously strengthening our project management, design management and tender management capabilities as well as implementing value engineering to ensure projects are within budget.

Liquidity Risk

Inability to meet our funding obligations is a risk to earnings, shareholders' funds and/or our reputation. To minimise such risks, we monitor our sales funnel, inventory levels and development plans for adequate cash flow, while maintaining liquidity buffers. We also monitor borrowing repayment maturity profiles and financial covenants within acceptable levels.

Concentration Risks

Landbank concentration poses a risk, which we are managing through a landbank diversification strategy to acquire lands in the Central region while divesting non-strategic lands and assets deemed to be not strategic within our asset portfolio.

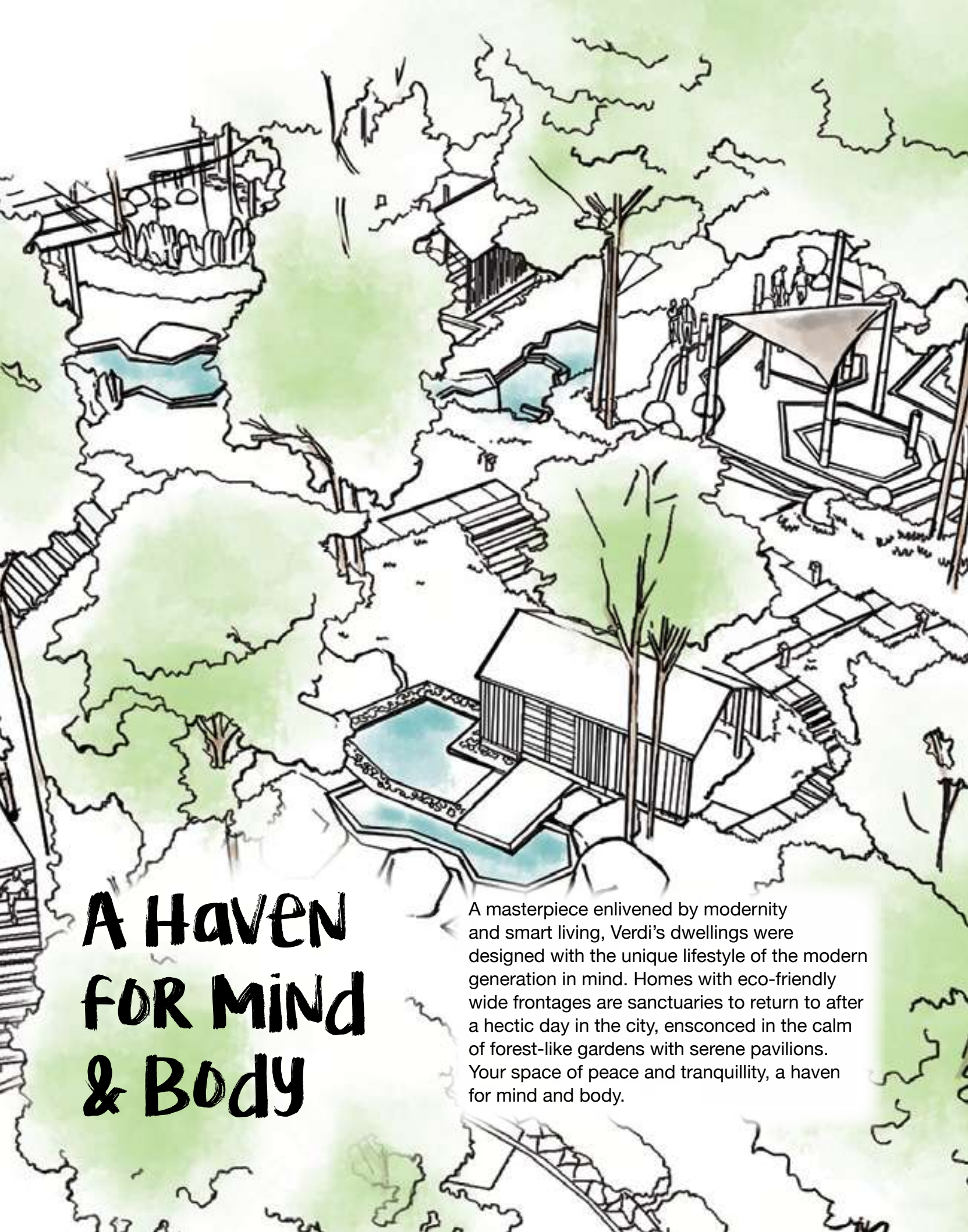
People Risk

Hiring the right employees and loss of key talent remain a challenge for the Company. To manage, we have established a talent brand and attraction strategy aligned with our desired organisational culture. Meanwhile, our Talent Management team is on the constant lookout for suitable talent.

PROSPECTS

With the property sector set to remain challenging in the short to medium term, we will focus on offering our unique brand of value propositions. We believe we can continue to command healthy sales especially if our properties are located in good locations that also carry attractive pricing packages. Of our RM1.2 billion sales target, we anticipate contribution to come from the Southern region, from projects such as Estuari Gardens and Aspira ParkHomes whilst from the Central region, the likes of Serene Heights, Residensi Solaris Parq, Residensi Astrea and Kondominium Kiara Kasih. We also plan to launch new projects worth a total GDV of RM1.4 billion focusing on reasonably sized mid-market projects in mature locations in both the Central and Southern regions. No international projects will be launched this year.

Taking into account the soft property market, we will exercise prudence in our product launches and remain pragmatic in our targets. We are determined to build on our encouraging operational and financial performance and to drive further efficiencies across the business. We are building great homes and projects for our customers, creating jobs and supporting economic growth while delivering the expected results both operationally and financially to our shareholders, but, as always, we will be mindful of the ongoing sentiment, and serve the market appropriately.



A HAVEN FOR MIND & BODY

A masterpiece enlivened by modernity and smart living, Verdi's dwellings were designed with the unique lifestyle of the modern generation in mind. Homes with eco-friendly wide frontages are sanctuaries to return to after a hectic day in the city, ensconced in the calm of forest-like gardens with serene pavilions. Your space of peace and tranquillity, a haven for mind and body.



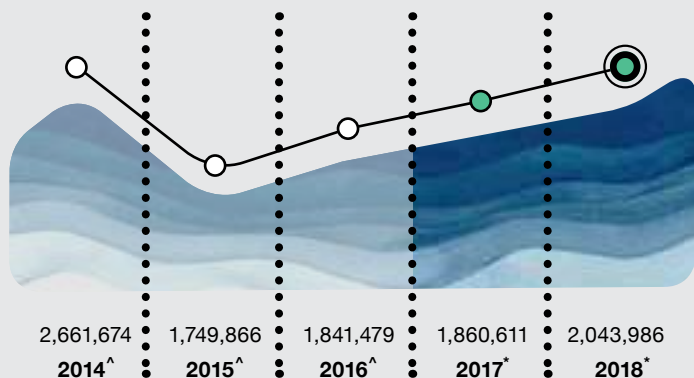
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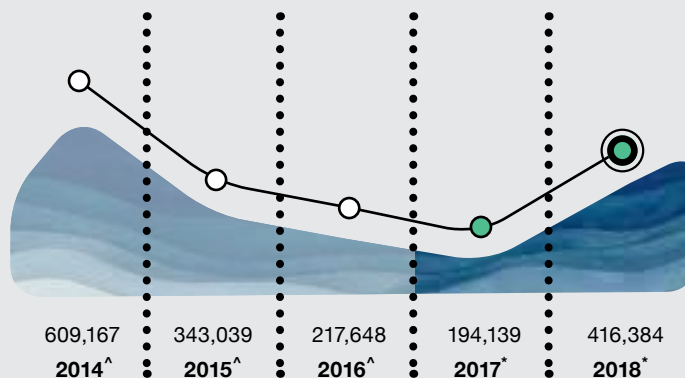
03

FIVE-YEAR FINANCIAL HIGHLIGHTS

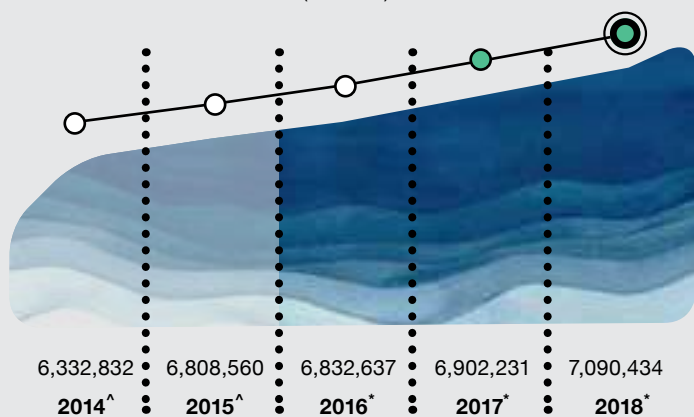
REVENUE (RM'000)



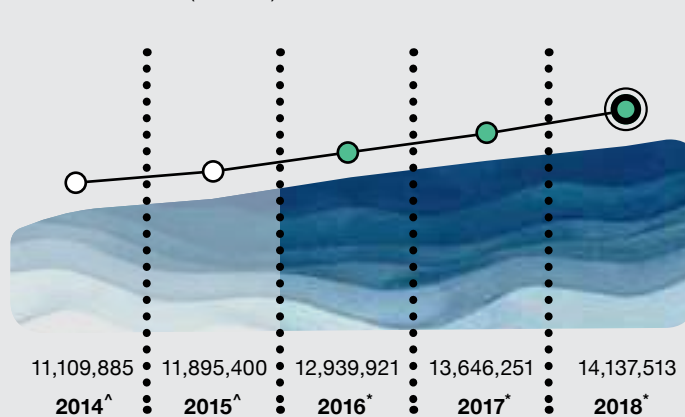
PROFIT BEFORE ZAKAT AND INCOME TAX (RM'000)



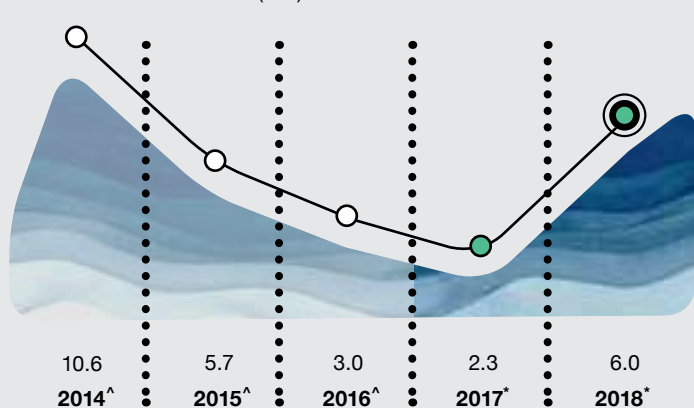
SHAREHOLDERS' EQUITY (RM'000)



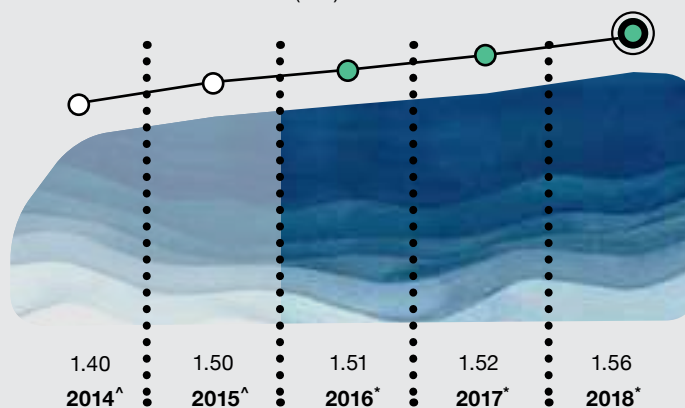
TOTAL ASSETS (RM'000)



EARNING PER SHARE (RM)[#]



NET ASSETS PER SHARE (RM)[#]



[^] Figures reported based on the Financial Reporting Standards ("FRS") framework.

^{*} Figures reported based on the Malaysian Financial Reporting Standards ("MFRS") framework.

[#] Attributable to owners of the parent.

FIVE-YEAR GROUP PERFORMANCE

For the financial year ended 31 December

In RM'000	2014 [^]	2015 [^]	2016 [^]	2017 [*] Restated	2018 [*]
Revenue	2,661,674	1,749,866	1,841,479	1,860,611	2,043,986
Cost of sales	(1,859,575)	(1,224,705)	(1,330,998)	(1,317,476)	(1,302,726)
Operating expenses	(340,365)	(349,688)	(360,739)	(350,124)	(339,652)
Operating profit	461,734	175,473	149,742	193,011	401,608
Other income	58,814	117,604	68,118	56,211	74,347
Finance costs	(45,852)	(73,868)	(75,992)	(91,146)	(100,966)
Share of net results of associates and joint ventures	134,471	123,830	75,780	36,063	41,395
Profit before zakat and income tax	609,167	343,039	217,648	194,139	416,384
Profit attributable to owners of the parent	479,927	257,212	147,302	105,565	280,333
Shareholders' equity	6,332,832	6,808,560	6,831,796	6,902,231	7,090,434
Earnings per share (sen)	10.6	5.7	3.0	2.3	6.0
Return on equity	7.8%	3.9%	2.2%	1.5%	4.0%

[^] Figures reported based on FRS framework.

^{*} Figures reported based on MFRS framework.

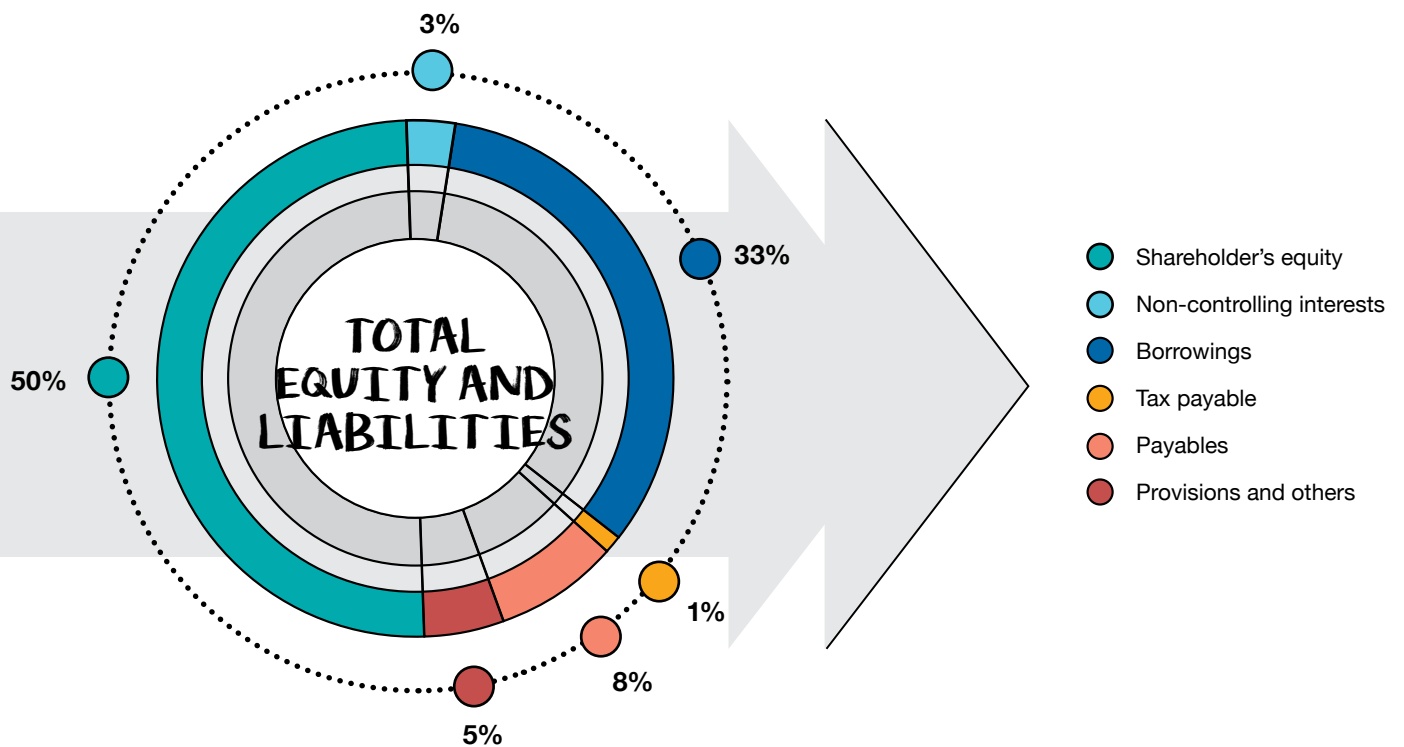
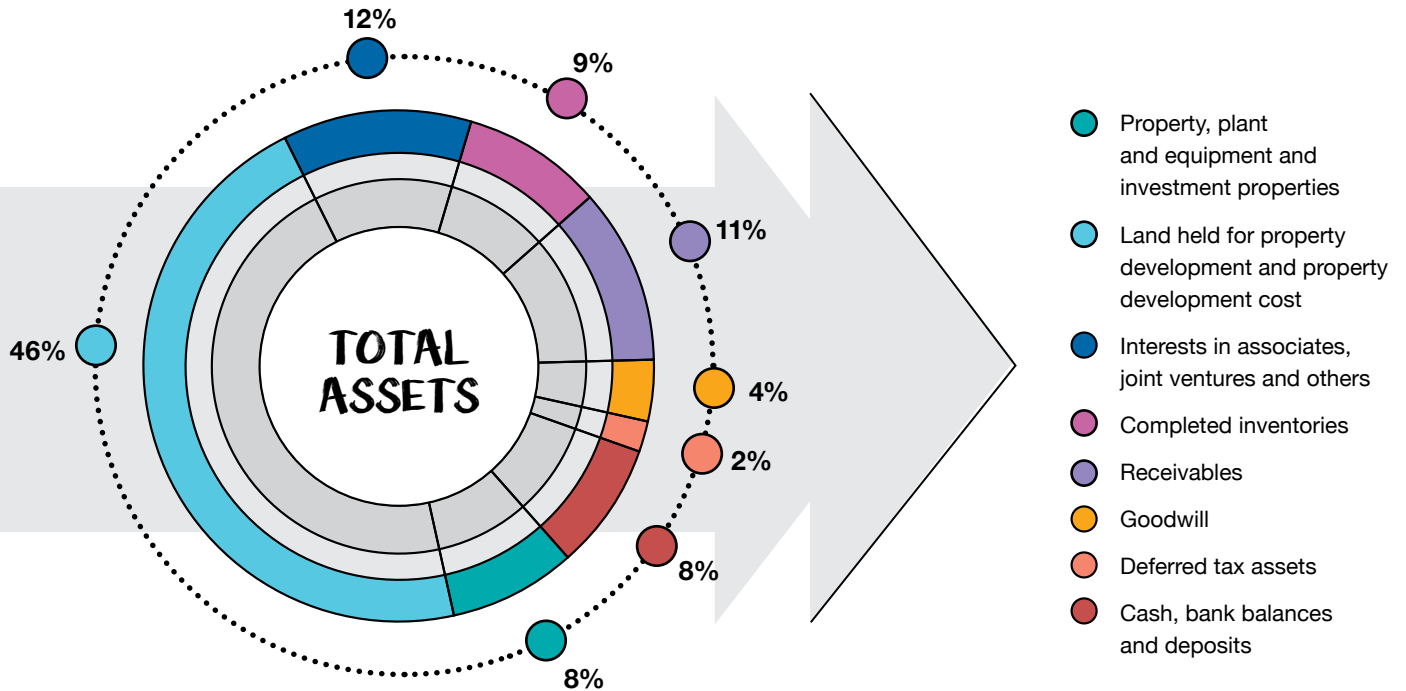
GROUP QUARTERLY PERFORMANCE

