Directors' Responsibility Statement in Respect of Financial Statements

The Directors are required to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

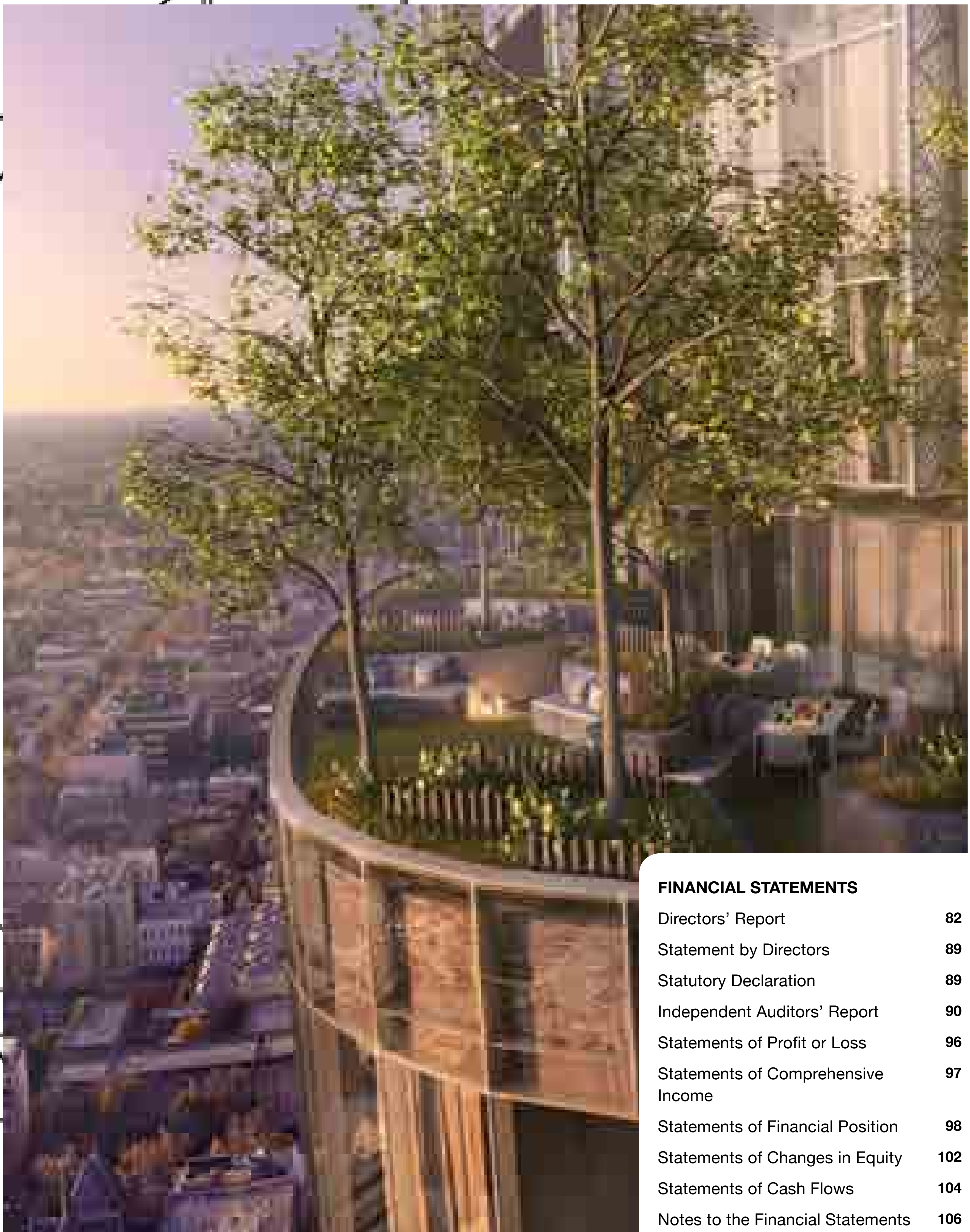
The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2018, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016 and the applicable Financial Reporting Standards in Malaysia.

The Board is satisfied that it has met its obligation to present a balanced and fair assessment of the Company's position and prospects in the Directors' Report on pages 82 to 88 and the Financial Statements from pages 96 to 223 of this Annual Report.

A Sanctuary of Well-Being

Since Victorian times, elegant glasshouses have nurtured tender and exotic plants. These ornate yet functional spaces provided the inspiration for Conservatory. Located on Mackenzie Street, Melbourne, residents will thrive in this beautifully designed environment infused with light and fresh air. Dedicated to enhancing a sense of well-being, Conservatory offers a sanctuary for its occupants – a place to grow, relax and share special moments.



FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. It also provides shared services for its subsidiaries.

The principal activities of the subsidiaries are property development, land trading, property investment, project procurement and management and investment holding.

There have been no significant changes in the nature of the principal activities during the financial year.

Other information relating to the subsidiaries is disclosed in Note 44 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit, net of tax	**280,818**	**6,734**
Attributable to:		
Owners of the parent	**280,333**	**6,734**
Non-controlling interests	**485**	**-**
	280,818	**6,734**

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2017 is as follows:

	RM'000
In respect of the financial year ended 31 December 2017:	
Final single tier dividend of 1.0 sen per share on 4,537,436,037 ordinary shares, paid on 27 June 2018	45,374
Final single tier dividend of 1.0 sen per share on 792,515,753 Redeemable Convertible Preference Shares, paid on 27 June 2018	7,925
	53,299

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

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Sri Zamzamzairani Mohd Isa	
Anwar Syahrin Abdul Ajib**	
Subimal Sen Gupta	
Dato' Noorazman Abd Aziz	(appointed on 1 October 2018)
Zaida Khalida Shaari	
Lim Tian Huat	
YM Ungku Suseelawati Ungku Omar	
Tan Sri Dr Azmil Khalili Dato' Khalid	
Datin Teh Ija Mohd Jalil	(appointed on 1 March 2018)
Christina Foo	(appointed on 23 November 2018)
Dato' Srikandan Kanagainthiram	(retired on 31 May 2018)
Dato' Mohd Izzaddin Idris	(resigned on 1 October 2018)
Wong Shu Hsien	(appointed as alternate to Dato' Noorazman Abd Aziz on 1 October 2018 and resigned on 1 March 2019)

** This director is also a director of certain subsidiaries of the Company.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Wong Koon Keng	(appointed on 8 October 2018)
Zulfa Ashida Zulkifli	(appointed on 15 January 2019)
Kutbuddin Asgar Ali	(appointed on 15 January 2019)
Tahirah Mohd Nor	(appointed on 15 January 2019)
Zulkifly Garib	(appointed on 15 January 2019)
Saw Seong Keat	(appointed on 15 January 2019)
Lee Heng Meng	(appointed on 15 January 2019)
Yaw Choon Yee	(appointed on 15 January 2019)
Teo Ling Ling, Sharon	(appointed on 15 January 2019)
Sophia Lim Siew Fay	(appointed on 19 October 2018)
Prakash Prasannan	(appointed on 1 October 2018)
Mohamed Rastam Shahrom	
Azmy Mahbot	
Zadil Hanief Mohamad Zaidi	
Dato' Tan Thean Thye	

DIRECTORS (CONT'D.)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are: (con'd.)

Zamri Yusof	
Liong Kok Kit	
Ong Chee Wei	
Nor Din Abdullah	
Mohamad Faizal Mohamad	
Paul Sandanasamy Richard	
Devamanokaran Poonagasu	
Hazurin Harun	
Pee Boon Hooi	
Martin Hubert	
Caroline Goergen	
Marouf Moutairou	
Lee Wen Ling	
Victor John Zacharias	
Dumisani Blessing Mnganga	
Amalanathan Thomas	
Aminah Othman	
Professor Philip Sutton Cox	
Tan Vi Lex	(resigned on 1 October 2018)
Dato' Roslan Ibrahim	(resigned on 8 October 2018)
Chek Khai Juat	(resigned on 19 October 2018)
Shamsudin Yusof	(resigned on 15 January 2019)
Raja Norasikin Tengku Aziz	(resigned on 15 January 2019)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares and debentures of the Company or any other body corporate, other than those arising from share options granted under Employee Share Option Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 5(i) to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 38 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year is as follows:

	Number of ordinary shares			
	As at	During the year		As at
	1.1.2018	Acquired	Sold	31.12.2018
The Company				
Direct interest				
Anwar Syahrin Abdul Ajib	**100,000**	**-**	**-**	**100,000**

Employee share option scheme

	Number of ordinary shares each of the Company under the option pursuant to the ESOS				
	As at	During the year			As at
	1.1.2018	Granted	Exercised	Lapsed	31.12.2018
The Company					
Direct interest					
Anwar Syahrin Abdul Ajib	**2,908,000**	**-**	**-**	**(126,000)**	**2,782,000**

DIRECTORS' INDEMNITY

During the financial year, the directors and officers of the Group are covered under the Directors' and Officers' Liability Insurance ("D&O Insurance") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the directors and officers of the Group subject to the terms of the D&O Insurance policy procured by UEM Group Berhad, its immediate holding company, for all its group companies. The apportioned insurance premium for the Company was RM39,600.

EMPLOYEE SHARE OPTION SCHEME

UEM Sunrise Berhad's ESOS is governed by the by-laws which were approved by the shareholders at the Extraordinary General Meeting held on 7 March 2012. The scheme shall be in force for a period of 7 years from 9 April 2012 being the date of implementation.

As at end of the financial year, the Company has outstanding 84,587,850 share options under the ESOS.

The salient features and other terms of the ESOS are disclosed in Note 31 to the financial statements.

EMPLOYEE SHARE OPTION SCHEME (CONT'D.)

Details of the share options granted as at 31 December 2018 are as follows:

Date of offer	Option price RM	Vesting Date	As at 1.1.2018	Granted RM	Exercised RM	Lapsed RM	As at 31.12.2018
9 April 2012	2.23	23 April 2012	3,568,400	-	-	(244,300)	3,324,100
9 April 2012	2.41	9 April 2013	7,979,900	-	-	(915,600)	7,064,300
9 April 2012	2.60	9 April 2014	9,310,800	-	-	(1,166,100)	8,144,700
9 April 2012	2.81	9 April 2015	9,615,300	-	-	(1,196,500)	8,418,800
9 April 2012	3.03	9 April 2016	9,916,250	-	-	(1,801,450)	8,114,800
9 October 2012	2.23	23 October 2012	258,900	-	-	(19,300)	239,600
9 October 2012	2.41	9 April 2013	876,000	-	-	(46,000)	830,000
9 October 2012	2.60	9 April 2014	1,176,200	-	-	(66,800)	1,109,400
9 October 2012	2.81	9 April 2015	1,292,100	-	-	(68,000)	1,224,100
9 October 2012	3.03	9 April 2016	1,309,250	-	-	(149,850)	1,159,400
9 April 2013	2.79	23 April 2013	1,896,100	-	-	(22,400)	1,873,700
9 April 2013	2.79	9 April 2014	1,902,200	-	-	(22,300)	1,879,900
9 April 2013	2.81	9 April 2015	2,007,300	-	-	(22,000)	1,985,300
9 April 2013	3.03	9 April 2016	2,092,200	-	-	(134,800)	1,957,400
9 October 2013	2.79	23 October 2013	1,680,500	-	-	(657,300)	1,023,200
9 October 2013	2.79	9 April 2014	2,135,300	-	-	(856,250)	1,279,050
9 October 2013	2.81	9 April 2015	2,232,400	-	-	(912,000)	1,320,400
9 October 2013	3.03	9 April 2016	2,313,450	-	-	(1,009,750)	1,303,700
9 April 2014	2.79	23 April 2014	3,652,900	-	-	(822,600)	2,830,300
9 April 2014	2.81	9 April 2015	3,854,100	-	-	(833,300)	3,020,800
9 April 2014	3.03	9 April 2016	3,927,000	-	-	(1,034,900)	2,892,100
9 October 2014	2.79	23 October 2014	1,382,300	-	-	(28,700)	1,353,600
9 October 2014	2.81	9 April 2015	2,047,600	-	-	(44,300)	2,003,300
9 October 2014	3.03	9 April 2016	2,155,350	-	-	(164,350)	1,991,000
9 April 2015	2.81	23 April 2015	5,084,000	-	-	(1,456,000)	3,628,000
9 April 2015	3.03	9 April 2016	5,305,850	-	-	(1,753,150)	3,552,700
9 October 2015	2.81	23 October 2015	2,968,300	-	-	(204,500)	2,763,800
9 October 2015	3.03	9 April 2016	4,442,900	-	-	(319,300)	4,123,600
9 April 2016	3.03	23 April 2016	3,401,400	-	-	(523,300)	2,878,100
9 October 2016	3.03	23 October 2016	2,294,000	-	-	(995,300)	1,298,700
			102,078,250	-	-	(17,490,400)	84,587,850

Neither at the end of the financial year, nor at any time during that year, the Company granted any new share options and no options were exercised during the period.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment of receivables and satisfied themselves that there were no known bad debts and that adequate allowance for impairment had been made for receivables; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or the amount of the allowance for impairment of receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

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

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

SIGNIFICANT AND SUBSEQUENT EVENTS

There are no items, transactions or events of a material and unusual nature which have arisen during the financial year and since 31 December 2018 which would substantially affect the performance and financial position of the Group and the Company.

AUDITORS

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

Auditors' remuneration is disclosed in Note 5 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Ernst & Young during the financial year or since the end of financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 March 2019.

Tan Sri Dato' Sri Zamzamzairani Mohd Isa

Anwar Syahrin Abdul Ajib

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Dato' Sri Zamzamzairani Mohd Isa and Anwar Syahrin Abdul Ajib, being two of the directors of UEM Sunrise Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 96 to 223 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 March 2019.

Tan Sri Dato' Sri Zamzamzairani Mohd Isa

Anwar Syahrin Abdul Ajib

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Mohamed Rastam Shahrom, being the officer primarily responsible for the financial management of UEM Sunrise Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 96 to 223 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Mohamed Rastam Shahrom
at Kuala Lumpur in the Federal Territory
on 25 March 2019

Mohamed Rastam Shahrom
(MIA Membership No. 24197)

Before me,

Kapt (B) Jasni Yusoff (No. W465)
Commissioner of Oaths
Kuala Lumpur

Independent Auditors' Report

To the members of UEM Sunrise Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of UEM Sunrise Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 96 to 223.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements section of our report*, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

1. Impairment of goodwill

As at 31 December 2018, the carrying amount of goodwill recognised by the Group stood at RM621,409,000 which represents 7.2% and 4.4% of the Group's total non-current assets and total assets respectively. Management's annual impairment assessment of goodwill is considered to be an area of audit focus because the assessment process is complex, involves significant management judgement and is based on assumptions that are affected by expected future market and economic conditions.

Key audit matters (cont'd.)

1. Impairment of goodwill (cont'd.)

Our procedures include:

(i) obtaining an understanding of the relevant internal controls over estimating the recoverable amount of the cash-generating units ("CGU") or groups of CGUs;

(ii) assessing and testing the key assumptions to which the recoverable amount of the CGUs are most sensitive such as estimated selling price, budgeted gross margin, market value of identifiable assets, the weighted average cost of capital, by comparing them to external research analysts' reports, external valuers' report, transactions from National Property Information Centre and external market outlook report;

(iii) evaluating the assumptions applied in estimating the expected take up rate for each development phase by comparing to the actual take up rate of similar completed development phases in previous years; and

(iv) considering the historical accuracy of management's estimates of profits for similar completed property development activities; and also assessed whether the future cash flows used were based on the Annual Operating Plan 2019 – 2023 approved by the Board of Directors.

Given the complexity of judgement on which the key underlying assumptions are based, our internal valuation experts have assisted us in performing the review of management's assessment.

Further, we have reviewed management's analysis of the sensitivity of the goodwill balance to changes in the key assumptions.

For recoverable amounts of land properties that are based on "fair value less cost to sell", the Group benchmarked the carrying values of land properties against recently transacted prices of properties at nearby locations. We have reviewed such comparison by making reference to property transactions registered with the local authorities.

We have also focused on the adequacy of the Group's disclosures in the audited financial statements concerning the key assumptions mentioned above. The disclosure on goodwill, key assumptions and sensitivities of these assumptions are included in Note 18 to the financial statements.

2. Revenue and cost of sales from property development activities recognised based on percentage-of-completion method

A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 31 December 2018, property development revenue of RM553,490,000 and cost of sales of RM462,527,000 accounted for approximately 27.1% and 35.5% of the Group's revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for these property development contracts.

The amount of revenue and profit recognised from property development activities are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive the percentage-of-completion; the actual number of units sold and the estimated total revenue for each of the respective projects. We identified revenue and cost of sales from property development activities as areas requiring audit focus as significant management judgement and estimates are involved in estimating the total property development costs which include the common infrastructure costs (which is used to determine gross profit margin of property development activities undertaken by the Group).

Key audit matters (cont'd.)

2. Revenue and cost of sales from property development activities recognised based on percentage-of-completion method (cont'd.)

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

(i) obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the total property development cost including the provisions and allocations of low cost housing and common infrastructure costs over the life of township development, profit margin and percentage-of-completion of property development activities;

(ii) performed detailed procedures, for individually significant projects, on the contractual terms and conditions and their relationship to revenue and costs incurred. These procedures include, perusing the terms and conditions stipulated in the sale and purchase agreements entered into with customers to obtain an understanding of the specific terms and conditions. We also read the construction contracts including letters of award entered into with main and sub-contractors. We evaluated the determination of percentage-of-completion by examining supporting evidence such as contractors' progress claims and suppliers' invoices;

(iii) observed the progress of the property development phases by performing site visits and examined physical progress reports. We have also discussed the status of on-going property development phases with management, finance personnel and project officials; and

(iv) challenged the estimates used, which include both budgeted gross development value and budgeted gross development cost for significant on-going projects by comparing the selling price and development cost per built up area and gross margin of the past similar projects.

Our assessment was performed after taking into consideration the historical accuracy of management estimates, identification and analysis of changes in assumptions from prior periods, and an assessment of the consistency of assumptions across other projects. We have challenged the achievability of the forecasted results of the projects, including the effect of variation orders, contingencies and known technical issues. We have also assessed the mathematical accuracy of the revenue and profit based on the percentage-of-completion calculations and considered the implications of identified errors and changes in estimates.

The Group's disclosure on property development costs recognised is included in Note 21 to the financial statements.

Key audit matters (cont'd.)

3. Net realisable value of completed property development units classified as inventories held for sale

As at 31 December 2018, the carrying amount of completed property units of RM695,271,000 represents 12.7% and 4.9% of the Group's total current assets and total assets respectively. The current challenging property market environment has led to an increase in the number of completed property development units classified as inventories during the year. We consider the net realisable value of completed units to be an area of audit focus as such assessment includes estimates made by management and is influenced by assumptions concerning future market and economic conditions.

We obtained an understanding of the internal controls performed by management in estimating the net realisable value of these inventories.

We evaluated the management's assessment of the estimated selling price (less estimated cost necessary to make the sale) of these inventories by comparing to the recent transacted prices of similar completed property development units within the vicinity. Further, we performed physical sighting on selected completed property units and assessed the related cost of maintenance, if required.

The Group's disclosure on completed property units is included in Note 22 to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(iv) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' responsibilities for the audit of the financial statements (cont'd.)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016, in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 44 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016, in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Ong Chee Wai
No. 02857/07/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
25 March 2019

Statements of Profit or Loss

For the financial year ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Revenue	3	**2,043,986**	1,860,611	**203,882**	152,016
Cost of sales	4	**(1,302,726)**	(1,317,476)	**(68,793)**	(39,825)
Gross profit		**741,260**	543,135	**135,089**	112,191
Other income		**74,347**	56,211	**142,551**	127,375
Selling and distribution expenses		**(42,815)**	(57,118)	**-**	-
Other expenses		**(296,837)**	(293,006)	**(121,258)**	(46,216)
Operating profit	5	**475,955**	249,222	**156,382**	193,350
Finance costs	6	**(100,966)**	(91,146)	**(148,647)**	(141,084)
Share of results of associates		**3,773**	13,231	**-**	-
Share of results of joint ventures		**37,622**	22,832	**-**	-
Profit before zakat and income tax		**416,384**	194,139	**7,735**	52,266
Zakat	7	**(5,210)**	(2,744)	**-**	-
Income tax expense	8	**(130,356)**	(84,307)	**(1,001)**	(772)
Profit for the year		**280,818**	107,088	**6,734**	51,494
Attributable to:					
Owners of the parent		**280,333**	105,565	**6,734**	51,494
Non-controlling interests		**485**	1,523	**-**	-
		280,818	107,088	**6,734**	51,494
Earnings per share attributable to owners of the parent (sen):					
Basic, for profit for the year	10	**6.0**	2.3		
Diluted, for profit for the year	10	**5.3**	2.1		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2018

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Profit for the year	**280,818**	107,088	**6,734**	51,494
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent period:				
- Foreign currency translation differences of foreign operations	**(58,418)**	(29,821)	**-**	-
- Loss on fair value changes	**-**	(1)	**-**	-
- Transfer to profit or loss on disposal of an associate	**-**	(941)	**-**	-
- Cash flow hedge	**19,697**	(4,428)	**-**	-
Total comprehensive income for the year	**242,097**	71,897	**6,734**	51,494
Total comprehensive income attributable to:				
Owners of the parent	**241,502**	70,326	**6,734**	51,494
Non-controlling interests	**595**	1,571	**-**	-
	242,097	71,897	**6,734**	51,494

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2018

	Note	2018 RM'000	2017 RM'000 Restated	As at 1 January 2017 RM'000 Restated
Group				
Assets				
Non-current assets				
Property, plant and equipment	11	**445,552**	377,136	300,036
Investment properties	12	**728,703**	649,670	647,525
Land held for property development	13	**4,711,896**	4,438,759	4,830,443
Interests in associates	15(a)	**500,635**	500,385	484,994
Interests in joint ventures	16(a)	**1,006,986**	1,056,396	1,081,516
Amounts due from joint ventures	16(b)	**257,149**	245,581	235,652
Goodwill	18	**621,409**	621,409	621,409
Contract assets	24	**10,168**	4,798	2,437
Deferred tax assets	20	**283,601**	308,116	239,388
Long term receivables	23	**113,434**	122,598	84,230
		8,679,533	8,324,848	8,527,630
Current assets				
Interests in a joint venture	16(a)	**53,216**	-	-
Property development costs	21	**1,821,615**	2,535,003	1,692,021
Inventories held for sale	22(a)	**695,271**	609,690	585,244
Inventories under contract of sale	22(b)	**607,412**	-	-
Receivables	23	**948,761**	875,970	707,174
Contract assets	24	**106,726**	258,268	529,317
Amounts due from associates	15(b)	**1,537**	577	-
Amounts due from joint ventures	16(b)	**79,144**	108,694	98,755
Derivative asset	33(h)	**15,956**	-	-
Short term investments	26	**49,741**	125,197	8
Cash, bank balances and deposits	19	**1,078,601**	808,004	788,542
		5,457,980	5,321,403	4,401,061
Asset held for sale		**-**	-	11,230
Total assets		**14,137,513**	13,646,251	12,939,921

	Note	2018 RM'000	2017 RM'000 Restated	As at 1 January 2017 RM'000 Restated
Group				
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	27	**5,110,276**	5,110,276	2,276,643
Share premium	27	**-**	-	2,829,546
Merger relief reserves	27	**34,330**	34,330	34,330
Other reserves	28(a)	**64,216**	108,082	152,046
Retained profits	28(b)	**1,881,612**	1,649,543	1,540,072
		7,090,434	6,902,231	6,832,637
Non-controlling interests	32	**363,722**	363,127	361,556
Total equity		**7,454,156**	7,265,358	7,194,193
Non-current liabilities				
Borrowings	33	**2,394,812**	2,734,228	2,404,224
Payables	35	**6,080**	63,528	95,923
Contract liabilities	24	**291,116**	298,078	310,193
Deferred income	36	**151,864**	152,111	152,286
Derivative liabilities	33(h)	**-**	4,651	223
Provisions	34	**85,862**	85,862	85,862
Deferred tax liabilities	20	**234,762**	230,119	203,668
		3,164,496	3,568,577	3,252,379
Current liabilities				
Provisions	34	**295,070**	310,762	297,833
Payables	35	**845,790**	894,145	784,821
Contract liabilities	24	**39,522**	66,821	88,465
Borrowings	33	**2,288,689**	1,485,514	1,310,449
Derivative liability	33(h)	**910**	-	-
Tax payable		**48,880**	55,074	11,781
		3,518,861	2,812,316	2,493,349
Total liabilities		**6,683,357**	6,380,893	5,745,728
Total equity and liabilities		**14,137,513**	13,646,251	12,939,921

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2018 (cont'd.)

