

UEM SUNRISE BERHAD
Reg. No. 200801028815 (830144-W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2019

Reg. No. 200801028815 (830144-W)

**UEM Sunrise Berhad
(Incorporated in Malaysia)**

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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 2019.

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, hotel operations 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 45 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit, net of tax	<u>222,670</u>	<u>12,190</u>
Attributable to:		
Owners of the parent	223,801	12,190
Non-controlling interests	<u>(1,131)</u>	<u>-</u>
	<u>222,670</u>	<u>12,190</u>

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.

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Dividends

Since the end of the previous financial year, no dividend has been paid or declared by the Company.

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	
Dato' Mohd Izani Ghani	(appointed on 1 June 2019)
Zaida Khalida Shaari **	
Effizal Faiz Zulkifly	(appointed on 24 February 2020)
Lim Tian Huat	
YM Ungku Suseelawati Ungku Omar	
Tan Sri Dr Azmil Khalili Dato' Khalid **	
Datin Teh Ija Mohd Jalil	
Christina Foo	
Wong Shu Hsien	(resigned as alternate to Dato' Noorazman Abd Aziz on 1 March 2019)

** Also directors 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	
Zulfa Ashida Zulkifli	(appointed on 15 January 2019)
Kutbuddin Asgar Ali	(appointed on 15 January 2019)
Tahirah Mohd Nor	(appointed on 15 January 2019 and resigned on 1 July 2019)
Zulkifly Garib	(appointed on 15 January 2019 and resigned on 1 November 2019)

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Directors (cont'd.)

(cont'd.)

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 and resigned on 1 July 2019)
Sophia Lim Siew Fay	
Prakash Prasannan	(resigned on 30 June 2019)
Mohamed Rastam Shahrom	(resigned on 2 January 2020)
Azmy Mahbot	(resigned on 2 January 2020)
Zadil Hanief Mohamad Zaidi	
Dato' Tan Thean Thye	
Zamri Yusof	
Liong Kok Kit	
Ong Chee Wei	
Nor Din Abdullah	
Mohamad Faizal Mohamad	
Paul Sandanasamy Richard	
Devamanokaran Poonagasu	(resigned on 1 November 2019)
Hazurin Harun	(resigned on 18 November 2019)
Caroline Goergen	
Marouf Moutairou	(resigned on 1 August 2019)
Lee Wen Ling	
Victor John Zacharias	
Dumisani Blessing Mnganga	
Amalanathan Thomas	
Aminah Othman	
Professor Philip Sutton Cox	
Shamsudin Yusof	(resigned on 15 January 2019)
Raja Norasikin Tengku Aziz	(resigned on 15 January 2019)
Siti Emilia Mamat	(appointed on 1 July 2019)
Lee Jia Zheng	(appointed on 30 October 2019)
Stewart Tew Peng Eng	(appointed on 18 November 2019)
Tuan Hj Hidzir Yahya	(resigned on 26 June 2019)
Puan Sri Datin Teng Siew Kean	(resigned on 26 June 2019)
Radzulai Yahaya	(resigned on 26 June 2019)
Lim Tong Hee	(appointed on 26 June 2019)
Olivier Richaud	(appointed on 1 August 2019)
Cheah Jit Peng	(appointed on 26 June 2019)
Chan Chee Yean	(appointed on 26 June 2019)
Tan Sri Dato' Yap Suan Chee	
Virgine Guillaume	(appointed on 1 August 2019)
Karine Pereira	(resigned on 1 August 2019)
Lim Chwee Muei	(appointed on 3 January 2020)
Siew Chee Seng	(appointed on 20 April 2020)

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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 39 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 are as follows:

	Number of ordinary shares			As at 31.12.2019
	As at 1.1.2019	During the year Acquired	Sold	
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 31.12.2019
	As at 1.1.2019	Granted	Exercised	Lapsed	
The Company					
Direct interest					
Anwar Syahrin Abdul Ajib	2,782,000	-	-	(2,782,000)	-

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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 RM41,862.

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 has been in force for a period of 7 years since the implementation date on 9 April 2012 and expired on 8 April 2019.

As at 8 April 2019, 84,587,850 share options remain unexercised. Pursuant to Clause 14.1 of the ESOS By-Laws, all options lapsed upon the expiry of the ESOS.

The salient features and other terms of the ESOS are disclosed in Note 32 to the financial statements.