For the financial year ended 31 December 2018

In RM'000	First Quarter 31/03/2018	Second Quarter 30/06/2018	Third Quarter 30/09/2018	Fourth Quarter 31/12/2018	Year Ended 31/12/2018
Revenue	287,741	573,352	430,104	752,789	2,043,986
Cost of sales	(207,756)	(200,824)	(331,704)	(562,442)	(1,302,726)
Operating expenses	(56,555)	(80,628)	(72,785)	(129,684)	(339,652)
Operating profit	23,430	291,900	25,615	60,663	401,608
Other income	18,132	24,556	18,453	13,206	74,347
Finance costs	(22,403)	(22,677)	(26,472)	(29,414)	(100,966)
Share of net results of associates and joint ventures	10,321	(4,135)	9,430	25,779	41,395
Profit before zakat and income tax	29,480	289,644	27,026	70,234	416,384
Profit attributable to owners of the parent	25,287	213,792	21,173	20,081	280,333
Shareholders' equity	6,899,029	7,051,855	7,086,484	7,090,434	7,090,434
Earnings per share (sen)	0.6	4.5	0.5	0.4	6.0
Return on equity [^]	1.5%	12.3%	1.2%	1.1%	4.0%

[^] annualised

SUMMARISED GROUP Balance Sheet



FIVE-YEAR FINANCIAL REVIEW OF THE GROUP

As at 31 December

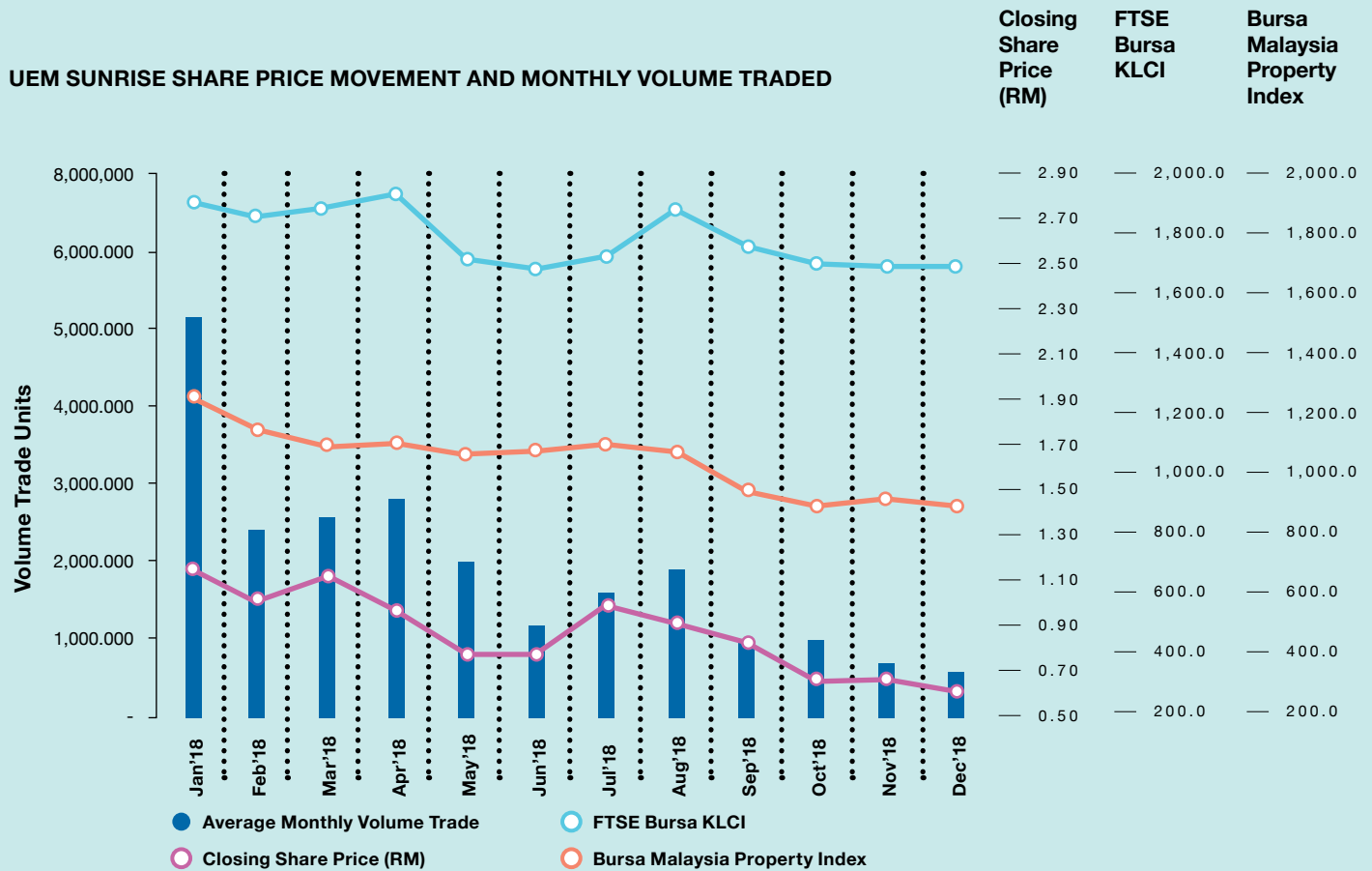
in RM'000	2014 [^]	2015 [^]	2016 [*] Restated	2017 [*] Restated	2018 [*]
TOTAL ASSETS					
Property, plant and equipment and investment properties	788,316	875,042	947,561	1,026,806	1,174,255
Land held for property development and property development costs	4,210,582	5,550,909	6,522,464	6,973,762	6,533,511
Interests in associates, joint ventures and others	1,280,213	1,631,616	1,566,518	1,681,978	1,626,534
Completed inventories	176,622	403,099	585,244	609,690	1,302,683
Receivables	3,123,460	1,586,681	1,657,565	1,616,486	1,516,919
Goodwill	621,409	621,409	621,409	621,409	621,409
Deferred tax assets	170,009	221,044	239,388	308,116	283,601
Cash, bank balances and deposits	739,274	1,005,600	788,542	808,004	1,078,601
Asset held for sale	-	-	11,230	-	-
Total assets	11,109,885	11,895,400	12,939,921	13,646,251	14,137,513
TOTAL EQUITY AND LIABILITIES					
Share capital	2,268,718	2,276,643	2,276,643	5,110,276	5,110,276
Share premium	2,044,955	2,829,546	2,829,546	-	-
Merger relief reserves	34,330	34,330	34,330	34,330	34,330
Other reserves	88,130	115,439	152,046	108,082	64,216
Retained profits	1,896,699	1,552,602	1,540,072	1,649,543	1,881,612
Non-controlling interests	485,753	360,345	361,556	363,127	363,722
Total equity	6,818,585	7,168,905	7,194,193	7,265,358	7,454,156
Borrowings	2,358,089	2,750,570	3,714,673	4,219,742	4,683,501
Tax payable	353,846	223,904	11,781	55,074	48,880
Payables	655,906	772,205	1,279,402	1,322,572	1,182,508
Provisions and others	923,459	979,816	739,872	783,505	768,468
Total equity and liabilities	11,109,885	11,895,400	12,939,921	13,646,251	14,137,513
Net asset per share attributable to owners of the parent (RM)	1.40	1.50	1.51	1.52	1.56

* Figures reported based on MFRS framework.

[^] Figures reported based on FRS framework.

SHARE PRICE & VOLUME TRADED

UEM SUNRISE SHARE PRICE MOVEMENT AND MONTHLY VOLUME TRADED



Month	Highest Share Price for the Month (RM)	Lowest Share Price for the Month (RM)	Average Monthly Volume Trade	¹ Closing Share Price (RM)	¹ FTSE Bursa KLCI	¹ Bursa Malaysia Property Index	KLCI Average
Jan'18	1.19	1.09	5,015,538	1.11	1,869	1,203	1,828
Feb'18	1.13	1.07	2,208,422	1.08	1,856	1,183	1,847
Mar'18	1.07	0.96	2,345,095	1.00	1,863	1,085	1,855
Apr'18	1.00	0.88	2,850,124	0.91	1,870	1,087	1,863
May'18	0.91	0.71	2,073,672	0.71	1,741	1,019	1,822
Jun'18	0.75	0.70	1,231,820	0.71	1,692	1,020	1,730
Jul'18	0.95	0.71	1,608,509	0.92	1,784	1,088	1,727
Aug'18	0.98	0.86	1,806,957	0.90	1,820	1,037	1,797
Sep'18	0.88	0.83	1,019,959	0.83	1,793	997	1,800
Oct'18	0.82	0.66	1,043,022	0.69	1,709	877	1,735
Nov'18	0.81	0.69	776,340	0.69	1,680	896	1,700
Dec'18	0.74	0.63	694,165	0.67	1,691	876	1,672

¹ Data is at the end of each respective month.



YOUR OWN PRIVATE RESORT HOME

Sprawling across 394 acres, Estuari Gardens comprises exclusive homes designed to provide a wholesome resort living experience within nature's embrace. Step into the gated residential parcel and absorb the undiluted greenery complete with neighbourhood amenities. Traverse freely within the enclave, with the best security features providing peace of mind.



OUR SUSTAINABILITY AND GOVERNANCE

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04

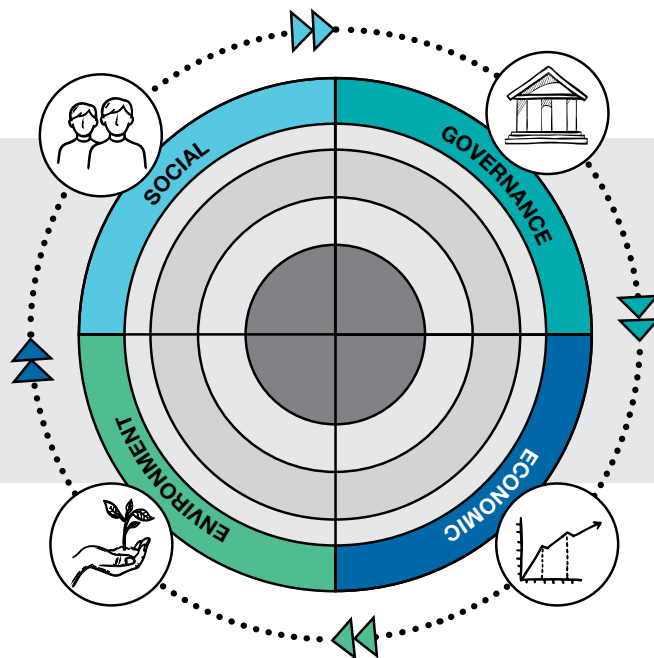
Sustainability Statement

This year, for the first time, UEM Sunrise is producing a stand-alone Sustainability Report, which can be downloaded from the Investor Relations' pages of our website. However, we are presenting a Sustainability Statement in this annual report to provide shareholders with a broad understanding of what sustainability means to us, how it is governed, and what our sustainability highlights of the year have been.

OUR SUSTAINABILITY COMMITMENT

At UEM Sunrise, we seek to build for the long term by making decisions that balance social, environmental and economic considerations. We work actively to ensure our corporate strategies are aligned with industrial, ecological and social realities to create an optimal environment for sustainable growth.

Our commitment to sustainability can be summarised by the principles that guide our governance, economic, environment and social approach:



GOVERNANCE

Our Board of Directors ("Board") ensures the highest level of integrity and transparency in all our actions to build and maintain our corporate reputation and the trust that our stakeholders have in us.

ECONOMIC

We seek to create economic value for the nation through taxes paid, employment provided, and the development of infrastructure that attracts investments and economic activity, while supporting our suppliers and vendors through our business dealings.

ENVIRONMENT

We seek to reduce our energy and water consumption, and manage our waste to minimise our impact on the environment. We leverage innovative designs in our developments to reduce material use and find avenues to preserve the country's biodiversity.

SOCIAL

We commit to providing the best possible living environment for our customers while nurturing a conducive workplace for our employees. We also invest in our local communities to bridge socio-economic gaps.

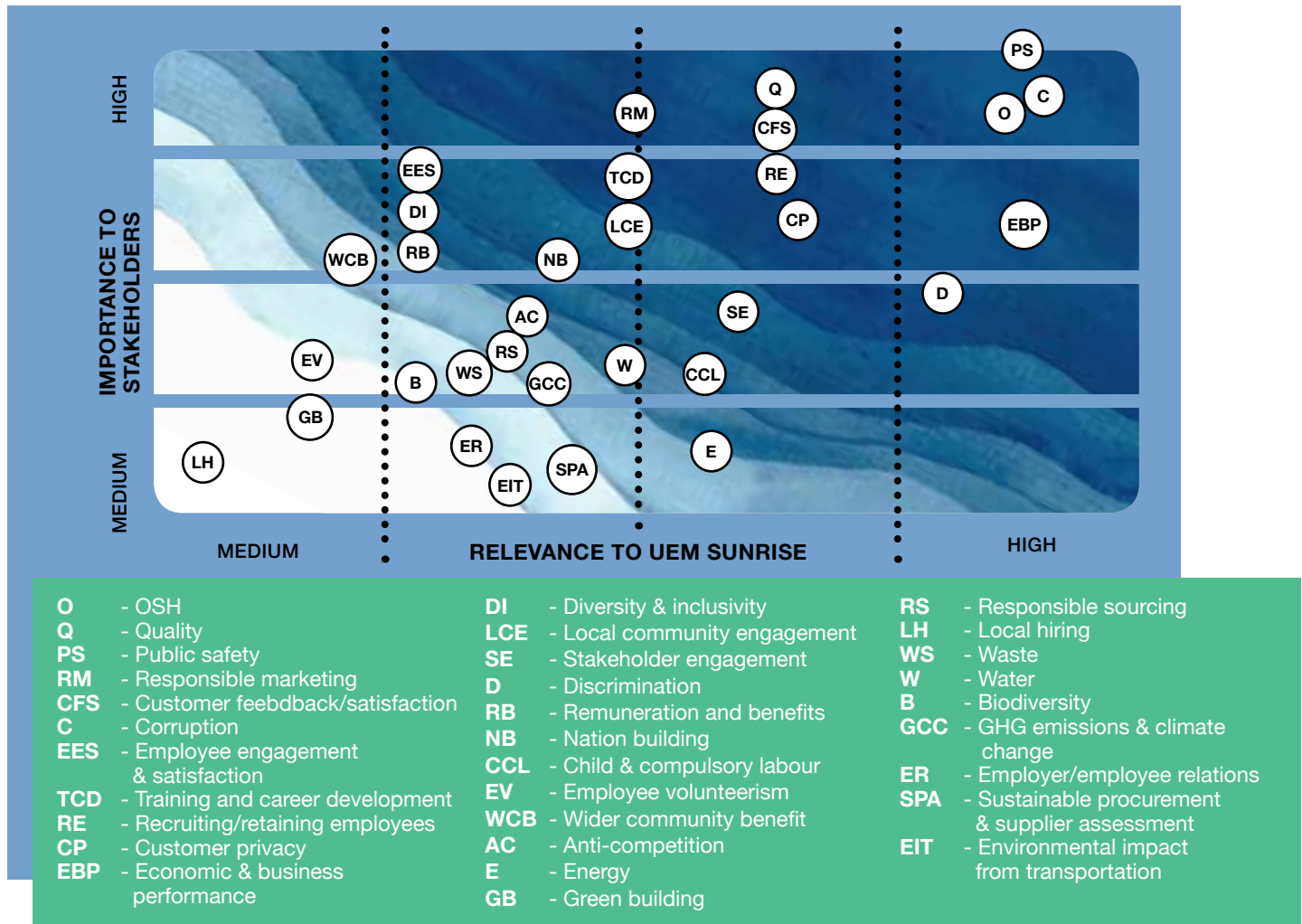
SUSTAINABILITY GOVERNANCE

Sustainability is driven by our management with guidance by our Board, which sets the tone and is responsible for our overall business conduct. The Board works with the Executive Team to consider specific issues from strategy through to safety, the environment and reputation. This team comprises our MD/CEO, heads of business and certain functions such as Safety and Operational Risk and Human Resources. Our MD/CEO and his immediate appointees ensure all sustainability initiatives are implemented effectively and responsibly.

How We Defined Our Sustainability Priorities

In the last quarter of 2017, UEM Sunrise conducted our first materiality assessment to identify issues that are important to our long-term organisational success, as well as those that are seen to be important to our stakeholders. From the assessment, a total of 32 material matters were identified. Weightage along a scale of 1-5 given by respondents in the surveys – from 'Very Unimportant' [1 on the scale] to 'Very Important' [5 on the scale] – was used to prioritise the matters.

The result was the following materiality matrix:



The matrix was reviewed by management in 2018 and found to be still relevant. Having identified our material matters, these form the basis of our sustainability initiatives as well as the contents of our report. With a robust assessment of material sustainability aspects forming the basis of sound sustainability disclosure, we will continue to review the matrix annually to drive relevant reporting as well as disclose any changes to the material matters. This will ensure that the sustainability matters being managed and reported remain material to the business and are aligned with our stakeholders' needs.