	Note	2018 RM'000	2017 RM'000	As at 1 January 2017 RM'000
Company				
Assets				
Non-current assets				
Property, plant and equipment	11	**17,430**	5,257	-
Interests in subsidiaries	14	**4,318,395**	4,526,998	4,531,247
Investment in an associate	15(a)	**1,170**	1,170	1,170
Interests in joint ventures	16(a)	**322,159**	419,517	419,517
Amounts due from joint ventures	16(b)	**97,066**	81,507	55,495
Amounts due from subsidiaries	25	**2,311,808**	2,385,237	2,126,757
Deferred tax assets	20	**-**	-	222
		7,068,028	7,419,686	7,134,408
Current assets				
Interests in a joint venture	16(a)	**53,216**	-	-
Receivables	23	**127,958**	117,107	43,438
Amounts due from subsidiaries	25	**722,096**	677,845	856,333
Amounts due from an associate	15(b)	**970**	130	-
Amounts due from joint ventures	16(b)	**32,323**	64,995	82,028
Short term investments	26	**49,734**	125,190	-
Cash, bank balances and deposits	19	**121,219**	6,523	79,696
		1,107,516	991,790	1,061,495
Total assets		**8,175,544**	8,411,476	8,195,903
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	27	**5,110,276**	5,110,276	2,276,643
Share premium	27	**-**	-	2,829,546
Merger relief reserves	27	**34,330**	34,330	34,330
Other reserves	28(a)	**36,021**	41,056	49,781
Retained profits	28(b)	**59,705**	101,235	45,835
Total equity		**5,240,332**	5,286,897	5,236,135
Non-current liability				
Borrowings	33	**2,300,000**	1,800,000	1,907,789

	Note	2018 RM'000	2017 RM'000	As at 1 January 2017 RM'000
Company				
Current liabilities				
Payables	35	**65,760**	52,836	1,067
Amounts due to subsidiaries	25	**7,452**	114,743	678
Borrowings	33	**562,000**	1,157,000	1,050,226
Tax payable		**-**	-	8
		635,212	1,324,579	1,051,979
Total liabilities		**2,935,212**	3,124,579	2,959,768
Total equity and liabilities		**8,175,544**	8,411,476	8,195,903

Statements of Changes in Equity

For the financial year ended 31 December 2018

	Share capital (Note 27) RM'000	Share premium (Note 27) RM'000	Merger relief reserves (Note 27) RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 28) RM'000	Total RM'000	Non-controlling interests (Note 32) RM'000	Total equity RM'000
	Attributable to owners of the parent							
	Non-distributable				Distributable			
Group								
At 1 January 2018	**5,110,276**	**-**	**34,330**	**108,082**	**1,649,543**	**6,902,231**	**363,127**	**7,265,358**
Total comprehensive income for the year	**-**	**-**	**-**	**(38,831)**	**280,333**	**241,502**	**595**	**242,097**
ESOS - expiry of vested employee share options	**-**	**-**	**-**	**(5,035)**	**5,035**	**-**	**-**	**-**
Dividend paid (Note 9)	**-**	**-**	**-**	**-**	**(53,299)**	**(53,299)**	**-**	**(53,299)**
At 31 December 2018	**5,110,276**	**-**	**34,330**	**64,216**	**1,881,612**	**7,090,434**	**363,722**	**7,454,156**
At 1 January 2017 (restated)	2,276,643	2,829,546	34,330	152,046	1,540,072	6,832,637	361,556	7,194,193
Transfer pursuant to "no par value" regime (Note 27(i)):								
- transfer from share premium	2,829,546	(2,829,546)	-	-	-	-	-	-
- transfer from capital redemption reserve	4,087	-	-	(4,087)	-	-	-	-
Total comprehensive income for the year	-	-	-	(35,239)	105,565	70,326	1,571	71,897
ESOS								
- remeasurement	-	-	-	(732)	-	(732)	-	(732)
- expiry of vested employee share options	-	-	-	(3,906)	3,906	-	-	-
At 31 December 2017	5,110,276	-	34,330	108,082	1,649,543	6,902,231	363,127	7,265,358

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Non-distributable				Distributable	
	Share capital (Note 27) RM'000	Share premium (Note 27) RM'000	Merger relief reserves (Note 27) RM'000	Other reserves (Note 28) RM'000	Retained profits (Note 28) RM'000	Total equity RM'000
Company						
At 1 January 2018	**5,110,276**	**-**	**34,330**	**41,056**	**101,235**	**5,286,897**
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**6,734**	**6,734**
ESOS - expiry of vested employee share options	**-**	**-**	**-**	**(5,035)**	**5,035**	**-**
Dividend paid (Note 9)	**-**	**-**	**-**	**-**	**(53,299)**	**(53,299)**
At 31 December 2018	**5,110,276**	**-**	**34,330**	**36,021**	**59,705**	**5,240,332**
At 1 January 2017	2,276,643	2,829,546	34,330	49,781	45,835	5,236,135
Transfer pursuant to "no par value" regime (Note 27(i)):						
- transfer from share premium	2,829,546	(2,829,546)	-	-	-	-
- transfer from capital redemption reserve	4,087	-	-	(4,087)	-	-
Total comprehensive income for the year	-	-	-	-	51,494	51,494
ESOS						
- remeasurement	-	-	-	(732)	-	(732)
- expiry of vested employee share options	-	-	-	(3,906)	3,906	-
At 31 December 2017	5,110,276	-	34,330	41,056	101,235	5,286,897

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2018

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Cash flows from operating activities				
Cash receipts from customers	**2,141,834**	2,057,001	**445**	-
Cash receipts from subsidiary companies	**-**	-	**80,156**	463
Receipts from other related parties	**29,673**	11,670	**-**	-
Cash receipts for refund of deposits	**22,000**	-	**-**	-
Receipts from joint ventures	**270**	-	**270**	-
Cash payments to suppliers	**(165,830)**	(480,068)	**-**	-
Cash payments to contractors	**(1,395,115)**	(1,246,817)	**-**	-
Cash payments for land and development related costs	**(134,441)**	(66,174)	**-**	-
Cash payments to other related parties	**(4,203)**	(658)	**-**	-
Cash payments to employees, for selling and distribution and for general expenses	**(340,633)**	(371,255)	**(214,738)**	(57,104)
Cash generated from/(used in) operations	**153,555**	(96,301)	**(133,867)**	(56,641)
Zakat paid	**(5,210)**	(2,147)	**-**	-
Net income tax paid	**(43,551)**	(77,496)	**(98)**	(175)
Interest received	**27,976**	19,870	**9,070**	1,374
Net cash generated from/(used in) operating activities	**132,770**	(156,074)	**(124,895)**	(55,442)
Cash flows from investing activities				
Dividend received from a joint venture	**50,000**	50,000	**-**	-
Dividend received from subsidiaries	**-**	-	**106,100**	40,000
Proceeds from disposals of:				
- an associate	**-**	13,389	**-**	-
- financial assets at fair value through profit or loss	**-**	2,400	**-**	-
Purchase of:				
- property, plant and equipment (Note (a))	**(57,960)**	(81,734)	**(12,127)**	(3,947)
- investment properties	**-**	(173)	**-**	-
Advances to subsidiaries	**-**	-	**(360,027)**	(105,261)
Advances to joint ventures	**(9,194)**	(8,500)	**(29)**	-
Deposit paid for subscription of shares	**(50,000)**	-	**-**	-
Deposit paid for land acquisition	**-**	(10,000)	**-**	-
Deposit paid for development rights of a land	**-**	(10,000)	**-**	-
Repayment from subsidiaries	**-**	-	**520,981**	301,966
Repayment from joint ventures	**2,001**	-	**-**	-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from investing activities (cont'd.)				
Investment in land held for property development	**(133,500)**	-	**-**	-
Investment in joint ventures	**(300)**	-	**-**	-
Investment in an associate	**-**	(2,320)	**-**	-
Redemption of RPS of a subsidiary	**-**	-	**208,463**	-
Investment in a subsidiary	**-**	-	**(2,201)**	-
Redemption of/(placement in) short term investments	**75,000**	(125,000)	**75,000**	(125,000)
Net cash (used in)/generated from investing activities	**(123,953)**	(171,938)	**536,160**	107,758
Cash flows from financing activities				
Drawdown of term loans	**560,242**	12,623	**-**	-
Drawdown of Commodity Murabahah Finance	**395,129**	571,988	**-**	-
Drawdown of Islamic Medium Term Notes ("IMTN")	**800,000**	700,000	**800,000**	700,000
Drawdown of revolving credits	**143,000**	10,000	**143,000**	10,000
Repayment of term loans	**(304,466)**	(51,174)	**-**	-
Repayment of Commodity Murabahah Finance	**(4,634)**	-	**-**	-
Repayment of Islamic Commercial Paper	**-**	(99,604)	**-**	(99,604)
Repayment of IMTN	**(800,000)**	(600,000)	**(800,000)**	(600,000)
Repayment of structured commodity	**(100,000)**	-	**(100,000)**	-
Repayment of revolving credits	**(154,000)**	-	**(138,000)**	-
Interest paid	**(195,639)**	(177,155)	**(147,108)**	(135,885)
Dividend paid	**(53,299)**	-	**(53,299)**	-
Net cash generated from/(used in) financing activities	**286,333**	366,678	**(295,407)**	(125,489)
Net increase/(decrease) in cash and cash equivalents	**295,150**	38,666	**115,858**	(73,173)
Effects of foreign exchange rate changes	**(23,938)**	(21,477)	**(1,162)**	-
Cash and cash equivalents at beginning of year	**805,731**	788,542	**6,523**	79,696
Cash and cash equivalents at end of year (Note 19)	**1,076,943**	805,731	**121,219**	6,523
Note (a):				
Additions of property, plant and equipment (Note 11)	**71,410**	88,025	**12,657**	3,947
Interest capitalised (Note 6)	**(7,141)**	(6,291)	**-**	-
Accruals	**(6,309)**	-	**(530)**	-
Cash outflow for acquisition of property, plant and equipment	**57,960**	81,734	**12,127**	3,947

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 19-2 Mercu UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur and the principal place of business is at Level U2, Block C5, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

The principal activity of the Company is investment holding. It also provides shared services for its subsidiaries.

The principal activities of the subsidiaries are property development, land trading, property investment, project procurement and management as well as investment holding.

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

The immediate and ultimate holding companies are UEM Group Berhad ("UEM") and Khazanah Nasional Berhad ("Khazanah") respectively, both of which are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 March 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the summary of significant accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with MFRS. For the periods up to and including the financial year ended 31 December 2017, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS").

The financial statements provide comparative information in respect of the previous period. In addition, the Group and the Company present additional statements of financial position as at 1 January 2017 due to the retrospective application of accounting policies as a result of the first-time adoption of MFRS.

2.2 Malaysian Financial Reporting Standards Framework ("MFRS framework")

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS framework.

The MFRS framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 : Agriculture and IC Interpretation 15 : Agreements for the Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities").

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Malaysian Financial Reporting Standards Framework ("MFRS framework") (cont'd.)

Transitioning Entities are allowed to defer adoption of the new MFRS framework. The adoption is mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018. The Group falls within the scope of Transitioning Entities and has opted to defer adoption of the new MFRS framework. Accordingly, the Group is required to prepare financial statements using the MFRS framework in its first MFRS financial statements for the financial year ended 31 December 2018.

In presenting its first MFRS financial statements, the Group and the Company are required to restate the comparative financial statements to amounts reflecting the application of MFRS framework. The majority of the adjustments required on transition is made, retrospectively, against the opening retained profits. The effect of the transition into MFRS on the consolidated financial statements is disclosed in Note 47. There is no effect on the consolidated statement of cash flows and the Company's financial statements.

2.3 Standards and interpretations issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but are not yet effective:

	Effective for the financial period beginning on or after
Annual Improvements to MFRSs 2015-2017 Cycle:	
- Amendments to MFRS 3 : Business Combinations	1 January 2019
- Amendments to MFRS 11 : Joint Arrangements	1 January 2019
- Amendments to MFRS 112 : Income Taxes	1 January 2019
- Amendments to MFRS 123 : Borrowing Costs	1 January 2019
Amendments to MFRS 9 : Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 : Leases	1 January 2019
Amendments to MFRS 119 : Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 : Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 : Business Combinations	1 January 2020
Amendments to MFRS 101 : Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 17 : Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and interpretations issued but not yet effective (cont'd.)

The directors expect that the adoption of the above standards will have no significant impact to the financial statements in the period of initial application except for those discussed below.

(a) MFRS 16 : Leases

MFRS 16 will replace MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

Either a full or modified retrospective transition approach is required for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is currently assessing the impact of adopting MFRS 16 and expects to fully comply with the requirement for the financial year ending 31 December 2019.

The Group and the Company are in the midst of assessing the impact of the application of this standard on their existing operating leases. Whilst the Group and the Company expect to recognise certain of these leases as right-to-use assets, this is not expected to have significant impact on the overall results and financial positions of the Group and the Company.

(b) Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

As the amendments eliminate ambiguity in the wording of the standard, the directors of the Company do not expect the amendments to have any impact on the Group's and the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies

(a) Basis of consolidation

Pursuant to the restructuring in 2008, the Company was introduced as a new parent company. The introduction of the Company constitutes a Group reconstruction and has been accounted for using merger accounting principles as the combination of the companies meet the relevant criteria for merger, thus depicting the combination of those entities as if they have been in the combination for the current and previous financial years.

Business combinations involving entities under common control are accounted for by applying the merger accounting method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The profit or loss reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. In order to support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. Subsidiaries are consolidated from the date on which control is obtained by the Group and are no longer consolidated from the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

(i) Subsidiaries (cont'd.)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income ("OCI"). If the contingent consideration is not within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Consistent accounting policies are applied to like transactions and events in similar circumstances.

Intragroup transactions, balances and resulting unrealised gains are eliminated upon consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

If the Group losses control of a subsidiary, any gain or loss is recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net fair value of the assets together with any balance of goodwill and exchange differences that were not previously recognised in profit or loss.

In the Company's separate financial statements, interests in subsidiaries are accounted for at cost less impairment losses. Upon disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

(ii) Associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interests in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

(ii) Associates and joint ventures (cont'd.)

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed under these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(n). Any impairment losses recognised for goodwill shall not be reversed in the subsequent year.

(c) Property, plant and equipment and depreciation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Property, plant and equipment and depreciation (cont'd.)

Freehold land and capital work in progress are not depreciated. Depreciation of other property, plant and equipment is provided on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building on freehold land	2%
Plant and machinery	20%
Floating pontoons	10%
Motor vehicles	20% - 25%
Others	5% - 50%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(d) Investment properties

Investment properties comprise completed properties and properties under construction which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, completed investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses while investment properties under construction are stated at cost less any accumulated impairment losses.

Depreciation of the completed investment properties is provided for at 2% to 10% per annum on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life. Investment properties under construction are not depreciated.

Investment properties are derecognised when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the net carrying amount at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, demand and short-term deposits, and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts that form an integral part of the Group's cash management.

(f) Inventories

(i) Land held for property development

Land held for property development consists of land where no development activity has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Land held for property development is classified as non-current assets and is stated at cost less impairment losses. Cost consists of land and development expenditure which include borrowing costs relating to the financing of the development. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(n).

Land held for property development is transferred to property development cost when the development activities have commenced.

(ii) Property development costs

Property development costs are those assets on which significant works have been undertaken and are expected to be completed within the normal operating cycle.

Property development costs are initially stated at cost. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Non-refundable commission cost.

Property development cost is recognised as an expense when the corresponding revenue is recognised as per accounting policy in Note 2.4(m)(i).

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development cost not recognised as an expense is recognised as an asset, which is measured at the lower of cost or net realisable value.

Property development cost of unsold units or units pending transfer of control is transferred to inventories held for sale or inventories under contract of sale once the development is completed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Inventories (cont'd.)

(iii) Inventories held for sale

Units of development properties completed and held for sales are stated at the lower of cost and net realisable value ("NRV"). Costs comprise costs of land acquisition including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date less estimated costs of completion and the estimated costs necessary to make the sale, taking into account the time value of money if material.

(iv) Inventories under contract of sale

Completed inventories under contract of sale are recognised as cost of sales when the control is transferred to customers in accordance to the terms of the contract with customers. The related accounting policies in respect of inventories under contract of sale is similar to those under inventories held for sale.

(g) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(h) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in OCI or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(h) Income taxes (cont'd.)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with interests in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(h) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances changes. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(i) Goods and Services Tax ("GST") and Sales and Service tax ("SST")

Revenue, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Revenue is recognised net of SST charged to customers. Expenses and assets are recognised inclusive of SST. The amount payable to taxation authority is included as payables in the statement of financial position.

The effective date for SST in Malaysia is on 1 September 2018. Prior to this date, Malaysia was under the GST regime.

(j) Zakat

The Group recognises its obligation towards the payment of zakat on business in profit or loss. Zakat is an obligation under the shariah principles and is computed based on a certain basis as approved by the Board of Directors.

(k) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Employee benefits (cont'd.)

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained profits upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(l) Foreign currencies

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

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in OCI and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(l) Foreign currencies (cont'd.)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

On consolidation, the assets and liabilities of foreign operations are translated at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of foreign operation, the components of OCI relating to that particular foreign operation are reclassified in profit or loss.

(m) Revenue recognition from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The following specific recognition criteria must also be met before revenue is recognised:

(i) Property development and strategic land sale

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

This is generally established when:

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and

- the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payments.

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset in accordance with Note 2.4(m)(ii).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(m) Revenue recognition from contracts with customers (cont'd.)

(i) Property development and strategic land sale (cont'd.)

The Group recognises revenue over time using the input method, which is based on the the level of completion in proportion of cost incurred to date against the expected total construction costs.

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

(ii) Completed properties and properties under contract of sale

The Group recognises the revenue at a point of time to the sale of completed properties and properties under contract of sale when the control of the properties has been transferred to the customers and it is probable that the Group will collect the consideration it is entitled to.

(iii) Property investment

Rental and leasing income are accounted on a straight-line basis over the period of tenancy and lease term.

(iv) Assets and facilities management

Assets and facilities management income are derived from managing the residential, commercial and retail properties. These income are recognised when such services are rendered.

(v) Project management

Revenue from provision of consultancy, advisory and technical services in relation to property development activities is recognised in the period in which the services are rendered, by reference to completion of the actual service provided as a proportion of the total services to be performed.

(vi) Management fees

Management fees on the provision of shared services to subsidiaries are accrued when the services are rendered.

(vii) Dividends

Dividends from subsidiaries, associates and other investments are included in profit or loss when the shareholders' right to receive payment has been established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(n) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to OCI. In this case the impairment is also recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(o) Financial instruments: initial recognition and subsequent measurement

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

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(i) Financial assets (cont'd.)

Initial recognition and measurement (cont'd.)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(i) Financial assets (cont'd.)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include receivables and amounts due from associates and joint ventures included under other non-current financial assets.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI include investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(i) Financial assets (cont'd.)

Financial assets designated at fair value through OCI (equity instruments) (cont'd.)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(i) Financial assets (cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(i) Financial assets (cont'd.)

Impairment of financial assets (cont'd.)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(ii) Financial liabilities (cont'd.)

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(p) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(q) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(q) Leases (cont'd.)

(i) As lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

(ii) As lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(r) Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are recognised in equity in the period where shareholders' right to the receipt of payment is established.

(s) Redeemable convertible preference shares ("RCPS")

The redeemable convertible preference shares are regarded as compound instruments, consisting of a liability component and an equity component. The component of redeemable convertible preference shares that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares are recognised as interest expense in profit or loss using the effective interest rate method. Upon issuance of the redeemable convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability in accordance with the accounting policy for other payables.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholder's equity, net of transaction costs. The dividends on these shares is recognised in equity in the period in which they are declared.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(s) Redeemable convertible preference shares ("RCPS") (cont'd.)

Transaction costs are apportioned between the liability and equity components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

(t) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

(u) Current versus non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classified all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(v) Statements of cash flows

The statements of cash flows classify movements in cash and cash equivalents according to operating, investing and financing activities.

The Group and the Company do not consider any of its assets other than deposits with maturity not more than 3 months with financial institutions, which are subject to an insignificant risk of changes in value, cash and bank balances reduced by bank overdraft as meeting the definition of cash and cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Fair value measurements

The Group measures financial instruments, such as, financial assets at fair value through profit or loss at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured with the assumption that when pricing the asset or liability, the market participants would act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(x) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred.

Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(y) Deferred income

The profit recognised from the sales of land by the Group to an associate and a joint venture is eliminated to the extent of the Group's interests in the companies. Accordingly, the Group recognised the excess of the unrealised profit over the carrying value of the associate or the joint venture as deferred income. The deferred income is realised to profit or loss over the period when the underlying asset of the associate or the joint venture is realised or disposed.

(z) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

(aa) Asset held for sale

A component of the Group is classified as an "asset held for sale" when the criteria to be classified as held for sale has been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

(ab) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as currency swaps and profit rate swaps to hedge its currency and interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(ab) Derivative financial instruments and hedge accounting (cont'd.)

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to:
  - A particular risk associated with a recognised asset; or
  - Liability or a highly probable forecast transaction; or
  - The foreign currency risk in an unrecognised firm commitment;

- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective of the hedge and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;

- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(ab) Derivative financial instruments and hedge accounting (cont'd.)

Fair value hedges (cont'd.)

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses profit rate swaps to hedge its interest rate risk. The ineffective portion relating to the profit rate swaps is recognised in other operating income or expenses.

For profit rate swaps, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

(ac) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Critical judgements and accounting estimates

Judgements, estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

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

(i) Tax recoverable for BND legal case

As disclosed in Note 39(a), Bandar Nusajaya Development Sdn. Bhd. ("BND") received an additional assessment from the Inland Revenue Board ("IRB") for additional tax payable and tax penalty in respect of year of assessment 2006 totalling to RM73.8 million which has been paid in full. As the Group is disputing the additional assessment, the amount paid is recorded as receivable instead of tax expense in the financial statements. The collectability of the receivable of RM73.8 million is dependent on the ultimate outcome of the legal proceedings.

(ii) Income tax and deferred tax assets

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain. The Group recognises liabilities for expected tax based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax as at reporting date is disclosed in Note 20.

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and at other times when such indication exist. This requires an estimation of the fair value less cost to sell and value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2018 was RM621,409,000 (2017: RM621,409,000). Further details on goodwill are disclosed in Note 18.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Critical judgements and accounting estimates (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(iv) Property development costs

The Group recognises property development revenue and expenses in the profit or loss over time or at a point of time. The Group recognises revenue over time using the stage of completion method. The stage of completion is determined by reference to the proportion of costs incurred for the work performed to date over the estimated total costs where the outcome of the projects can be reliably estimated.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the property development projects. Substantial changes in cost estimates, particularly in complex projects have had, and can in future periods have, a significant effect on the Group's profitability. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

Details of the property development costs are disclosed in Note 21.

(v) Provision for contruction costs

The Group recognises a provision for construction costs relating to estimated final claims by contractors which have not been finalised.

Significant judgement is required in determining the extent of the costs to be incurred and in making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

The carrying amount of the Group's provision for construction costs as at reporting date is disclosed in Note 34.

(vi) Provision for foreseeable losses for low cost housing

Provision for foreseeable losses for low cost housing is recognised for anticipated losses to be incurred for the development of low cost housing under the requirements of the local Government attributable to a premium housing project. The Group is of the view that the expected costs should be accrued progressively as and when the premium housing is constructed.

Significant judgement is required in determining the amount of the foreseeable losses for low cost housing, as the construction of low cost housing is typically over the life of township development of spanning more than few financial years. Regulatory, technological and economics changes may result in significant changes to the provision amount which will subsequently affect the profitability of premium housing.

The carrying amount of the Group's provision for foreseeable losses for low cost housing as at reporting date is disclosed in Note 34.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Critical judgements and accounting estimates (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(vii) Net realisable value of completed property development units classified as inventories

Inventories held for sale are stated at the lower of cost or net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories held for sale are reviewed on a regular basis and the Group will make an allowance for impairment primarily based on historical trends and management estimates of expected and future product demand and related pricing.

Demand and pricing levels could change from time to time. If such factors result in an adverse effect on the Group's products, the Group provides additional allowances for slow moving inventories.

The carrying amount of the Group's inventories as at 31 December 2018 is disclosed in Note 22 to the financial statements.

(viii) Impairment of interests in subsidiaries, joint ventures and associates

At each reporting date, the Group and the Company assess if any indication of impairment exists. If there is any indication, the Group and the Company will make an estimate of the recoverable amounts of its investments. This requires an estimation of the fair value less cost to sell and value-in-use of the cash-generating units of its interests in subsidiaries, joint ventures and associates. Significant judgement is required in determining the estimated realisable value of the net assets and potential third party claims and other liabilities. In making the judgement, the Group and the Company rely on independent accredited third-party valuers and quantity surveyors' assessment. In determining the impairment charge, the market value or the forced sale value of the assets, as the case maybe, are assessed together with the potential third party claims and related liquidation costs.

3. REVENUE

	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000
Revenue from contract with customers	**2,008,096**	1,828,110	**72,233**	41,816
Revenue from other sources:				
- Rental income	**35,890**	32,501	**-**	-
- Dividend income from short term investments	**-**	-	**3,249**	200
- Dividend income from subsidiaries	**-**	-	**128,400**	110,000
	2,043,986	1,860,611	**203,882**	152,016
Revenue from contract with customers				
Property development:				
- Sales of development properties	**1,430,992**	1,254,871	**-**	-
- Sales of developed lands	**25,963**	58,935	**-**	-
	1,456,955	1,313,806	**-**	-
Strategic land sales	**478,885**	435,017	**-**	-
Assets and facilities management	**30,102**	27,392	**-**	-
Project management	**3,997**	12,229	**-**	-
Car park collections	**25,082**	23,318		
Management fees from subsidiaries	**-**	-	**72,233**	41,816
Others	**13,075**	16,348	**-**	-
	2,008,096	1,828,110	**72,233**	41,816
Geographical market				
Malaysia	**1,341,693**	1,440,429	**71,665**	41,539
Canada	**-**	375,331	**-**	-
Australia	**661,840**	-	**521**	194
Singapore	**4,563**	12,350	**47**	83
	2,008,096	1,828,110	**72,233**	41,816
Timing of revenue				
At a point in time	**1,438,401**	767,657	**72,233**	41,816
Over time				
- Property development (Note 24(a))	**553,490**	1,032,467	**-**	-
- Strategic land sales (Note 24(b))	**16,205**	27,986	**-**	-
	2,008,096	1,828,110	**72,233**	41,816

4. COST OF SALES

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Property development:				
- Sales of development properties	**1,160,283**	986,249	**-**	-
- Sales of developed lands	**17,920**	15,868	**-**	-
	1,178,203	1,002,117	**-**	-
Strategic land sales	**89,627**	283,312	**-**	-
Property investment	**17,550**	13,173	**-**	-
Costs of services rendered to subsidiaries	**-**	-	**68,793**	39,825
Others	**17,346**	18,874	**-**	-
	1,302,726	1,317,476	**68,793**	39,825

5. OPERATING PROFIT

The following amounts have been included in arriving at operating profit:

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Allowance for doubtful debts				
- receivables (Note 23(vii))	**6,961**	1,278	**-**	-
Rental expenses of:				
- land and building	**10,677**	10,655	**3,652**	4,563
- equipment	**652**	582	**288**	98
Auditors' remuneration:				
- statutory audit for the year				
- Malaysian operations	**842**	718	**202**	139
- overseas operations	**623**	205	**-**	-
- overprovision in prior year	**-**	(143)	**-**	-
- non-statutory audit	**114**	282	**114**	282
- EY affiliate	**292**	131	**-**	84

5. OPERATING PROFIT (CONT'D.)

(cont'd.)

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Depreciation of property, plant and equipment (Note 11)	**10,988**	10,457	**484**	93
Depreciation of investment properties (Note 12)	**15,991**	14,770	**-**	-
Property, plant and equipment written off (Note 11)	**-**	431	**-**	-
Directors' remuneration (Note (i))	**3,516**	2,922	**3,516**	2,922
Staff costs (Note (ii))	**123,071**	146,432	**77,747**	53,431
Remeasurement of long term receivables (Note 23(v))	**801**	1,870	**-**	-
Write back of allowance for impairment:				
- receivables (Note 23(vii))	**(1,560)**	(1,438)	**-**	-
Net inventories written down	**27,558**	3,176	**-**	-
Loss/(gain) on foreign exchange:				
- unrealised	**16,540**	(3,257)	**-**	-
- realised	**(9,835)**	1,394	**(465)**	-
Direct operating expenses arising from investment properties that are:				
- generating rental income	**20,216**	16,853	**-**	-
- not generating rental income	**2,063**	1,898	**-**	-
Dividend income from short term investments	**(3,249)**	(200)	**(3,249)**	(200)
Interest income:				
- deposits with licensed banks	**(19,891)**	(16,680)	**(2,795)**	(2,304)
- accretion of interest on long term receivables (Note 23(v))	**(2,488)**	(2,141)	**-**	-
- subsidiaries	**-**	-	**(130,612)**	(116,812)
- joint ventures	**(11,823)**	(8,410)	**(7,952)**	(6,989)
- others	**(8,104)**	(3,190)	**-**	-
Provision for impairment of interests in subsidiaries (Note 14)	**-**	-	**2,341**	6,750
Provision for impairment of interests in a joint venture (Note 16a)	**10,207**	-	**69,992**	-
Provision for impairment of amounts due from subsidiaries (Note 25)	**-**	-	**308**	2,352
Gain on disposal of:				
- an associate	**-**	(3,100)	**-**	-
- financial assets at fair value through profit or loss	**-**	(2,400)	**-**	-

5. OPERATING PROFIT (CONT'D.)

(i) Directors' remuneration

	Group/Company			
	2018		2017	
	Salary and other emoluments RM'000	Benefits-in -kind RM'000	Salary and other emoluments RM'000	Benefits-in -kind RM'000
Executive director:				
Anwar Syahrin Abdul Ajib	**1,661**	**355**	1,502	87

	Group/Company			
	2018		2017	
	Director fees[4] RM'000	Other emoluments[4] RM'000	Director fees[4] RM'000	Other emoluments[4] RM'000
Non-executive directors:				
Tan Sri Dato' Sri Zamzamzairani Mohd Isa	**210**	**82**[1]	130	-
Tan Sri Dr Ir Ahmad Tajuddin Ali	**-**	**-**	90	50[6]
Subimal Sen Gupta	**187**	**-**	153	-
Dato' Noorazman Abd Aziz[3]	**27**	**-**	-	-
Zaida Khalida Shaari[3]	**141**	**5**[2]	129	3[5]
Lim Tian Huat	**182**	**-**	190	58[6]
YM Ungku Suseelawati Ungku Omar	**148**	**35**[6]	148	6[5]
Tan Sri Dr Azmil Khalili Dato' Khalid	**133**	**-**	5	-
Datin Teh Ija Mohd Jalil	**130**	**-**	-	-
Christina Foo	**15**	**-**	-	-
Dato' Srikandan Kanagainthiram	**80**	**-**	175	-
Dato' Mohd Izzaddin Idris[3]	**122**	**-**	148	1[5]
Wong Shu Hsien[3]	**3**	**-**	-	-
Professor Philip Sutton Cox	**-**	**-**	47	-
	1,378	**122**	1,215	118
	3,039	**477**	2,717	205
Total directors' remuneration		**3,516**		2,922

5. OPERATING PROFIT (CONT'D.)

(i) Directors' remuneration (cont'd.)

[1] Comprised car allowance, car-related benefits and other permissible items/claims, home guard security services and provision of driver.

[2] Comprised site visit allowance.

[3] Fees for nominees of UEM Group Berhad and Khazanah Nasional Berhad on the Board of the Company are paid directly to the respective companies.

[4] Excluding GST and/or SST where applicable.

[5] Comprised site visit allowance and/or ad-hoc committee meeting attendance allowance.

[6] Discount for purchase of property.

(ii) Staff costs

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Wages and salaries	**89,639**	91,209	**51,698**	24,510
Staff bonus, benefits and welfare	**34,279**	52,446	**16,747**	24,353
Statutory contribution to EPF and social security costs	**14,333**	14,628	**8,306**	3,457
Employee share option scheme (Note 28(a)(iv))	**-**	(732)	**-**	(732)
Training expenses	**1,024**	4,186	**996**	1,843
	139,275	161,737	**77,747**	53,431
Capitalised to:				
Land held for property development (Note 13)	**(6,015)**	(6,430)	**-**	-
Property development costs (Note 21)	**(10,189)**	(8,875)	**-**	-
	123,071	146,432	**77,747**	53,431

6. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Finance costs incurred and accrued during the year on:				
- IMTN, term loans and structured commodity	**197,106**	167,864	**135,207**	129,045
- revolving credits and bank overdraft	**19,179**	17,295	**13,440**	12,039
- loan from immediate holding company	**2,679**	2,470	**-**	-
- accretion of interest on long term payables	**1,349**	1,671	**-**	-
- bank charges	**640**	616	**-**	-
	220,953	189,916	**148,647**	141,084
Capitalised in:				
- land held for property development (Note 13)	**(35,231)**	(41,992)	**-**	-
- property development costs (Note 21)	**(77,615)**	(50,487)	**-**	-
- property, plant, and equipment (Note 11)	**(7,141)**	(6,291)	**-**	-
	(119,987)	(98,770)	**-**	-
	100,966	91,146	**148,647**	141,084

The interest and profit rates for borrowing cost capitalised during the financial year range from 3.82% to 7.11% (2017: 3.55% to 6.62%) per annum.

7. ZAKAT

	Group	
	2018 RM'000	2017 RM'000
Expensed and paid in the financial year	**5,210**	2,744

8. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Income tax:				
Malaysian income tax	**76,401**	82,405	**595**	-
Foreign tax	**26,555**	43,421	**-**	-
(Over)/under provision in prior years	**(2,091)**	313	**406**	550
	100,865	126,139	**1,001**	550
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	**27,702**	(39,590)	**-**	130
Under/(over) provision of deferred tax in prior years	**1,789**	(2,242)	**-**	92
	29,491	(41,832)	**-**	222
Total income tax expense	**130,356**	84,307	**1,001**	772

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable between profit before zakat and income tax at the statutory income tax rate and income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Profit before zakat and income tax	**416,384**	194,139	**7,735**	52,266
Taxation at Malaysian statutory tax rate of 24%	**99,932**	46,593	**1,856**	12,544
Effect of different tax rates in other countries	**6,542**	4,709	**-**	-
Income not subject to tax	**(3,684)**	(3,648)	**(30,816)**	(26,448)
Tax at reduced rate	**-**	(3,083)	**-**	-
Expenses not deductible for tax purposes	**29,345**	19,520	**29,555**	14,034
Deferred tax assets not recognised during the year	**9,708**	18,648	**-**	-

8. INCOME TAX EXPENSE (CONT'D.)

(cont'd.)

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Utilisation of previously unrecognised tax losses and other deductible temporary differences	**-**	(73)	**-**	-
Withholding tax payable	**-**	12,884	**-**	-
Tax effect on share of associates' and joint ventures' results	**(9,935)**	(8,655)	**-**	-
(Over)/under provision of income tax in prior years	**(2,091)**	313	**406**	550
Under/(over) provision of deferred tax in prior years	**1,789**	(2,242)	**-**	92
Zakat deduction	**(1,250)**	(659)	**-**	-
Tax expense for the year	**130,356**	84,307	**1,001**	772

9. DIVIDENDS

	Company	
	2018 RM'000	2017 RM'000
In respect of financial year ended 31 December 2017:		
First and final single tier dividends of the following:		
1.0 sen per share on 4,537,436,037 ordinary shares paid on 27 June 2018	**45,374**	-
1.0 sen per share on 792,515,753 RCPS paid on 27 June 2018	**7,925**	-
	53,299	-

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

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2018	2017 Restated
Profit for the year attributable to owners of the parent (RM'000)	**280,333**	105,565
Dividend for RCPS (RM'000) (Note 9)	**(7,925)**	-
Profit for the year attributable to owners of the parent (net of dividend for RCPS) (RM'000)	**272,408**	105,565
Weighted average number of ordinary shares in issue ('000)	**4,537,436**	4,537,436
Basic earnings per share (sen)	**6.0**	2.3

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year has been adjusted for the dilutive effect of all potential ordinary shares.

	Group	
	2018	2017 Restated
Profit for the year attributable to owners of the parent (RM'000)	**280,333**	105,565
Dividend for RCPS (RM'000) (Note 9)	**(7,925)**	-
Profit for the year attributable to owners of the parent (net of dividend for RCPS) (RM'000)	**272,408**	105,565
Weighted average number of ordinary shares in issue ('000)	**4,537,436**	4,537,436
Effects of dilution from RCPS ('000)	**617,077**	622,538
	5,154,513	5,159,974
Diluted earnings per share (sen)	**5.3**	2.1

There have been no other transactions involving ordinary shares between the reporting date and the date of authorisation of these financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building on freehold land RM'000	Capital work-in-progress RM'000	Plant and machinery RM'000	Floating pontoons RM'000	Motor vehicles RM'000	Others RM'000	Total RM'000
At 31 December 2018								
Net carrying amount at 1 January 2018	**11,693**	**66,019**	**242,295**	**34,515**	**1,883**	**723**	**20,008**	**377,136**
Additions	**3,189**	**74**	**55,969**	**70**	**-**	**-**	**12,108**	**71,410**
Foreign currency translation	**-**	**-**	**(650)**	**-**	**-**	**-**	**(2)**	**(652)**
Transfer from property development cost (Note 21)	**-**	**8,646**	**-**	**-**	**-**	**-**	**-**	**8,646**
Reclassification	**-**	**223,139**	**(223,139)**	**-**	**-**	**-**	**-**	**-**
Depreciation charge (Note 5)	**-**	**(2,238)**	**-**	**(2,775)**	**(962)**	**(393)**	**(4,620)**	**(10,988)**
Net carrying amount at 31 December 2018	**14,882**	**295,640**	**74,475**	**31,810**	**921**	**330**	**27,494**	**445,552**
Cost	**14,882**	**309,990**	**74,475**	**53,480**	**6,476**	**10,060**	**73,520**	**542,883**
Accumulated depreciation	**-**	**(14,350)**	**-**	**(21,670)**	**(5,555)**	**(9,730)**	**(46,026)**	**(97,331)**
Net carrying amount	**14,882**	**295,640**	**74,475**	**31,810**	**921**	**330**	**27,494**	**445,552**
At 31 December 2017								
Net carrying amount at 1 January 2017	11,693	67,705	165,906	37,286	2,404	1,068	13,974	300,036
Additions	-	-	76,852	46	-	354	10,773	88,025
Foreign currency translation	-	-	(36)	-	-	-	(1)	(37)
Write-off (Note 5)	-	-	(427)	-	-	-	(4)	(431)
Depreciation charge (Note 5)	-	(1,686)	-	(2,817)	(521)	(699)	(4,734)	(10,457)
Net carrying amount at 31 December 2017	11,693	66,019	242,295	34,515	1,883	723	20,008	377,136
Cost	11,693	78,131	242,295	53,410	6,476	10,060	61,414	463,479
Accumulated depreciation	-	(12,112)	-	(18,895)	(4,593)	(9,337)	(41,406)	(86,343)
Net carrying amount	11,693	66,019	242,295	34,515	1,883	723	20,008	377,136

Included in capital work-in-progress of the Group are construction costs of RM63,032,000 (2017: RM201,171,000).

Included in capital work-in-progress is the borrowing cost of RM7,141,000 (2017: RM6,291,000) arising from IMTN for the construction of a building and freehold land.

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Capital work-in-progress RM'000	Others RM'000	Total RM'000
At 31 December 2018			
Net carrying amount at 1 January 2018	**3,128**	**2,129**	**5,257**
Additions	**5,764**	**6,893**	**12,657**
Depreciation charge (Note 5)	**-**	**(484)**	**(484)**
Net carrying amount at 31 December 2018	**8,892**	**8,538**	**17,430**
Cost	**8,892**	**9,115**	**18,007**
Accumulated depreciation	**-**	**(577)**	**(577)**
Net carrying amount	**8,892**	**8,538**	**17,430**
At 31 December 2017			
Transfer from subsidiaries	-	1,403	1,403
Additions	3,128	819	3,947
Depreciation charge (Note 5)	-	(93)	(93)
Net carrying amount at 31 December 2017	3,128	2,129	5,257
Cost	3,128	2,222	5,350
Accumulated depreciation	-	(93)	(93)
Net carrying amount	3,128	2,129	5,257

12. INVESTMENT PROPERTIES

Group		Completed investment properties RM'000
Cost		
At 1 January 2018		**716,463**
Adjustment to cost of investment property		**(1,654)**
Transfer from property development costs (Note 21)		**96,678**
At 31 December 2018		**811,487**
Accumulated depreciation		
At 1 January 2018		**(66,793)**
Depreciation charge (Note 5)		**(15,991)**
At 31 December 2018		**(82,784)**
Net carrying amount		**728,703**
Fair value of investment properties (Note 41)	#	**926,550**

\# The fair value of investment properties as at 31 December 2018 excludes the fair value of recently completed properties with a total cost of RM96,678,000.

Group	Investment properties under construction RM'000	Completed investment properties RM'000	Total RM'000
Cost			
At 1 January 2017	91,106	608,442	699,548
Additions from subsequent expenditure	13,981	2,934	16,915
Reclassification	(105,087)	105,087	-
At 31 December 2017	-	716,463	716,463
Accumulated depreciation			
At 1 January 2017	-	(52,023)	(52,023)
Depreciation charge (Note 5)	-	(14,770)	(14,770)
At 31 December 2017	-	(66,793)	(66,793)
Net carrying amount	-	649,670	649,670
Fair value of investment properties (Note 41)	-	919,110	919,110

12. INVESTMENT PROPERTIES (CONT'D.)

The Group has no restrictions on the realisability of its investment properties and no significant contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value of the investment properties has substantially been arrived at via valuation performed by accredited independent valuers, in which categorised within the fair value hierarchy (Level 3), as the fair value is measured using inputs that are not based on observable market data.

13. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2018 RM'000	2017 RM'000 Restated
Cost		
At 1 January	**4,438,759**	4,830,443
Additions	**302,641**	202,760
Transfer to property development costs (Note 21)	**(29,504)**	(589,378)
Foreign currency translation	**-**	(5,066)
At 31 December	**4,711,896**	4,438,759

As at the reporting date, freehold land and related development expenditure of RM282,148,000 (2017: RM289,120,000) are pledged as securities for the borrowing facilities granted to the Group.

Included in the additions to the land held for property development of the Group during the financial year are as follows:

	Group	
	2018 RM'000	2017 RM'000 Restated
Interest capitalised (Note 6)	**35,231**	41,992
Staff costs (Note 5(ii))	**6,015**	6,430

Included in land held for property development of the Group are parcels of land committed through the Master Agreement between UEM Land Berhad ("UEM Land"), a wholly-owned subsidiary of the Company with Ascendas Land (Malaysia) Sdn. Bhd. ("Ascendas").

The Master Agreement was entered on 23 October 2012 whereby UEM Land has granted the option for Ascendas to purchase 519 acres of land within the nine (9) years period commencing from the date of the Master Agreement. As at the end of the financial year, 399 acres of land remain unsold. The options shall automatically lapse if not exercised within the option period.

14. INTERESTS IN SUBSIDIARIES

	Company	
	2018 RM'000	**2017 RM'000**
Investment in subsidiaries, unquoted shares		
At 1 January	**3,179,098**	3,176,597
Additional investment	**2,201**	2,501
At 31 December	**3,181,299**	3,179,098
Investment in RCPS/RPS, issued by subsidiaries		
At 1 January	**1,363,675**	1,363,675
Redemption of investment (Note (i))	**(208,463)**	-
At 31 December	**1,155,212**	1,363,675
Impairment losses		
At 1 January	**(15,775)**	(9,025)
Impairment losses (Note 5, Note (ii))	**(2,341)**	(6,750)
At 31 December	**(18,116)**	(15,775)
	4,318,395	4,526,998

Details of the subsidiaries are disclosed in Note 44.

(i) Redemption of Redeemable Preference Shares ("RPS")

During the financial year, the Company redeemed its RPS in UEM Sunrise (Canada) Sdn. Bhd. amounting to RM208,463,000 in cash.

(ii) Impairment losses in interests in subsidiaries

At the reporting date, the Company conducted an impairment review of its interests in certain subsidiaries, principally based on the Company's share of net assets in these subsidiaries, which represents the directors' estimation of fair value less costs to sell these subsidiaries.

The review gave rise to the recognition of impairment losses in interests in subsidiaries of RM2,341,000 (2017: RM6,750,000).

The shares of a subsidiary are pledged as a security for the banking facility obtained as disclosed in Note 33(a)(ii).

15a. INTERESTS IN ASSOCIATES

	Group	
	2018 RM'000	2017 RM'000
Investment in associates, unquoted shares		
At 1 January	**56,566**	54,246
Additional investment	**-**	2,320
At 31 December	**56,566**	56,566
Investment in Redeemable Preference Shares ("RPS"), issued by an associate		
At 1 January/31 December	**360,000**	360,000
Share of post-acquisition reserves		
At 1 January	**105,542**	92,486
Share of reserve during the year	**3,521**	13,056
At 31 December	**109,063**	105,542
Foreign currency translation	**(24,994)**	(21,723)
	500,635	500,385

	Company	
	2018 RM'000	2017 RM'000
Investment in an associate, unquoted shares	**1,170**	1,170

Details of associates are disclosed in Note 45.

(i) Summarised financial information in respect of Group's material associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

Summarised statement of financial position

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated
Non-current assets	**883,851**	883,590	**1,008,295**	999,794
Current assets	**18,370**	18,092	**1,878,192**	1,839,354
Total assets	**902,221**	901,682	**2,886,487**	2,839,148
Non-current liabilities	**-**	-	**1,607,628**	1,918,913
Current liabilities	**45**	39	**649,196**	321,029
Total liabilities	**45**	39	**2,256,824**	2,239,942
Net assets	**902,176**	901,643	**629,663**	599,206

15a. INTERESTS IN ASSOCIATES (CONT'D.)

(i) (cont'd.)

Summarised statement of comprehensive income

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Revenue	**-**	-	**226,612**	551,089
Profit before tax	**701**	643	**40,075**	75,629
Total comprehensive income	**533**	518	**30,457**	58,935

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associates

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Net assets at 1 January	**901,643**	901,125	**599,206**	540,271
Profit for the year	**533**	518	**30,457**	58,935
Net assets at 31 December	**902,176**	901,643	**629,663**	599,206
Interests in associate	**40%**	40%	**25%**	25%
	360,870	360,657	**157,416**	149,802
Unrealised profit arising from land sales	**(36,077)**	(35,825)	**-**	-
Carrying value of Group's interest	**324,793**	324,832	**157,416**	149,802

Aggregate information of associates that are not individually material

	2018 RM'000	2017 RM'000
The Group's share of loss before tax	**(4,054)**	(1,710)
The Group's share of loss after tax	**(4,054)**	(1,710)

Apart from as disclosed in Note 39, there is no material contingent liability and capital commitment relating to associates as at 31 December 2018 and 31 December 2017.

15b. AMOUNTS DUE FROM AN ASSOCIATE

Amounts due from an associate are unsecured, non-interest bearing and repayable on demand.

16a. INTERESTS IN JOINT VENTURES

	2018 RM'000	2017 RM'000 Restated
Group		
Investment in joint ventures, unquoted shares		
At 1 January	**33,754**	33,754
Additional investment (Note (i)(a))	**200**	-
At 31 December	**33,954**	33,754
Investment in Redeemable Convertible Loan Stocks ("RCULS"), RCPS and RPS, issued by joint ventures		
At 1 January	**636,066**	636,066
Additional investment (Note (i)(b) and (i)(c))	**25,950**	-
At 31 December	**662,016**	636,066
Share of post-acquisition reserves	**208,550**	218,687
Amounts due from joint ventures (Note (ii))	**165,889**	167,889
Accumulated impairment losses	**(10,207)**	-
	1,060,202	1,056,396
Analysed into:		
Non-current	**1,006,986**	1,056,396
Current (Note (iii))	**53,216**	-
	1,060,202	1,056,396
Company		
Investments in joint ventures, unquoted shares		
At 1 January/31 December	**23,580**	23,580
Investment in RCULS, RCPS and RPS, issued by joint ventures		
At 1 January	**441,707**	441,707
Additional investment (Note (i)(c))	**25,850**	-
At 31 December	**467,557**	441,707
Impairment losses	**(115,762)**	(45,770)
At 31 December	**375,375**	419,517
Analysed into:		
Non-current	**322,159**	419,517
Current (Note (iii))	**53,216**	-
	375,375	419,517

16a. INTERESTS IN JOINT VENTURES (CONT'D.)

(i) Acquisition of investment in joint ventures

During the financial year,

(a) UEM Sunrise Properties Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for 200,000 ordinary shares in UEM Sunrise WOTSO Malaysia Sdn. Bhd. ("USWM") for a cash consideration of RM200,000, resulting in USWM becoming an indirect 50% owned joint venture of the Company.

(b) UEM Land Berhad, a wholly-owned subsidiary of the Company, subscribed for additional 100,000 Redeemable Preference Shares of RM1.00 per share satisfied by cash of RM100,000 in Gerbang Leisure Park Sdn. Bhd..

(c) The Company subscribed for 25,850,000 Redeemable Preference Shares of RM1.00 per share amounting RM25,850,000 via conversion of advances to Nusajaya Lifestyle Sdn. Bhd..

(ii) Amounts due from joint ventures are unsecured and non-interest bearing. The Group views the non-trade amounts due from joint ventures as part of the Group's interests in joint ventures.

(iii) Malaysian Bio-XCell Sdn. Bhd. ("MBX") was incorporated on 17 September 2009 with an objective to develop 160 acres of Biotechnology park ("Park"). Since the date of its incorporation, MBX has been in a loss-making position. In 2014, MBX entered into a Build, Lease and Transfer agreement of a plant with a customer on a 10-year Lease and Transfer model in an attempt to further develop the Park. The construction of the plant commenced in February 2017. The construction was funded among others, by a local bank.

In May 2018, the customer notified MBX of its intention to cease business. This has resulted in material uncertainty surrounding MBX. The Group has assessed the carrying value of its interests in MBX and recorded impairment losses of RM10,207,000 and RM69,992,000 in the consolidated financial statements and separate financial statements of the Company, respectively. The Group has not provided any guarantee for the loan entered by MBX.

On 12 March 2019, MBX informed the Group that a receiver manager was appointed by the Bank. Accordingly, the interests in MBX are reclassified as a current asset.

16a. INTERESTS IN JOINT VENTURES (CONT'D.)

(iv) Summarised financial information in respect of Group's material joint ventures is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

Summarised statements of financial position

	Malaysian Bio-XCell Sdn. Bhd.		Horizon Hills Development Sdn. Bhd.		Nusajaya Premier Sdn. Bhd.		Sunrise MCL Land Sdn. Bhd.		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated
Non-current assets	**417,997**	380,235	**201,072**	199,586	**193,952**	191,554	**130,006**	140,843	**943,027**	912,218
Cash and cash equivalents	**2,321**	7,138	**251,351**	213,091	**885**	428	**37,421**	35,342	**291,978**	255,999
Other current assets	**11,408**	16,966	**802,790**	855,486	**10,156**	15,507	**68,753**	58,500	**893,107**	946,459
Total current assets	**13,729**	24,104	**1,054,141**	1,068,577	**11,041**	15,935	**106,174**	93,842	**1,185,085**	1,202,458
Total assets	**431,726**	404,339	**1,255,213**	1,268,163	**204,993**	207,489	**236,180**	234,685	**2,128,112**	2,114,676
Current liabilities	**35,960**	19,599	**90,793**	40,396	**15,401**	17,415	**-**	10,000	**142,154**	87,410
Trade and other payables and provisions	**26,278**	32,859	**104,042**	133,720	**982**	163	**25,199**	21,848	**156,501**	188,590
Total current liabilities	**62,238**	52,458	**194,835**	174,116	**16,383**	17,578	**25,199**	31,848	**298,655**	276,000
Non-current liabilities	**149,933**	104,500	**218,750**	250,000	**-**	-	**-**	-	**368,683**	354,500
Trade and other payables and provisions	**-**	-	**8,654**	7,891	**-**	-	**-**	-	**8,654**	7,891
Total non-current liabilities	**149,933**	104,500	**227,404**	257,891	**-**	-	**-**	-	**377,337**	362,391
Total liabilities	**212,171**	156,958	**422,239**	432,007	**16,383**	17,578	**25,199**	31,848	**675,992**	638,391
Net assets	**219,555**	247,381	**832,974**	836,156	**188,610**	189,911	**210,981**	202,837	**1,452,120**	1,476,285

Summarised statements of comprehensive income

	Malaysian Bio-XCell Sdn. Bhd.		Horizon Hills Development Sdn. Bhd.		Nusajaya Premier Sdn. Bhd.		Sunrise MCL Land Sdn. Bhd.		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated
Revenue	**16,946**	11,626	**355,566**	355,141	**3,189**	-	**48,430**	44,016	**424,131**	410,783
Depreciation and amortisation	**(12,427)**	(12,181)	**(2,606)**	(1,980)	**-**	-	**(103)**	(90)	**(15,136)**	(14,251)
Interest income	**-**	1,072	**-**	-	**518**	485	**559**	319	**1,077**	1,876
Interest expenses	**(4,303)**	(8,737)	**(6,879)**	(6,755)	**(822)**	(784)	**(91)**	(215)	**(12,095)**	(16,491)
(Loss)/profit before tax	**(27,826)**	(40,495)	**127,392**	130,386	**(1,301)**	(510)	**14,734**	6,487	**112,999**	95,868
Income tax expenses	**-**	-	**(30,574)**	(29,873)	**-**	-	**(2,590)**	(2,013)	**(33,164)**	(31,886)
(Loss)/profit after tax	**(27,826)**	(40,495)	**96,818**	100,513	**(1,301)**	(510)	**12,144**	4,474	**79,835**	63,982
Total comprehensive (loss)/income	**(27,826)**	(40,495)	**96,818**	100,513	**(1,301)**	(510)	**12,144**	4,474	**79,835**	63,982

16a. INTERESTS IN JOINT VENTURES (CONT'D.)