Our Economic Impact

Our business has a significant impact on our shareholders – through our share price and dividends; employees – through salaries and bonuses; and the government – through the payment of taxes. *For details of our financial performance, please refer to our Management Discussion & Analysis on pages 16-31 of this Annual Report.*

Additionally, our developments contribute towards the nation's economic development. Iskandar Puteri, for which we are the master developer, is part of the ambitious Iskandar Malaysia development that is set to transform southern Malaysia into an international metropolis. Between 2006 and 2018, Iskandar Malaysia attracted a total of RM285.34¹ billion in investments and created a total of 740,000 jobs.

To ensure Iskandar Puteri develops into a vibrant community supported by economic and social activity, we have included a number of catalytic developments within the zone such as Puteri Harbour, designed to become Malaysia's own Riviera; Kota Iskandar, the seat of the Johor State Government; Southern Industrial and Logistics Clusters ("SILC"), an industrial park for advanced technologies; and Educity, a fully integrated education hub, among others. To encourage greater footfall, we have been placing increasing emphasis on placemaking initiatives that serve to create a distinct lifestyle and community living experience.

¹ According to Iskandar Regional Development Authority, as quoted in *The Edge Markets* during the first anniversary of the IskandarSpace in January 2019.

Sustainability Statement

We also contribute to the government's affordable housing agenda. In March 2018, we launched 719 units of our first Residensi Wilayah (formerly known as Rumah Wilayah Persekutuan or RUMAWIP), an affordable housing project in the Central region, Kondominium Kiara Kasih, which has attracted a 97% take-up rate to date. In January 2019, we delivered 1,217 units in Denai Nusantara, Iskandar Puteri.

Our Social Contract

We are committed to honouring our social contract with our customers, employees and the community at large.

We seek to exceed our customers' expectations by producing quality products, delivered professionally and efficiently. To keep track of how well we are performing in relation to our customers, we run an annual Customer Satisfaction Survey. Results of the 2018 survey participated by close to 1,300 of our customers were very encouraging – with higher scores in both the perception and performance categories in each of three parameters measured, namely corporate reputation, product quality & offerings and overall customer experience.

Our employees are critical to our ongoing success. We therefore invest in recruiting the right talent and nurturing them. Efforts to retain our talent are based on effective engagement, the provision of career development opportunities, succession planning and offering industry benchmarked remuneration packages. This year, we launched a Senior Leadership Development programme as part of efforts to create a high performance culture. We believe in gender equality, and are pleased to note that almost half of our total workforce are women. The newly launched "Women of UEM Sunrise" provides a platform for our women to network and support each other, and is just one of several initiatives to create a conducive work environment for women. The safety of our employees, and those of our contractors, is given top priority, and we are pleased to have maintained zero fatalities since 2016 as well as to have significantly reduced the number of minor injuries in the last three years.

Within the community, we organise a number of events to support and bring cheer to the underserved. Under the PINTAR school adoption initiative, we have nurtured a total of 25 schools. Of these, 11 have seen substantial academic improvements and have 'graduated' from our care, leaving us with 14 schools still under our care.

Our Planet Performance

We play our part in reducing the country's carbon emissions by employing energy efficient systems in our office premises and minimising as far as possible our emissions from travel and other indirect sources.

We encourage our contractors to minimise the use of wood in construction, recycle waste and employ the Industrialised

Building System ("IBS") which involves offsite prefabrication and a reusable formwork system made of aluminium or steel. Our contractors are required to disclose how much waste they generate and how they dispose of the waste.

At the same time, we are conscious of the need to include green lungs in our developments. This is best exemplified by the 343-acre SIREH Park in Iskandar Puteri, Johor. Managed under the Nusajaya Natural Heritage Trust, we conserve, document and promote plants that have existed in the area for hundreds of years.

The park has been demarcated into four zones:

- Tropical Floral Park featuring a garden landscape, open-ground and event spaces.
- Lake Park, a recreational and relaxation space centred around an existing lake, providing venues for camping, cycling and water-related activities.
- Forest Park, designed for passive outdoor recreational, educational activities and featuring an arboretum park.
- Legacy Forest, a highly bio-diversified forest area for scientific and conservation purposes created through reforestation and enrichment planting of world-wide tropical species.

Our Promise

Sustainability is integral to our corporate DNA, as encapsulated in our Vision of "building communities of the future with you and for you". We endeavour to continue presenting a balanced overview of the Company's sustainability approach and initiatives, allowing our stakeholders to gain a comprehensive understanding of our financial and non-financial performance. We are committed to operating in the most sustainable manner possible and will keep enhancing our social as well as environmental performance to create value for all our stakeholders.

For full disclosure of our sustainability performance, please refer to our Sustainability Report, which has been guided by the Global Reporting Index ("GRI") Standards and Bursa Malaysia's Corporate Social Responsibility ("CSR") Framework while being aligned with the United Nations' Sustainable Development Goals ("SDGs").



Please scan this QR code for more information on our Sustainability Report <https://uemsunrise.com/corporate/sustainability>

BOARD OF DIRECTORS' PROFILE



Age
58

Gender
Male

Nationality
Malaysian

TAN SRI DATO' SRI ZAMZAMAIRANI MOHD ISA
Independent Non-Executive Chairman

Date of Appointment

- 18 May 2017 (Non-Independent Non-Executive Chairman)
- 1 October 2018 (Re-designated to Independent Non-Executive Chairman)

Academic/Professional Qualification/Membership

- Bachelor of Science in Communications Engineering, UK
- Completed the Corporate Finance, Strategies for Creating Shareholder Value Programme at Kellogg School of Management, Northwestern University, USA
- Attended the Strategic Leadership Programme of University of Oxford's Saïd Business School
- Attended the IMD CEO Roundtable Session, Lausanne, Switzerland

Skills & Experience

- He has vast experience in the telecommunications industry which spans more than 30 years.
- He began his career in Telekom Malaysia Berhad ("TM") in October 1984 and served for 13 years before assuming key positions in several multinationals such as Global One Communications and Lucent Technologies (Malaysia) Sdn. Bhd., where he was Chief Executive Officer.
- In 2005, he returned to TM as Senior Vice President, Group Strategy and Technology and was promoted to Chief Executive Officer, Malaysia Business.
- He was appointed as the Group Chief Executive Officer and Managing Director of TM in April 2008, in which he served until his retirement on 30 April 2017.

Achievements/Awards

- Under his leadership, TM launched and successfully rolled out the high speed broadband service in 2010, in a historic collaboration with the Government of Malaysia.
- Business Person of the Year 2015, Asian Academy of Management International Conference organised by Universiti Sains Malaysia.
- CEO of the Year 2015, Minority Shareholder Watchdog Group's Annual Corporate Governance Awards.
- Special individual award for 'Outstanding Contribution to the Industry', 2017 Frost & Sullivan Malaysia Excellence Awards.
- Telecom CEO of the Year at the 20th Telecom Asia Awards 2017.

Other Current Appointments/ Directorship In Public Companies

- Board Member of Malaysia Airlines Berhad
- Board Member of Malaysia Aviation Group Berhad
- Chairman of the Board of Hijrah Biru Sdn. Bhd., a wholly-owned subsidiary of Malaysia Aviation Group Berhad
- Chairman, Board of Governors and Adjunct Professor of Multimedia University
- Chairman of the Board of Trustees of The Nusajaya Natural Heritage Trust

No. of Board Meetings attended in the financial year
11/11



Age
46

Gender
Male

Nationality
Malaysian

ANWAR SYAHRIN ABDUL AJIB
Managing Director/Chief Executive Officer

Date of Appointment

1 September 2014

Board Committee Memberships

- Member of Board Development Committee
- Member of Board Governance & Risk Committee
- Member of Board Tender Committee

Academic/Professional Qualification/Membership

- Bachelor of Engineering in Mechanical Engineering, Imperial College, London, UK
- Master of Business Administration, University of Salford, UK
- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants

Skills & Experience

- He was formerly the Group Chief Financial Officer at MMC Corporation Berhad ("MMC"), a position he assumed from June 2008.
- He was also appointed Group Head, Ports & Logistics Division in January 2014 at MMC.
- He was previously the Chief Financial Officer of the Port of Tanjung Pelepas from April 2006 to May 2008.
- He was formerly the co-owner and Managing Director of Business Associates Consulting Sdn. Bhd., a boutique strategy and management consulting firm based in Kuala Lumpur from 2003 to 2006.
- Prior to that, he was attached to Arthur Andersen and Ernst & Young in Kuala Lumpur, Malaysia and Manchester in the United Kingdom from 1998 to 2002.
- He started his career with Shell Malaysia Trading Sdn. Bhd. in 1996 as a transport executive where he gained considerable experience in transport and logistics.

Achievements/Awards

- Outstanding Property CEO, The Edge Malaysia Property Excellence Awards 2018.
- 2018 Malaysia Real Estate Personality of the Year, PropertyGuru Asia Property Awards (Malaysia).

Other Current Appointments/ Directorship In Public Companies

- Board member of UEM Land Berhad
- Board member of Sunrise Berhad
- Board member of ONE15 Marina Development Berhad

No. of Board Meetings attended in the financial year
11/11

Board of Directors' Profile



SUBIMAL SEN GUPTA

Senior Independent Non-Executive Director

Date of Appointment

- 31 March 2016 (Independent Non-Executive Director)
- 1 June 2018 (Senior Independent Non-Executive Director)

Board Committee Memberships

- Chairman of Audit Committee
- Member of Board Tender Committee
- Member of Board Governance & Risk Committee ("BGRC")
- Member of Whistle Blower Committee, a sub-committee of BGRC

Academic/Professional Qualification/Membership

- Fellow of the Institute of Chartered Accountants in England and Wales
- Past President of the Malaysian Institute of Certified Public Accountants

Skills & Experience

- Sen Gupta has over 40 years of experience in financial management and has diverse knowledge and experience in finance, accounting and auditing.
- He has served in various senior positions in large public companies and professional firms.
- His previous positions included Chief Financial Officer of Iskandar Investment Berhad, in various capacities in Sime Darby Group as Financial Advisor, Group Head of Corporate Assurance and Advisor of Group Corporate Assurance, the Chief Financial Officer of KLCC (Holdings) Berhad and Director/Chief Executive Officer in Malaysian Resources Corporation Berhad.
- Prior to his retirement in January 2016, he was the Chief Financial Officer of M+S Pte Ltd, a Singapore joint venture company owned by Khazanah Nasional Berhad and Temasek Holdings (Private) Limited.

Other Current Appointments/ Directorship In Public Companies

Nil

No. of Board Meetings attended in the financial year

11/11



DATO' NOORAZMAN ABD AZIZ

Non-Independent Non-Executive Director

Date of Appointment

- 1 October 2018

Academic/Professional Qualification/Membership

- Bachelor of Science (Finance), Louisiana State University, USA
- Practising member of the Association of Chartered Islamic Finance Professionals (ACIFP)

Skills & Experience

- He has vast experience in international finance, banking and financial markets including treasury and capital markets.
- He joined Khazanah Nasional Berhad ("Khazanah") as Executive Director, Investments in May 2010 after having spent 2½ years as Managing Director of Fajr Capital Ltd, a Khazanah investee company.
- He had exposures in international banking and finance through stints at Citigroup, Bank Islam Malaysia Berhad, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA).

Achievements/Awards

- Winner of the first Asian Banker Achievement Award 2005 for Islamic Finance

Other Current Appointments/ Directorship In Public Companies

- Chairman of the Board of UEM Group Berhad
- Board member of UEM Edgenta Berhad
- Board member of PLUS Malaysia Berhad
- Board member of Projek Lebuh raya Usahasama Berhad
- Vice Chairman of the Board of Commissioners of PT Lintas Marga Sedaya, Indonesia
- Chairman of the Board of Trustees of Yayasan UEM
- Chairman of the Board of Trustees of International Centre for Education in Islamic Finance (INCEIF)
- Board member of Jadwa Investment Company, Saudi Arabia

No. of Board Meetings attended in the financial year

2/2

Board of Directors' Profile



ZAIDA KHALIDA SHAARI

Non-Independent Non-Executive Director

Date of Appointment

- 8 April 2016

Board Committee Memberships

- Member of Nominations & Remuneration Committee
- Member of Board Development Committee

Academic/Professional Qualification/Membership

- LLB (Honours), University of Warwick, UK
- Master of Business Administration, University of Strathclyde, UK
- Barrister-at-law and a member of the Honourable Society of Gray's Inn, London

Skills & Experience

- She began her career in 1991 in legal practice with Messrs Zain & Co.
- She joined Permodalan Nasional Berhad ("PNB") in 1997 as legal advisor to the corporate finance group and moved on to head the Legal and Compliance Department. In 2006, she was appointed as Company Secretary of PNB.
- She joined Khazanah Nasional Berhad ("Khazanah") in January 2007 as Senior Vice President of Investments and served until January 2019 when she was an Executive Director, Investments.
- She had oversight of the real estate investments of Khazanah, including the developments in Singapore; and was involved in various aspects of the Iskandar Malaysia project from its commencement. She was also responsible for the Education investments of Khazanah.

Other Current Appointments/ Directorship In Public Companies

- Board member of Cement Industries of Malaysia Berhad

No. of Board Meetings attended in the financial year

11/11



LIM TIAN HUAT

Independent Non-Executive Director

Date of Appointment

- 28 November 2012

Board Committee Memberships

- Member of Audit Committee
- Member of Nominations & Remuneration Committee

Academic/Professional Qualification/Membership

- Founding President of Insolvency Practitioners Association of Malaysia
- Fellow of the Association of Chartered Certified Accountants
- Member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants
- Bachelor of Economics (Honours)

Skills & Experience

- He has many years of experience in insolvency and reconstruction in Malaysia and internationally.
- He is a practising Chartered Accountant with his own firm, Rodgers Reidy & Co.
- He co-authored the book entitled "The Law and Practice of Corporate Receivership in Malaysia and Singapore".
- He was a Commissioner to the United Nations Compensation Commission.
- He was a member of the Corporate Law Reform Committee under the purview of the Companies Commission of Malaysia.

Other Current Appointments/ Directorship In Public Companies

- Board member of Malaysia Building Society Berhad
- Board member of PLUS Malaysia Berhad
- Board member of Anglo-Eastern Plantations PLC, a company publicly quoted on the London Stock Exchange
- Managing Director of Rodgers Reidy (Asia) Sdn. Bhd.

No. of Board Meetings attended in the financial year

9/11

Board of Directors' Profile



UNGKU SUSEELAWATI UNGKU OMAR

Independent Non-Executive Director

Date of Appointment

- 19 March 2013

Board Committee Membership

- Chairperson of Nominations & Remuneration Committee

Academic/Professional Qualification/Membership

- Bachelor of Science Honours in Marketing, University of Lancaster, UK

Skills & Experience

- She is the Executive Director, Retail of Nawawi Tie Leung Group (formerly known as DTZ Nawawi Tie Leung Group).
- She is one of the three Malaysian founding shareholders of Nawawi Tie Leung Group in partnership with an international property advisory group.
- She was the Country Head of Nawawi Tie Leung Group from inception of the company until September 2012 where her key role was to grow and develop the Malaysian business by building on the strengths and resources of both the local and the international group and to provide seamless cross border services to its global clients.
- She is responsible for the retail business and her role is to provide strategic advice to developers and retailers on positioning, retail concept, planning and operations of shopping centres.
- She is a member of the Asia Pacific Research Council, International Council of Shopping Centers ("ICSC").
- She sits on the ICSC Asia-Pacific Advisory Board.
- She was previously a Director of Suria KLCC Sdn. Bhd. and a Retail Council member of PROSPER Perbadanan Usahawan Nasional Berhad.

Achievements/Awards

- Recipient of ICSC's Gold Medallion Award 2015 for Research, being one of the 10 global recipients from North America, Europe, Asia and Latin America who have demonstrated significant commitment and contribution to the ICSC research programmes

Other Current Appointments/ Directorship In Public Companies

NIL

No. of Board Meetings attended in the financial year

10/11



TAN SRI DR AZMIL KHALILI DATO' KHALID

Independent Non-Executive Director

Date of Appointment

- 13 December 2017

Board Committee Memberships

- Chairman of Board Development Committee
- Chairman of Board Tender Committee

Academic/Professional Qualification/Membership

- Bachelor of Science in Civil Engineering, University of Hertfordshire, Hatfield, England/Northrop University, Los Angeles, USA
- Master of Business Administration, California State University, Dominguez Hills, USA
- Doctorate of Science (Honorary), University Hertfordshire, Hatfield, England

Skills & Experience

- He was the President and Chief Executive Officer of both The AlloyMtd Group and ANIH Berhad from April 2011 to August 2017.
- He joined MTD Capital Bhd in 1993 as General Manager of Corporate Planning and held the position of Group Managing Director and Chief Executive Director in March 1996 before assuming the position as Group President and Chief Executive Officer of The MTD Group from April 2005 to April 2011.
- He was the President and Chief Executive Officer of MTD Capital Bhd's listed subsidiary namely, MTD ACPI Engineering Berhad and was also the Chairman of MTD Walkers PLC, a foreign subsidiary of MTD Capital Bhd listed on the Colombo Stock Exchange in the Republic of Sri Lanka.

Other Current Appointments/ Directorship In Public Companies

- Chairman of the Board of Reach Energy Berhad
- Chairman of the Board of Cenviro Sdn. Bhd.
- Board member of ANIH Berhad
- Member of the Board of Trustees of Perdana Leadership Foundation

No. of Board Meetings attended in the financial year

11/11



Age
66

Gender
FEMALE

Nationality
Malaysian

DATIN TEH IJA MOHD JALIL
Independent Non-Executive Director

Date of Appointment

- 1 March 2018

Board Committee Memberships

- Chairperson of BGRC
- Member of Audit Committee
- Member of Nominations & Remuneration Committee
- Chairperson of Whistle Blower Committee, a sub-committee of BGRC

Academic/Professional Qualification/Membership

- Bachelor of Arts (Honours), Universiti Malaya
- Master of Business Administration, Southern New Hampshire University, USA

Skills & Experience

- She began her career in the civil service and built her competency in the area of economic policy-making and international trade and finance through her 24 years in the government.
- She was Lead Negotiator in the World Trade Organisation, Association of Southeast Asian Nations and Asia-Pacific Economic Cooperation for financial services, as well as the Minister of Finance's representative in World Bank and International Monetary Fund meetings.
- She retired from the Securities Commission Malaysia ("SC") in March 2017 where she had served for 17 years in various capacities including as an Executive Director from July 2006 to July 2016 and as Advisor of Special Projects in the Chairman's Office from August 2016 to March 2017.
- During her service in the SC, she was involved in capital market policies development and regulation, human capital development and training and education.
- As a member of the SC Executive Team, she had direct responsibility for enterprise-level subjects including investor education, strategic human capital management, industry capacity-building and SME access to market-based financing.

Other Current Appointments/ Directorship In Public Companies

- Non-Executive Director of Finance Accreditation Agency Berhad, an affiliate of Bank Negara Malaysia and the SC.
- Inaugural Board Member of the Institute for Capital Market Research Malaysia, an affiliate of the SC.

No. of Board Meetings attended in the financial year

9/9



Age
51

Gender
FEMALE

Nationality
Malaysian

CHRISTINA FOO
Independent Non-Executive Director

Date of Appointment

- 23 November 2018

Board Committee Memberships

- Member of BGRC
- Member of Whistle Blower Committee, a sub-committee of BGRC

Academic/Professional Qualification/Membership

- Bachelor of Business Studies (Accounting) from Deakin University, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Fellow of CPA Australia
- Fellow of the Malaysian Institute of Management
- Fellow of the Institute of Corporate Directors Malaysia
- Member of the ASEAN Chartered Professional Accountants
- Member of the Malaysian Institute of Corporate Governance

Skills & Experience

- She is the Co-founder and Managing Director of Priority One Consultancy Services Sdn. Bhd. that provides strategic business advisory services.
- Prior to that, she has served for more than 16 years with Ernst & Young ("EY") Malaysia, EY LLP based in Atlanta, EY International in London and EY Asia Pacific Consulting where she gained significant and a varied range of professional experiences as well as international exposure at a senior management level.
- Her last held position was Director, Business Development, EY Malaysia.

Other Current Appointments/ Directorship In Public Companies

- Board member of KPJ Healthcare Berhad
- Board member of Malaysian Technology Development Corporation Sdn. Bhd.
- Senior Practice Fellow of Sunway Business School, Sunway University, Malaysia
- Chair of the Liaison Committee of The Mines Resort & Golf Club
- Chair of the Protem Committee, Malaysia of Candy Pencil Project, a social enterprise

No. of Board Meetings attended in the financial year

1/1

Notes:

- None of the Directors have any family relationship with any other Director and/or major shareholder of UEM Sunrise.
- None of the Directors have any conflict of interest with UEM Sunrise.
- None of the Directors have been convicted of any offence within the past 5 years, other than traffic offences, if any, nor have they been imposed any penalty or public sanction by the relevant regulatory bodies during the year ended 31 December 2018.
- All Directors have attended more than 50% of the total board meetings held in 2018 or since their appointment respectively.
- Other than Anwar Syahrin Abdul Ajib who holds 100,000 Ordinary Shares and 2,782,000 ESOS Options of UEM Sunrise as at 31 December 2018, none of the other director owns any securities interest in the Company.

SENIOR LEADERSHIP PROFILE

ANWAR SYAHRIN ABDUL AJIB

Managing Director/
Chief Executive Officer



Academic/Professional Qualification/Membership

As expressed on page 45 of the Board of Directors' Profile.

MOHD AUZIR MOHD TAHIR

Chief Executive Officer,
Cahaya Jauhar Sdn. Bhd.



Gender

Male

Age

60

Nationality

Malaysian

Date of Appointment

1 January 2005

Academic/Professional Qualification/Membership

- Holds a degree in Civil Engineering from the University of Wales, UK.

Skills & Experience

- Has more than 38 years of experience in project management and property development fields.
- Has worked for various companies within the group, including Senior General Manager at Pengurusan Lebuh raya Berhad, Director at Renong Overseas South Africa (Pty) Ltd, Managing Director at Rocpoint (Pty) Ltd., Chief Operating Officer at Prolink Development Sdn. Bhd. and Director, Catalyst Developments at UEM Land Berhad.
- He was involved in the implementation of numerous major projects within UEM Group among which includes the North-South Expressway, KL International Airport in Sepang, PUTRA Light Rail Transit, Bukit Jalil National Sports Complex, Malaysia-Singapore Second Crossing Bridge and Expressway, Tanjong Tokong Land Reclamation, Noi Bai Industrial Zone Development in Hanoi, Vietnam and Point Waterfront Development in Durban, South Africa.
- Whilst at Bandar Nusajaya Development Sdn. Bhd., he was responsible for revisiting the Development Masterplan for Iskandar Puteri, resulting in the identification of the various catalyst developments.

Other Current Appointments/ Directorship In Public Companies

Board Member of Cahaya Jauhar Sdn. Bhd. and its subsidiaries

MOHAMED RASTAM SHAHRUM

Chief Financial Officer



Gender

Male

Age

47

Nationality

Malaysian

Date of Appointment

15 June 2017

Academic/Professional Qualification/Membership

- Holds a BSc (Honours) in Accounting and Finance from University of Wales, Aberystwyth, UK.
- A fellow of the Association of Chartered Certified Accountants, UK.
- Member of the Malaysian Institute of Accountants.

Skills & Experience

- He assumed the role of Director, of MD/CEO's Office of UEM Sunrise on 1 December 2016 and assumed the position of Chief Financial Officer of UEM Sunrise on 15 June 2017.
- Prior to that, he was with UEM Group Berhad ("UEM") since 1 August 2016 as the Director, UEM Group Managing Director's Office.
- He has over 20 years of experience in the field of finance, investment appraisal, fund raising, financial analysis and planning, finance operations, international JVs and statutory reporting.
- He was the Financial Controller at SapuraKencana Petroleum Berhad (now known as Sapura Energy Berhad) a position, which had him overseeing the Engineering & Construction Division and Drilling Services.
- He was also the Senior Vice President of Enterprise Solutions and Vice President, Finance at Celcom Axiata Berhad.
- He also served as Vice President, Corporate Finance and Advisory, Affin Investment Bank Berhad and Hwang-DBS Investment Bank Berhad as Assistant Vice President where he has worked on multiple IPOs and M&As.
- His earlier years were spent in external audit firm, Arthur Andersen, where he gained exposure to a variety of industries, ranging from financial institutions, insurance and Government-linked companies.

Other Current Appointments/ Directorship In Public Companies

- Horizon Hills Resort Berhad
- Sunrise Berhad
- UEM Land Berhad

KENNY WONG KOON KENG

Chief Marketing Officer



Gender

Male

Age

55

Nationality

Malaysian

Date of Appointment

2 July 2018

Academic/Professional Qualification/Membership

- Holds a Bachelor's Degree in Economics, majoring in Statistics, Mathematics and Econometrics from Universiti Kebangsaan Malaysia, and is an HRDF-certified Master Trainer.

Skills & Experience

- Reports to the Managing Director/CEO and is responsible for Sales & Marketing, Branding, Customer Experience, Corporate Communications and Commercial, Industrial and B2B.
- Part of his responsibilities includes leading the development and execution of branding, sales and marketing strategies. He also spearheads the development and implementation of customer experience strategies as well as oversees various internal and external communication needs and strategies i.e. media relations, CSR, stakeholder engagement and internal communication upkeeping the reputation of the organisation as well as relationships with stakeholders and the government.
- His other responsibilities cover business development, asset management, lease management, sale, leasing and marketing of land banks, commercial, industrial and mixed-use developments in Malaysia.
- Prior to joining UEM Sunrise, he has held senior marketing and leadership roles across ASEAN in his career and had covered diverse markets such as Thailand, Singapore, the Philippines, Cambodia, Myanmar and Malaysia.
- His boundless enthusiasm, passion for people and growth, innovative drive for results and openness have been key to his successes in various industries including FMCG, Telecommunications, Motion Pictures and Film Exhibition, Aviation, Property Development as well as People Development.
- Prior to this, he served as the Head of Marketing and Sales at GuocoLand (M) Berhad; Group Head-Ancillary at AirAsia Berhad; CEO at TGV Cinemas Sdn. Bhd. and had held key positions at Packet One Networks and British American Tobacco.

Other Current Appointments/ Directorship In Public Companies

- ONE15 Marina Development Berhad
- UEM Land Berhad
- Sunrise Berhad

ZULFA ASHIDA ZULKIFLI

Chief People Officer



Gender

Female

Age

49

Nationality

Malaysian

Date of Appointment

1 March 2018

Academic/Professional Qualification/Membership

- BBA Finance (Hons) from Universiti Utara Malaysia
- MSc in Organisational Behaviour from the University of London.
- Pursuing Doctorate in Organisational Leadership.

Skills & Experience

- She has over 25 years of professional experience in Human Resources and Change Management, spanning the full spectrum of human capital management, from Compensation and Benefits to Resourcing to Talent, Learning and OD, and Processes and Systems.
- She has held regional and global roles in Malaysia, Hong Kong, North America and Europe in Shell Group of companies and the BP Group (British Petroleum) Group.
- Prior to joining UEM Sunrise, Zulfa was the Director of Group Human Resources for Bursa Malaysia Berhad, and before that was with AirAsia Berhad as the Group Head of People Department.
- She has been instrumental in facilitating and supporting various organisations through major changes and transitions, including start-ups, mergers and acquisitions, outsourcing and offshoring, transformation and reorganisation programmes, and organisational culture.

Other Current Appointments/ Directorship In Public Companies

Nil

Notes:

- None of the Senior Leadership Team members have any family relationship with any Director and/or major shareholder of UEM Sunrise.
- None of the Senior Leadership Team members have any conflict of interest with UEM Sunrise.
- None of the Senior Leadership Team members have been convicted of any offence within the past 5 years, other than traffic offences, if any, nor have they been imposed any penalty or public sanction by the relevant regulatory bodies during the year ended 31 December 2018.

Joint Secretaries

LIEW IRENE

Joint Company Secretary

Liew Irene is the Joint Company Secretary of UEM Sunrise and its subsidiaries. She is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”).

Irene started her secretarial career with an established secretarial firm in 1996. From 2001 until 2004, she was attached to the secretarial division of a large listed financial institution group. Prior to joining UEM Group Berhad in 2013, Irene served in a reputable secretarial firm since 2004 providing a wide array of corporate secretarial services to private companies, multi-national companies and public listed groups involved in banking, telecommunications, property development, manufacturing, shipping, healthcare equipment and information technology. In October 2017, she was transferred to UEM Sunrise to lead the newly established corporate secretarial services department.

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WONG LEE LOO

Joint Company Secretary

Wong Lee Loo is the Joint Company Secretary of UEM Sunrise and its subsidiaries. She is a Fellow Member of the MAICSA and also holds a Bachelor of Laws degree with Honours from University of London, United Kingdom and Certificate of Legal Practice.

Lee Loo joined the Legal and Secretarial Division of UEM Group Berhad (“UEM”) in 1991 and has served in various positions in the said Division over the years. She has previously served as the Joint Company Secretary of UEM and its group of companies, UEM World Berhad and Pharmaniaga Berhad. She was also formerly the Joint Company Secretary of UEM Sunrise from year 2010 to 2012. She is a Joint Company Secretary of the subsidiaries of UEM Sunrise since 2010. In optimising and building up capabilities of internal resources, she was transferred to UEM Sunrise’s Company Secretarial Services department on 1 January 2019 and relinquished her Joint Company Secretary position in UEM and its group of companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) is committed to uphold the highest standards of corporate governance in the Company and its subsidiaries (“Group”). The Board is mindful of its responsibility in providing effective leadership and promoting ethical standards both of which are fundamental to discharging its responsibilities to protect and enhance shareholder value.

The Board presents this statement to provide shareholders and investors with an overview of the principal features of the Company’s corporate governance practices during the financial year 2018.

This statement takes guidance from the key corporate governance principles as set out in the Malaysian Code on Corporate Governance (“MCCG”) and is to be read together with the Corporate Governance Report of the Company. The Corporate Governance Report is available on the Company’s website, www.uemsunrise.com/corporate/about/information-downloads, as well as via an announcement on Bursa Malaysia Berhad’s website. The Corporate Governance Report provides details on how the Company has applied each practice as set out in the MCCG during the financial year 2018.

As at 31 December 2018, UEM Sunrise complied in all material aspects with the principles set out in the MCCG. The Company adopted 32 out of the total 36 recommended practices in the MCCG, including the three (3) step-up practices. However, the Company has not adopted Practice 7.2, step-up Practice 7.3 and Practices 11.2 and 12.3 of the MCCG namely the disclosure on named basis of the top five Senior Management’s remuneration in bands of RM50,000, the disclosure on named basis of each member of Senior Management’s remuneration, adoption of integrated reporting and leveraging on technology to facilitate remote shareholders’ participation and voting in absentia.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I BOARD RESPONSIBILITIES

The Board is primarily responsible for the Group’s overall strategic plans for business performance, overseeing the proper conduct of business, talent and succession planning of key management, risk management, shareholders’ communication, internal controls, management information systems and relevant statutory matters. Management is accountable for the execution of expressed policies and attainment of the Group’s corporate objectives. The functions of the Board and Management are clearly demarcated to ensure the effectiveness of the Company’s business and its day-to-day operations as outlined in the Board Charter.

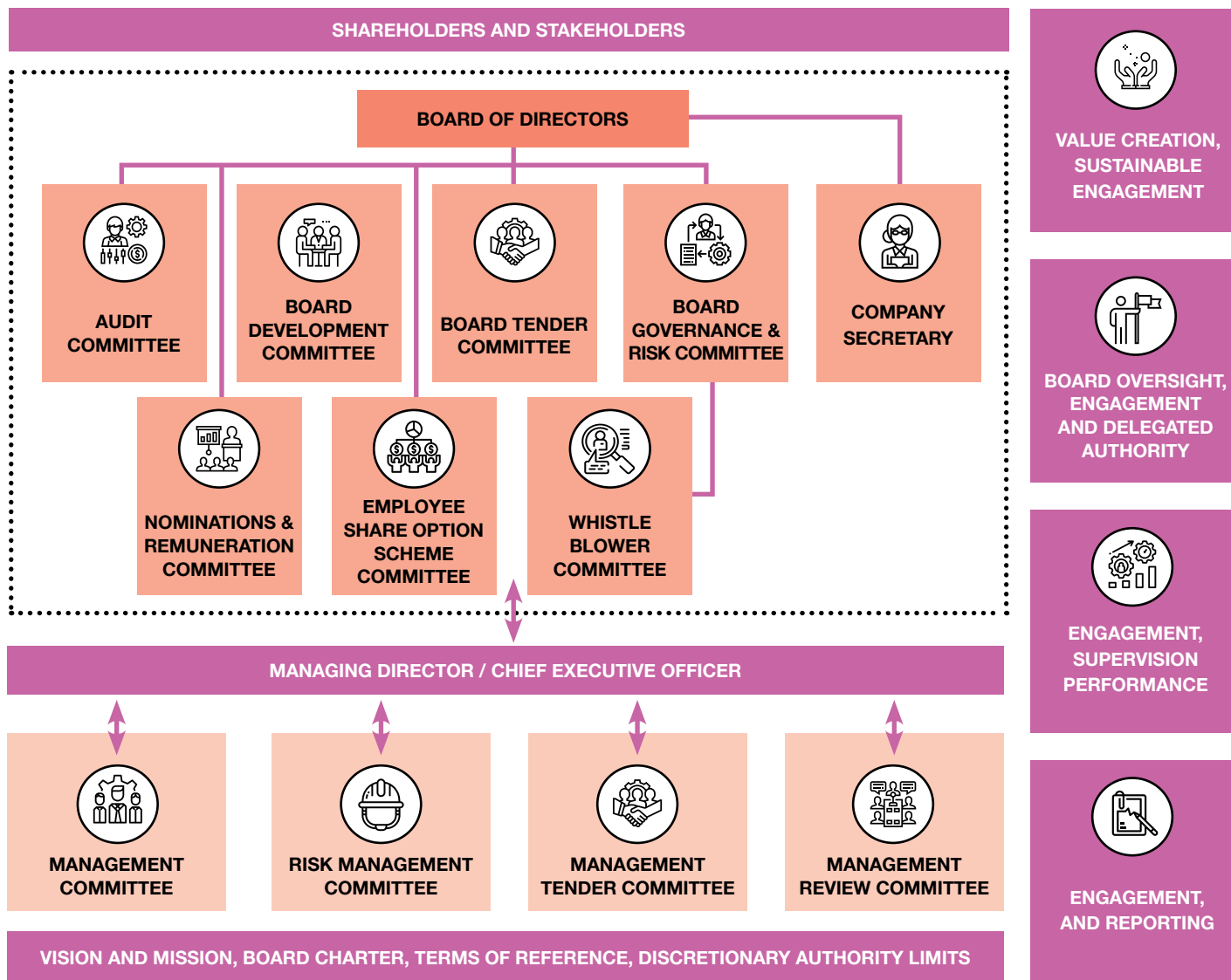
The Board meets regularly to perform its principal responsibilities, amongst others, as follows:

- Review and adopt strategic plans and directions for the Group.
- Prepare the statement in respect of financial statements to give a true and fair view of the state of affairs of the Group.
- Oversee the conduct of the Group’s business to evaluate whether the business is being properly managed.
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks.
- Succession planning, including appointing, training, reviewing the compensation and retention or replacement of Board members, MD/CEO and Senior Management.
- Develop and implement an investor relations programme or shareholder communication policy for the Group.
- Review the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Formalise and review performance of key sustainability initiatives and recommend improvements, which include environmental, ethical, social and governance aspects of the business.

Corporate Governance Overview Statement

The Board approves the Corporate Governance Model adopted by the Company to instill best practices within the organisation where specific authorities of the Board are delegated to the relevant Board Committees, as well as to the MD/CEO. The committees contribute their specialist skills to key areas such as financial information review, procurement and development matters, internal controls and risk management, governance and human capital management, as depicted below:

Corporate Governance Model



The Corporate Governance Model is supported by the Board Charter and the Company’s Discretionary Authority Limits (“DAL”) which outline high level duties and responsibilities of the Board, matters that are specifically reserved for the Board, as well as those which the Board may delegate to the Board Committees, the MD/CEO and Management. In cultivating good governance practices, the Board also extends the adoption of the DAL to its subsidiaries whereby authority limits are delegated by the Board to the Senior Management for daily operations.

The Corporate Governance Model and the DAL are reviewed as and when required, to ensure an optimum structure for efficient and effective decision-making within the Group. With the aim of making operations more efficient and for the Board to be more focused on business and strategic matters, the Board has requested Management to undertake an end-to-end review of the DAL to empower the Board Committees and Management with more clarity in terms of accountability and to enhance the speed of decision-making and execution. The exercise is currently on-going.