(iv) (cont'd.)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in the joint ventures

	Malaysian Bio-XCell Sdn. Bhd.		Horizon Hills Development Sdn. Bhd.		Nusajaya Premier Sdn. Bhd.		Sunrise MCL Land Sdn. Bhd.		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated
Net assets at 1 January	**247,381**	287,876	**836,156**	835,643	**189,911**	190,421	**202,837**	198,363	**1,476,285**	1,512,303
(Loss)/profit for the year	**(27,826)**	(40,495)	**96,818**	100,513	**(1,301)**	(510)	**12,144**	4,474	**79,835**	63,982
Dividend paid	**-**	-	**(100,000)**	(100,000)	**-**	-	**-**	-	**(100,000)**	(100,000)
Redemption of investment	**-**	-	**-**	-	**-**	-	**(4,000)**	-	**(4,000)**	-
Net assets at 31 December	**219,555**	247,381	**832,974**	836,156	**188,610**	189,911	**210,981**	202,837	**1,452,120**	1,476,285
Interests in joint venture	**40%**	40%	**50%**	50%	**80%**	80%	**50%**	50%		
Share of net assets of the Group	**74,340***	85,470*	**416,487**	418,078	**150,888**	151,929	**105,491**	101,419	**747,206**	756,896
Impairment loss	**(10,207)**	-	**-**	-	**-**	-	**-**	-	**(10,207)**	-
Unrealised profit arising from land sales	**(10,916)**	(10,966)	**(47,173)**	(49,363)	**-**	-	**-**	-	**(58,089)**	(60,329)
Carrying value of Group's interest	**53,217**	74,504	**369,314**	368,715	**150,888**	151,929	**105,491**	101,419	**678,910**	696,567

* Includes investment in RCULS which is not proportionate to equity participation ratio.

Aggregate information of joint ventures that are not individually material

	2018 RM'000	2017 RM'000
The Group's share of loss before tax	**(1,150)**	(12,157)
The Group's share of loss after tax	**(4,688)**	(13,055)

Details of the joint venture entities are disclosed in Note 46.

16b. AMOUNTS DUE FROM JOINT VENTURES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Amounts due from joint ventures				
- Non-current (Note (i))	**257,149**	245,581	**97,066**	81,507
- Current (Note (ii))	**79,144**	108,694	**32,323**	64,995
	336,293	354,275	**129,389**	146,502

(i) Amounts due from joint ventures are unsecured, no fixed repayment term and bear interest at average rates of 6.8% to 7.9% (2017: 6.8% to 7.8%) per annum.

(ii) Amounts due from these joint ventures are unsecured, non-interest bearing and repayable on demand except for amounts of RM5,427,000 (2017: RM3,809,000) which bear interest at an average rate of 7.9% (2017: 7.8%) per annum.

17. OTHER INVESTMENTS

	Group	
	2018 RM'000	2017 RM'000
Unquoted shares in Malaysia	**22,525**	22,525
Less: Accumulated impairment losses	**(22,525)**	(22,525)
	-	-

18. GOODWILL

Goodwill arising from business combinations has been allocated into two individual cash-generating units ("CGU"), comprising two subsidiary groups principally engaged in property development activities for impairment testing. The carrying amount of goodwill allocated to CGU is as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 January/31 December	**621,409**	621,409

18. GOODWILL (CONT'D.)

Assumptions and approach used

The recoverable amounts of the CGU have been determined based on fair value less cost to sell and value-in-use calculations using cash flow projections from financial budgets approved by the management covering a five-year period. The management has applied a pre-tax discount rate of 13% (2017: 13%).

The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

Budgeted gross margins	-	Gross margins are based on historical trend of gross margins for the CGU.
Pre-tax discount rates	-	Discount rates reflect the weighted average cost of capital of the CGU.
Sales take-up rate	-	Sales take-up rate is based on historical trend of the market of which the CGU operates.

In determining fair value less cost to sell of the properties, the Group relies on the works performed by the accredited independent valuers. In the absence of such valuation, the Group applies the previous transacted price.

There remains a risk that, due to unforeseen changes in the global economic condition and/or in the economy in which the CGU operates, the gross margins and sales take-up rate for property development may be adversely affected.

Impact of possible changes in key assumptions

The sensitivity tests indicated that with an increase in the discount rate by 1% or a reduction in the market value of identifiable assets by 8%, there will be no impairment loss required where other realistic variations remained the same.

19. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits with licensed banks (Note (i))	**153,444**	267,674	**112,420**	-
Cash and bank balances (Note (ii))	**925,157**	540,330	**8,799**	6,523
	1,078,601	808,004	**121,219**	6,523
Bank overdraft (Note 33)	**(1,658)**	(2,273)	**-**	-
Cash and cash equivalents	**1,076,943**	805,731	**121,219**	6,523

(i) The average interest rates and maturity of deposits of the Group as at financial year end were 1.81% (2017: 1.25%) and 33 days (2017: 32 days) respectively.

The average interest rates and maturity of deposits of the Company as at financial year end were 1.61% (2017: Nil%) and 29 days (2017: Nil days) respectively.

19. CASH, BANK BALANCES AND DEPOSITS (CONT'D.)

	Group	
	2018 RM'000	2017 RM'000
(ii) Included in cash and bank balances of the Group are:		
- Housing Development Accounts	**265,431**	404,901
- Securities under credit facilities*	**454,603**	-

* Comprise credit facilities as disclosed in Note 33(a)(ii), (b) and (d)(i).

20. DEFERRED TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
At 1 January	**(77,997)**	(35,720)	**-**	(222)
Recognised in the statement of profit or loss (Note 8)	**29,491**	(41,832)	**-**	222
Foreign currency translation	**(333)**	(445)	**-**	-
At 31 December	**(48,839)**	(77,997)	**-**	-
Presented as follows:				
Deferred tax liabilities	**234,762**	230,119	**-**	-
Deferred tax assets	**(283,601)**	(308,116)	**-**	-
	(48,839)	(77,997)	**-**	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Fair value adjustment of land and building RM'000	Interest capitalised RM'000	Others RM'000	Total RM'000
At 1 January 2018	**159,601**	**110,004**	**19,333**	**288,938**
Recognised in the statement of profit or loss	**(1,862)**	**(365)**	**27,892**	**25,665**
At 31 December 2018	**157,739**	**109,639**	**47,225**	**314,603**

20. DEFERRED TAXATION (CONT'D.)

Deferred tax liabilities of the Group (cont'd.):

	Fair value adjustment of land and building RM'000	Interest capitalised RM'000	Others RM'000	Total RM'000
At 1 January 2017	161,731	110,704	12,750	285,185
Recognised in the statement of profit or loss	(2,130)	(700)	6,583	3,753
At 31 December 2017	159,601	110,004	19,333	288,938

Deferred tax assets of the Group:

	Provisions RM'000	Tax losses and capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2018	**(189,147)**	**(120,352)**	**(57,436)**	**(366,935)**
Recognised in the statement of profit or loss	**2,583**	**(3,097)**	**4,340**	**3,826**
Foreign currency translation	**-**	**(333)**	**-**	**(333)**
At 31 December 2018	**(186,564)**	**(123,782)**	**(53,096)**	**(363,442)**
At 1 January 2017	(186,828)	(97,573)	(36,504)	(320,905)
Recognised in the statement of profit or loss	(2,339)	(22,314)	(20,932)	(45,585)
Foreign currency translation	20	(465)	-	(445)
At 31 December 2017	(189,147)	(120,352)	(57,436)	(366,935)

Deferred tax assets of the Company:

	Provisions	
	2018 RM'000	2017 RM'000
At 1 January	**-**	(222)
Recognised in the statement of profit or loss	**-**	222
At 31 December	**-**	-

Deferred tax assets are not recognised in respect of the following items:

	Group	
	2018 RM'000	2017 RM'000 Restated
Unused tax losses	**123,608**	100,098
Others	**74,538**	57,596
	198,146	157,694
Deferred tax benefit at 24%, if recognised	**47,555**	37,847

20. DEFERRED TAXATION (CONT'D.)

(cont'd.)

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group is subject to no substantial changes in shareholdings of the respective companies under the Income Tax Act, 1967, and guidelines issued by the tax authority. Effective from YA 2019, unused tax losses and unutilised capital allowances are allowed to be carried forward for a maximum period of seven years.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available in the Company and certain subsidiaries against which the Group can utilise the benefits.

21. PROPERTY DEVELOPMENT COSTS

	Group	
	2018 RM'000	2017 RM'000 Restated
At 1 January	**4,787,712**	4,897,842
Development costs incurred during the year	**1,477,956**	1,592,595
Transfer from/(to):		
- land held for property development (Note 13)	**29,504**	589,378
- property, plant and equipment (Note 11)	**(8,646)**	-
- investment properties (Note 12)	**(96,678)**	-
- inventories held for sale	**(295,839)**	(141,780)
- inventories under contract of sale (Note 22(b))	**(607,412)**	-
Disposal	**(70,517)**	(258,981)
Reversal of cost arising from completed projects	**(743,256)**	(1,876,370)
Foreign currency translation	**(1,790)**	(14,972)
	(316,678)	(110,130)
At 31 December	**4,471,034**	4,787,712
Costs recognised in profit or loss		
At 1 January	**(2,252,709)**	(3,205,821)
Recognised during the year	**(1,151,419)**	(931,558)
Reversal of cost arising from completed projects	**743,256**	1,876,370
Foreign currency translation	**11,453**	8,300
At 31 December	**(2,649,419)**	(2,252,709)
Property development costs as at 31 December	**1,821,615**	2,535,003

Included in costs incurred during the financial year are:

	Group	
	2018 RM'000	2017 RM'000 Restated
Interest capitalised (Note 6)	**77,615**	50,487
Staff costs (Note 5(ii))	**10,189**	8,875

As at the reporting date, freehold land and related development expenditure of RM271,550,000 (2017: RM263,238,000) are pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 33(a)(ii), (b) and (d)(i).

22. INVENTORIES

(a) Inventories held for sale

	Group	
	2018 RM'000	**2017 RM'000**
At cost		
Completed properties	**452,011**	558,115
Consumables	**439**	478
	452,450	558,593
At net realisable value		
Completed properties	**214,215**	21,855
Golf memberships*	**28,606**	29,242
	695,271	609,690

The cost of inventories held for sale recognised as cost of sales during the year amounted to RM182,413,000 (2017: RM113,458,000).

* Under the terms of the Development Agreement dated 16 June 2005 between Horizon Hills Development Sdn. Bhd. ("HHDSB") and Nusajaya Greens Sdn. Bhd., HHDSB has settled part of the purchase consideration in the form of rights to club membership (golf and non-golf) which is to be issued by the Horizon Hills Resort Bhd., a wholly-owned subsidiary of HHDSB.

(b) Inventories under contract of sale

	Group	
	2018 RM'000	**2017 RM'000**
At cost		
Completed properties	**607,412**	-

The inventories under contract of sale relate to sales, which sale and purchase agreements have been entered into, pending settlement by the purchasers.

23. RECEIVABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Trade receivables	(i), (vii)	**571,538**	565,779	**-**	-
Amounts due from related parties	(ii)	**703**	1,035	**-**	-
Other receivables	(iii)	**512,689**	449,088	**127,958**	117,107
		1,084,930	1,015,902	**127,958**	117,107
Less: Allowance for impairment	(iv)	**(22,735)**	(17,334)	**-**	-
		1,062,195	998,568	**127,958**	117,107
Analysed into:					
Non-current	(v)	**113,434**	122,598	**-**	-
Current		**948,761**	875,970	**127,958**	117,107
		1,062,195	998,568	**127,958**	117,107

(i) Included in the trade receivables is an amount of RM32,781,000 (2017: RM34,781,000) owing from a joint venture entity arising from a sale of land in the prior year which bears interest at 6% (2017: 6%) per annum.

(ii) Related parties refer to those as specified in Note 38. Amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

(iii) Other receivables

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Dividend receivable	**-**	-	**121,800**	110,000
Sundry debtors and prepayments (Note (a))	**308,684**	218,597	**4,612**	4,658
Tax recoverable (Note (a))	**117,232**	174,975	**1,546**	2,449
Deposits (Note (b))	**86,773**	55,516	**-**	-
	512,689	449,088	**127,958**	117,107

23. RECEIVABLES (CONT'D.)

(iii) Other receivables (cont'd.)

(a) (i) Included in the tax recoverable and sundry debtors are amounts of RM50.9 million and RM22.9 million respectively representing additional tax and penalty paid under protest and subject to appeal to Inland Revenue Board (Note 39(a)).

(ii) Included in the sundry debtors and prepayments are amounts representing GST claimable from the Australian Taxation Office amounting RM65.3 million (2017: RM8.0 million) and the Royal Malaysian Customs Department amounting RM12.1 million (2017: RM10.9 million).

(b) Included in the deposits are:

(i) an amount of RM50.0 million (2017: RMNil) representing a deposit paid by a subsidiary for the subscription of shares in Mega Legacy (M) Sdn. Bhd.. Details of the acquisition of shares are disclosed in Note 40.

(ii) an amount of RM10.0 million (2017: RM10.0 million) representing a deposit paid by a subsidiary for the acquisition of development right for 2.65 acres of land at Jalan Syed Putra, Seputeh, Kuala Lumpur.

(iii) an amount of RMNil (2017: RM15.0 million) representing a deposit paid by a subsidiary for the joint development of two parcel of freehold lands held under Lot 461 and Lot 493, Section 19, Bandar of Kuala Lumpur, Kuala Lumpur. The transaction has been aborted during the financial year.

(iv) an amount of RMNil (2017: RM10.0 million) representing a deposit paid by subsidiary for the acquisition of 19.24 acres of land at Taman Equine, Seri Kembangan, Selangor. The transaction has been completed during the financial year.

(v) an amount of RMNil (2017: RM7.0 million) representing a deposit paid by a subsidiary for the acquisition of one parcel of freehold land held under Lot 2581, at Mukim Batu, Kuala Lumpur. The transaction has been aborted during the financial year.

(iv) Allowance for impairment

	Group	
	2018 RM'000	**2017 RM'000**
Trade receivables	**2,572**	2,532
Amounts due from related parties	**628**	628
Sundry debtors	**19,535**	14,174
	22,735	17,334

23. RECEIVABLES (CONT'D.)

(v) Long term receivables arose from the negotiated sales term of which payment is not expected to be received within the next 12 months.

Pursuant to the measurement and recognition requirement of MFRS 9, the amounts due from the customers are measured at fair value which are computed based on estimated future cash flows discounted at the debtor's cost of borrowing as follows:

	Group	
	2018 RM'000	2017 RM'000 Restated
At 1 January	**122,598**	84,230
Addition	**-**	39,004
Reclassification to current receivables	**(10,548)**	-
Settlement	**(303)**	(907)
Remeasurement (Note 5)	**(801)**	(1,870)
Accretion of interest (Note 5)	**2,488**	2,141
At 31 December	**113,434**	122,598

(vi) The Group's normal trade credit terms range from 30 to 90 days (2017: 30 to 90 days). For strategic land sales and sales of developed land, credit terms are negotiated and approved on a case-by-case basis.

(vii) Ageing analysis

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2018 RM'000	2017 RM'000 Restated
Neither past due nor impaired	**414,675**	425,006
1 to 30 days past due not impaired	**20,777**	32,132
31 to 60 days past due not impaired	**19,479**	34,945
61 to 90 days past due not impaired	**4,708**	12,828
More than 90 days past due not impaired	**109,327**	58,336
Past due but not impaired	**154,291**	138,241
Impaired	**2,572**	2,532
	571,538	565,779

23. RECEIVABLES (CONT'D.)

(vii) Ageing analysis (cont'd.)

Ageing analysis of trade receivables (cont'd.)

The ageing analysis of the Group's trade receivables is as follows: (cont'd.)

	Group	
	2018 RM'000	2017 RM'000 Restated
Individually impaired		
Nominal amount	**2,572**	2,532
Allowance for impairment	**(2,572)**	(2,532)
	-	-

Receivables that are neither past due nor impaired

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

Receivables that are past due but not impaired

The Group has trade receivables that are related to customers with good track records with the Group or those with on-going transactions and/or progressive payments. Based on past experience, the Board believes that no allowance for impairment is necessary as the directors are of the opinion that this debt should be realised in full without making losses in the ordinary course of business.

Receivables that are impaired

The movement in allowance account for receivables is as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	**17,334**	17,494
Charge for the year (Note 5)	**6,961**	1,278
Reversal of impairment loss (Note 5)	**(1,560)**	(1,438)
At 31 December	**22,735**	17,334

24. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2018	**2017**
Contract Assets		
Contract assets from property development (Note (a))	**116,856**	263,066
Contract assets from strategic land sales (Note (b))	**38**	-
Carrying amount at the end of the financial year	**116,894**	263,066
Analysed into:		
Non-current	**10,168**	4,798
Current	**106,726**	258,268
	116,894	263,066

	Group	
	2018 RM'000	**2017 RM'000**
Contract Liabilities		
Contract liabilities from property development (Note (a))	**19,300**	41,292
Contract liabilities from strategic land sales (Note (b))	**311,338**	323,607
Carrying amount at the end of the financial year	**330,638**	364,899
Analysed into:		
Non-current	**291,116**	298,078
Current	**39,522**	66,821
	330,638	364,899

24. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)

(a) Contract assets and contract liabilities from property development

The Group issues progress billings to purchasers when the billing milestones are attained. The Group recognises revenue when the performance obligation is satisfied.

The Group's contract assets and contract liabilities relating to the sale of properties at the end of each reporting period are shown as below:

	Group	
	2018 RM'000	**2017 RM'000**
Contract Assets	**116,856**	263,066
Contract Liabilities	**(19,300)**	(41,292)
	97,556	221,774
As at 1 January	**221,774**	466,943
Revenue recognised during the financial year (Note 3)	**553,490**	1,032,467
Progress billings during the financial year	**(677,708)**	(1,277,636)
As at 31 December	**97,556**	221,774

(b) Contract assets and contract liabilities from strategic land sales

The Group recognises revenue upon transfer of control and issues billings to purchasers based on contractual terms.

The Group's contract assets and contract liabilities relating to the strategic land sales at the end of each reporting period are shown as below:

	Group	
	2018 RM'000	**2017 RM'000**
Contract Assets	**38**	-
Contract Liabilities	**(311,338)**	(323,607)
	(311,300)	(323,607)

	Group	
	2018 RM'000	**2017 RM'000**
As at 1 January	**(323,607)**	(333,847)
Revenue recognised during the financial year (Note 3)	**16,205**	27,986
Deferred during the financial year	**(3,898)**	(17,746)
As at 31 December	**(311,300)**	(323,607)

24. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)

(c) Unsatisfied performance obligations

The unsatisfied performance obligations at the end of each reporting period are estimated to be recognised in the following periods:

	Group	
	2018 RM'000	2017 RM'000
Within 1 year	**2,601,548**	1,899,559
Between 1 and 4 years	**1,618,956**	2,932,166
More than 4 years	**167,477**	179,132
	4,387,981	5,010,857

25. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Amounts due from subsidiaries		
- Non-current (Note (i))	**2,311,808**	2,385,237
- Current (Note (ii))	**722,096**	677,845
	3,033,904	3,063,082
At 31 December 2018	**3,036,564**	3,065,434
Impairment loss	**(2,660)**	(2,352)
	3,033,904	3,063,082
Amounts due to subsidiaries	**7,452**	114,743

During the financial year, the Company has made a provision for impairment on the amounts due from subsidiaries of RM308,000 (2017: RM2,352,000).

(i) Amounts due from subsidiaries are unsecured, not expected to be repayable in the next 12 months and bear interest at rates ranging from 4.58% to 5.32% (2017: 4.47% to 6.62%) per annum.

(ii) Amounts due from subsidiaries mainly comprise advances, interest receivable and payment on behalf which are unsecured, repayable on demand and non-interest bearing except for amounts totalling of RM304,587,000 (2017: RM452,891,000) which bear interest rates ranging from 4.62% to 5.27% (2017: 4.47% to 6.62%) per annum.

26. SHORT TERM INVESTMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
In Malaysia:				
Financial assets at fair value through other comprehensive income				
- quoted shares	**7**	7	**-**	-
Financial assets at fair value through profit or loss				
- unquoted unit trust#	**49,734**	125,190	**49,734**	125,190
	49,741	125,197	**49,734**	125,190

\# Unquoted unit trusts represent surplus funds that are invested through tax exempted funds with licensed fund managers in the funds approved by the Securities Commission. The portfolio of investment authorised by the Board of Directors comprises only deposits in Islamic instruments with financial institutions, hence are capital preserved. The investments can be uplifted at any point in time.

27. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVES

(i) Share capital

Issued and fully paid up

	Group/Company	
	2018 RM'000	2017 RM'000
Ordinary shares		
At 1 January	**4,317,760**	2,268,718
Transfer pursuant to "no par value" regime:		
- transfer from share premium	**-**	2,044,955
- transfer from capital redemption reserve	**-**	4,087
At 31 December	**4,317,760**	4,317,760

27. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVES (CONT'D.)

(i) Share capital (cont'd.)

Issued and fully paid up (cont'd.)

	Group/Company	
	2018 RM'000	2017 RM'000
RCPS (Note 29)		
At 1 January	**792,516**	7,925
Transfer pursuant to "no par value" regime:		
- transfer from share premium	**-**	784,591
At 31 December	**792,516**	792,516
Total share capital	**5,110,276**	5,110,276

The Companies Act 2016 ("the Act"), which came into effect on 31 January 2017, introduced the "no par value" regime. Accordingly, the concepts of "authorised share capital", "par value", "share premium" and "capital redemption reserve" have been abolished.

The amount standing to the credit of the Company's share premium and capital redemption reserve accounts of RM2,829,546,000 and RM4,087,000 respectively became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act.

Notwithstanding this provision, the Company may within 24 months from the effective date of the Act, use the amount standing to the credit of its share premium and capital redemption reserve accounts of RM2,829,546,000 and RM4,087,000 respectively for purposes as set out in Section 618(3) of the Act.

There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

(ii) Share premium

	Group/Company	
	2018 RM'000	2017 RM'000
Ordinary shares		
At 1 January	**-**	2,044,955
Transfer pursuant to "no par value" regime (Note 27(i)):		
- transfer to share capital	**-**	(2,044,955)
At 31 December	**-**	-

27. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVES (CONT'D.)

(ii) Share premium (cont'd.)

	Group/Company	
	2018 RM'000	2017 RM'000
RCPS		
At 1 January	**-**	784,591
Transfer pursuant to "no par value" regime (Note 27(i)):		
- transfer to share capital	**-**	(784,591)
At 31 December	**-**	-

(iii) Merger relief reserves

The merger relief reserves represent the difference between the fair value and nominal value of shares issued as consideration for the acquisition of the UEM Land Berhad group, pursuant to the Restructuring Scheme in 2008.

28. OTHER RESERVES AND RETAINED PROFITS

(a) Other reserves

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
(i) Exchange fluctuation reserve				
At 1 January	**39,772**	70,823	**-**	-
Transfer to profit or loss upon disposal of an associate	**-**	(1,182)	**-**	-
Foreign currency translation	**(58,528)**	(29,869)	**-**	-
At 31 December	**(18,756)**	39,772	**-**	-
(ii) Merger reserve				
At 1 January/31 December	**32,112**	32,112	**-**	-
(iii) Fair value adjustments reserve				
At 1 January	**(207)**	(447)	**-**	-
Loss on fair value changes	**-**	(1)		
Transfer to profit or loss upon disposal of an associate	**-**	241	**-**	-
At 31 December	**(207)**	(207)	**-**	-

28. OTHER RESERVES AND RETAINED PROFITS (CONT'D.)

(a) Other reserves (cont'd.)

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
(iv) Share based payment reserve				
At 1 January	**41,056**	45,694	**41,056**	45,694
Remeasurement (Note 5(ii))	**-**	(732)	**-**	(732)
Expiry of vested employee share options	**(5,035)**	(3,906)	**(5,035)**	(3,906)
At 31 December	**36,021**	41,056	**36,021**	41,056
(v) Capital redemption reserve				
At 1 January	**-**	4,087	**-**	4,087
Transfer pursuant to "no par value" regime (Note 27(i)):				
- transfer to share capital	**-**	(4,087)	**-**	(4,087)
At 31 December	**-**	-	**-**	-
(vi) Cash flow hedge reserve				
At 1 January	**(4,651)**	(223)	**-**	-
Gain/(loss) on cash flow hedge	**19,697**	(4,428)	**-**	-
At 31 December	**15,046**	(4,651)	**-**	-
Total	**64,216**	108,082	**36,021**	41,056

(b) Retained profits

The Company may distribute dividends out of its entire retained profits as at 31 December 2018 under the single tier system.

29. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

The Company issued 792,515,753 RCPS of RM0.01 per RCPS at an issue price of RM1.00 per RCPS on 30 October 2015, as a partial settlement of the redemption of Bandar Nusajaya Development Sdn. Bhd. ("BND"), a wholly-owned subsidiary of the Company, RCPS held by UEM in BND.

The salient terms of the RCPS are as follows:

(a) Conversion price of RM1.60 per RCPS.

(b) The RCPS matures on 29 October 2020.

29. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS”) (CONT’D.)

The salient terms of the RCPS are as follows: (cont’d.)

(c) The RCPS can be converted at any time after the 54th month from the Issuance Date at the option of the Subscriber at the Conversion Price into Conversion Shares. Any remaining RCPS that are not converted or redeemed by the expiry of the tenure of the RCPS shall be automatically converted into Conversion Shares at the Conversion Price.