Corporate Governance Overview Statement

The Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness by focusing on strategy, governance and compliance. The roles and responsibilities of the Chairman and MD/CEO are clearly separated and distinct to ensure that there is a balance of power and authority as formally documented in the Board Charter. The Board Charter is a comprehensive reference document for Directors on matters relating to the Board and its processes, as well as the roles and responsibilities of the Board, the individual Directors and the Senior Independent Director.

Key Roles on the Board

Role	Key Responsibilities
Chairman	Preside over meetings of Directors and ensure efficient organisation and conduct of the meetings for the smooth functioning of the Board in the interest of good corporate governance.
MD/CEO	Develop and execute the Group's strategies in line with the Board's direction; oversee the operations and drive the Group's businesses and performance towards achieving its vision and goals.
Senior Independent Director	Act as a point of contact for shareholders for any query or concerns relating to the Company which may be deemed more suited to be communicated beyond the normal channels.
Non-Executive Directors	Monitor and oversee Management's conduct in running the business while bringing their expertise and wisdom to bear on the decision-making process.

The Board Charter and the Code of Conduct for Directors are reviewed as and when required to be aligned with the practices recommended in the MCCG as well as current practices. This is to ensure that the standards of corporate governance and corporate behaviour permeate throughout all levels of the Group.

Good governance is not just a matter for the Board and the Senior Management but is also the responsibility of all employees of the Group. The Company's Core Values are reminders for employees to embrace the highest standard of integrity, honesty and trust which have become the hallmark of the Company's corporate culture.

The Company has in place a Whistle Blower Policy which is implemented to enable exposure of violations or improper conduct or wrongdoing within the Group. In 2018, a Whistle Blower Committee comprising Board members, formed as a sub-committee of the Board Governance & Risk Committee, took over the whistle blowing process previously undertaken by the Audit Committee. The Company's Whistle Blower Policy provides avenues for legitimate concerns to be objectively investigated and addressed. Individuals will be able to raise concerns about illegal, unethical or questionable practices in confidence and without risk of reprisal.

In an effort to ensure that integrity lives and breathes through every action of UEM Sunrise's employees, UEM Sunrise supports and participated in the UEM Group Integrity Day 2018 themed "Compliance Begins with Me" on 7 December 2018 which was held in conjunction with the International Anti-Corruption Day observed on 9 December.

Further details pertaining to the Board Charter, Code of Ethics for Directors and Whistle Blower Policy are set out in the Corporate Governance Report, and these documents are available for reference on the Company's website www.uemsunrise.com/corporate/investor-relations/corporate-governance.

The Board is supported by suitably qualified and competent Company Secretaries who are accountable to the Board. All Directors have full access to the advice and services of the Company Secretaries who ensure that Board procedures are adhered to at all times.

Board meetings for each financial year are scheduled before the end of the preceding financial year to allow the Directors to plan ahead. The Board is expected to meet at least six (6) times annually. Additional ad hoc meetings are arranged outside the scheduled meetings for detailed discussion and decision making as required.

Corporate Governance Overview Statement

During the financial year ended 31 December 2018, the Board met eleven (11) times comprising nine (9) scheduled Board Meetings and two (2) Special Board Meetings. The Board has provided its commitment to the Company as evidenced by the attendance of Directors at Board and Board Committee meetings as follows:

No.	Director	Board Meeting		AC Meeting		NRC Meeting		
		Attendance	%	Attendance	%	Attendance	%	
1.	Tan Sri Dato' Sri Zamzamzairani Mohd Isa	11/11	100					
2.	Anwar Syahrin Abdul Ajib	11/11	100					
3.	Subimal Sen Gupta ⁽¹⁾	11/11	100	7/7	100			
4.	Dato' Noorazman Abd Aziz ⁽²⁾	2/2 ^(a)	100					
5.	Zaida Khalida Shaari	11/11	100			8/8	100	
6.	Lim Tian Huat	9/11	82	7/7	100	7/8	88	
7.	Ungku Suseelawati Ungku Omar	10/11	91			8/8	100	
8.	Tan Sri Dr Azmil Khalili Dato' Khalid	11/11	100					
9.	Datin Teh Ija Mohd Jalil ⁽³⁾	9/9 ^(a)	100	3/3 ^{(a)(h)}	100	5/5 ^{(a)(h)}	100	
10.	Christina Foo ⁽⁴⁾	1/1 ^(a)	100					
11.	Dato' Srikandan Kanagainthiram ⁽⁵⁾	5/5 ^(a)	100	4/4 ^{(a)(b)}	100			
12.	Dato' Izzaddin Idris ⁽⁶⁾	6/8 ^(a)	75					
13.	Wong Shu Hsien ⁽⁷⁾	- ^(a)	-					
Total number of meetings for 2018		11		7		8		

 Chairman	 Member	 Non-Member
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Legend:

AC - Audit Committee

NRC - Nominations & Remuneration Committee

BTC - Board Tender Committee

BDC - Board Development Committee

BGRC - Board Governance & Risk Committee

ESOS - Employee Share Option Scheme Committee

WBC - Whistle Blower Committee (newly established on 22 March 2018 as a sub-committee of BGRC)

⁽¹⁾ Re-designated as Senior Independent Non-Executive Director with effect from 1 June 2018.

⁽²⁾ Appointed as Non-Independent Non-Executive Director with effect from 1 October 2018.

⁽³⁾ Appointed as Independent Non-Executive Director with effect from 1 March 2018.

⁽⁴⁾ Appointed as Independent Non-Executive Director with effect from 23 November 2018.

⁽⁵⁾ Retired as Senior Independent Non-Executive Director at the conclusion of 10th Annual General Meeting ("AGM") held on 31 May 2018.

⁽⁶⁾ Resigned as Non-Independent Non-Executive Director on 1 October 2018.

⁽⁷⁾ Appointed as alternate to Dato' Noorazman Abd Aziz with effect from 1 October 2018 and resigned on 1 March 2019.

Corporate Governance Overview Statement

	BTC Meeting		BDC Meeting		BGRC Meeting		ESOS Meeting		WBC Meeting	
	Attendance	%	Attendance	%	Attendance	%	Attendance	%	Attendance	%
	1/1 ^{(a)(c)}	100	6/6	100	2/2 ^{(a)(c)}	100	1/1	100		
	1/1 ^{(a)(d)}	100			3/3	100			1/1	100
			6/6	100			- ^{(a)(m)}	-		
	1/1 ^{(a)(l)}	100			2/2 ^{(a)(k)}	100			1/1 ^(k)	100
							1/1	100		
	1/1 ^{(a)(f)}	100	5/5 ^{(a)(g)}	100						
					1/1 ^{(a)(l)}	100			1/1	100
					- ^{(a)(n)}	-			- ^{(a)(n)}	-
	1/1 ^{(a)(b)}	100	1/1 ^{(a)(b)}	100	1/1 ^{(a)(b)}	100				
	1/1 ^{(a)(e)}	100	3/4 ^{(a)(e)}	75			1/1 ⁽ⁱ⁾	100		
	- ^(a)	-								
	2		6		3		1		1	

- ^(a) Reflects the number of Meetings attended and held during his/her tenure of appointments.
- ^(b) Ceased to be the Chairman of BTC and a member of AC, BDC and BGRC pursuant to his retirement as a Director at the conclusion of 10th AGM held on 31 May 2018.
- ^(c) Appointed as a member of BTC and BGRC with effect from 1 June 2018.
- ^(d) Appointed as BTC member with effect from 1 June 2018.
- ^(e) Re-designated from BDC Chairman to BDC member and from BTC member to BTC Chairman with effect from 1 June 2018 and ceased as members following his resignation as Director on 1 October 2018.
- ^(f) Appointed as BTC member with effect from 1 June 2018 and re-designated to BTC Chairman on 26 October 2018.
- ^(g) Appointed as BDC Chairman with effect from 1 June 2018.
- ^(h) Appointed as a member of AC and NRC with effect from 1 June 2018.
- ⁽ⁱ⁾ Relinquished as BTC member with effect from 1 June 2018.
- ^(j) Ceased as ESOS member following his resignation as Director on 1 October 2018.
- ^(k) Relinquished as BGRC Chairman and WBC member with effect from 26 October 2018.
- ^(l) Appointed as BGRC Chairperson with effect from 26 October 2018.
- ^(m) Appointed as ESOS member with effect from 26 October 2018.
- ⁽ⁿ⁾ Appointed as BGRC and WBC member with effect from 23 November 2018.
- ^(o) Not applicable as alternate director.

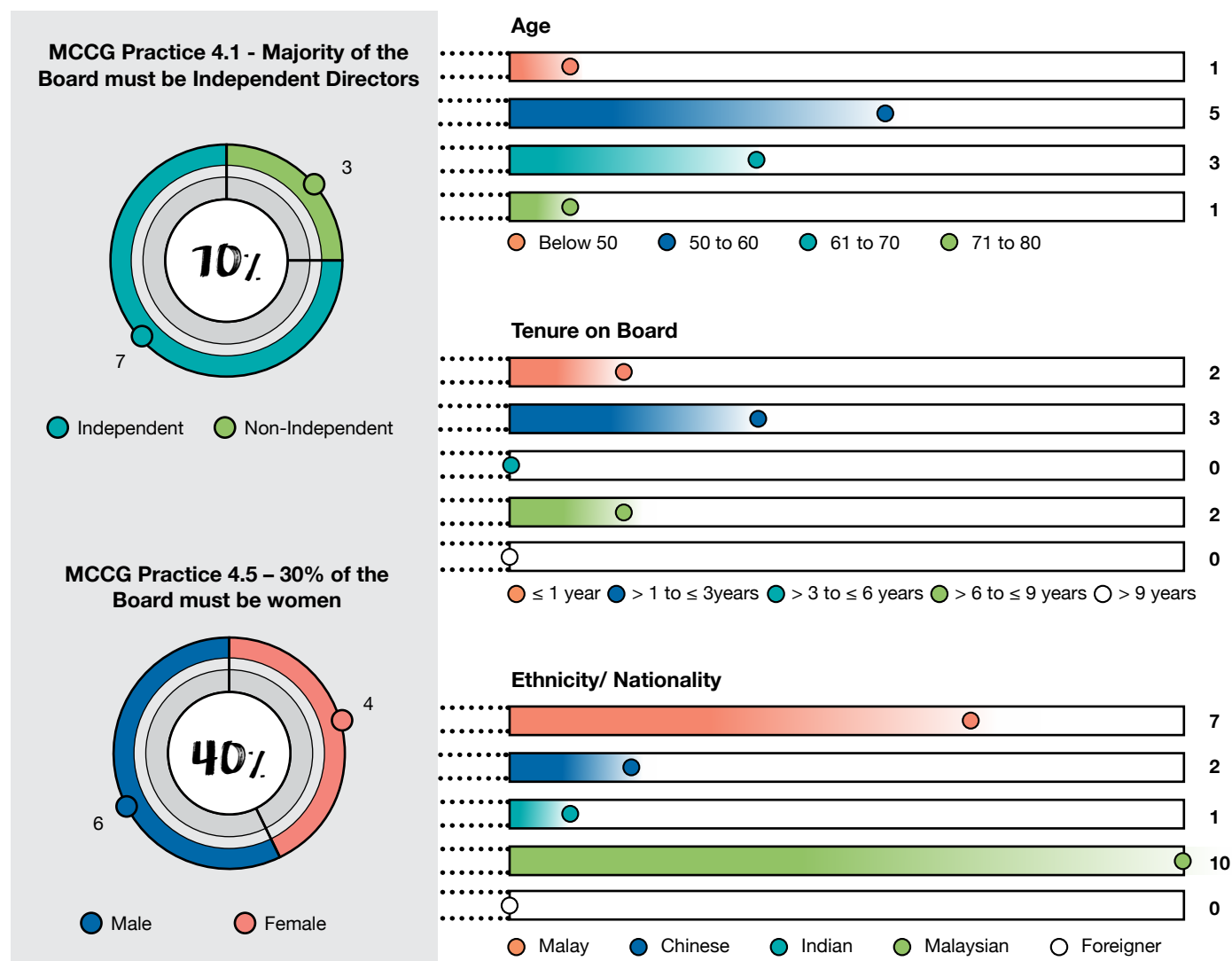
Corporate Governance Overview Statement

All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme accredited by Bursa Securities Malaysia Berhad (“Bursa Securities”), have also attended training programmes and seminars organised by the regulatory authorities, professional bodies and other relevant organisations, to gain insights into the latest regulatory and industry developments in relation to the Group’s businesses and further enhance their business acumen and professionalism in discharging their duties to the Group. In addition, some members of the Board have also been invited to participate in forums and/or seminars as a speaker, moderator or panelist in areas of their expertise. The training/conferences/seminars and/or workshops in which members of the Board had participated during the financial year ended 31 December 2018 are set out in the Corporate Governance Report.

II BOARD COMPOSITION

As at the date of this statement, the Board consisted of ten (10) members comprising the Independent Non-Executive Chairman, the MD/CEO, the Senior Independent Non-Executive Director, two (2) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors. The composition of the Board complies with Bursa Securities’ Main Market Listing Requirements (“Listing Requirements”) where at least two (2) Directors or one-third of the Board, whichever is the higher, must comprise Independent Directors. The Board composition comprises a majority of Independent Non-Executive Directors, who account for more than half of the members to ensure a balance of power and authority within the Board.

The table below summarises the number of Independent Directors, gender, age, ethnicity and tenure on board of the Board of the Company as at the date of this statement:



Corporate Governance Overview Statement

In 2018, the Board increased its composition to ten (10) members with a majority of Independent Directors. Ten is an optimal size that enables effective oversight, delegation of responsibilities and productive discussion amongst members of the Board. Based on feedback from the Board Effectiveness Assessment conducted for the financial year under review, the Board endeavours to appoint additional members with relevant industry experience to bring in fresh perspective with regard to the business.

The Board is committed to providing fair and equal opportunities and nurturing diversity within the Group and strives for at least 30% of the Board to comprise women Directors. This was achieved with the percentage of women Directors on the Board as at 31 December 2018 being 40% with the appointment of Datin Teh Ija Mohd Jalil and Ms Christina Foo in March 2018 and November 2018, respectively as Independent Non-Executive Directors.

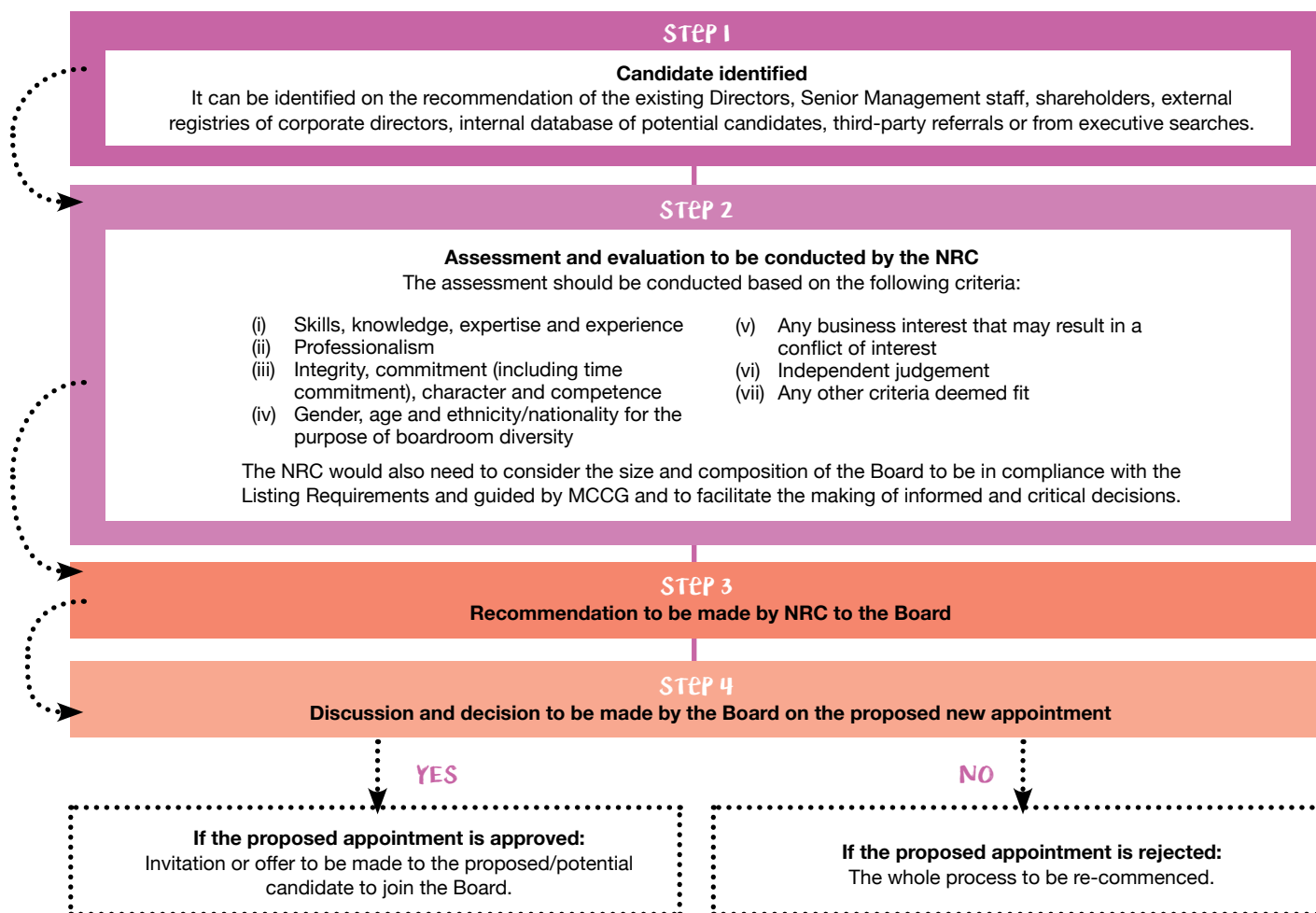
The Board has a policy for Independent Non-Executive Directors to serve a cumulative term of up to nine (9) years only.

Such Directors may continue to serve on the Board provided they are re-designated as Non-Independent Directors. The Company shall therefore not retain an independent director for a period of more than nine (9) years.

The Board and the Nominations & Remuneration Committee (“NRC”) take into account the skills, knowledge, expertise, experience, professionalism, character and integrity, gender, age and ethnicity of the existing Board in seeking potential candidates. A Board Skills Matrix has also been developed and used as reference for the Board’s refreshment and succession planning to complement one another.

In selecting possible candidates for Senior Management, the Board and the NRC will consider candidates who demonstrate, among others, the key competencies and behaviours required at top management level. In addition to leadership competencies, candidates should also have the technical capabilities, experience and professional qualifications outlined in the job description of the respective portfolio.

The table below demonstrates the procedures on appointing a new director:



Corporate Governance Overview Statement

The Board, through the NRC, conducts an annual Board Effectiveness Assessment on the overall effectiveness of the Board, its Committees and the contribution and performance of each Director. In 2018, the preparation of the assessment and the collation of the results were facilitated by the Company Secretaries and tabled at the NRC and Board Meetings. The NRC may consider the engagement of an external consultant to conduct the Board Effectiveness Assessment in the next financial year, as the evaluation by the independent experts would provide more meaningful feedback with all directors serving a minimum tenure of six months.

The NRC is made up exclusively of Non-Executive Directors with a majority of them being Independent Directors. The Committee is chaired by an Independent Director.

The activities of the NRC in the discharge of its duties for the financial year under review are provided in the Corporate Governance Report.

III REMUNERATION

The Company's policy on Directors' remuneration is to attract and retain Directors of high calibre needed to lead the Group successfully. The Board has delegated to NRC the responsibility to review and recommend matters relating to the remuneration of the Board and Senior Management.

The Non-Executive Directors' remuneration framework encompasses a fixed fee for the Chairman and members of the Board and Board Committees, not by a commission or on percentage of profits or turnover as consideration for their Board duties. The Directors' fees and benefits are tabled to the shareholders for annual approval at the Annual General Meeting ("AGM"). The MD/CEO is remunerated in line with the Company's general remuneration policy for its Senior Management. The remuneration policy for Senior Management is in line with the business strategy, objectives, values and long-term goals and interests of the Company and guided by the Company's affordability, approved remuneration and reward matrix and comparison against current market practice in the same industry.

Non-Executive Directors' remuneration is a matter to be decided by the Board collectively with the Directors concerned abstaining from deliberations or voting on the decision in respect of their individual remuneration.

The Key details of the Directors' Remuneration Framework are as follows:

No.	Fees/Benefits
1.	Directors' Fees
2.	Allowance
3.	Meeting Allowance
4.	Chairman's Benefits
5.	Property Discount (which is the same policy applied for employees)
6.	Medical Benefits for Directors
7.	Training and Development of Directors
8.	Directors' & Officers' Liability Insurance

Corporate Governance Overview Statement

Amount/Description

At the 10th AGM held on 31 May 2018, shareholders approved the Directors' fees as follows approved by the shareholders are payable on a quarterly basis:

Directors' Fees/ person	Non-Executive Chairman Per Annum (RM)	Non-Executive Director/Member Per Annum (RM)
Board	210,000	108,000
Audit Committee	50,000	30,000
Other Board Committees	25,000	15,000

An allowance of RM1,000 per day will be paid to Directors for the following:

- (i) Attending meetings with Government representatives or third parties such as consultants, bankers and advisors on behalf of the Company; or
- (ii) Visiting projects and/or reference sites to advise management and/or the Company.

The total amount paid for the financial year 2018 was RM5,000 in respect of a visit to an international project site.

Meeting allowance for **ad-hoc or temporary Board Committees** established for specific purposes:

- (i) Chairman of committee – RM2,000 per meeting
- (ii) Member of committee – RM1,000 per meeting

For the financial year 2018, no ad-hoc or temporary Board Committee meeting was held.

The benefits payable and accorded to the Non-Executive Chairman comprised the following, as approved at the 10th AGM held on 31 May 2018:

i. Car Allowance	RM3,400 per month
ii. Other reimbursables comprising: - Car-related benefits including maintenance, fuel and other permissible items/claims - Home guard security services	Up to RM36,300 per annum RM6,300 per month
iii. Provision of Driver	

Discount for purchase of property as follows:

- (i) Up to 10% discount will be given once in five years for residential property; and
- (ii) For subsequent purchase of residential property within five years' period or any non-residential property purchase, up to 3% discount will be given.

For the year 2018, the property discount received by the Directors (including the MD/CEO who is entitled to staff property discount) amounted to RM248,267.

The medical benefits for Directors are as follows:

- (i) Medical coverage of RM7,000 per annum, inclusive of outpatient, clinical, specialist and dental; and
- (ii) Hospitalisation of RM100,000 per annum including room and board at RM500 per day.

Where a Director sits on several boards, he will only be entitled to claim medical benefits from one company only.

A training budget is allocated for Directors to attend relevant training programmes and seminars to enhance their knowledge and skills in discharging their duties.

The Company, through UEM Group Berhad's group-wide Directors' and Officers' Liability Insurance, maintains coverage throughout the financial year to indemnify Directors and officers against any liability incurred by them in the discharge of their duties while holding office as Directors and officers of the Company. All the Directors contributed their portion of the premium payment for this policy for year 2018.

Corporate Governance Overview Statement

The Company seeks shareholders' approval at the AGM for the payment of fees and benefits for the Non-Executive Directors for items (1) to (5) of the table on page 61.

The detailed disclosure of the Directors' remuneration on a named basis is set out in Note 5(i) of the Audited Financial Statements for the financial year ended 31 December 2018.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT COMMITTEE

The Audit Committee comprises three members who are Independent Non-Executive Directors. The Audit Committee is chaired by Mr Subimal Sen Gupta, who was re-designated as the Senior Independent Non-Executive Director with effect from 1 June 2018.

The Terms of Reference ("TOR") of the Audit Committee was reviewed and amended on 22 May 2018 to remove the duty of reviewing whistle blowing reports, which will be undertaken by the Whistle Blower Committee, a new sub-committee of the Board Governance & Risk Committee established on 22 March 2018.

The Audit Committee Report, including its membership, composition and summary of work carried out during the financial year 2018, is presented on pages 67 to 71 of this Annual Report.

In the annual assessment on the suitability, objectivity and independence of the External Auditors, the Audit Committee is guided by the factors as prescribed under Paragraph 15.21 of the Listing Requirements as well as the Corporate Governance Guide 3rd Edition. The Board received a written assurance by the External Auditors, confirming their independence in providing both audit and non-audit services for the year under review.

Annually, the composition and performance evaluation of the Audit Committee is reviewed by the NRC and the results reported to the Board for approval. The Board is satisfied with the performance of the Audit Committee in discharging its duties and responsibilities in accordance with its TOR.

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board fulfills its responsibilities in the risk governance and oversight functions through its Board Risk Committee which reviews the effectiveness of the risk management framework and to manage the overall risk exposure to the Group.

On 1 June 2018, the Board Risk Committee was renamed as "Board Risk & Governance Committee" following the delegation of governance and compliance purview by the Board. Subsequently, on 28 November 2018, the Committee was renamed as "Board Governance & Risk Committee" in view of its expanded role on governance review matters.

The Board Governance & Risk Committee assesses and monitors the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls are reviewed by the Audit Committee through the work performed by the internal audit function for the Group.

The Board Governance & Risk Committee comprises a majority of Independent Non-Executive Directors. The Board is satisfied with the performance of the Board Governance & Risk Committee in discharging its duties and responsibilities in accordance with its TOR.

The Board concluded that the risk management and internal control system of the Company are generally adequate and effective for the financial year under review. Details of the Company's internal control and risk management framework are set out in the Statement on Internal Control and Risk Management as well as the Risk Management Report of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I COMMUNICATION WITH STAKEHOLDERS

The Company has been transparent and accountable to its shareholders and investors and recognises the importance of timely dissemination of information to shareholders and other stakeholders. The Board is also committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Group and the information is communicated to them through various channels including the Annual Report, disclosures and announcements to Bursa Securities, press releases, dialogues, discussions and presentations at general meetings and/or conferences as well as online investor relations on the Company's website at www.uemsunrise.com. The Board also encourages engagement with shareholders by disseminating crucial information such as strategic matters, future plans and key issues in regard to the Company via technological means.

Dividend Policy adopted on 12 June 2012

Paying out between 20% to 40% of the Group's consolidated profit after tax and minority interests subject to among others, availability of distributable reserves and adequate free cash flow from operations.

Corporate Governance Overview Statement

UEM Sunrise aims to transition into integrated reporting based on the global recognised framework in stages in the near future.

II CONDUCT OF GENERAL MEETINGS

The AGM of the Company represents the primary platform for two-way interaction between the shareholders, the Board and Management of the Group. In fostering effective participation of and engagement with shareholders at the 10th AGM of the Company held on 31 May 2018, all the Directors (including the Chairmen of the Audit Committee, NRC, Board Tender Committee, Board Development Committee and Board Governance & Risk Committee) were present in person to engage directly with the shareholders.

In line with MCCG Practice 12.1, notice of the 10th AGM was issued at least 28 days prior to the meeting to enable the shareholders to be well informed with the timeframe given and allow them to have ample time in making necessary preparations to attend and participate in person or by corporate representative, proxy or attorney. More importantly, it enabled the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the AGM.

At the 2018 AGM, the Chairman explained the procedure to be followed in tabling and approving each of the resolutions, encouraged shareholders to participate at the meeting and explained the poll procedure in regard to the proposed resolutions put to the meeting for voting. The MD/CEO gave a presentation on the Company's financial and operational performance and also shared with the shareholders the Company's responses to questions submitted in advance of the 2018 AGM by the Minority Shareholder Watchdog Group and shareholders.

Voting at the 10th AGM was conducted by poll in accordance with Paragraph 8.29A of the Listing Requirements. The poll results were also announced by UEM Sunrise via BursaLINK on the same day for the benefit of all shareholders. The minutes of the 10th AGM were also made available on the Company's website within a reasonable timeframe, after tabling at the next Board meeting following the AGM. The Company continues to explore the use of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at general meetings of the Company.

With the new Constitution approved by the shareholders at the 10th AGM, the Company will leverage on technology to broaden its channel of dissemination of information, to enhance the quality of engagement with the shareholders and explore the facility to allow remote shareholder participation, if feasible, and voting at the Company's AGMs.

This Statement is made in accordance with the resolution of the Board dated 25 March 2019.

INVESTOR RELATIONS

At UEM Sunrise we value relationships with our shareholders, the financial and investment community as well as other relevant stakeholders (collectively referred to as “Stakeholders”) by providing and delivering credible and reliable material information on the Company. The Company engages frequently with its Stakeholders in line with the recommendations of the Malaysian Code on Corporate Governance and other relevant regulatory bodies.



We are committed to communicating information to the Stakeholders with the following principles in mind:

Criteria	
Consistency	The same information is given to the Stakeholders at the same time.
Clarity	Clear, concise, and easily understood information is distributed to avoid any miscommunication or misunderstanding.
Equal Access	Stakeholders are given the same information through various channels.
Timeliness	Information is released to the Stakeholders immediately after it has been announced to the public unless there are legal constraints or legitimate business reasons to refrain from doing so.
Transparency	Information is presented in a fair manner irrespective of whether or not it is favourable to the Company.

We also maintain direct and open communication with our Stakeholders in order to keep the market informed of all information which may have or could be expected to have a material impact on the value of our securities.

INVESTOR RELATIONS ENGAGEMENTS & ACTIVITIES

Our Investor Relations (“IR”) team plays an important role in engaging in regular meetings and dialogues with analysts, fund managers, potential investors as well as shareholders. These meetings and dialogues are usually headed by the Chief Financial Officer (“CFO”) and/or IR team and includes conferences, physical meetings as well as site visits to Iskandar Puteri and projects within the Central region. The main objective of these engagements is to update the Stakeholders of the Company’s financial results, business and strategic directions and address issues or concerns relating to the Company.

Key Engagements	Month	Details
Physical meetings and site visits to Iskandar Puteri, Johor and projects in the Central region	Throughout 2018	A total of 34 meetings inclusive of site visits were recorded for the year 2018. These meetings and site visits were requested by analysts and fund managers. The IR team hosted and facilitated these meetings.
Non-Deal Roadshows	June	Participated in a roadshow organised by JP Morgan for its clients at Intermark, Kuala Lumpur.
	September	Organised a roadshow for bondholders with Maybank, CIMB and HSBC at UEM Sunrise Showcase Gallery.
Quarterly financial results briefings	February (4Q 2017), May (1Q 2018), August (2Q 2018), and November (3Q 2018)	Financial results briefings were held on a quarterly basis via a closed tele-conferencing and took place immediately after the quarterly financial results were released to Bursa Malaysia. The CFO led the briefings together with the IR team.
Investor conferences	March	Participated in Invest ASEAN Conference organised by Maybank in Singapore.
	July	Participated in Malaysia C-Suite Investor Corporate Day organised by Citibank in Kuala Lumpur.
	September	Participated in Asia Rising Dragons Conference organised by JP Morgan in Kuala Lumpur.
Annual General Meeting (“AGM”)	May	Held UEM Sunrise’s 10 th AGM at Menara Korporat, Persada Plus, Selangor.

A total of 44 engagements were held with various Stakeholders in 2018.

UEM SUNRISE’S COVERAGE

The Company received fair coverage and support from local and foreign research houses in 2018. To date, 13 analysts from the following research houses have provided coverage on UEM Sunrise:

- | | |
|---|--|
| 1. AllianceDBS Research Sdn. Bhd. | 8. Kenanga Investment Bank Berhad |
| 2. Am Research Sdn. Bhd. | 9. Maybank Investment Bank Berhad |
| 3. CIMB Investment Bank Berhad | 10. MIDF Amanah Investment Bank Berhad |
| 4. Citigroup Global Markets Singapore Pte. Ltd. | 11. Public Investment Bank Berhad |
| 5. Hong Leong Investment Bank Berhad | 12. RHB Research Institute Sdn. Bhd. |
| 6. JP Morgan Securities (Malaysia) Sdn. Bhd. | 13. UOB Kay Hian (Malaysia) Holdings Sdn. Bhd. |
| 7. KAF-Seagroatt & Campbell Securities Sdn. Bhd. (Initiated coverage in September 2018) | |

UEM SUNRISE IR PORTAL

As a means to also disseminate relevant information on the Company to our Stakeholders and the public, we have provided an online IR portal at <https://uemsunrise.com/corporate/investor-relations/investors-home> as a point of reference.

ADDITIONAL COMPLIANCE INFORMATION

In Accordance With Appendix 9C Of The Listing Requirements

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

Pursuant to its Islamic Commercial Paper Programme (“ICP Programme”) and Islamic Medium Term Notes (“IMTN”) Programme (“IMTN Programme”) which have a combined aggregate limit of RM2.0 billion in nominal value and a sub-limit on the ICP Programme of RM500.0 million in nominal value established in 2016, the Company had in 2018 issued the following IMTNs:

Date of Issuance	Type	Tenure	Utilisation of Proceeds
23 May 2018	RM100.0 million in nominal value of IMTN under the IMTN Programme	366 days, which will mature on 24 May 2019.	The proceeds were utilised for UEMS’ Shariah-compliant general corporate purpose of refinancing its existing structured commodity Islamic financing with a lower profit rate.
31 October 2018	RM700.0 million in nominal value of IMTN under the IMTN Programme	Three (3), five (5) and seven (7) years, and will mature on 29 October 2021, 31 October 2023 and 31 October 2025, respectively.	The proceeds were utilised to redeem the outstanding IMTN amounting to RM700.0 million in nominal value issued under UEMS’ RM2.0 billion IMTN Programme established in 2012 (“Maturing IMTN”). The Maturing IMTN was issued on 13 December 2013 and matured on 13 December 2018.

MATERIAL CONTRACTS

Other than those disclosed in the financial statements and the recurrent related party transactions section on pages 228 to 232 in the Annual Report, there were no material contracts including contracts relating to any loans entered into by the Company and its subsidiaries involving Directors’ and major shareholders’ interests.

the Company to be held on 30 May 2019. Please refer to pages 228 to 232 of this Annual Report on the disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2018 pursuant to the shareholders’ mandate approved at the previous Annual General Meeting.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

The Company proposes to seek the approval of its shareholders for the renewal of shareholders’ mandate for recurrent related party transactions of a revenue and trading nature which are in the ordinary course of business at the Annual General Meeting of

EMPLOYEE SHARE OPTION SCHEME (“ESOS”)

The Company had one ESOS in existence during the financial year. The ESOS was approved by the shareholders of the Company at the Company’s Extraordinary General Meeting held on 7 March 2012 and in force for a period of seven years from the implementation date on 9 April 2012. As at 31 December 2018, ESOS options over 282,347,800 new ordinary shares in the Company had been granted to the employees of the Group (including the MD/CEO) as follows:

Category of employee	No. of ESOS options granted as at 31 Dec 2018	Percentage granted as at 31 Dec 2018 of total available*	No. of ESOS options vested	No. of ESOS options exercised	No. of options lapsed	No. of ESOS options outstanding
MD/CEO (Including former MD/CEO)	14,000,000	4.11	7,406,000	2,180,000	6,594,000	5,226,000 [#]
Senior Management	54,691,600	16.07	26,484,800	3,800,000	44,241,900	6,649,700
Other employees	213,656,200	62.78	126,674,000	13,936,100	127,007,950	72,712,150
TOTAL	282,347,800	82.96	160,564,800	19,916,100	177,843,850	84,587,850

* As at 31 December 2018, the issued ordinary shares of the Company comprised 4,537,436,037 ordinary shares. In accordance with the ESOS, the maximum number of shares to be offered for subscription and allotment upon the exercise of the ESOS options shall not be more than 7.5% of the issued ordinary shares of the Company at any point of time during the duration of the ESOS scheme.

[#] 2,444,000 from the total amount of 5,226,000 relates to the outstanding entitlement of the former MD/CEO, the late Dato’ Wan Abdullah Wan Ibrahim who passed away in 2014, which shall be exercisable by the beneficiaries of the estate of the late Dato’ Wan Abdullah.

The aggregate maximum allocation of the ESOS options applicable to the Directors and Senior Management is 30% and the actual granted to the Directors and Senior Management since the commencement of the ESOS is 24.33%.

The ESOS expired on 8 April 2019 and all ESOS options lapsed upon expiry of the scheme. The ESOS Committee was dissolved on 8 April 2019.

Audit Committee Report

1. FORMATION

The Audit Committee was established by the Board of Directors (“Board”) on 15 September 2008.

The Audit Committee is committed to its role to assist the Board in reviewing and monitoring the integrity and adequacy of the internal controls, financial and non-financial reporting process, policies and practices of UEM Sunrise Berhad (“the Company”) and its subsidiaries (“the Group”).