(d) The RCPS can be redeemed at the option of the issuer at the Redemption Price at any time after the 48th month from the Issuance Date for a period of 6 months (up to the 54th month from the Issuance Date).

(e) The Redemption Price is equivalent to the Redemption Value in respect of each RCPS to be redeemed.

(f) The RCPS shall be converted or redeemed, at the value of each outstanding RCPS on the Conversion Date (as defined below) or Redemption Date (as defined below) (as the case may be) based on the following calculation:

Redemption Value = [Carrying Value 4 x 1.05 x (number of months from the 49th month from the Issuance Date to the Redemption Date / 12)] - any dividends declared for the period from the 49th month from the Issuance Date to the Redemption Date (as defined below).

Where:

Carrying value 4 = (Carrying Value 3 x 1.05) - any dividends declared for the period from the 37th to the 48th month from the Issuance Date.

Carrying value 3 = (Carrying Value 2 x 1.05) - any dividends declared for the period from the 25th to the 36th month from the Issuance Date.

Carrying value 2 = (Carrying Value 1 x 1.05) - any dividends declared for the period from the 13th to the 24th month from the Issuance Date.

Carrying value 1 = (Issue Price x 1.05) - any dividends declared for the period from the Issuance Date to the 12th month from the Issuance Date.

(g) The number of Conversion Shares to be issued to the Subscriber shall be calculated in accordance with the following formula:

$$\text{Number of Conversion Share} = \frac{\text{Conversion Value}}{\text{Conversion Price}}$$

(h) Any dividends to be declared to the holders of the RCPS must be decided at the sole discretion of the Issuer whether to annually declare, any non-cumulative dividend and the quantum of such dividend to the Subscriber, provided always that:

(i) Such dividend shall not be more than 4.75 sen per RCPS; and

(ii) If dividends are declared to its ordinary shareholders, then dividends in respect of the RCPS shall be paid to the Subscriber in preference.

(i) The RCPS shall rank pari passu among themselves in respect of the right to receive dividends out of distributable profit. The Conversion Share to be issued upon conversion of the RCPS shall upon allotment and issue rank equal in all respects with the then existing shares of the Company.

30. EMPLOYEE SHARE OPTION RESERVE

Employee share option reserve represents the equity-settled share options granted to employees (Note 31). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the equity-settled share options and is reduced by the expiry or exercise of the share options.

31. EMPLOYEE BENEFITS

Employee share option scheme ("ESOS")

At an Extraordinary General Meeting held on 7 March 2012, the shareholders of the Company approved the implementation of an ESOS which will offer eligible employees and executive director(s) of the Company and its subsidiaries, options to subscribe for new ordinary shares in the Company ("ESOS shares").

The salient features of the ESOS are as follows:

(i) The scheme shall be in force for a period of 7 years from 9 April 2012 being the date of implementation.

(ii) The total number of ESOS shares which may be offered and issued under the ESOS shall not exceed 7.5% of the issued and paid-up ordinary share capital of the Company at any time during the duration of the ESOS.

(iii) If the Company undertakes a share buy-back exercise or any other corporate proposal resulting in the total number of ESOS shares made available under the ESOS to exceed 15% of the Company's issued and paid-up ordinary share capital (excluding treasury shares), no further options shall be offered until the total number of ESOS shares to be made available under the ESOS falls below 15% of the Company's issued and paid-up ordinary share capital (excluding treasury shares). Any option granted prior to the adjustments of the Company's issued and paid-up ordinary share capital (excluding treasury shares) shall remain valid and exercisable (if applicable) in accordance with the provisions of the by-laws.

(iv) Even if the maximum number of ESOS shares stipulated is allocated to Eligible Employees, the actual number of ESOS shares to be issued will be lesser in view of the Company's adoption of Performance Vesting Criteria, whereby only Eligible Employees who are consistently "Excellent" performers for the whole duration of the ESOS would be entitled to the full vesting of their ESOS share allocation.

(v) The total number of ESOS shares which may be allocated to any one Eligible Employee under the ESOS shall be at the absolute discretion of the Company's Board/ESOS Committee, after taking into consideration, amongst others, the seniority (denoted by employee grade) of the Eligible Employees and such other criteria as the Board/ESOS Committee may deem relevant. Notwithstanding the foregoing, not more than 10% of ESOS shares made available under the ESOS shall be allocated to any Eligible Employee who, either individually or collectively through persons connected with the said Eligible Employee, holds 20% or more of the Company's issued and paid-up share capital (excluding treasury shares).

(vi) Not more than 30% of the ESOS shares shall be made available to the Company's Executive Director(s) and senior management.

(vii) Any employee (including Executive Director(s)) of the Group (other than the subsidiaries which are dormant) who fulfils the following as at the Offer Date shall be eligible to participate in the ESOS:

   (a) has attained the age of 18 years;

   (b) has entered into a full-time or fixed-term contract with, and is on the payroll of the Group (other than the subsidiaries which are dormant) and whose service has been confirmed (where applicable);

31. EMPLOYEE BENEFITS (CONT'D.)

Employee share option scheme ("ESOS") (cont'd.)

(vii) (cont'd.)

(c) has been in continuous employment with the Group (other than with the subsidiaries which are dormant) for a period of at least 1 year prior to and up to the Offer Date, whereby the renewal of any fixed term employment contract(s) would be deemed as continuous employment and take into account of the employment period of the previous expired contract(s);

(d) is not a non-executive or independent director of the Company; and

(e) has fulfilled any other eligibility criteria as may be set by the Board/ESOS Committee at any time and from time to time at its absolute discretion.

(viii) The Option Price shall be at the higher of the equivalent option tranche for the previous offers and the 5-day volume weighted average market price immediately preceding the date of offer. The exercise price for the subsequent option tranches is fixed by applying an annual escalation factor corresponding to the scheduled vesting.

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	2018		2017	
	No. '000	WAEP RM	No. '000	WAEP RM
Outstanding at 1 January	**102,078**	**2.81**	127,808	2.83
Lapsed	**(17,490)**	**2.86**	(25,730)	2.89
Outstanding at 31 December	**84,588**	**2.80**	102,078	2.81
Exercisable at 31 December	**84,588**	**2.80**	96,551	2.80

Neither at the end of the financial year, nor at any time during that year, the Company granted any new share options and no options were exercised during the period.

The exercise price for exercisable options outstanding at the end of the year ranged from RM2.23 to RM3.03. The remaining weighted average contractual life for these options is 1 year.

32. NON-CONTROLLING INTERESTS

The financial information of a subsidiary that has a material non-controlling interest is as follows:

(i) Summarised statement of financial position

	Aura Muhibah Sdn. Bhd.	
	2018 RM'000	2017 RM'000
Non-current assets	**899,188**	899,191
Current assets	**11,548**	10,548
Total assets	**910,736**	909,739
Current liabilities	**562**	2,204
Total liabilities	**562**	2,204
Net assets	**910,174**	907,535
Net assets attributable to:		
Owner of the parent	**546,104**	544,521
Non-controlling interest	**364,070**	363,014
	910,174	907,535

(ii) Summarised statement of comprehensive income

	Aura Muhibah Sdn. Bhd.	
	2018 RM'000	2017 RM'000
Profit for the year	**2,639**	4,270
Profit attributable to owner of the Company	**1,583**	2,562
Profit attributable to non-controlling interest	**1,056**	1,708
Total comprehensive income	**2,639**	4,270

(iii) Summarised statement of cash flows

	Aura Muhibah Sdn. Bhd.	
	2018 RM'000	2017 RM'000
Net cash generated from operating activities	**1,307**	5,069
Net cash used in investing activity	**-**	(4)
Net cash used in financing activities	**(105)**	(702)
Net change in cash and cash equivalents	**1,202**	4,363
Cash and cash equivalents at the beginning of the year	**8,319**	3,956
Cash and cash equivalents at the end of the year	**9,521**	8,319

33. BORROWINGS

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current borrowings					
Secured					
Term loans	(a)	**19,988**	122,753	**-**	-
Commodity Murabahah Finance	(b)	**74,824**	91,810	**-**	-
Unsecured					
IMTN	(c)	**2,300,000**	1,800,000	**2,300,000**	1,800,000
Commodity Murabahah Finance	(d)	**-**	719,665	**-**	-
		2,394,812	2,734,228	**2,300,000**	1,800,000
Current borrowings					
Secured					
Loan from immediate holding company	(e)	**74,405**	75,065	**-**	-
Revolving credits	(a)(i)	**7,000**	11,000	**-**	-
Term loans					
- term loans	(a)(i)	**90,000**	56,000	**-**	-
- construction facility	(a)(ii)	**322,356**	-	**-**	-
Commodity Murabahah Finance	(d)(i)	**390,412**	-	**-**	-
Unsecured					
Revolving credits	(a)(i)	**363,000**	370,000	**262,000**	257,000
IMTN	(c)	**300,000**	800,000	**300,000**	800,000
Bank overdraft	(f)	**1,658**	2,273	**-**	-
Commodity Murabahah Finance	(d)	**739,858**	71,176	**-**	-
Structured commodity	(g)	**-**	100,000	**-**	100,000
		2,288,689	1,485,514	**562,000**	1,157,000
Total borrowings		**4,683,501**	4,219,742	**2,862,000**	2,957,000

33. BORROWINGS (CONT'D.)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Maturities of borrowings:				
Not later than one year	**2,288,689**	1,485,514	**562,000**	1,157,000
Later than 1 year and not later than 5 years	**2,044,812**	2,134,228	**1,950,000**	1,200,000
More than 5 years	**350,000**	600,000	**350,000**	600,000
	4,683,501	4,219,742	**2,862,000**	2,957,000

(a) (i) The term loans and revolving credits facilities obtained from various banks, by certain subsidiaries, bear interest rates of 3.82% to 5.59% (2017: 3.60% to 5.33%) per annum. Certain loans are secured by land held for property development and property development cost as disclosed in Note 13 and Note 21.

(ii) On 31 March 2017, UEM Sunrise (La Trobe Street Development) Pty. Ltd. ("UEMS LSD"), a wholly-owned subsidiary of the Company via UEM Sunrise (Australia) Sdn. Bhd. ("AUSSB"), entered into term loan ("the Construction Facility") with a limit of up to AUD278.0 million to part-finance the development cost of Aurora Melbourne Central project, in Australia ("Aurora project").

During the financial year, UEMS LSD utilised AUD189.0 million of the Construction Facility at interest rates of 3.59% to 3.82% (2017: 3.60%) per annum and repaid AUD83.0 million.

(b) During the financial year, Ibarat Duta Sdn. Bhd. ("IDSB"), a wholly-owned subsidiary of the Company via Sunrise Berhad, obtained the following:-

(i) Commodity Murabahah Term Financing-i 1 ("CMTF-i 1") of up to RM60.0 million, to fully redeem the existing banking facility of up to RM60.0 million for the purpose of land acquisition. The facility was fully drawn at profit rates of 5.15% to 5.19% per annum.

(ii) Commodity Murabahah Term Financing-i ("CMTF-i 2") of up to RM140.0 million, to part-finance the development of Residensi Solaris Parq project in Mont'Kiara ("Solaris Parq project") at profit rates of 5.15% to 5.19% per annum.

CMTF-i 1 & 2 are secured by the following:-

- Registered third party first legal mortgage over the land and building disclosed in Note 21;
- Corporate Guarantee from Sunrise Berhad;
- Debenture over IDSB's present and future fixed and floating assets;
- Legal charge over Designated Accounts (except Housing Development Account);
- Assignment of rights, title, interest and benefits under all performance bonds, warranty and maintenance bonds (if any) in relation to Solaris Parq project;
- Assignment of IDSB's rights and benefits arising from all material contracts (including but not limited to the building agreement, design and construction contracts and Project Management and Marketing Contracts in relation to Solaris Parq project); and
- Assignment of rights, title, interest and benefits under all applicable takaful/insurance policies taken/to be taken up by IDSB in relation to Solaris Parq project with the Bank where the bank is to be endorsed as Loss Payee.

33. BORROWINGS (CONT'D.)

(c) (i) In 2012, the Company established its Islamic Commercial Paper Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") with a combined nominal value of RM2.0 billion and a sub-limit on the ICP Programme of RM500.0 million in nominal value. Malaysian Rating Corporation Berhad ("MARC") has assigned a rating of MARC-1is/AA-is for the ICP and IMTN Programme respectively.

The details of the IMTN issuances are as follows:

Issuance date	Tenure (Years)	Profit rate	At 1 January RM'million	Issuance RM'million	Repayment RM'million	At 31 December RM'million
13 December 2013	5	4.60%	700	-	(700)	**-**
30 June 2014	5	4.72%	200	-	-	**200**
30 June 2014	7	4.90%	200	-	-	**200**
10 April 2015	5	4.58%	150	-	-	**150**
10 April 2015	7	4.80%	150	-	-	**150**
			1,400			**700**

(ii) In 2016, the Company established its second programme: ICP Programme and IMTN Programme with a combined nominal value of RM2.0 billion and a sub-limit on the ICP Programme of RM500.0 million in nominal value. MARC has assigned a rating of MARC-1is/AA-is for the ICP and IMTN Programmes respectively.

The details of the IMTN issuances are as follows:

Issuance date	Tenure (Years)	Profit rate	At 1 January RM'million	Issuance RM'million	Repayment RM'million	At 31 December RM'million
20 May 2016	7	5.00%	500	-	-	**500**
8 August 2017	1	4.47%	100	-	(100)	**-**
11 December 2017	3	4.80%	200	-	-	**200**
11 December 2017	4	5.06%	300	-	-	**300**
11 December 2017	7	5.32%	100	-	-	**100**
23 May 2018	1	4.62%	-	100	-	**100**
31 October 2018	3	4.85%	-	350	-	**350**
31 October 2018	5	4.98%	-	100	-	**100**
31 October 2018	7	5.15%	-	250	-	**250**
			1,200			**1,900**

33. BORROWINGS (CONT'D.)

(d) (i) On 25 April 2018, UEM Sunrise (Mackenzie Street Development) Pty. Ltd. ("UEMS MSD"), a wholly-owned subsidiary of the Company via AUSSB, obtained a Commodity Murabahah Term Financing-i ("CMTF-i") of up to AUD139.0 million to part-finance the development of Conservatory project in Melbourne, Australia ("Conservatory project").

During the financial year, the facility balance of AUD104.6 million was utilised at profit rates of 4.15% to 4.50% (2017: 4.15%) per annum.

(ii) On 14 September 2015, AUSSB entered into a Commodity Murabahah Financing-i facility ("CMF-1") of up to AUD150 million to part-finance the development cost of Aurora project. AUSSB entered into profit rate swap-i, a shariah-compliant hedging arrangement with a notional value of AUD150 million to hedge the floating interest rate risk.

The subsidiary has fully utilised CMF-1, which bears a profit rate of 4.36% (2017: 4.36%) per annum.

(iii) On 11 January 2017, AUSSB entered into a Commodity Murabahah Financing-i facility ("CMF-2") of up to AUD45 million to part-finance the development cost of Conservatory project.

CMF-2 was fully utilised by the end of the financial year, for which the subsidiary bears profit rates of 3.55% to 3.85% (2017: 3.55%) per annum.

(iv) On 24 October 2017, AUSSB entered into another Commodity Murabahah Term Financing-i facility ("CMF-3") of up to USD45 million and Cross Currency Swap-i, a shariah-compliant hedging arrangement to convert the entire USD notional amount into Australian Dollars, which shall not exceed AUD55 million. CMF-3 is used to part-finance the development cost of Aurora project.

The subsidiary has fully utilised CMF-3 for Aurora project, which bears profit rates of 3.55% to 3.85% (2017: 3.55%) per annum.

(v) The Company has issued corporate guarantees for the balances of facilities CMTF-i, CMF-1, CMF-2 and CMF-3, as well as undertaking for the Construction Facility in Note 33(a)(ii) as disclosed in Note 39.

(e) The loan from immediate holding company bears interest of 4.75% to 4.85% (2017: 4.75%) per annum and is secured by land titles of approximately 114 acres (2017: 114 acres) of freehold land which are deposited with the immediate holding company.

(f) The bank overdraft taken by Sunrise Berhad, a wholly-owned subsidiary of the Company, bears interest rates of 7.49% to 7.74% (2017: 7.49%) per annum.

(g) During the financial year, the Structured Commodity Financing-i facility ("SCF-i") of RM50 million obtained by the Company in 2013 and the additional SCF-i of RM50 million obtained in 2015, which bear an average profit rate of 6.99% (2017: 6.37%) per annum, were fully repaid.

33. BORROWINGS (CONT'D.)

(h) Reconciliation of liabilities arising from financing activities:

Group			Movement			
	2018	2017	Cash flows		Non-cash changes	
	RM'000	RM'000	Principal movement RM'000	Interest paid RM'000	Interest cost and fair value movements RM'000	Foreign exchange movement RM'000
Loan from immediate holding company	**74,405**	75,065	-	(2,646)	1,986	-
IMTN	**2,600,000**	2,600,000	-	(127,630)	127,630	-
Term loans	**432,344**	178,753	255,776	(8,861)	8,778	(2,102)
Commodity Murabahah Finance (including derivative asset and liability)	**1,190,048**	887,302	390,495	(32,978)	13,318	(68,089)
Revolving credits	**370,000**	381,000	(11,000)	(17,984)	17,984	-
Bank overdraft	**1,658**	2,273	-	(260)	(355)^	-
Structured commodity	**-**	100,000	(100,000)	(5,280)	5,280	-
	4,668,455	4,224,393	535,271	(195,639)	174,621	(70,191)

Presented in statements of financial position

	2018 RM'000	2017 RM'000
Non-current	**2,394,812**	2,734,228
Current	**2,288,689**	1,485,514
Derivative asset (Note 37(c))	**(15,956)**	-
Derivative liability (Note 37(c))	**910**	4,651
	4,668,455	4,224,393

^ Where the movement is excluded in cash flows other than financing activities.

33. BORROWINGS (CONT'D.)

(h) (cont'd.)

Group			Movement			
	2017	2016	Cash flows		Non-cash changes	
	RM'000	RM'000	Principal movement RM'000	Interest paid RM'000	Interest cost and fair value movements RM'000	Foreign exchange movement RM'000
Loan from immediate holding company	**75,065**	75,223	-	(2,375)	2,217	-
IMTN	**2,600,000**	2,608,162	396	(117,836)	109,278	-
Term loans	**178,753**	217,248	(38,551)	(9,560)	9,616	-
Commodity Murabahah Finance w(including derivative liabilities)	**887,302**	340,410	571,988	(23,286)	27,714	(29,524)
Revolving credits	**381,000**	372,814	10,000	(19,535)	17,721	-
Bank overdraft	**2,273**	-	-	-	2,273^	-
Structured commodity	**100,000**	101,039	-	(4,563)	3,524	-
	4,224,393	3,714,896	543,833	(177,155)	172,343	(29,524)

Presented in statements of financial position

	2017 RM'000	2016 RM'000
Non-current	**2,734,228**	2,404,224
Current	**1,485,514**	1,310,449
Derivative liabilities (Note 37(c))	**4,651**	223
	4,224,393	3,714,896

^ Where the movement is excluded in cash flows other than financing activities.

33. BORROWINGS (CONT'D.)

(h) (cont'd.)

Company			Movement		
	2018	2017	Cash flows		
	RM'000	RM'000	Principal movement RM'000	Interest paid RM'000	Interest cost and others RM'000
IMTN	**2,600,000**	2,600,000	-	(127,630)	127,630
Revolving credits	**262,000**	257,000	5,000	(14,198)	14,198
Structured commodity	**-**	100,000	(100,000)	(5,280)	5,280
	2,862,000	2,957,000	(95,000)	(147,108)	147,108

Presented in statements of financial position

	2018 RM'000	2017 RM'000
Non-current	**2,300,000**	1,800,000
Current	**562,000**	1,157,000
	2,862,000	2,957,000

Company			Movement		
	2017	2016	Cash flows		
	RM'000	RM'000	Principal movement RM'000	Interest paid RM'000	Interest cost and others RM'000
IMTN	**2,600,000**	2,608,162	396	(117,836)	109,278
Revolving credits	**257,000**	248,814	10,000	(13,485)	11,671
Structured commodity	**100,000**	101,039	-	(4,564)	3,525
	2,957,000	2,958,015	10,396	(135,885)	124,474

Presented in statements of financial position

	2017 RM'000	2016 RM'000
Non-current	**1,800,000**	1,907,789
Current	**1,157,000**	1,050,226
	2,957,000	2,958,015

34. PROVISIONS

Group	Provision for public infrastructure RM'000 (Note a)	Provision for construction costs RM'000 (Note b)	Provision for foreseeable losses RM'000 (Note c)	Other provisions RM'000 (Note d)	Total RM'000
2018					
Non-current					
At 1 January/31 December	**19,953**	**-**	**65,909**	**-**	**85,862**
Current					
At 1 January	**27,396**	**244,799**	**7,835**	**30,732**	**310,762**
Additions	**7,404**	**204,454**	**7,861**	**8,460**	**228,179**
Utilisation	**(2,198)**	**(169,854)**	**(180)**	**(28,709)**	**(200,941)**
Reversal	**(10,045)**	**(29,045)**	**-**	**(3,840)**	**(42,930)**
At 31 December	**22,557**	**250,354**	**15,516**	**6,643**	**295,070**
2017					
Restated					
Non-current					
At 1 January/31 December	19,953	-	65,909	-	85,862
Current					
At 1 January	18,873	190,572	4,545	83,843	297,833
Additions	9,362	188,766	3,290	46,046	247,464
Utilisation	(839)	(96,494)	-	(93,324)	(190,657)
Reversal	-	(38,045)	-	(5,833)	(43,878)
At 31 December	27,396	244,799	7,835	30,732	310,762

(a) Provision for public infrastructure

Provision for public infrastructure comprises anticipated cost to be incurred for the obligation to complete the infrastructure for development projects.

(b) Provision for construction costs

Provision for construction costs comprises estimated final claims by contractors which have not been finalised.

(c) Provision for foreseeable losses

This relates to anticipated losses to be incurred for the development of low cost housing under the requirement of the local Government.

(d) Other provisions

Other provisions mainly include provision for liquidated ascertained damages, which refers to liquidated ascertained damages expected to be claimed by the customers based on the terms of the applicable sale and purchase agreements.

35. PAYABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Trade payables and accruals	(i)	**515,172**	691,494	**-**	-
Amount due to immediate holding company	(ii)	**44,143**	29,897	**20,471**	9,915
Amounts due to related parties	(ii)	**9,658**	5,105	**-**	-
Other payables and accruals	(iii)	**282,897**	231,177	**45,289**	42,921
		851,870	957,673	**65,760**	52,836
Analysed into:					
Non-current		**6,080**	63,528	**-**	-
Current		**845,790**	894,145	**65,760**	52,836
		851,870	957,673	**65,760**	52,836

The normal trade credit terms granted to the Group range from 30 to 60 days (2017: 30 to 60 days).

(i) Included in trade payables and accruals is an amount of RM72.6 million (2017: RM166.2 million) representing accrued project development cost.

(ii) Amounts due to immediate holding company and related parties are unsecured and non-interest bearing with credit terms of 30 days (2017: 30 days).

(iii) Other payables and accruals

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Sundry creditors*	**159,511**	86,937	**11,975**	3,809
Deposits received**	**23,264**	56,276	**84**	84
Accruals	**76,179**	54,949	**18,523**	20,893
Employee benefits	**23,943**	33,015	**14,707**	18,135
	282,897	231,177	**45,289**	42,921

* Included in the sundry creditors of the Group in the current financial year is an amount of GST payable to the Australian Taxation Office amounting RM97.5 million (2017: RMNil).

** Included in deposits received of the Group in the previous financial year is an amount of RM31.0 million representing a deposit paid by a land purchaser.

36. DEFERRED INCOME

Unrealised profit

	Group	
	2018 RM'000	2017 RM'000 Restated
At 1 January	**152,111**	152,286
Realised during the year	**(247)**	(175)
At 31 December	**151,864**	152,111

The Group completed the land sales to an associate and a joint venture in previous years. The profit recognised from the sales of land by the Group to the companies is eliminated to the extent of the Group's interests in the companies.

Accordingly, the Group recognises the excess of the unrealised profit over the carrying value of the associate or the joint venture as deferred income. The deferred income is realised to the statement of profit or loss over the period when the underlying asset of the associate or the joint venture is realised or disposed.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency and market price risk. The Group's overall risk management strategy seeks to minimise the adverse effect from the unpredictability of economy on the Group's financial performance.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation and trading. The Group only undertakes hedging instruments where appropriate and cost-efficient.

To ensure a sound system of internal controls, the Board Governance and Risk Committee ("the BGRC") has established the Risk Management Framework for the Group.

The Risk Management Framework of the Group encompasses effective policies, objectives and clear lines of responsibilities and accountabilities. The framework provides clear guidelines on the following:

- Objectives of Risk Management;
- Enterprise Risk Management Principles;
- Governance Structure and Responsibilities;
- Risk Management Process; and
- Risk Assessment Approach.

In implementing this framework, a Risk Management Committee ("RMC") comprising the senior management from various functional responsibilities is set up to assist the BGRC in carrying out its responsibilities. The BGRC is established by the Board to assist the Board in ensuring a sound and robust Risk Management Framework and its implementation to enhance the Group's corporate governance practices with focus on risk issues and its mitigations. The Group Managing Director/Chief Executive Officer is the Chairman of the RMC. The RMC will deliberate on significant risks faced by the Group and reports the results of these risks to the BGRC, which assist the Board of Directors in deliberating on the identified risks and ensuring the implementation of appropriate systems and controls to manage these risks.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

The policies for controlling these risks where applicable are set out below:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Generally, the Group does not require collateral in respect of its financial assets. The Group is not duly exposed to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument except as disclosed in Note 23. Furthermore, for property development in Malaysia, the developer has the option to terminate the sale and purchase agreement in the event of default by the purchaser.

The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statements of financial position. The Group's main financial assets are its receivables. Ageing analysis is disclosed in Note 23(vii).

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or group of receivables except for the dividend receivable from subsidiaries representing 95% (2017: 94%) of the total gross receivables and amount owing by a subsidiary representing 54% (2017: 59%) of the total gross amounts due from subsidiaries as disclosed in Note 23 and Note 25 respectively.

The following are the carrying amounts of the financial instruments of the Group and the Company at reporting date:

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Financial assets				
Receivables				
- Non-current (Note 23)	**113,434**	122,598	**-**	-
- Current*	**825,734**	693,431	**125,308**	114,658
Amounts due from subsidiaries				
- Non-current (Note 25)	**-**	-	**2,311,808**	2,385,237
- Current (Note 25)	**-**	-	**722,096**	677,845
Amounts due from associates (Note 15(b))	**1,537**	577	**970**	130
Interests in joint ventures				
- Amounts due from joint ventures (Note 16(a))	**165,889**	167,889	**-**	-
Amounts due from joint ventures				
- Non-current (Note 16(b))	**257,149**	245,581	**97,066**	81,507
- Current (Note 16(b))	**79,144**	108,694	**32,323**	64,995
Derivative asset	**15,956**	-	**-**	-
Short term investments (Note 26)	**49,741**	125,197	**49,734**	125,190
Cash, bank balances and deposits (Note 19)	**1,078,601**	808,004	**121,219**	6,523
	2,587,185	2,271,971	**3,460,524**	3,456,085

* Trade and other receivables excluding prepayment and tax recoverable.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group and the Company maintain a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments. When nescessary, the Group and the Company entered into a currency swap to hedge the exposure to currency risk. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level and short-term imbalances are addressed by buying or selling foreign currencies at spot rates.

The table below shows currency exposures of the Group and the Company, i.e. those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the statements of profit or loss. Such exposures comprise the monetary assets and monetary liabilities of the Group and the Company that are not denominated in the operating currency of the operating units involved.

	Functional currency of Group		Functional currency of Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Canadian Dollar ("CAD")	**113,734**	31,880	**104,953**	-
Singapore Dollar ("SGD")	**6**	58	**-**	-
South African Rand ("ZAR")	**24,459**	27,868	**-**	-
Australian Dollar ("AUD")	**-**	(790,841)	**-**	-
United States Dollar ("USD")	**16,448**	16,121	**-**	-
Ringgit Malaysia ("RM")*	**(390,256)**	-	**-**	-
	(235,609)	(714,914)	**104,953**	-

The following table demonstrates the sensitivity of the Group's and the Company's profit after tax to a reasonably possible change in the CAD, SGD, ZAR, AUD, USD and RM exchange rates against the respective functional currencies of the Group's entities and the Company, with all other variables held constant.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CAD/RM (strengthened 5%)	**4,322**	1,693	**3,988**	-
SGD/RM (strengthened 5%)	**-**	2	**-**	-
ZAR/RM (strengthened 5%)	**929**	1,059	**-**	-
AUD/RM (strengthened 5%)	**-**	(30,052)	**-**	-
USD/RM (strengthened 5%)	**625**	613	**-**	-
RM/AUD (strengthened 5%)*	**(14,124)**	-	**-**	-

* Only applicable on an Australian subsidiary with AUD as its functional currency.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash-convertible investments to meet its working capital requirements.

In addition, the Group's objective is to maintain a balance of cost of funding and flexibility through the use of credit facilities, short- and long-term borrowings. Short-term flexibility is achieved through credit facilities and short-term borrowings. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short-term funding so as to achieve the Group's objective.

The total financial liabilities of the Group and of the Company carried at amortised cost are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Trade and other payables	**851,870**	957,673	**65,760**	52,836
Borrowings	**4,683,501**	4,219,742	**2,862,000**	2,957,000
Amounts due to subsidiaries	**-**	-	**7,452**	114,743
	5,535,371	5,177,415	**2,935,212**	3,124,579

The analysis of financial liabilities maturity profile of the Group and of the Company, based on undiscounted amounts is disclosed as follows:

	2018			
	Within 1 year RM'000	2 to 5 years RM'000	5 years and above RM'000	Total RM'000
Group				
Trade and other payables	**845,790**	**6,080**	**-**	**851,870**
Loans and borrowings	**2,479,643**	**2,316,371**	**415,116**	**5,211,130**
Corporate guarantee**	**55,777**	**-**	**-**	**55,777**
	3,381,210	**2,322,451**	**415,116**	**6,118,777**
Company				
Trade and other payables	**65,760**	**-**	**-**	**65,760**
Loans and borrowings	**683,012**	**2,207,854**	**415,116**	**3,305,982**
Corporate guarantee**	**1,512,425**	**-**	**-**	**1,512,425**
Amounts due to subsidiaries	**7,452**	**-**	**-**	**7,452**
	2,268,649	**2,207,854**	**415,116**	**4,891,619**

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and cash flow risk (cont'd.)

(cont'd.)

	2017			
	Within 1 year RM'000	2 to 5 years RM'000	5 years and above RM'000	Total RM'000
Group (restated)				
Trade and other payables	894,145	63,528	-	957,673
Loans and borrowings	1,652,872	2,365,521	680,607	4,699,000
	2,547,017	2,429,049	680,607	5,656,673
Company				
Trade and other payables	52,836	-	-	52,836
Loans and borrowings	1,280,395	1,400,626	680,607	3,361,628
Corporate guarantee**	107,316	744,891	104,615	956,822
Amounts due to subsidiaries	114,743	-	-	114,743
	1,555,290	2,145,517	785,222	4,486,029

** Based on the maximum amount that can be called for under the corporate guarantees. No default has occurred as at the end of the financial year.

Hedging activities

The Group has entered into hedging activities as follows:

(i) The Group has entered into a profit rate swap to hedge the cash flow risk in relation to the floating interest rate of a borrowing denominated in AUD as disclosed in Note 33(d)(ii). The profit rate swap has the same nominal value of RM438,405,000 (2017: RM474,504,000) and is settled every quarter, consistent with the interest repayment schedule of the borrowings.

(ii) The Group has entered into Cross Currency Swap-i, a currency rate swap contract together with CMF-3 to hedge the foreign currency risk in relation to the drawdown of USD45 million, which shall not exceed cash received from drawdown of AUD55 million. Details of CMF-3 are disclosed in Note 33(d)(iv).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and cash flow risk (cont'd.)

Hedging activities (cont'd.)

Details of derivative financial instruments outstanding are as follows:

	Contractual amount RM'000	Fair value RM'000
Group		
At 31 December 2018		
Profit rate swap	**438,405**	**(910)**
Currency swap	**160,749**	**15,956**
	599,154	**15,046**
At 31 December 2017		
Profit rate swap	474,504	(3,037)
Currency swap	173,985	(1,614)
	648,489	(4,651)

The fair value gain/(loss) of RM19,697,000 (2017: (RM4,428,000)) was recognised in OCI.

(d) Interest rate risk

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The average interest rates per annum on the financial assets and liabilities as at the reporting date were as follows:

	Group	
	2018 %	2017 %
Financial assets		
Floating rate	**1.81%**	1.25%
Financial liabilities		
Fixed rate	**4.90%**	4.74%
Floating rate	**4.41%**	4.42%

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Interest rate risk (cont'd.)

The average interest rates per annum on the financial liabilities can be further analysed as follows:

	Group	
	2018 %	2017 %
Financial liabilities		
Loan from immediate holding company	**4.85%**	4.75%
Commodity Murabahah Finance	**4.33%**	4.04%
Term loans	**4.14%**	4.55%
Revolving credits	**4.89%**	4.63%
Bank overdraft	**7.74%**	7.49%
IMTN	**4.99%**	4.81%
Structured commodity	**-**	6.37%

At the reporting date, if the interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit after tax will be higher/lower by approximately RM1,191,000 (2017: RM818,000) as a result of lower/higher interest expense on borrowings.

(e) Market risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate as a result of changes in market prices (other than interest or exchange rates). The Group's exposure to market price risk is minimal as the Group's investment in quoted equity instruments is small compared to its total assets.

38. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2018 RM'000	2017 RM'000
Paid/payable to UEM:		
- Facility and maintenance fees	**(2,895)**	(7,042)
- Rental	**(5,595)**	(5,851)
- Management fees payable	**(3,258)**	(4,028)
- Information technology shared cost	**(5,834)**	(3,317)
- Interest on loan	**(2,679)**	(2,470)
- Training fees	**(204)**	(237)

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(a) (cont'd.)

	Group	
	2018 RM'000	**2017 RM'000**
Paid/payable to UEM Sunrise Edgenta TMS Sdn. Bhd., an associate:		
- Facility and maintenance fees	**(12,280)**	(11,168)
- Management fees	**(3,157)**	(5,832)
Rental paid/payable to a subsidiary of UEM:		
- First Impact Sdn. Bhd.	**(473)**	(768)
Realisation of land sales to joint ventures:		
- Horizon Hills Development Sdn. Bhd.	**5,082**	4,656
- Malaysian Bio-XCell Sdn. Bhd.	**160**	319
Paid/payable to Telekom Malaysia Berhad, Khazanah Group's associate company:		
- UniFi building services	**(917)**	(4,095)
- Smart building services	**(4,991)**	(3,039)
- ICT support services	**-**	(195)
Interest income from joint ventures:		
- Desaru South Course Residences Sdn. Bhd.	**4,965**	3,061
- Desaru North Course Residences Sdn. Bhd.	**2,901**	2,116
- Sime Darby Sunrise Development Sdn. Bhd.	**2,568**	1,428
- Nusajaya Lifestyle Sdn. Bhd.	**724**	1,157
- Nusajaya Consolidated Sdn. Bhd.	**579**	586
- Desaru South Course Land Sdn. Bhd.	**86**	62
Management fees received/receivable from joint ventures:		
- Nusajaya Tech Park Sdn. Bhd.	**275**	916
- Cahaya Jauhar Sdn. Bhd.	**420**	420
- Nusajaya Premier Sdn. Bhd.	**919**	-
Management fees received/receivable from a Khazanah Group's joint venture:		
- M+S Pte. Ltd.	**3,796**	12,228
Professional services rendered by firms related to directors of the Company:		
- Nawawi Tie Leung group of companies	**(272)**	(437)
- KPK Quantity Surveyors (Semenanjung) Sdn. Bhd.	**(114)**	(120)

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(a) (cont'd.)

	Group	
	2018 RM'000	**2017 RM'000**
Sales of properties to:		
- Director of UEM	**-**	4,727
- Key management personnel of UEM	**-**	1,267
- Directors of the Company	**2,640**	6,541
- Directors of subsidiaries of the Company	**8,194**	5,206
- Key management personnel of the Company*	**-**	2,486
- Director of UEM Sunrise Edgenta TMS Sdn. Bhd.	**-**	1,244

* Excluding transactions with key management personnel who are also directors of the Company and its subsidiaries.

	Company	
	2018 RM'000	**2017 RM'000**
Dividend from subsidiaries	**128,400**	110,000
Management fees from subsidiaries	**72,233**	41,816
Interest income from subsidiaries	**130,612**	116,812
Interest income from joint ventures	**7,952**	6,989
Paid/payable to UEM:		
- Information technology shared cost	**(5,834)**	(3,317)
- Training fees	**(34)**	(75)
Rental paid/payable to a subsidiary	**(1,270)**	(2,756)
Paid/payable to UEM Sunrise Edgenta TMS Sdn. Bhd., an associate:		
- Facility and maintenance fees	**(414)**	(1,630)
Rental paid/payable to a subsidiary of UEM:		
- First Impact Sdn. Bhd.	**(416)**	(2)

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(a) (cont'd.)

Related parties refer to:
- subsidiaries, associates and joint ventures of the Company and their subsidiaries;
- Khazanah Nasional Berhad, the ultimate holding company, its subsidiaries and associates excluding subsidiaries of the Company;
- those companies controlled, jointly controlled and significantly influenced by the Government of Malaysia, other than those mentioned above;
- directors and key management personnel having authority and representation for planning, directing and controlling the activities of the Company and their close family members;
- enterprises owned by directors and key management personnel; and
- enterprises that have a member of key management in common with the Company.

The directors are of the opinion that all the transactions above have been entered into in the normal course of the business and have been established on mutually agreed terms and conditions.

(b) The remuneration of members of key management personnel during the financial year is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries and other emoluments	**9,417**	7,339	**7,649**	3,618
Employee share option scheme	**-**	(69)	**-**	(63)
Bonus	**2,560**	729	**2,323**	351
Defined contribution plan	**1,561**	1,153	**1,362**	563
Benefits-in-kind	**1,588**	856	**1,488**	543
Ex-gratia	**273**	-	**254**	-
	15,399	10,008	**13,076**	5,012
Included in compensation of key management personnel are directors' remuneration (Note 5(i))	**2,016**	1,589	**2,016**	1,589

39. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Corporate guarantees issued to bank for credit facilities granted to:				
- joint ventures	**53,010**	-	**-**	-
- subsidiaries	**-**	-	**1,146,458**	891,974
Undertaking issued to bank for credit facility granted to a subsidiary	**-**	-	**322,356**	12,680
	53,010	-	**1,468,814**	904,654

(a) Income tax assessment

On 3 October 2011, BND, a subsidiary of the Company which was held through its wholly-owned subsidiary, UEM Land, received a notice of additional assessment from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively in respect of the year of assessment 2006.

On 4 September 2012, the Kuala Lumpur High Court ("KLHC") ruled in favour of BND and declared that IRB had no legal basis to raise the additional assessment. Following the decision held by the KLHC, IRB had filed an appeal to the Court of Appeal ("CoA") against the decision made.

The CoA, having heard and considered the submissions by both parties on 19 and 20 May 2014, unanimously decided that there were no merits in the appeal by IRB and thus agreed with the decision of KLHC which ruled in favour of BND. IRB had on 18 June 2014 filed an application for leave to the Federal Court ("FC") to appeal against the decision of CoA.

On 18 October 2016, the FC reversed the decisions of the CoA and the KLHC and ordered that BND appeal by way of filing a notice of appeal to the Special Commissioners of Income Tax ("SCIT"). The FC's decision resulted in the Form JA issued by the IRB dated 22 September 2011 totalling RM73.8 million to become due and payable within 30 days of which was paid in full on 5 December 2016.

Subsequent to the FC's decision, on 25 and 26 October 2016, BND filed the Form Q to the IRB. The Form Q was rejected by the IRB on 25 and 26 October 2016 respectively. On 10 November 2016, BND filed a notice for extension of time to file the Form Q ("Form N") which was rejected by the IRB on 8 February 2017.

A judicial review application against the rejection of Form Q was filed on 17 January 2017. In addition to the judicial review, BND filed a written representation directly to the SCIT requesting the approval to file the Form Q. The SCIT granted their approval on 3 March 2017. Vide a letter dated 21 March 2017, the IRB confirmed the receipt of BND's Form Q dated 20 March 2017. The IRB had 12 months from the date of receipt of Form Q to review and present it to the SCIT. The judicial review application was withdrawn by BND on 17 May 2017 given that the IRB did not appeal against the decision of the SCIT.

Vide a letter dated 14 March 2018, the IRB served the Form Q to the SCIT. Case management was fixed before the SCIT on 18 May 2018. Further to the case management, the SCIT fixed this matter for hearing on 14 and 15 September 2021. Upon the hearing of this case, BND's solicitors can then proceed to present the merits of the case to the SCIT. BND's solicitors are of the view that BND has a strong case to argue that the IRB has no legal or factual basis to issue the notice of additional assessment nor there is legal or factual basis for the IRB to impose the penalty.

39. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

(b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman Sdn. Bhd. ("Setia Haruman" or "the 1st Defendant"). UEM Land is cited as the 9th Defendant in the Claim.

The Claim seeks, amongst others, for:

(i) a declaration that the 2nd to 9th Defendants respectively had managed and conducted the affairs of the 1st Defendant and/or exercised their powers oppressively and/or disregarded and/or acted in a manner unfairly prejudicial to the interest of the Plaintiffs as members of Setia Haruman pursuant to Section 346 of the Companies Act 2016; and

(ii) an order that the 2nd to the 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impressive Circuit Sdn. Bhd. ("Impressive Circuit") at such price and on such terms as shall be determined by the Honourable Court.

On 25 April 2018, UEM Land had successfully applied to strike out Datuk Kasi A/L K.L. Palaniappan ("Datuk Kasi"), the First Plaintiff in the suit, as a party in the Claim. The remaining Plaintiff in the suit, Impresive Circuit, successfully added two other Defendants in the suit namely Menara Embun Sdn. Bhd. and Modern Eden Sdn. Bhd..

On 20 June 2018, Datuk Kasi and the 2nd to 6th Defendants have respectively filed their appeal to the Court of Appeal against the High Court's ("HC") decision on 25 April 2018. Datuk Kasi is appealing against the HC's decision in allowing the 7th to 9th Defendants Striking Out and Misjoinder application, striking Datuk Kasi out as a party. The 2nd to 6th Defendants are appealing against the dismissal of their application to strike themselves out as parties to the action by the HC.

UEM Land denies allegations made by the Plaintiffs and will be vigorously defending the Claim and is seeking advice from its solicitors to that end. Based on the foregoing, at this juncture, the Claim has no material financial and operational impact to the Group and the Company. The Company's solicitor is of the view that UEM Land has a reasonably good chance of success in defending the Plaintiffs' case against UEM Land.

(c) The Company and its subsidiaries have been subjected to a non-specific investigative audit as of February 2018. To date, there has been no official indication from IRB that the Company or its subsidiaries are subject to any tax liabilities arising from the aforesaid investigative audit. All ascertained tax exposure is disclosed in the financial statements.

40. CAPITAL COMMITMENTS

	Group	
	2018 RM'000	**2017 RM'000**
In respect of purchase of property, plant and equipment, and investment property:		
Approved and contracted for	**25,150**	35,389
Approved but not contracted for	**372,008**	399,110
	397,158	434,499

40. CAPITAL COMMITMENTS (CONT'D.)

In respect of the subscription of shares for land acquisition

On 13 April 2018, Sunrise Berhad ("SB"), a wholly-owned subsidiary of the Company, entered into a Shareholder's Subscription Agreement ("SSA") with Mega Legacy Equity Sdn. Bhd. ("MLE") and Mega Legacy (M) Sdn. Bhd. ("MLM") for a total subscription price of RM279.3 million ("Subscription Price"), and a Sale and Purchase Agreement ("SPA") between MLM and Datuk Bandar Kuala Lumpur ("DBKL") for the acquisition of ten (10) parcels of 99-year leasehold land measuring approximately 72.73 acres in Mukim Batu, Wilayah Persekutuan from DBKL for a purchase consideration of RM416.4 million.

SB will subscribe to 500,001 ordinary shares on MLM at the Subscription Price within 14 days from the date that all conditions precedent are met ("Effective Date"), subject to the fulfillment of the conditions precedent to be fulfilled within six (6) months from the SSA date or such other period mutually agreed by SB, MLE and MLM.

The Subscription Price will be paid on a staggered basis with the first payment made upon execution of the SSA while the final payment will be made within 12 months from the date of the SSA or (6) months from the Effective Date, whichever is later.

41. FAIR VALUES

The following are fair value of financial instruments by classes:

	2018		2017	
	Carrying amount RM'000	Fair values (Level 3) RM'000	Carrying amount RM'000	Fair values (Level 3) RM'000
Group				
Borrowings (non-current portion)	**2,394,812**	**2,376,419**	2,734,228	2,728,520
Company				
Borrowings (non-current portion)	**2,300,000**	**2,281,607**	1,800,000	1,794,292

As stipulated in Amendments to FRS 7: *Improving Disclosure about Financial Instruments,* the Group and the Company are required to classify fair value measurement using a fair value hierarchy. The fair value hierarchy would have the following levels:

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

41. FAIR VALUES (CONT'D.)

The following table presents the Group's and the Company's other financial assets and financial liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2018:				
Assets				
Group				
Derivative asset:				
Currency swap	**-**	**15,956**	**-**	**15,956**
Short term investments:				
Financial assets at fair value through other comprehensive income	**7**	**-**	**-**	**7**
Financial asset at fair value through profit or loss	**-**	**49,734**	**-**	**49,734**
	7	**65,690**	**-**	**65,697**
Company				
Short term investment:				
Financial asset at fair value through profit or loss	**-**	**49,734**	**-**	**49,734**
Liabilities				
Group				
Derivative liability:				
Profit rate swap	**-**	**(910)**	**-**	**(910)**
	-	**(910)**	**-**	**(910)**
At 31 December 2017:				
Assets				
Group				
Short term investments:				
Financial assets at fair value through other comprehensive income	7	-	-	7
Financial asset at fair value through profit or loss	-	125,190	-	125,190
	7	125,190	-	125,197
Company				
Short term investment:				
Financial asset at fair value through profit or loss	-	125,190	-	125,190
Liabilities				
Group				
Derivative liabilities:				
Profit rate swap	-	3,037	-	3,037
Currency swap	-	1,614	-	1,614
	-	4,651	-	4,651

41. FAIR VALUES (CONT'D.)

Determination of fair values

The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximations of fair values:

Receivables (Note 23)
Payables (Note 35)

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair values due to their short-term nature.

(a) Borrowings (current)
The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(b) Unquoted debt securities and corporate bonds
Fair value is estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses, market rates of interest, prepayment rates and assumptions regarding market liquidity.

(c) Long term receivables/payables
Fair value of long term receivables/payables are based on discounting expected future cash flows at market incremental lending rate for the receivable/payable.

(d) Corporate guarantees
Fair value of all unexpired corporate guarantees given to bank for credit facilities granted to subsidiaries was assessed to be RMNil (2017: RMNil) at the inception of issuance of the guarantees due to the likelihood of the guaranteed party defaulting is nil within the guaranteed period.

Non financial instruments

The following table provides the fair value measurement hierarchy of the Group's assets.

Quantitative disclosures fair value measurement hierarchy for asset:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2018:				
Assets for which fair value are disclosed:				
Investment properties (Note 12)	**-**	**-**	**926,550#**	**926,550**
At 31 December 2017:				
Assets for which fair value are disclosed:				
Investment properties (Note 12)	-	-	919,110	919,110

There were no material transfers between Level 1, Level 2 and Level 3 during the financial year.

The fair value of investment properties as at 31 December 2018 excludes the fair value of recently completed properties with a total cost of RM96,678,000.

41. FAIR VALUES (CONT'D.)

Non financial instruments (cont'd.)

As at 31 December 2018, accredited independent valuers have been engaged to perform a valuation of the Group's properties. Depending on the types of properties, the independent valuers applied various valuation techniques.

Description of valuation techniques used and key inputs:

Properties	**Valuation technique**
Offices	Income approach
Car parks	Income and comparison approaches
Retail	Income and comparison approaches
Ferry terminal	Comparison and cost approaches

The income approach uses valuation techniques to convert estimated future amounts of cash flows or income to a single present value (discounted) amount. To this estimated future amounts of cash flows or income, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The comparison method seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of its depreciation and obsolescence to arrive at the depreciated building value.

42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

There are no externally imposed capital requirements.

43. SEGMENT INFORMATION

(a) Business unit segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

(i) Property development - development and sales of residential and commercial properties, as well as sales of lands;

(ii) Property investment - holds to earn rental income and/or capital appreciation including hotel operations; and

(iii) Others - investment holding, assets and facilities management, project management, harvesting, land leasing, other income, and other dormant companies.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments have been entered into a normal course of business and have been established on mutually agreed terms and conditions. The reported segment revenue, segment results and eliminations exclude intercompany dividends.

(b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in five geographical areas:

(i) Malaysia - the operations in this area are principally development and sales of residential and commercial properties, development of investment properties held to earn rental income and/or capital appreciation, assets and facilities management, project management, harvesting, land leasing, other income, and other dormant companies;

(ii) Canada - the operations in this area were principally development and sales of residential and commercial properties. In the current financial year, the Group has not been active in Canada;

(iii) Australia - the operations in this area are principally development and sales of residential and commercial properties;

(iv) Singapore - the operation in this area is principally project management; and

(v) South Africa - the operations in this area are principally development and sales of residential and commercial properties.

43. SEGMENT INFORMATION (CONT'D.)

Business Segment Information

At 31 December 2018	Property development RM'000	Property investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	1,935,840	60,972	47,174	-	2,043,986
Inter-segment revenue	-	1,513	85,913	(87,426)	-
Total revenue	1,935,840	62,485	133,087	(87,426)	2,043,986
Results					
Segment results	539,861	(15,148)	(9,349)	(39,409)	475,955
Finance costs	(85,646)	(18,816)	(35,913)	39,409	(100,966)
Share of results of associates	5,039	-	(1,266)	-	3,773
Share of results of joint ventures	50,542	(1,790)	(11,130)	-	37,622
Profit/(loss) before zakat and income tax	509,796	(35,754)	(57,658)	-	416,384
Zakat	(5,210)	-	-	-	(5,210)
Tax expense	(129,083)	(45)	(1,228)	-	(130,356)
Profit/(loss) for the year	375,503	(35,799)	(58,886)	-	280,818
Attributable to:					
Owners of the parent	375,503	(35,799)	(59,371)	-	280,333
Non-controlling interests	-	-	485	-	485
Profit/(loss) for the year	375,503	(35,799)	(58,886)	-	280,818
Assets					
Segment assets	11,846,449	899,860	324,942	(611,807)	12,459,444
Interests in:					
- associates	494,429	-	6,206	-	500,635
- joint ventures	892,554	114,232	53,416	-	1,060,202
Income tax assets	113,102	1,629	2,501	-	117,232
Total assets	13,346,534	1,015,721	387,065	(611,807)	14,137,513
Liabilities					
Segment liabilities	6,391,739	711,082	143,463	(611,807)	6,634,477
Income tax liabilities	48,646	-	234	-	48,880
Total liabilities	6,440,385	711,082	143,697	(611,807)	6,683,357
Other information					
Additions to non-current assets	306,586	71,588	20,373	-	398,547
Depreciation and amortisation	(7,342)	(15,898)	(3,739)	-	(26,979)

43. SEGMENT INFORMATION (CONT'D.)

Business Segment Information (cont'd.)