Pursuant to the step-up practice set out in the Malaysian Code on Corporate Governance (“MCCG”), the Company, on 1 August 2017, established a Board Risk Committee to assist the Board in overseeing the risk management framework and policies of the Group. Accordingly, the Board Risk Committee (now known as Board Governance & Risk Committee) took over the risk oversight role previously undertaken by the Audit Committee.

The Terms of Reference (“TOR”) of the Audit Committee were reviewed and amended on 1 June 2018 to remove the duty to review whistle blowing reports, which is undertaken by the Whistle Blower Committee, a new sub-committee of the Board Governance & Risk Committee established on 22 March 2018. The TOR of the Audit Committee is available for reference at the Company’s website at www.uemsunrise.com/corporate/investor-relations/corporate-governance.

2. COMPOSITION

During the financial year ended 31 December 2018, the Audit Committee comprised three members of the Board, all of whom are Independent Non-Executive Directors. The Company has complied with Paragraph 15.09 of Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”), which requires all members of the Audit Committee to be Non-Executive Directors with a majority of them being Independent Directors.

The members of the Audit Committee and their details are as follows:

Name	Designation	Directorship	Qualification
Subimal Sen Gupta	Chairman	Senior Independent Non-Executive Director	<ul style="list-style-type: none"> Fellow of the Institute of Chartered Accountants in England and Wales Past President of Malaysian Institute of Certified Public Accountants (“MICPA”)
Lim Tian Huat	Member	Independent Non-Executive Director	<ul style="list-style-type: none"> Founding President of Insolvency Practitioners Association of Malaysia Fellow of the Association of Chartered Certified Accountants Member of Malaysian Institute of Accountants Member of MICPA Bachelor of Economics (Honours)
Datin Teh Ija Mohd Jalil (Appointed on 1 June 2018)	Member	Independent Non-Executive Director	<ul style="list-style-type: none"> Bachelor of Arts (Honours), Universiti Malaya Master of Business Administration, Southern New Hampshire University, USA
Dato’ Srikandan Kanagaintiram (Retired on 31 May 2018 after the conclusion of the Tenth Annual General Meeting)	Member	Senior Independent Non-Executive Director	<ul style="list-style-type: none"> Past President of the Royal Institution of Surveyors Malaysia Fellow of the Australian Institute of Quantity Surveyors Fellow of the Royal Institution of Chartered Surveyors, UK Registered Member of the Board of Quantity Surveyors Malaysia

Audit Committee Report

The training attended by the Audit Committee members during the year under review are set out in the Corporate Governance Report.

The Nominations & Remuneration Committee reviewed the term of office and assessed the performance of the Audit Committee and each of its members. The term of office and performance of the Audit Committee and each of its members are reviewed annually pursuant to the Listing Requirements.

The Board also performed an annual assessment to assess the Audit Committee and each of its members' effectiveness in carrying out their duties in accordance with the TOR with the recommendation by the Nominations & Remuneration Committee. The Board is satisfied that the Audit Committee and each of its members have effectively discharged their duties in accordance with the TOR.

3. MEETINGS

Seven Audit Committee meetings were held during the financial year ended 31 December 2018, with attendance details as follows:

Name of Audit Committee member	No. of Meetings Attended/Held	Percentage of Attendance (%)
1. Subimal Sen Gupta	7/7	100
2. Lim Tian Huat	7/7	100
3. Datin Teh Ija Mohd Jalil	3/3 [®]	100
4. Dato' Srikandan Kanagainthiram	4/4 [®]	100

[®] Reflects the number of meetings attended and held during their respective tenures.

The MD/CEO, relevant Senior Management responsible for pertinent areas to be discussed and representatives of the Internal Auditors and External Auditors attended the meetings upon invitation.

The External Auditors were engaged to conduct limited reviews on the condensed consolidated financial information and report to the Audit Committee on any significant matters identified before the quarterly financial statements were presented to the Audit Committee for review and recommendation for the Board's approval prior to release to Bursa Securities.

The External Auditors as well as the Internal Auditors were invited to the first Audit Committee meeting in 2018 to report on the statutory audit in respect of the financial statements for the financial year 2017 as well as on the progress of the audit plan for years 2017 and 2018 respectively. Detailed internal audit reports, together with Management's responses were circulated to the Audit Committee members and MD/CEO, and significant issues were discussed at the Audit Committee meetings.

Upon conclusion of each meeting, the Audit Committee Chairman reported to the Board the activities that it had undertaken and the key recommendations for the Board's consideration and decision.

The Audit Committee met up with the External Auditors twice during the financial year without the presence of MD/CEO and Management. During these sessions, the Audit Committee sought the External Auditors' advice on key issues affecting the Group as well as obtained their views on matters of concern that could impact the issuance of the audited financial statements. The External Auditors provided their insights on how the issues could be addressed and the cooperation with the Management in terms of information sharing and proficiency in financial reporting functions that would facilitate the accuracy of the disclosures.

4. SUMMARY OF KEY ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Internal Audit

- i. Reviewed and approved the annual risk-based internal audit plan to ensure adequate scope and comprehensive coverage of the activities of the Company and the Group.
- ii. Reviewed and deliberated on the internal audit reports on the adequacy, effectiveness and efficiency of operational, compliance and governance processes across the Company and its Group. Where appropriate, the Audit Committee advised Management to rectify and improve the control systems based on the Internal Audit's recommendations and suggestions for improvements. The reports reviewed and deliberated during the year include planned and ad-hoc audits on:
 - Procurement and contracts process
 - Project management
 - Property management
 - Sales and marketing process
 - Credit control
 - Risk management
 - Retail management
 - Joint venture management
 - Health, safety, security and environment
 - Related party transactions
 - Whistle blower cases
 - Follow-ups on corrective actions
- iii. Monitored the implementation of recommendations by Management on outstanding issues to ensure that all key risks and control weaknesses were properly addressed as well as the timeliness of responses received and actions taken.
- iv. Reviewed quarterly progress reports on the 2018 annual audit plan.
- v. Reviewed the performance, adequacy, scope, resources and competency of the Internal Auditors as well as the training needs of the Internal Audit function.
- vi. Approved the key performance indicators for 2019 and resources requirement of the Internal Audit function.
- vii. Interviewed candidates for the position of Head of Internal Audit and approved the appointment of the new Head of Internal Audit to replace the former Head who was assigned to a business unit.

External Audit

- i. Reviewed with the External Auditors, the audit plan of the Company and of the Group for the year (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and Management responses) prior to the commencement of the annual audit. The Audit Committee also reviewed and deliberated on key audit matters and areas of emphasis highlighted by the External Auditors including Management's response/ actions taken.
- ii. Met twice with the External Auditors on 21 February 2018 and 21 November 2018 without the presence of the executive Board member and Management staff, to enquire on the extent of assistance rendered by Management and issues and suggestions arising from audits.
- iii. Considered the appointment of External Auditors and conducted an assessment of their independence, objectivity and cost effectiveness of the audit which covered quality of services provided, sufficiency of experience and resources, audit scope and planning, communication and interaction.

Having taken all appropriate factors into consideration and being satisfied with the suitability, performance, technical competency and audit independence of Messrs Ernst & Young ("EY"), the Audit Committee recommended to the Board for approval, the appointment of EY as External Auditors of the Group for the financial year ended 31 December 2018.

The Audit Committee also considered the adequacy of experience and resources of the firm and the professional staff assigned to the audit and the level of non-audit services rendered by External Auditors to the Group for the financial year 2018 based on feedback from Management who had substantial contact with the external audit team throughout the financial year. The Audit Committee being satisfied with the suitability, performance, technical competency and audit independence of EY, recommended the appointment of EY as External Auditors of the Company for the financial year ending 31 December 2019 and recommended the same for the Board's approval. The appointment of the External Auditors is subject to shareholders' approval being sought at the forthcoming Eleventh Annual General Meeting.

- iv. Reviewed, monitored and approved the non-audit services provided/to be provided by the External Auditors and/or its affiliates to ensure the provision of non-audit services does not impair their independence or objectivity as the External Auditors of the Group.

Audit Committee Report

Having reviewed and considered the nature and scope of the non-audit services provided by EY and/or its affiliates for the financial year ended 31 December 2018 as well as the written assurance obtained from EY confirming that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, the Audit Committee was satisfied that they were not likely to create any conflict of interest nor impair the independence and objectivity of the External Auditors.

Details of the nature of non-audit services rendered by the External Auditors and/or its affiliates for the financial year ended 31 December 2018 are set out as follows:

	Company RM'000	%	Group RM'000	%
Fees paid or payable to EY and its affiliates				
• Audit services				
- EY	202.0	64	1,462.4	78
• Non-audit services				
- EY	113.9	} 36	113.9	} 22
- Affiliates of EY	-		292.0	
Total	315.9	100	1,868.3	100

Notes:

- The non-audit services fees paid or payable to EY were for the quarterly reviews of the unaudited consolidated results and review of the impact on MFRS implementation.
- The non-audit services fees paid or payable to affiliates of EY were for the preparation, review and submission of tax returns.

Financial and Annual Reporting

- Reviewed the quarterly and annual financial statements of the Company and of the Group with Management and the External Auditors for recommendation to the Board for approval and release to Bursa Securities.
- Reviewed and recommended the Statement on Internal Control and Risk Management, Audit Committee Report, Risk Management Report and Corporate Governance Report in respect of Principle B of the MCCG to the Board for approval.

Related Party Transactions

- Reviewed related party transactions to be entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.
- Reviewed and recommended to the Board the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.
- Reviewed on a quarterly basis the related party transactions entered into by the Group pursuant to the shareholders' mandate on recurrent related party transactions procured at the Annual General Meeting of the Company on 31 May 2018.

Internal Controls

- Reviewed the representation by Senior Management on specific questions posed on:
 - the reasonableness and appropriateness of the financial statements in accordance with applicable approved accounting standards;
 - the adequate and effective operations of the risk management and internal control system in all material aspects, based on the risk management and internal control system of the Company; and
 - the company meeting and complying with all regulatory and legislative requirements.
- Took cognisance of the adoption of UEM Group's Whistle Blowing Policy.

Integrity

- Approved the appointment of independent consultants and their scope of work in respect of an investigation arising from whistle blower report received.
- Engaged with and reviewed the findings of the independent consultants and concurred with the required actions by the Company, guided by recommendations and legal advice received.

Others

- i. The Chairman of the Audit Committee had engaged on a continuous basis with the CFO, Head of Internal Audit and the External Auditors, in order to keep abreast of matters and issues affecting the Group.
- ii. The Audit Committee had requested and received a written assurance from the MD/CEO and CFO that the risk management and internal control systems of the Company are generally adequate and effective in respect of the financial year ended 31 December 2018.

5. INTERNAL AUDIT FUNCTION

- i. The Internal Audit function for the Company is undertaken by its own Internal Audit Department. The head of the Internal Audit Department reports directly to the Audit Committee and administratively to the MD/CEO. Empowered by its Internal Audit Charter, Internal Audit undertakes its activities independently and objectively to provide reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of risk management, internal control and governance systems.

The Internal Audit function is also guided by the International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors, Inc.

For the financial year ended 31 December 2018, the total cost incurred for the audit function was RM1,817,525.00 (2017: RM1,089,957.76).

- ii. It is the responsibility of Internal Audit to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating divisions within the Company and its Group, and the extent of compliance with established policies and procedures as well as relevant statutory requirements.
- iii. The Audit Committee reviews on an annual basis the adequacy of the scope, functions, competency, proficiency and resources of the Internal Auditors as well as the quality of the audit reports and their monitoring progress.
- iv. The Internal Audit adopts a risk-based approach when preparing the Company's annual internal audit plan and formulate its three year audit plan.
- v. The Internal Audit highlighted to the Management and Audit Committee the audit findings including follow-up actions required to be taken by Management. The internal audit reports are sent to the Audit Committee and Management and deliberated at the Audit Committee meetings. During the financial year, the internal audit works covered operational, ad-hoc and special audits on the areas set out in the above section.
- vi. The Internal Audit also conducted follow-up audits to ensure the corrective actions were tracked and implemented appropriately. In this respect, the Internal Audit strives to achieve sustainable control processes within the Group and to improve on areas which have weak control.
- vii. The Internal Audit acted as an intermediary resource for the independent consultants and also reported to the Audit Committee on the internal audit findings from its own investigation carried out in respect of the whistle blower report received.

STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of Listed Companies are required to include in their annual report, a ‘statement about the state of risk management and internal controls of the listed issuer as a group’. Accordingly, UEM Sunrise Berhad’s (“UEM Sunrise” or the “Company”) Board of Directors (“Board”) is pleased to provide the following statement, which outlines the nature and scope of risk management and internal controls within UEM Sunrise during the financial year under review.

BOARD’S RESPONSIBILITIES

The Board is responsible and accountable for maintaining sound risk management and internal control systems and processes to safeguard shareholders’ investments and the Group’s assets, by keeping abreast with the latest developments and best practices in both risk and governance. In view of limitations inherent in any process, and that risks cannot be eliminated fully, the Group has in place a system of internal control and risk management designed to manage risks within acceptable levels. Therefore, the system of internal control and risk management can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board acknowledges its responsibility to review and monitor the adequacy, effectiveness and integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The Board approves and monitors the Group’s risk management strategy, sets the risk appetite and oversees its implementation. The Board is supported by the Board Governance and Risk Committee as well as the Audit Committee in evaluating the adequacy of risk management and internal control framework. Overall, the Board is satisfied that the Group has put in place a systematic risk management framework and process to identify, evaluate and monitor principal risks; and implement appropriate internal control processes and procedures to manage these risks across the Group.

Board Governance & Risk Committee (“BGRC”)	Audit Committee (“AC”)
<p>The main responsibility of the BGRC is to support the Board in overseeing the Group’s governance and compliance matters and make the necessary recommendations regarding risk, governance, compliance and sustainability matters in alignment with the Group’s long-term strategy. In the domain of risk management, the BGRC assists the Board in ensuring a sound, robust Risk Management Framework and its implementation to enhance the Group’s corporate governance practices with focus on risk issues and their mitigation. The BGRC assists the Board in identifying, reviewing and assessing the principal risks in the achievement of the Group’s objectives and overseeing the implementation of appropriate systems and processes to manage these risks.</p>	<p>The main responsibility of the AC is to assist the Board in assessing the effectiveness of the Group’s internal control systems and overseeing the financial reporting. The AC also reviews the adequacy and integrity of the Group’s internal control systems and management information systems, including compliance with applicable laws, rules, directives and guidelines through the Internal Audit functions.</p>

RISK MANAGEMENT

The Group Risk Management Framework (“Framework”) is principally aligned with ISO31000:2009 and the UEM Group Risk Management Framework. The Framework outlines the policy and processes where risk is managed to ensure the implementation and achievement of strategic objectives. This is achieved through the identification, analysis, evaluation, treatment as well as monitoring and review of the risks.

Through a systematic and integrated process, the Framework emphasises the importance of balancing risks and rewards in making strategic business decisions and ensuring sound corporate governance and compliance with statutory and regulatory requirements. It serves as a tool in managing both existing and potential risks with an aim to enhance and protect key stakeholder interests while safeguarding the Group’s reputation.

The Framework also ascertains the risk context in terms of strategic and operational risks. To ensure effective management of the risks, the Framework further defines the risks into distinct categories, i.e. industry and market, financial, operations, compliance and people in relation to the Group’s business activities.

Statement on Internal Control and Risk Management

The Framework comprises the following:

- 1 The Group's risk management policy, risk appetite and risk tolerance. It also defines the risk governance's roles and responsibilities, as well as articulates systematic risk management processes adopted by the Group.
- 2 The Risk Management Committee ("RMC") and Risk Management Unit ("RMU") are established to ensure risk oversight within the Group. The Management undertakes risk management processes to identify, evaluate, monitor and review risk mitigation plans and the effectiveness of their implementation.
- 3 The RMC and RMU meet quarterly to deliberate on the risk register including identification of emerging risks, monitor compliance with the Framework and status of the implementation of risk mitigation plan.
- 4 The RMC and RMU are assisted by the Risk Management and Compliance Department which acts as the Secretariat to facilitate and consolidate all risk matters and risk management activities within the Group.
- 5 Risk Management and Compliance is responsible for inculcating risk awareness and culture within the Group.
- 6 High and significant risks identified by RMU and RMC that require further attention are escalated to the BGRC.
- 7 The BGRC reviews and deliberates reports from the RMC, considers and endorses the Group Risk Profile and recommends for the Board's acknowledgement. The BGRC also assists the Board in evaluating the adequacy and effectiveness of the Framework adopted by the Group.
- 8 The Board receives, deliberates and acknowledges the BGRC's risk review reports. The Board also approves the risk management framework, governance structure, sets risk appetite and maintains a sound system of risk management and internal controls.

CONTROL STRUCTURE & MONITORING ACTIVITIES

Apart from risk management activities, the following key internal controls are in place to assure the achievement of the Group's objectives and its operational effectiveness:

Board Committees

In assuming its oversight function, the Board is supported by six Board Committees and a sub-committee whose responsibilities are outlined and governed by specific terms of reference and authority assigned for areas within their scope. The Board Committees are:



The Board Committees report to the Board and in line with their respective terms of reference and authorisation limits granted by the Board, the Board Committees either approve or make recommendations for the Board's decision.

Board Meetings

Regular Board meetings are scheduled and the Chairman, in consultation with the MD/CEO, decides the agenda for the meetings. Board papers are distributed at least three business days prior to the Board meetings and Board members have access to all relevant information. Any urgent business is dealt with and decided only after all the required information is presented and deliberated. This ensures that the Board maintains full and effective supervision over key issues.

Group and Organisational Structure

The Group has a well-defined structure that is aligned with its business and operational requirements. Additionally, clear lines of accountability and responsibility have been set and communicated via organisation charts, strategic plans, budgets and authority limits.

Strategic Plans and Budgets

The Group undertakes a comprehensive strategy review and budgeting process to establish goals and targets whereby performance is monitored on an ongoing basis. The Board participates in the review and approval of the Annual Strategic Plans and Budget. A periodic monitoring and reporting system is in place which highlights significant variances of key performance indicators against plans and budget to monitor performance. Key variances are highlighted and followed up by the Management.

The quarterly financial results released to shareholders are prepared by the Management and reviewed by the AC and the external auditors prior to recommendation to the Board for approval. This allows Independent and Non-Executive Directors of the Board to give their input and guidance on areas requiring attention.