At 31 December 2017 Restated	Property development RM'000	Property investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	1,748,823	55,819	55,969	-	1,860,611
Inter-segment revenue	-	827	52,280	(53,107)	-
Total revenue	1,748,823	56,646	108,249	(53,107)	1,860,611
Results					
Segment results	277,743	1,828	(5,277)	(25,072)	249,222
Finance costs	(82,772)	(16,709)	(16,737)	25,072	(91,146)
Share of results of associates	14,090	-	(859)	-	13,231
Share of results of joint ventures	41,808	(2,778)	(16,198)	-	22,832
Profit/(loss) before zakat and income tax	250,869	(17,659)	(39,071)	-	194,139
Zakat	(2,744)	-	-	-	(2,744)
Tax expense	(85,061)	50	704	-	(84,307)
Profit/(loss) for the year	163,064	(17,609)	(38,367)	-	107,088
Attributable to:					
Owners of the parent	163,064	(17,609)	(39,890)	-	105,565
Non-controlling interests	-	-	1,523	-	1,523
Profit/(loss) for the year	163,064	(17,609)	(38,367)	-	107,088
Assets					
Segment assets	11,498,031	796,495	213,406	(593,437)	11,914,495
Interests in:					
- associates	495,234	-	5,151	-	500,385
- joint ventures	891,720	90,172	74,504	-	1,056,396
Income tax assets	169,083	1,674	4,218	-	174,975
Total assets	13,054,068	888,341	297,279	(593,437)	13,646,251
Liabilities					
Segment liabilities	6,117,533	652,836	148,887	(593,437)	6,325,819
Income tax liabilities	54,504	-	570	-	55,074
Total liabilities	6,172,037	652,836	149,457	(593,437)	6,380,893
Other information					
Additions to non-current assets	218,805	80,704	10,511	-	310,020
Depreciation and amortisation	(7,978)	(15,859)	(1,390)	-	(25,227)

43. SEGMENT INFORMATION (CONT'D.)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2018 RM'000	2017 RM'000 Restated
Malaysia	**1,377,583**	1,472,930
Canada	**-**	375,331
Australia	**661,840**	-
Singapore	**4,563**	12,350
	2,043,986	1,860,611

	Non-current assets	
	2018 RM'000	2017 RM'000 Restated
Malaysia	**8,510,663**	8,231,171
Australia	**149,969**	71,607
South Africa	**16,930**	22,049
Singapore	**1,971**	21
	8,679,533	8,324,848

44. SUBSIDIARIES

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	2017 %
Nusajaya Five O Sdn. Bhd.	Provision of security services	Malaysia	**100**	100
Nusajaya Resort Sdn. Bhd.	Operator of clubhouse and restaurant	Malaysia	**100**	100
Sunrise Berhad	Property development and investment holding	Malaysia	**100**	100
UEM Land Berhad	Property development, property investment, project procurement and management, and strategic investment holding	Malaysia	**100**	100
UEM Sunrise (Australia) Sdn. Bhd.	Investment holding	Malaysia	**100**	100
UEM Sunrise (Canada) Sdn. Bhd.	Investment holding, property development and general trading	Malaysia	**100**	100
UEM Sunrise Management Services Sdn. Bhd.	Investment holding	Malaysia	**100**	100
UEM Sunrise Properties Sdn. Bhd.	Investment holding, property development and general trading	Malaysia	**100**	100
Subsidiaries of Sunrise Berhad				
Arcoris Sdn. Bhd.	Property investment and development	Malaysia	**100**	100
Ascot Assets Sdn. Bhd.	Property development	Malaysia	**100**	100
Aston Star Sdn. Bhd.	Property investment, development and construction	Malaysia	**100**	100
Aurora Tower at KLCC Sdn. Bhd.	Property development	Malaysia	**100**	100
Ibarat Duta Sdn. Bhd.	Property development	Malaysia	**100**	100
Laser Tower Sdn. Bhd.	Property development	Malaysia	**100**	100

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiaries of Sunrise Berhad (cont'd.)				
	Lembah Suria Sdn. Bhd.	Property development	Malaysia	**100**	100
	Lucky Bright Star Sdn. Bhd.	Property investment and development	Malaysia	**100**	100
	Milik Harta Sdn. Bhd.	Property development	Malaysia	**100**	100
	New Planet Trading Sdn. Bhd.	Property investment and development	Malaysia	**100**	100
	Prinsip Eramaju Sdn. Bhd.	Property development	Malaysia	**100**	100
	SCM Property Services Sdn. Bhd.	Provision of property management services	Malaysia	**100**	100
	Solid Performance Sdn. Bhd.	Property development	Malaysia	**100**	100
	Summer Suites Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Alliance Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Benchmark Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Century Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Innovations Sdn. Bhd.	Property development	Malaysia	**100**	100
#	Sunrise International Development Ltd.	Investment holding	The Cayman Islands	**100**	100
	Sunrise Landmark Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Mersing Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Oscar Sdn. Bhd.	Investment holding	Malaysia	**100**	100
	Sunrise Overseas Corporation Sdn. Bhd.	Investment holding and provision of management services	Malaysia	**100**	100

44. SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
Subsidiaries of Sunrise Berhad (cont'd.)				
Sunrise Paradigm Sdn. Bhd.	Property development	Malaysia	**100**	100
Sunrise Pioneer Sdn. Bhd.	Property development	Malaysia	**100**	100
Sunrise Project Services Sdn. Bhd.	Property development and project management for property development projects	Malaysia	**100**	100
Sunrise Quality Sdn. Bhd.	Property development	Malaysia	**100**	100
Sunrise Region Sdn. Bhd.	Property development	Malaysia	**100**	100
Sunrise Sovereign Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Sun Victory Sdn. Bhd.	Property investment and development	Malaysia	**100**	100
Sunrise MS Pte. Ltd.	Provision of consultancy, advisory and technical services in relation to project development	Singapore	**100**	100
Sunrise Overseas (S) Pte. Ltd.	Promotion and management services relating to the Group's properties in Malaysia	Singapore	**100**	100
Sunrise Hospitality and Leisure Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	**100**	100
Saga Centennial Sdn. Bhd.	Ceased operations	Malaysia	**100**	100
Subsidiary of Sunrise Oscar Sdn. Bhd.				
Sunrise DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	**100**	100

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiary of Sunrise International Development Ltd.				
#	Sunrise Holdings S.àr.l.	Investment holding	The Grand Duchy of Luxembourg	**100**	100
	Subsidiary of Sunrise Holdings S.àr.l.				
* #	Canada Sunrise Development Corp.	Property investment and development	Canada	**100**	100
	Subsidiaries of Canada Sunrise Development Corp.				
* #	Canada Sunrise Developments (Richmond) Ltd.	Property investment and development	Canada	**100**	100
* # ^	0757422 B.C. Ltd.	Dissolved	Canada	**-**	100
	Subsidiaries of UEM Land Berhad				
	Aura Muhibah Sdn. Bhd.	Property development	Malaysia	**60**	60
	Bandar Nusajaya Development Sdn. Bhd.	Investment holding, property development, land trading and an agent for its subsidiaries	Malaysia	**100**	100
	Finwares Sdn. Bhd.	Investment holding	Malaysia	**100**	100
	Fleet Group Sdn. Bhd.	Investment holding	Malaysia	**100**	100
	Mahisa Sdn. Bhd.	Property development and undertakes construction and turnkey development contracts	Malaysia	**100**	100
	Marak Unggul Sdn. Bhd.	Dormant	Malaysia	**50**	50

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiaries of UEM Land Berhad (cont'd.)				
	Marina Management Sdn. Bhd.	Marina management and property management	Malaysia	**100**	100
	Nusajaya Development Sdn. Bhd.	Property development	Malaysia	**100**	100
@	Nusajaya Business Park Sdn. Bhd.	Dormant	Malaysia	**100**	100
*	Nusajaya Medical Park Sdn. Bhd.	Construct, manage and/or operate specialised buildings for long term lease and property development	Malaysia	**100**	100
	UEM Sunrise Overseas Corporation Sdn. Bhd.	Investment holding	Malaysia	**100**	100
@	UEM Sunrise Pacific Sdn. Bhd.	Ceased operations	Malaysia	**100**	100
**	Projek Usahasama Transit Ringan Automatik Sdn. Bhd.	Dissolved	Malaysia	**-**	100
	Hatibudi Nominees (Tempatan) Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	**100**	100
	UEM Sunrise Nusantara Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	**100**	100
	UEM Sunrise Ventures Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	**100**	100
	Subsidiaries of Bandar Nusajaya Development Sdn. Bhd.				
	Nusajaya Gardens Sdn. Bhd.	Land trading and investment holding	Malaysia	**100**	100
	Nusajaya Greens Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	**100**	100

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiaries of Bandar Nusajaya Development Sdn. Bhd. (cont'd.)				
	Nusajaya Heights Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	**100**	100
	Nusajaya Industrial Park Sdn. Bhd.	Property development	Malaysia	**100**	100
	Nusajaya Land Sdn. Bhd.	Property development	Malaysia	**100**	100
	Nusajaya Rise Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	**100**	100
	Nusajaya Seaview Sdn. Bhd.	Land trading and investment holding	Malaysia	**100**	100
	Symphony Hills Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	**100**	100
	Preferred Resources Sdn. Bhd.	In Members' Voluntary Winding Up	Malaysia	**70**	70
	Subsidiary of UEM Sunrise Nusantara Sdn. Bhd. (In Member's Voluntary Winding Up)				
	P.T. Bias Permata	Investment holding	Indonesia	**100**	100
	Subsidiary of UEM Sunrise Overseas Corporation Sdn. Bhd.				
*	UEM Sunrise South Africa (Pty) Ltd.	Investment holding	South Africa	**100**	100
	Subsidiary of UEM Sunrise South Africa (Pty) Ltd.				
*	Roc-Union (Proprietary) Ltd.	Investment holding	South Africa	**80.4**	80.4
	Subsidiary of Roc-Union (Proprietary) Ltd.				
*	Rocpoint (Proprietary) Ltd.	Acquisition and development of land	South Africa	**80.4**	80.4

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiaries of UEM Sunrise (Australia) Sdn. Bhd				
	UEM Sunrise (Land) Pty. Ltd.	Holding and financing company	Australia	**100**	100
	UEM Sunrise (Developments) Pty. Ltd.	Holding and financing company	Australia	**100**	100
	Subsidiaries of UEM Sunrise (Land) Pty. Ltd.				
#	UEM Sunrise (La Trobe Street) Pty. Ltd.	Trustee company	Australia	**100**	100
#	UEM Sunrise (Mackenzie Street) Pty. Ltd.	Trustee company	Australia	**100**	100
#	UEM Sunrise (St Kilda Road) Pty. Ltd.	Trustee company	Australia	**100**	100
	UEM Sunrise (La Trobe Street) Unit Trust	Landowning entity	Australia	**100**	100
	UEM Sunrise (Mackenzie Street) Unit Trust	Landowning entity	Australia	**100**	100
	UEM Sunrise (St Kilda Road) Unit Trust	Landowning entity	Australia	**100**	100
	Subsidiaries of UEM Sunrise (Developments) Pty Ltd				
	UEM Sunrise (La Trobe Street Development) Pty. Ltd.	Development company	Australia	**100**	100
	UEM Sunrise (Mackenzie Street Development) Pty. Ltd.	Development company	Australia	**100**	100
#	UEM Sunrise (St Kilda Road Development) Pty. Ltd.	Development company	Australia	**100**	100
#	UEM Sunrise (Aurora Melbourne Central Property Management) Pty. Ltd.	Property management services	Australia	**100**	-

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiaries of UEM Sunrise (Developments) Pty Ltd (cont'd.)				
#	UEM Sunrise (Conservatory Melbourne Property Management) Pty. Ltd.	Property management services	Australia	**100**	-
	Subsidiary of UEM Sunrise (Canada) Sdn. Bhd.				
#	UEM Sunrise (Canada) Development Ltd.	Real estate acquisition and development	Canada	**100**	100
	Subsidiaries of UEM Sunrise Management Services Sdn. Bhd.				
	UEM Sunrise Project Services Sdn. Bhd.	Project management for property development	Malaysia	**100**	100
	UEM Sunrise Nusajaya Property Services Sdn. Bhd.	Provision of property management services	Malaysia	**100**	100
	Subsidiaries of UEM Sunrise Properties Sdn. Bhd.				
	UEM Sunrise Nusajaya Properties Sdn. Bhd.	Property investment	Malaysia	**100**	100
	Nusajaya DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	**100**	100
	Opera Retreat Sdn. Bhd.	Property investment	Malaysia	**100**	100
	Puteri Harbour Convention Centre Sdn. Bhd.	Own and operate a convention centre	Malaysia	**100**	100

Note:

- * Subsidiaries not audited by Ernst & Young.
- ** The Company announced on 4 April 2018 that it received a copy of the Sealed Order dated 17 November 2017 which was filed with the High Court of Malaya on 15 December 2017 that the subsidiary was dissolved on 17 November 2017.
- # The financial statements of these subsidiary companies are audited for consolidation purposes.
- ^ The Company announced on 5 April 2018 that it received notification that the subsidiary was dissolved on 20 March 2018 under Section 422 of the British Columbia Business Corporations Act.
- @ During the financial year, the subsidiaries have submitted their applications to the Companies Commission of Malaysia ("CCM") to strike off their names from the register of CCM pursuant to Section 550 of the Companies Act 2016.

45. ASSOCIATES

	Name of associates	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	UEM Sunrise Edgenta TMS Sdn. Bhd.	Investment holding and management of real estate	Malaysia	**30**	30
	Associates of UEM Land Berhad				
*	Inneonusa Sdn. Bhd.	Provision of smart building infrastructure, smart safety and security system, smart in-building services and smart wide services including smart tenant services for building owners, operators, residents and visitors	Malaysia	**39**	39
*	Setia Haruman Sdn. Bhd.	Township development, property development, project development and sale of land	Malaysia	**25**	25
*	Scope Energy Sdn. Bhd.	Property development	Malaysia	**40**	40
	Sarandra Malaysia Sdn. Bhd.	Investment holding company, developers, builders, contractors and sub-divider of lands	Malaysia	**40**	40
	Associate of Rocpoint (Proprietary) Ltd.				
*	Durban Point Development Company (Proprietary) Ltd.	Property development	South Africa	**40.2**	40.2

Note:
* Associates not audited by Ernst & Young.

46. JOINT VENTURES

	Name of joint ventures	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Desaru North Course Residences Sdn. Bhd.	Property development	Malaysia	**51**	51
	Desaru South Course Land Sdn. Bhd.	Property development	Malaysia	**51**	51
	Desaru South Course Residences Sdn. Bhd.	Property development	Malaysia	**51**	51
	Nusajaya Premier Sdn. Bhd.	Property development and investment holding	Malaysia	**80**	80
	Nusajaya Lifestyle Sdn. Bhd.	Property and real estate development, management and property management	Malaysia	**55**	55
*	Malaysian Bio-XCell Sdn. Bhd.	Development and operation of a biotechnology park in the Southern Industrial Logistics Cluster in Iskandar Puteri, Iskandar Malaysia, Johor	Malaysia	**40**	40
	Joint ventures of UEM Land Berhad				
	Cahaya Jauhar Sdn. Bhd.	Undertake the turnkey design and build contract for the development of the Johor State New Administrative Centre (now known as Kota Iskandar) and State Government staff housing in Iskandar Puteri, Johor and provision of facilities maintenance and management services	Malaysia	**60**	60
*	Gerbang Leisure Park Sdn. Bhd.	Property development	Malaysia	**50**	50
	Horizon Hills Development Sdn. Bhd.	Property development	Malaysia	**50**	50

46. JOINT VENTURES (CONT'D.)

	Name of joint ventures	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Joint ventures of UEM Land Berhad (cont'd.)				
	Nusajaya Tech Park Sdn. Bhd.	Property development	Malaysia	**40**	40
*	Nusajaya Consolidated Sdn. Bhd.	Property development related activities and	Malaysia	**50**	50
*	Haute Property Sdn. Bhd.	Property development and property marketing	Malaysia	**40**	40
	FASTrack Iskandar Sdn. Bhd.	Property development and to develop, construct, operate and manage motorsport city with related facilities and services	Malaysia	**30**	30
	Joint ventures of Sunrise Berhad				
*	Sime Darby Sunrise Development Sdn. Bhd.	Property development	Malaysia	**50**	50
*	Sunrise MCL Land Sdn. Bhd.	Property development and property investment	Malaysia	**50**	50
	Joint venture of UEM Sunrise Properties Sdn. Bhd.				
*	UEM Sunrise WOTSO Malaysia Sdn. Bhd.	Provision of co-working, office and event space	Malaysia	**50**	-

Note:
* Joint ventures not audited by Ernst & Young.

47. RESTATEMENT OF COMPARATIVES

First time adoption of MFRS Framework

As disclosed in Note 2.2, the financial statements of the Group's and the Company's are the first annual financial statements prepared under the MFRS framework. Accordingly, the Group and the Company have applied MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards upon their adoption of the MFRS framework on 1 January 2018.

The preparation of the financial statements requires significant accounting estimates. The estimates as at 1 January 2017 and as at 31 December 2017 were consistent with those made for the same dates previously under FRS.

In the preparation of the Group's and the Company's opening MFRSs statements of financial position as at 1 January 2017, the amounts previously reported in accordance with the previous FRS framework have been adjusted for the financial effect of the adoption of the MFRS framework. The adjustments arising from the transition to MFRS for the consolidated financial statements are as those discussed below. There is no adjustment made to the separate financial statements of the Company.

The effect of the Group's adoption of MFRSs is as follows:

(a) MFRS 9: Financial Instruments ("MFRS 9")

MFRS 9 introduces amongst others, a single forward looking "expected loss" impairment model which requires entities to recognise loss allowance in anticipation of future losses rather than based on incurred basis.

The Group and the Company have assessed the impact of the adoption of MFRS 9 and concluded that the adoption does not have any significant impact to the financial performance or position of the Group and the Company.

(b) MFRS 15: Revenue from Contracts with Customers ("MFRS 15")

MFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. MFRS 15 supersedes the revenue recognition guidance including MFRS 118 : Revenue, MFRS 111 : Construction Contracts and the related interpretations. The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Details on the accounting policy with respect of revenue recognition is available in Note 2.4(m).

The Group adopts the new MFRS standards using the full retrospective method. The affected areas upon the application of the new standards are as follows:

(i) Property development activities in Australia

Under the previous FRS, the Group recognised property development revenue from property development activities in Australia over time based on the enforceability of the sales contract with the customers. Under the current MFRS 15, the property development revenue from Australia is recognised upon settlement, being the date at which control is transferred to customers.

(ii) Sale of land

Under the previous FRS, the Group recognised revenue from land sale upon the completion of condition precedents as stipulated in the sale and purchase agreement with the customers. Under the current MFRS 15, revenue is recognised when control is substantially transferred.

47. RESTATEMENT OF COMPARATIVES (CONT'D.)

First time adoption of MFRS Framework (cont'd.)

(b) MFRS 15: Revenue from Contracts with Customers ("MFRS 15") (cont'd.)

(iii) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Under the previous FRS, the Group accounted for the bundled sales as one deliverable and recognises revenue over time. Under the current MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on the standalone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(iv) Cost incurred in fulfilling a contract

Under the previous FRS, the Group expensed off sales commissions and free legal fees as these costs do not qualify for recognition as an asset under any of the other accounting standards. However, the sales commissions and free legal fees relate directly to contracts and are expected to be recovered in future for the services to be provided. Accordingly, under the current MFRS 15, these costs are eligible for capitalisation and recognised as assets. These costs is expensed to the cost of sales and net of revenue respectively when the performance obligation is satisfied.

(v) Recognition of provision for foreseeable losses for low cost/affordable housing and public infrastructure

Under the previous FRS, the Group recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities. The application of the above is in accordance to FRSIC Consensus 17: Development of Affordable Housing ("FRSIC 17") issued by Malaysian Institute of Accountants ("MIA").

As for the public infrastructure, under the previous FRS, the Group recognised the costs as and when incurred.

On 7 March 2018, MIA withdrew FRSIC 17 and stated that FRSIC 17 is no longer relevant for the adoption of MFRS framework. The Group is of the view that the expected costs for infrastructure attributable to a project should be accrued progressively as and when the inventories are constructed. The same treatment would apply for the cost incurred in excess of the net realisable value of the low cost/affordable houses which is to be included in the measurement of premium housing progressively as it relates to the obligation to the local government authorities. Accordingly, the initial full provision for foreseeable losses recognised based on the previous FRS is no longer applicable.

(vi) Presentation and disclosure requirements

MFRS 15 requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows. Contract assets and contract liabilities are introduced in lieu of accrued progress billings (previously in receivables) and billings in excess of revenue (previously in payables). Liquidated ascertained damages from contractors previously recognised as other income are now netted of cost of sales.

47. RESTATEMENT OF COMPARATIVES (CONT'D.)

First time adoption of MFRS Framework (cont'd.)

The effect of transition from FRSs to MFRSs on the comparative financial statements of the Group as follows:

(i) Reconciliation of the consolidated statement of financial position as at 1 January 2017:

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Transition into MFRS* RM'000	Restated under MFRS RM'000
Assets					
Land held for property development	4,019,581	(549,675)	b(v)	1,360,537	4,830,443
Interests in associates	492,391	(7,397)		-	484,994
Interests in joint ventures	1,079,753	1,763		-	1,081,516
Deferred tax assets	254,971	(15,583)	b(i), (iv)	-	239,388
Contract assets	-	2,437		-	2,437
Long term receivables	43,491	-		40,739	84,230
Other non-current assets	1,804,622	-		-	1,804,622
Total non-current assets	7,694,809				8,527,630
Property development costs	2,635,355	417,203	b(i), (v)	(1,360,537)	1,692,021
Contract assets	-	529,317	b(vi)	-	529,317
Receivables	1,710,027	(1,002,853)	b(i), (vi)	-	707,174
Other current assets	1,472,549	-		-	1,472,549
Total current assets	5,817,931				4,401,061
Asset held for sale	11,230	-		-	11,230
Total assets	13,523,970				12,939,921

47. RESTATEMENT OF COMPARATIVES (CONT'D.)

First time adoption of MFRS Framework (cont'd.)

(i) (cont'd.)

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Transition into MFRS* RM'000	Restated under MFRS RM'000
Equity					
Other reserves	152,020	26		-	152,046
Retained profits	1,539,257	815		-	1,540,072
Other equity	5,502,075	-		-	5,502,075
Total equity	7,193,352				7,194,193
Liabilities					
Deferred income	111,547	-		40,739	152,286
Provisions	930,222	(844,360)	b(iii), (v)	-	85,862
Deferred tax liabilities	203,668	-		-	203,668
Contract liabilities	-	310,193	b(iii)	-	310,193
Other non-current liabilities	2,500,370	-		-	2,500,370
Total non-current liabilities	3,745,807				3,252,379
Provisions	439,742	(141,909)	b(v)	-	297,833
Contract liabilities	-	88,465	b(iii)	-	88,465
Tax payable	49,799	(38,018)		-	11,781
Other current liabilities	2,095,270	-		-	2,095,270
Total current liabilities	2,584,811				2,493,349
Total liabilities	6,330,618				5,745,728
Total equity and laiabilities	13,523,970				12,939,921

(ii) Reconciliation of the consolidated statement of financial position as at 31 December 2017:

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Transition into MFRS* RM'000	Restated under MFRS RM'000
Assets					
Land held for property development	3,256,118	(533,230)	b(v)	1,715,871	4,438,759
Interests in joint ventures	1,052,977	3,419		-	1,056,396
Deferred tax assets	292,909	15,207	b(i), (ii), (iv)	-	308,116
Contract assets	-	4,798		-	4,798
Long term receivables	42,855	-		79,743	122,598
Other non-current assets	2,394,181	-		-	2,394,181
Total non-current assets	7,039,040				8,324,848

47. RESTATEMENT OF COMPARATIVES (CONT'D.)

First time adoption of MFRS Framework (cont'd.)

(ii) (cont'd.)

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Transition into MFRS* RM'000	Restated under MFRS RM'000
Property development costs	3,065,732	1,185,142	b(i), (ii), (iv), (v)	(1,715,871)	2,535,003
Contract assets	-	258,268		-	258,268
Receivables	2,640,463	(1,803,497)	b(i), (ii), (vi)	39,004	875,970
Other current assets	1,652,162	-		-	1,652,162
Total current assets	7,358,357				5,321,403
Total assets	14,397,397				13,646,251
Equity					
Other reserves	101,179	6,903		-	108,082
Retained profits	1,823,248	(173,705)		-	1,649,543
Other equity	5,507,733	-		-	5,507,733
Total equity	7,432,160				7,265,358
Liabilities					
Deferred income	111,372	-		40,739	152,111
Provisions	911,220	(825,358)	b(iii), (v)	-	85,862
Deferred tax liabilities	270,631	(40,512)	b(i), (iv)	-	230,119
Contract liabilities	-	298,078	b(iii)	-	298,078
Other non-current liabilities	2,802,407	-		-	2,802,407
Total non-current liabilities	4,095,630				3,568,577
Provisions	405,101	(94,339)	b(v)	-	310,762
Payables	888,590	5,555		-	894,145
Contract liabilities	-	66,821	b(iii)	-	66,821
Tax payable	90,402	(35,328)		-	55,074
Other current liabilities	1,485,514	-		-	1,485,514
Total current liabilities	2,869,607				2,812,316
Total liabilities	6,965,237				6,380,893
Total equity and liaibilities	14,397,397				13,646,251

The above changes did not have any impact on the cash flows of the Group and of the Company for the year ended 31 December 2017.

* During the transition into MFRS, majority of the reclassifications is related to the definition of operating cycles of the Group's township development. A township development typically comprises a number of phases which take many years before it is fully completed. Previously, a township development is considered as one operating cycle and hence its related costs were classified as current. Upon review, the Group concluded that each phase is one operating cycle on its own. Thus, related costs of phases with development activities yet to commence are now reclassified as non-current.

47. RESTATEMENT OF COMPARATIVES (CONT'D.)

First time adoption of MFRS Framework (cont'd.)

(iii) Reconciliation of the consolidated statement of profit or loss for the year ended 31 December 2017:

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Restated under MFRS RM'000
Revenue	2,903,442	(1,042,831)	b(i), (ii), (iii), (iv)	1,860,611
Cost of sales	(2,082,730)	765,254	b(i), (ii), (iii), (iv)	(1,317,476)
Gross profit	820,712			543,135
Other income	74,579	(18,368)	b(iii), (vi)	56,211
Expenses	(392,502)	42,378	b(iv)	(350,124)
Operating profit	502,789			249,222
Finance costs	(91,146)	-		(91,146)
Share of results of associates	5,834	7,397	b(ii)	13,231
Share of results of joint ventures	21,176	1,656	b(iii), (iv)	22,832
Profit before zakat and income tax	438,653			194,139
Zakat	(2,744)	-		(2,744)
Income tax expense	(154,301)	69,994	b(i), (ii), (iii), (iv)	(84,307)
Profit for the year	281,608	(174,520)		107,088
Attributable to:				
Profit attributable to owners of the parent	280,085	(174,520)		105,565

(iv) Reconciliation of the consolidated statement of other comprehensive income for the year ended 31 December 2017:

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Restated under MFRS RM'000
Profit for the year	281,608	(174,520)		107,088
Other comprehensive expense to be reclassified to profit or loss in subsequent period:				
- Foreign currency translation differences of foreign operations	(36,698)	6,877		(29,821)
- Others	(5,370)	-		(5,370)
Total comprehensive income for the year	239,540			71,897
Total comprehensive income attributable to owners of the parent	237,969	(167,643)		70,326

(iv) There is no material impact on the consolidated statement of cash flows for the financial year ended 31 December 2017. The impact on basic and diluted EPS is as follows:

Basic earnings per share	(3.9) sen
Diluted earnings per share	(3.4) sen

Analysis of Shareholdings

As at 1 April 2019

SHARE CAPITAL

Total number of Issued and Paid-up Shares :	5,329,951,790 shares comprising 1. 4,537,436,037 ordinary shares 2. 792,515,753 redeemable convertible preference shares ("RCPS")
Voting Rights :	1. One vote per ordinary share held 2. RCPS have no voting rights other than those provided in the Constitution of UEM Sunrise Berhad

DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

As at 1 April 2019

Size of Holdings	No. of shareholders	%	Total shareholdings	%
Less than 100	2,940	9.22	100,577	0.00
100 to 1,000	9,469	29.69	5,021,138	0.11
1,001 to 10,000	14,163	44.40	61,416,278	1.35
10,001 to 100,000	4,585	14.37	140,114,541	3.09
100,001 to 226,871,800 (less than 5% of issued shares)	738	2.31	984,420,224	21.70
226,871,801 (5% of issued shares) and above	2	0.01	3,346,363,279	73.75
TOTAL	**31,897**	**100.00**	**4,537,436,037**	**100.00**

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

As at 1 April 2019

No.	Name of Shareholder	No. of Shares held	% of Issued shares
1.	UEM Group Berhad	2,997,491,779	66.06
2.	Urusharta Jamaah Sdn. Bhd.	348,871,500	7.69
3.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	207,588,718	4.58
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	58,395,500	1.29
5.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for The National Farmers Union Mutual Insurance Society Ltd.	42,517,600	0.94
6.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for Vanguard Emerging Markets Stock Index Fund	29,701,200	0.65
7.	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad (Par 3)	24,604,100	0.54
8.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for Vanguard Total International Stock Index Fund	20,651,940	0.46
9.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.	19,611,845	0.43

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONT'D.)
As at 1 April 2019

No.	Name of Shareholder	No. of Shares held	% of Issued shares
10.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	19,021,445	0.42
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt AN for AIA Bhd.	18,679,200	0.41
12.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	18,445,600	0.41
13.	Liew Swee Mio @ Liew Hoi Foo	17,300,000	0.38
14.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for Delaware Group Global & International Funds Delaware Emerging Markets Fund	17,000,000	0.38
15.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Malaysian ESG Opportunity Fund	15,915,500	0.35
16.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	13,777,700	0.30
17.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	12,835,400	0.28
18.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	12,288,100	0.27
19.	Amanahraya Trustees Berhad Public Savings Fund	11,850,300	0.26
20.	Citigroup Nominees (Asing) Sdn. Bhd. CBLDN for Polunin Emerging Markets Small Cap Fund, LLC	10,555,234	0.23
21.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	10,376,500	0.23
22.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNYM SA/NV for NFU Mutual Global Growth Fund	9,500,000	0.21
23.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Vcam Equity Fd)	9,222,100	0.20
24.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNYM SA/NV for NFU Mutual Global Developing Markets Fund	8,500,000	0.19
25.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore Bch)	8,229,601	0.18
26.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (RHBIslamic)	7,900,000	0.17
27.	Amanahraya Trustees Berhad Public Islamic Equity Fund	7,639,600	0.17
28.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund ZYEF for Vanguard Global Ex-U.S. Real Estate IndexFund	7,315,465	0.16
29.	Citigroup Nominees (Asing) Sdn. Bhd. Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	5,442,400	0.12
30.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNYM SA/NV for Delaware Investments Emerging Markets Fund (MACQ COL FD PLC)	5,356,162	0.12
	TOTAL	**3,996,584,489**	**88.08**

Analysis of Shareholdings

As at 1 April 2019

SUBSTANTIAL SHAREHOLDERS
As per the Register of Substantial Shareholders
As at 1 April 2019

		No. of shares			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1.	UEM Group Berhad	2,997,491,779	66.06	-	-
2.	Khazanah Nasional Berhad*	-	-	2,997,491,779	66.06
3.	Urusharta Jamaah Sdn. Bhd.	348,871,500	7.69	-	-

Note:

* *Deemed interested by virtue of being the holding company of UEM Group Berhad.*

LIST OF RCPS HOLDER
As at 1 April 2019

No.	Name	No. of preference shares	%
1.	UEM Group Berhad	792,515,753	100.00

STATEMENT OF DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS
As at 1 April 2019

DIRECTORS' INTERESTS IN THE SECURITIES OF UEM SUNRISE BERHAD

		No. of ordinary shares				No. of options*
No.	**Name**	**Direct**	**%**	**Indirect**	**%**	
1.	Tan Sri Dato' Sri Zamzamzairani Mohd Isa	-	-	-	-	-
2.	Anwar Syahrin Abdul Ajib	100,000	@	-	-	2,782,000
3.	Subimal Sen Gupta	-	-	-	-	-
4.	Dato' Noorazman Abd Aziz	-	-	-	-	-
5.	Zaida Khalida Shaari	-	-	-	-	-
6.	Lim Tian Huat	-	-	-	-	-
7.	Ungku Suseelawati Ungku Omar	-	-	-	-	-
8.	Tan Sri Dr Azmil Khalili Dato' Khalid	-	-	-	-	-
9.	Datin Teh Ija Mohd Jalil	-	-	-	-	-
10.	Christina Foo	-	-	-	-	-

Notes:

@ *Less than 0.01%.*

* *Options granted under the Employee Share Option Scheme ("ESOS") as approved by the shareholders at the Extraordinary General Meeting held on 7 March 2012. The ESOS shall be in force for a term of 7 years commencing 9 April 2012.*

Material Properties of UEM Sunrise Berhad Group

As at 31 December 2018

Location and address of property	Brief description and existing use	Area (sq meters)	Tenure and year of expiry	Age of building (years)	Net book value as at 31/12/2018 RM'000	Date of revaluation/ acquisition
Iskandar Puteri (fka Bandar Nusajaya) Iskandar Development Region Johor Darul Takzim	Land held for property development and development in progress	17,937,237	Freehold	-	2,351,946	1995
HSD 64677 PTD 108319 & HSD 64682 PTD 108325 GM 1408, LOT 1033 GM 1410, Lot 1080 Mukim Senai District of Kulai Johor Darul Takzim	Land held for property development	10,116,200	Freehold	-	899,188	6-Oct-15
Solaris Dutamas 1 Jalan Dutamas 1 50480 Kuala Lumpur	Building - Retail and Carpark	150,187	Freehold	8	398,498	25-Jul-11*
GM 4733 Lot 149 Seksyen 58 Bandar of Kuala Lumpur Daerah Kuala Lumpur	Land held for property development	6,434	Freehold	-	324,172	4-Jun-11*
Arcoris GM 9305 Lot 80199 Mukim Batu Daerah Kuala Lumpur	Hotel, Retail and Carpark	66,397	Freehold	1 (Hotel), 2 (Retail and Carpark)	325,228	20-Mar-12
PN 9988 Lot 1108 Pekan Kajang Daerah Ulu Langat Selangor Darul Ehsan	Land held for property development	136,205	99 years lease expiring on 22-Dec-2090	-	99,325	14-Jun-11*
PN 9989 Lot 1109 Pekan Kajang Daerah Ulu Langat Selangor Darul Ehsan	Land held for property development	98,329	99 years lease expiring on 22-Oct-2090	-	63,041	14-Jun-11*
PTD 4936-4955 and 7905 Mukim of Batang Padang Daerah Batang Padang Perak Darul Ridzuan	Agriculture land	9,710,241	Leasehold expiring on 18-Aug-2109	-	76,192	19-Aug-10
Aurora Retail 224-252 La Trobe Street Melbourne, Australia	Building - Retail	2,123	Freehold	1	96,678	24-Aug-18
PN 102216 Lot 93720 Mukim Petaling, Daerah Petaling Selangor Darul Ehsan	Land held for property development	77,864	Leasehold expiring on 18-Sep-2093	-	112,976	03-Feb-18
PTD 43305-43350, 43361-43437 44290-44505, 44520, 44533 Mukim Semenyih Daerah Ulu Langat Selangor Darul Ehsan	Land held for property development	1,365,433	Freehold	-	369,736	29-Sep-11

* *Revaluation date*

Recurrent Related Party Transactions

Each year during UEM Sunrise Berhad's ("UEM Sunrise" or the "Company") Annual General Meeting ("AGM"), the Company will obtain the approval of its shareholders for UEM Sunrise and/or its subsidiaries ("UEM Sunrise Group") to enter into recurrent related party transactions ("Recurrent Transactions") in their ordinary course of business, with certain related parties in order to comply with Chapter 10, paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Shareholders Mandates").

The Shareholders Mandates are for the period from the date of the upcoming AGM until the date of the next AGM.

The following is the breakdown of the aggregate value of the Recurrent Transactions that UEM Sunrise Group entered into with related parties during the financial year ended 31 December 2018 ("FY2018"):

A) UEM Sunrise Group receiving services and/or renting and/or acquiring land and/or land-based property from related parties.

No.	Company in UEM Sunrise Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at FY2018[1]	Nature of Transaction	Transacted Amount (RM)
1.	UEM Sunrise Group	UEM Group Berhad ("UEMG") and/or its subsidiaries ("UEMG Group")	Khazanah Nasional Berhad ("Khazanah"), UEMG, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Receipt of group wide ICT shared services	5,896,313
					Receipt of training and corporate advisory services	3,465,258
					Renting of office space, meeting rooms and other facilities	6,029,387
					Renting of parking space	18,620
					Receipt of electricity and air-conditioning facilities	17,917
					Total	**15,427,495**

[1] Disclosed as per Circular to Shareholders dated 30 April 2018.

[2] Tan Sri Dato' Sri Zamzamzairani Mohd Isa ceased to be the nominee of UEMG and redesignated as Independent Non-Executive Chairman of UEM Sunrise's Board on 1 October 2018.

[3] Dato' Izzaddin Idris resigned from UEM Sunrise's Board on 1 October 2018.

[4] Dato' Noorazman Abd Aziz appointed to the UEM Sunrise's Board as a nominee of UEMG on 1 October 2018. He is a nominee of Khazanah on the Board of UEMG.

No.	Company in UEM Sunrise Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at FY2018[1]	Nature of Transaction	Transacted Amount (RM)
2.	UEM Sunrise Group	UEM Edgenta Berhad ("UEM Edgenta") and/ or its subsidiaries ("UEM Edgenta Group")	Khazanah, UEMG, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Edgenta is a 69.14% subsidiary of UEMG. UEM Sunrise is a 66.06% subsidiary of UEM Group	Receipt of consultation, facilities management and maintenance services	18,318,778
					Receipt of office cleaning, pest control services and rental of potted plants	12,234
					Total	**18,331,012**
3.	UEM Sunrise Group	Khazanah and/ or its subsidiaries ("Khazanah Group")	UEMG Group, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Acquisition of land or land based properties in the ordinary course of business	-
					Total	**-**
4.	UEM Sunrise Group	Khazanah Group Joint Venture Companies	UEMG Group, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Renting of space for flagships property gallery	107,241
					Renting of space for events	77,848
					Total	**185,089**
5.	UEM Sunrise Group	Telekom Malaysia Berhad ("TM") and/or its subsidiaries ("TM Group")	Khazanah, Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	TM is a 26.21% associate company of Khazanah which in turn is a holding company of UEMG. UEM Sunrise is a 66.06% subsidiary of UEMG	Receipt of UniFi bundling services	916,736
					Receipt of smart building services	4,990,774
					Receipt of ICT support services	-
					Total	**5,907,510**

1 *Disclosed as per Circular to Shareholders dated 30 April 2018.*

2 *Tan Sri Dato' Sri Zamzamzairani Mohd Isa ceased to be the nominee of UEMG and redesignated as Independent Non-Executive Chairman of UEM Sunrise's Board on 1 October 2018.*

3 *Dato' Izzaddin Idris resigned from UEM Sunrise's Board on 1 October 2018.*

4 *Dato' Noorazman Abd Aziz appointed to the UEM Sunrise's Board as a nominee of UEMG on 1 October 2018. He is a nominee of Khazanah on the Board of UEMG.*

No.	Company in UEM Sunrise Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at FY2018[1]	Nature of Transaction	Transacted Amount (RM)
6.	UEM Sunrise Group	KPK Quantity Surveyor (Semenanjung) Sdn. Bhd. ("KPK")	Dato' Srikandan Kanagainthiram[2]	Dato' Srikandan Kanagainthiram is the Managing Director and a substantial shareholder of KPK and also a Director of UEM Sunrise	Receipt of consulting services	113,963
					Total	**113,963**
7.	UEM Sunrise Group	Nawawi Tie Leung Group ("NTL Group")	Ungku Suseelawati Ungku Umar	Ungku Suseelawati Ungku Umar is a substantial shareholder Director and/ or has other interest in NTL Group and also a Director of UEM Sunrise	Receipt of consulting services	272,116
					Total	**272,116**

1 *Disclosed as per Circular to Shareholders dated 30 April 2018.*

2 *Dato' Srikandan Kanagainthiram retired from UEM Sunrise's Board on 31 May 2018.*

B) UEM Sunrise Group providing services and/or renting and/or disposing land and/or land-based property to related parties.

No.	Company in UEM Sunrise Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at FY2018[1]	Nature of Transaction	Transacted Amount (RM)
1.	UEM Sunrise Group	UEMG Group	Khazanah, UEMG, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Provision for tenancy of land for batching plant, casting yard and workers' quarters	270,600
					Total	**270,600**
2.	UEM Sunrise Group	Khazanah Group	UEMG Group, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Disposal of land based properties in the ordinary course of business	-
					Total	**-**
3.	UEM Sunrise Group	Khazanah Group Joint Venture Companies	UEMG Group, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Provision of development and management services	8,390,992
					Total	**8,390,992**
4.	UEM Sunrise Group	Directors and/or major shareholders of UEM Sunrise and persons connected with them	Directors and/or major shareholders of UEM Sunrise and persons connected with them	n/a	Sale of land and/or land based properties by UEM Sunrise Group	10,833,440
					Total	**10,833,440**

[1] *Disclosed as per Circular to Shareholders dated 30 April 2018.*

[2] *Tan Sri Dato' Sri Zamzamzairani Mohd Isa ceased to be the nominee of UEMG and redesignated as Independent Non-Executive Chairman of UEM Sunrise's Board on 1 October 2018.*

[3] *Dato' Izzaddin Idris resigned from UEM Sunrise's Board on 1 October 2018.*

[4] *Dato' Noorazman Abd Aziz appointed to the UEM Sunrise's Board as a nominee of UEMG on 1 October 2018. He is a nominee of Khazanah on the Board of UEMG.*

Recurrent Related Party Transactions

No.	Company in UEM Sunrise Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at FY2018[1]	Nature of Transaction	Transacted Amount (RM)
5.	UEM Sunrise Group	edotco Malaysia Sdn. Bhd. ("edotco")	Khazanah, Dato' Noorazman Abd Aziz[2] and Zaida Khalida Shaari	edotco is a wholly-owned subsidiary of edotco Group Sdn. Bhd., which in turn is a 63.00% subsidiary of Axiata. Khazanah also holds directly a minority equity stake in edotco Group Sdn. Bhd.	Provision of land tenancy for mobile network infrastructure	57,650
					Total	**57,650**
6.	UEM Sunrise Group	Southern Marina Development Sdn. Bhd. ("Southern Marina")	Khazanah, Dato' Noorazman Abd Aziz[2] and Zaida Khalida Shaari	Southern Marina is a 30.00% associate company of Tanjung Bidara Ventures Sdn. Bhd., which in turn is a wholly-owned subsidiary of Khazanah	Provision of land tenancy for show gallery/site-office	176,530
					Total	**176,530**

[1] *Disclosed as per Circular to Shareholder is dated 30 April 2018.*

[2] *Dato' Noorazman Abd Aziz appointed to the UEM Sunrise's Board as a nominee of UEMG on 1 October 2018. He is a nominee of Khazanah on the Board of UEMG.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting ("AGM") of UEM Sunrise Berhad (the "Company") will be held at Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 May 2019 at 10.00 a.m. for the purpose of transacting the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors, who retire by rotation in accordance with Article 93 of the Company's Constitution and, being eligible, have offered themselves for re-election:

   (i) Mr. Subimal Sen Gupta **Ordinary Resolution 1**
   (ii) Pn. Zaida Khalida Shaari **Ordinary Resolution 2**
   (iii) YM Ungku Suseelawati Ungku Omar **Ordinary Resolution 3**

3. To re-elect the following Directors, who retire in accordance with Article 100 of the Company's Constitution and, being eligible, have offered themselves for re-election:

   (i) YBhg Dato' Noorazman Abd Aziz **Ordinary Resolution 4**
   (ii) Ms. Christina Foo **Ordinary Resolution 5**

4. To approve the Directors' fees and the payment thereof to the Directors for the period from 31 May 2019 until the next AGM of the Company, to be payable on a quarterly basis as follows:

Directors' Fees/Person	Non-Executive Chairman		Non-Executive Director/Member	
	Per Quarter (RM)	Per Annum (RM)	Per Quarter (RM)	Per Annum (RM)
Board	52,500	210,000	27,000	108,000
Audit Committee	12,500	50,000	7,500	30,000
Other Board Committees	6,250	25,000	3,750	15,000

Ordinary Resolution 6

5. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors based on the following table of benefits and remuneration for the period from 31 May 2019 until the next AGM of the Company:

Description	Directors' remuneration/benefits
Allowance 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 project and/or reference sites to advise management and/or the Company.	RM1,000 per day
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
Discount for purchase of property by Directors, which is the same policy applied for employees.	(i) Up to 10% discount will be given once in 5 years for residential property; and (ii) For subsequent purchase of residential property within 5 years' period or any non-residential property purchase, up to 3% discount will be given.

Description (cond'd.)	Directors' remuneration/benefits
Benefits for Chairman:	
• Car allowance	RM3,400 per month
• Car maintenance, fuel and other claimable benefits	Up to RM36,300 per annum
• Home Guard security services	RM6,300 per month
• Provision of driver	

Ordinary Resolution 7

6. To appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

Special Business

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

7. **PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("THE ACT")**

"**THAT** pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company." **Ordinary Resolution 9**

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"**THAT** pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the shareholders' mandate for the Company and/or its subsidiaries ("UEM Sunrise Group") to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Renewal of Shareholders' Mandate"), which are necessary for the day-to-day operations of UEM Sunrise Group to be entered into by UEM Sunrise Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Items 1A and 1B of the Circular to Shareholders of the Company dated 30 April 2019 **AND THAT** such approval conferred by the shareholders' mandate shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate." **Ordinary Resolution 10**

9. To transact any other business for which due notice shall have been given.

NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Eleventh AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with the provisions under Article 65 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 23 May 2019. Only a depositor whose name appears on the ROD as at 23 May 2019 shall be entitled to attend this Eleventh AGM or appoint a proxy(ies) to attend, speak and vote on his/her behalf.

By Order of the Board

LIEW IRENE (MAICSA 7022609)
WONG LEE LOO (MAICSA 7001219)
Company Secretaries

Kuala Lumpur
30 April 2019

NOTES:

1. PROXY

1.1 Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act") and authorised nominees defined under the Central Depositories Act which are exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act ("Exempt Authorised Nominees") which hold ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at the AGM and that such proxy need not be a member.

1.2 Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

1.3 The instrument appointing a proxy ("Form of Proxy") shall be in writing under the hand of the member or his/her attorney duly authorised in writing or, if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or in the case of a sole director, by that director in the presence of a witness who attests the signature or of its attorney duly authorised in writing.

1.4 The Form of Proxy duly completed must be deposited at the Share Registrar's office, 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 Darul Ehsan not less than 24 hours before the time of holding the AGM.

1.5 If the Form of Proxy is returned without any instruction as to how the proxy shall vote, the proxy will vote in his/her discretion. Any alteration to the Form of Proxy must be initialled. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

1.6 Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice are to be voted on a poll.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda item 1 and do not require shareholders' approval. Hence, this item is not put forward for voting.

3. RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board had conducted an annual assessment of independence of the Independent Non-Executive Directors (save for the new Independent Director appointed on 23 November 2018). Based on the criteria for an independent director as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other independence criteria applied by the Company, the Board (save for the interested Independent Directors who abstained on their own assessment) is of the opinion that the Independent Directors consistently provided independent and objective judgement in all Board and Board Committee deliberations and is satisfied with their level of independence.

4. DIRECTORS' FEES AND BENEFITS PAYABLE TO THE NON-EXECUTIVE CHAIRMAN AND NON-EXECUTIVE DIRECTORS

4.1 Pursuant to Section 230(1) of the Act, the shareholders' approval shall be sought for the Directors' fees and benefits in the following resolutions:

(a) **Ordinary Resolution 6** on payment of Directors' fees to the Directors for the period from 31 May 2019 until the next AGM of the Company on a quarterly basis; and
(b) **Ordinary Resolution 7** on payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors for the period from 31 May 2019 until the next AGM of the Company.

4.2 The Directors' fees remain unchanged as per the fees approved at the last AGM held on 31 May 2018 and has remained the same since the financial year 2012.

4.3 The benefits for the Non-Executive Chairman, which remain unchanged as per the approval obtained at the last AGM held on 31 May 2018, are given in recognition of the significant role in leadership and oversight including the wide-ranging scope of responsibilities expected of him. It is a unique feature of the Company aimed to attract and retain leadership for the Board.

5. EXPLANATORY NOTES ON SPECIAL BUSINESS

5.1 Ordinary Resolution 9 on the Proposed Authority to Allot Shares Pursuant to Sections 75 and 76 of the Act

5.1.1 The proposed resolution is a renewal mandate and if passed, will enable the Directors of the Company to issue up to a maximum of 10% of the total number of issued shares of the Company.

5.1.2 As at the date of this Notice, no new shares were issued pursuant to the mandate granted to the Directors at the last AGM held on 31 May 2018 and that mandate will lapse at the conclusion of the Eleventh AGM to be held on 30 May 2019.

5.1.3 The renewal of the mandate is for such purposes as the Directors consider would be in the best interest of the Company, such as issuance of new shares as consideration for investments and/or acquisitions or issuance of new shares to raise fund for investment and/or working capital, and to avoid delay and cost in convening a general meeting to seek approval for such issuance of shares.

5.1.4 This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM.

5.2 Ordinary Resolution 10 on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

5.2.1 The proposed Ordinary Resolution 10, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the UEM Sunrise Group's day-to-day operations ("Recurrent Related Party Transactions"), subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

5.2.2 Further information on the Recurrent Related Party Transactions are set out in the Circular to Shareholders of the Company dated 30 April 2019 which is announced and released together with the Company's Annual Report 2018.

6. PERSONAL DATA PRIVACY

By submitting a Form of Proxy or an instrument appointing a representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement Accompanying Notice of Annual General Meeting ("AGM")

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

   No individual is seeking election as a Director at the Eleventh AGM.

2. A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

   The proposed Ordinary Resolution 9 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last AGM held on 31 May 2018.

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Form of Proxy

UEM SUNRISE
A member of **UEM Group**

I/We____________________________________NRIC/Company No.____________________

of____

being a member of UEM Sunrise Berhad ("the Company") hereby appoint ____________________________

________________________ NRIC/Passport No.__________________________________

of____

and/or failing him/her, ________________________ NRIC/Passport No.________________________

of____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting ("AGM") of the Company to be held at Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM 15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 May 2019 at 10.00 a.m., or at any adjournment thereof.

(Please indicate with a "X" or "√" in the boxes provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

ORDINARY RESOLUTIONS	No.	For	Against
To re-elect Mr. Subimal Sen Gupta who is retiring in accordance with Article 93 of the Company's Constitution.	1		
To re-elect Pn. Zaida Khalida Shaari who is retiring in accordance with Article 93 of the Company's Constitution.	2		
To re-elect YM Ungku Suseelawati Ungku Omar who is retiring in accordance with Article 93 of the Company's Constitution.	3		
To re-elect YBhg Dato' Noorazman Abd Aziz who is retiring in accordance with Article 100 of the Company's Constitution.	4		
To re-elect Ms. Christina Foo who is retiring in accordance with Article 100 of the Company's Constitution.	5		
To approve the payment of Directors' fees for the period from 31 May 2019 until the next AGM of the Company on a quarterly basis.	6		
To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors for the period from 31 May 2019 until the next AGM of the Company.	7		
To appoint Messrs Ernst & Young as Auditors and to authorise Directors to fix their remuneration.	8		
To empower Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares.	9		
To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	10		

____

Signature or Common Seal of Member

Signed this________day of ____________2019.

No. of shares		
CDS Account No.		
Telephone No.		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %

NOTES

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6. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice are to be voted on a poll.

PERSONAL DATA PRIVACY

By submitting a Form of Proxy or an instrument appointing a representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 April 2019.

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STAMP

The Share Registrar's Office
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 Darul Ehsan
Malaysia

Fold Here

uemsunrise.com

UEM SUNRISE BERHAD (830144-W)

Level U2, Block C5, Solaris Dutamas, No. 1, Jalan Dutamas 1
50480 Kuala Lumpur, Malaysia

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EMAIL corpcomm@uemsunrise.uemnet.com