Statement on Internal Control and Risk Management

Authority Limits and Approved Policies

One of the critical elements of corporate governance is establishing clear roles, responsibilities and accountabilities throughout the organisation and in a transparent manner. Hence, the Group has put in place documented Discretionary Authority Limits (“DAL”) which delineate authority limits for financial and non-financial transactions which are then assigned to certain individuals or a set of personnel to approve or carry out transactions in order to enable timely decisions to be made, at the same time providing checks and balances on the commitments that the Management undertakes on behalf of the Group. The DAL is currently under review to ensure the appropriate level of delegation to Management.

The Board has also approved the Group’s financial and operating policies, which are drawn up to comply with laws and regulations where applicable, to guide the behaviour of the Management in performing their day-to-day operations.

Integrated Management System

The Group has a dedicated team for Quality Assurance, Safety, Health and Environment (“QASHE”). The QASHE team monitors the projects in terms of technical findings and defects inspection to ensure that the products constructed and delivered are in accordance with contract specifications and internal guidelines. The QASHE team is also responsible for ensuring that the project sites comply with legal and other requirements in terms of occupational safety, health and environmental regimes.

The Group’s Quality Management System was awarded with the MS ISO 9001:2000 in November 2000. This was upgraded to ISO 9001:2008 standards in March 2010 and subsequently to the latest ISO 9001 :2015 standards in June 2018. This certification promotes the adoption of a systematic risk-based thinking approach to the development, implementation and improvement of the Group’s Quality Management System. This approach emphasises the importance of understanding customers and meeting their expectations.

The Group was also certified to OHSAS 18001:1999 standard in November 2007, upgraded to OHSAS 18001:2007 standard in November 2008 and is planning to upgrade to the latest ISO 45001:2018 standard no later than 2021. Certification to MS 1722:2011 standards for safety and health was further obtained in January 2011. This reflected the Group’s commitment to safeguard the health and safety of its employees, customers and suppliers. Additionally, the Group implemented a comprehensive Environment Management System in January 2009 and successfully obtained the SIRIM certification to the ISO 14001:2004 standard in November 2009 and this was further upgraded to ISO 14001:2015 in June 2018.

The Group was also certified with ISO 20000-1:2011 in December 2017. This certification is related to IT Service Management to ensure our day-to-day IT service delivery is carried out in alignment with customer satisfaction through improved service and effective running and delivery of IT services.

With the three systems certifications to all three standards in place, the Group has integrated them into an Integrated Management System.

Insurance on Key Assets

Adequate insurance for major assets and resources of the Group are in place to cover against any mishap that may result in material losses to the Group.

Management Information System

Comprehensive Management Information Systems exist throughout the Group. Relevant data is captured, compiled, analysed and reported. These systems enable the Management to make decisions in an accurate and timely manner towards meeting business objectives.

Information and Communication Technology (“ICT”)

The Group ICT Security Policies prescribe the requirements to maintain an adequate level of security for IT systems and information used to support the Group’s activities. UEM Sunrise’s Digital Division was awarded the ISO/IEC 20000-1:2011 Information Technology – Service Management in December 2017 to elevate the quality of the information and communication system throughout the Company.

Human Resources Policies and Procedures

The Human Resources (“HR”) Policies and Procedures provide clarity for the organisation in all aspects of human resources management of the Group. UEM Sunrise’s HR reviews its policies and procedures periodically to ensure that they remain relevant, and appropriate controls are in place to manage operational risks. UEM Sunrise’s HR updates employees of changes to the policies and procedures via email/memoranda. These policies and procedures are easily accessible by all employees via the staff intranet.

Training needs analysis in the Group is facilitated through UEM Sunrise and UEM Group Berhad’s Talent Management and Learning & Development. Courses and training requirements are prioritised according to the results of the analysis where employees are enrolled in relevant courses to enhance their knowledge, skills and abilities.

Statement on Internal Control and Risk Management

Leadership Management Programmes are in place to identify and nurture emerging leaders and employees with high potential, as well as to enhance the leadership skills of existing leaders. This will ensure that the Group has a robust leadership pool to meet future challenges and for succession planning.

Code of Conduct

All employees are required to sign and adhere to the Group's Code of Conduct, which emphasises corporate values. The Code of Conduct represents employees' undertaking to the minimum standard of behaviour and ethical conduct of the Group.

Internal Audit

The internal audit function is undertaken by the Group's Internal Audit Department. Empowered by its audit charter, internal audit provides independent and objective assurance and consulting activity to add value and improve operations. Internal Audit also encourages a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

The key role of internal audit is to undertake regular and systematic reviews to provide reasonable assurance to the AC and Board regarding the adequacy and effectiveness of risk management, internal control and governance systems. This is done through ongoing reviews of risks and internal controls relating to operational, financial and management information systems, as well as reviews of the Group's compliance with the principles and best practices of the Malaysian Code on Corporate Governance. The AC holds regular meetings to deliberate on internal audit findings and recommendations and reports them back to the Board.

To ensure the adequacy of coverage, internal audit assignments are prioritised based on the results of the risk management exercise, audit cycle and discussions with Senior Management. The Annual Internal Audit Plan is presented to the AC for approval.

Business Continuity Management

The Group is committed to safeguarding the interests of all our stakeholders by ensuring that critical business processes are resilient and the effects of disruptions to business operations are minimised and recovered in a timely manner following a disruption.

The Group has put in place a backup strategy for critical data and system software for the ICT systems in which data integrity is restored at least 24 hours from the point of failure. In addition, the critical physical document is kept at a dedicated department and centralised record management store. These initiatives will minimise the impact to business operations if unexpected events occur.

Joint Ventures and Associates

In the case of material joint ventures and/or associates, the Group ensures that its interests and investments are protected by having Board representation in the respective joint ventures and/or associates. Notwithstanding this, the Management of the joint ventures/associates is responsible to oversee the administration, operation and performance of the joint venture and/or associates. Financial and operational information of these joint ventures/associates are provided regularly to the Management of the Group.

BOARD'S COMMITMENT

The Board recognises that the Group operates in a dynamic business environment in which the internal control and risk management system must be responsive and able to support its business objectives. The Board remains committed towards operating a sound system of internal control and risk management and recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board is committed to striving for continuous improvement and puts in place appropriate action plans wherever necessary, to further enhance the Group's internal control and risk management system.

CONCLUSION

The Board has received written assurance from the MD/CEO and the CFO that the Group's internal control and risk management system are operating adequately and effectively in all material aspects, based on the existing internal control and risk management system. In order to keep abreast of any changes in the business environment and an increasingly complex economic environment, the Group is committed to continuously reviewing and strengthening the internal control and risk management system to ensure the adequacy and robustness of the system. The Board is pleased to report that the state of the Group's internal control and risk management system are generally adequate and effective for good corporate governance.

RISK MANAGEMENT REPORT

RISK MANAGEMENT OVERVIEW

UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) and its group of companies (“the Group”) undertake various residential, commercial and mixed-use developments in the Southern and Central regions in Malaysia. The Group also has an international presence primarily in Australia and South Africa. The Group’s business activities also extend to retail asset management as well as property management. Hence, a sturdy system which focuses on effective risk management is required to ensure the balancing of risk and reward in making strategic business decisions and in day-to-day operations as well as to ensure compliance with corporate governance practice and regulatory requirements.

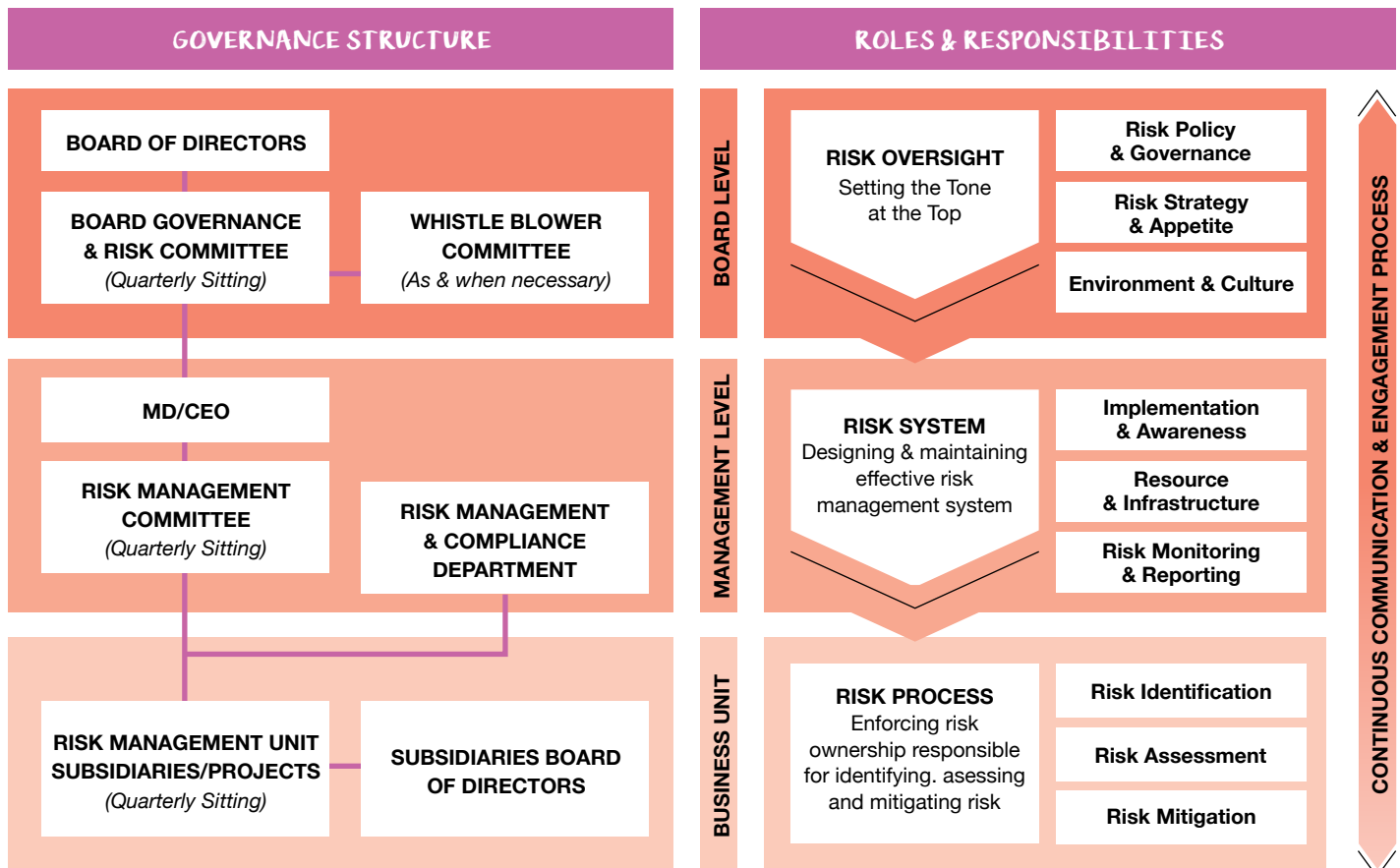
The Group Risk Management Framework (“Framework”) comprises the risk management policy, risk assessment methodology, lines of responsibility and accountability. The Framework is guided and principally aligned with the

ISO31000:2009 and UEM Group Risk Management Framework. It serves as a tool to anticipate and manage both existing and potential risks through a systematic and integrated process, taking into consideration the changing risk profiles as influenced by changes in the business environment.

RISK GOVERNANCE STRUCTURE AND RESPONSIBILITIES

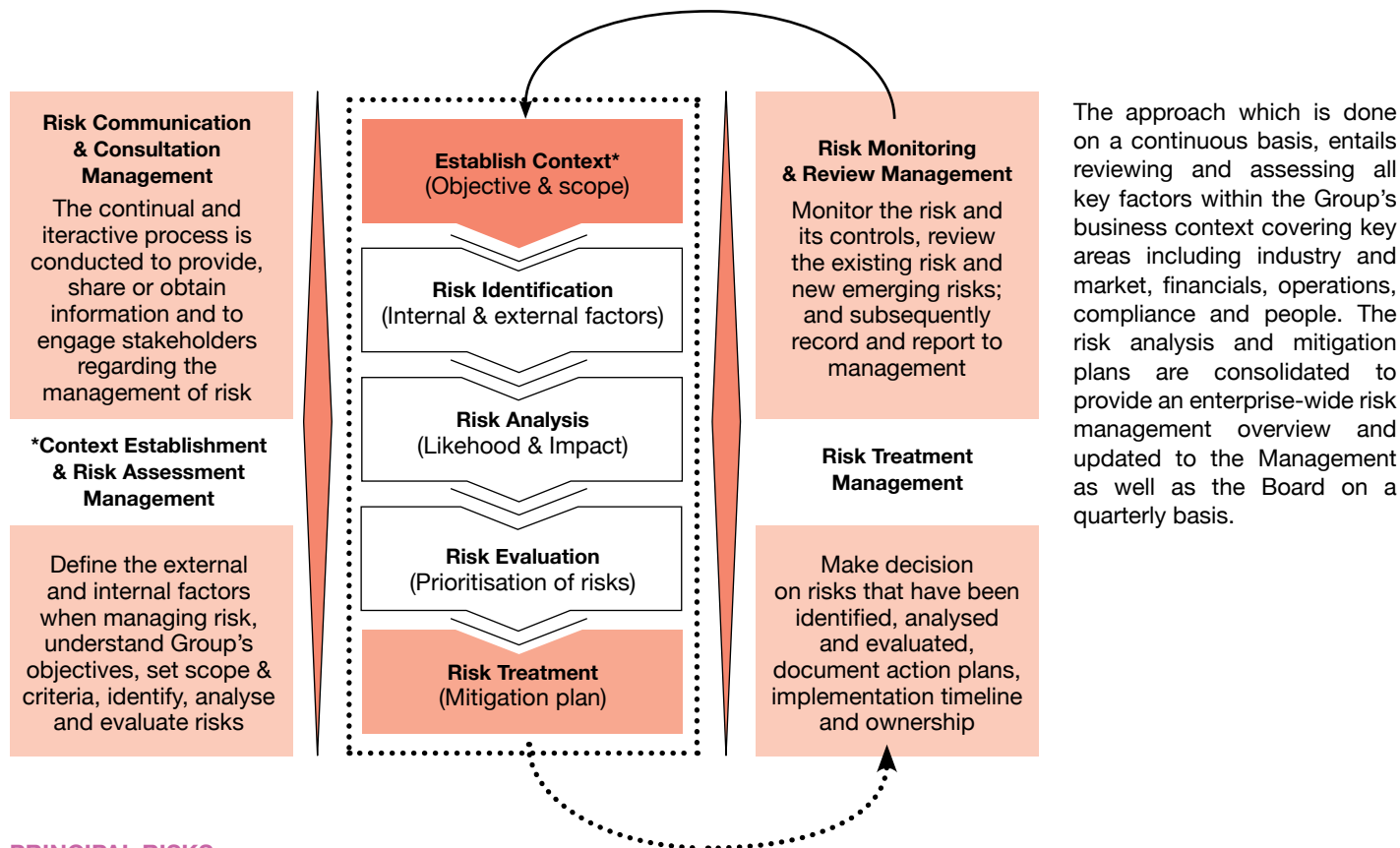
A strong governance structure is important to ensure effective and consistent implementation of the Framework. The Board of Directors (“the Board”), assisted by the Board Governance and Risk Committee (“BGRC”), is ultimately responsible for the Group’s risk management activities and sets the strategic direction, risk appetite and relevant framework for the Group. The Risk Management Committee (“RMC”) serves as the platform for the Management to deliberate on the identification, assessment and treatment of the Group’s risks as well as an avenue to communicate, monitor and review the risks.

The following outlines the risk governance structure of the Group and the respective roles and responsibilities:



RISK MANAGEMENT PROCESS

The Group's risk assessment approach is depicted in the following diagram:



PRINCIPAL RISKS

The Group's principal risks include the following:

Competition Risk

The property development market continues to be highly competitive and the Group is subjected to competition from various property developers, including but not limited to, the availability of strategically located and reasonably priced landbanks, supply of raw materials and labour and selling prices of property. To sharpen its competitive edge, the Group undertakes a comprehensive annual strategic plan to evaluate UEM Sunrise's development plans, formulate its brand enhancement strategy and product value proposition, identify operational improvements, enhance project delivery and strengthen the Group's customer experience programme.

Operational Risk

The failure to deliver key projects effectively and efficiently could result in significant increase in project costs, adverse customer responses and impede the Group's ability to execute its strategic plans. In addition, the Group relies on third-party contractors in many aspects of our development. As such, the Group's operations may be affected by non-performance of these contractors. Recognising these challenges, the Group continues to strengthen its project management capabilities via operational excellence initiatives which include end-to-end project management, design management and tender management. The Group is also committed to ensuring that its people, process and operations are in compliance with all applicable policies and the relevant laws and regulations.



Liquidity Risk

Liquidity risk refers to the current and prospective risk to earnings, shareholders' funds or the Group's reputation arising from its inability to efficiently meet the Group's present and future (both anticipated and unanticipated) funding obligations when they are due, which may adversely affect the Group's daily operations and incur unacceptable losses. The Group diligently monitors its sales funnel, inventory levels and development plans to ensure adequate cash flow requirements and maintains adequate buffers of liquidity throughout the year. The Group continues to monitor its borrowing repayment maturity profiles and financial covenants (i.e. gearing ratios) within the acceptable level.

Concentration Risk

In order to maintain and grow UEM Sunrise's business in the future, the Group needs to replenish its landbank with land of sufficient size in desirable locations and at a commercially acceptable cost. Presently, a large portion of its landbanks are centred in the Southern region and the existing Central region landbank has been depleting over the years. The Group has outlined a landbanking strategy and made a concerted effort to diversify its landbank via assessing various opportunities to acquire strategically located land in the Central region as well as divestment of non-strategic land plots.

People Risk

One of the pillars of success is having the right talent and mindset within the organisation. The Group is re-organising its structure to provide better clarity and performance through key performance indicators ("KPIs") and business alignment. Programmes have been established to ensure our people are equipped with the right skills through learning and development initiatives. The Group is also committed to identifying its future leaders in order to continue to drive the business via succession planning. The Group has established a talent brand and attraction strategy that is aligned with the overall desired culture of the organisation and value proposition in order to be able to retain as well as attract top talent to the organisation.

CONCLUSION

The Board has received assurance from the MD/CEO and the CFO that the Group's risk management framework was operating adequately and effectively, in all material aspects, during the financial year under review. The Board is of the view that the Framework is satisfactory and committed to continuously reviewing and strengthening the risk management process to ensure adequacy and robustness of the system in line with changes in the business environment and complexity.