Details of the share options granted and lapsed as at 31 December 2019 are as follows:

Date of offer	Option price RM	Vesting Date	As at 1.1.2019	Granted RM	Exercised RM	Lapsed RM	As at 31.12.2019
9 April 2012	2.23	23 April 2012	3,324,100	-	-	(3,324,100)	-
9 April 2012	2.41	9 April 2013	7,064,300	-	-	(7,064,300)	-
9 April 2012	2.60	9 April 2014	8,144,700	-	-	(8,144,700)	-
9 April 2012	2.81	9 April 2015	8,418,800	-	-	(8,418,800)	-
9 April 2012	3.03	9 April 2016	8,114,800	-	-	(8,114,800)	-
9 October 2012	2.23	23 October 2012	239,600	-	-	(239,600)	-
9 October 2012	2.41	9 April 2013	830,000	-	-	(830,000)	-
9 October 2012	2.60	9 April 2014	1,109,400	-	-	(1,109,400)	-
9 October 2012	2.81	9 April 2015	1,224,100	-	-	(1,224,100)	-
9 October 2012	3.03	9 April 2016	1,159,400	-	-	(1,159,400)	-
9 April 2013	2.79	23 April 2013	1,873,700	-	-	(1,873,700)	-
9 April 2013	2.79	9 April 2014	1,879,900	-	-	(1,879,900)	-
9 April 2013	2.81	9 April 2015	1,985,300	-	-	(1,985,300)	-
9 April 2013	3.03	9 April 2016	1,957,400	-	-	(1,957,400)	-
9 October 2013	2.79	23 October 2013	1,023,200	-	-	(1,023,200)	-
9 October 2013	2.79	9 April 2014	1,279,050	-	-	(1,279,050)	-
9 October 2013	2.81	9 April 2015	1,320,400	-	-	(1,320,400)	-
9 October 2013	3.03	9 April 2016	1,303,700	-	-	(1,303,700)	-
9 April 2014	2.79	23 April 2014	2,830,300	-	-	(2,830,300)	-
9 April 2014	2.81	9 April 2015	3,020,800	-	-	(3,020,800)	-
9 April 2014	3.03	9 April 2016	2,892,100	-	-	(2,892,100)	-
9 October 2014	2.79	23 October 2014	1,353,600	-	-	(1,353,600)	-
9 October 2014	2.81	9 April 2015	2,003,300	-	-	(2,003,300)	-
9 October 2014	3.03	9 April 2016	1,991,000	-	-	(1,991,000)	-
9 April 2015	2.81	23 April 2015	3,628,000	-	-	(3,628,000)	-
9 April 2015	3.03	9 April 2016	3,552,700	-	-	(3,552,700)	-
9 October 2015	2.81	23 October 2015	2,763,800	-	-	(2,763,800)	-
9 October 2015	3.03	9 April 2016	4,123,600	-	-	(4,123,600)	-
9 April 2016	3.03	23 April 2016	2,878,100	-	-	(2,878,100)	-
9 October 2016	3.03	23 October 2016	1,298,700	-	-	(1,298,700)	-
			84,587,850	-	-	(84,587,850)	-

No share options were granted and/or exercised during and at the end of financial year.

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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.

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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 2019 which would substantially affect the performance and financial position of the Group and of the Company, other than disclosed in Note 50 to the financial statements.

Auditors

The auditors, Ernst & Young PLT ("EY"), have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
EY and its affiliates	1,887	281
Other auditors	12	-
	<u>1,899</u>	<u>281</u>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, 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 PLT 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 12 May 2020.



Tan Sri Dato' Sri Zamzamzairani Mohd Isa



Anwar Syahrin Abdul Ajib

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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 18 to 174 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 2019 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 12 May 2020.

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, Anwar Syahrin Abdul Ajib, being the director primarily responsible for the financial management of UEM Sunrise Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 18 to 174 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 Anwar Syahrin Abdul Ajib at Kuala Lumpur in the Federal Territory on 12 May 2020

Anwar Syahrin Abdul Ajib
(MIA Membership No. 25802)

Before me,



G1-1-2, Ground Floor, Menara 1 Dutamas,
Solaris Dutamas, No. 1, Jalan Dutamas 1,
50480 KUALA LUMPUR, MALAYSIA.

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**Independent auditors' report to the members of
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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 2019 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 18 to 174.

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 2019, 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.

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**Independent auditors' report to the members of
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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 2019, the carrying amount of goodwill recognised by the Group stood at RM621,409,000 which represents 6.4% and 4.6% 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.

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**Independent auditors' report to the members of
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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 2020 - 2024 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 19 to the financial statements.

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**Independent auditors' report to the members of
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Key audit matters (cont'd.)

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 is derived from property development contracts which span more than one accounting period. For the financial year ended 31 December 2019, property development revenue of RM527,338,000 and cost of sales of RM354,357,000 accounted for approximately 18.1% and 16.8% 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 is 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 are used to determine gross profit margin of property development activities undertaken by the Group).

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

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**Independent auditors' report to the members of
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Key audit matters (cont'd.)

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

(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 22 to the financial statements.

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

As at 31 December 2019, the carrying amount of completed property units of RM546,527,000 represents 14.5% and 4.1% of the Group's total current assets and total assets respectively. The current economic outlook and property market environment posed challenges to the sale of these inventories. We considered 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 23(a) to the financial statements.

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**Independent auditors' report to the members of
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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.

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

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.

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

- (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.

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 45 to the financial statements.

Reg. No. 200801028815 (830144-W)

Independent auditors' report to the members of
UEM Sunrise Berhad (cont'd.)
(Incorporated in Malaysia)

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 PLT
202006000003 (LLP0022760-LCA) & AF: 0039
Chartered Accountants



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

Kuala Lumpur, Malaysia
12 May 2020

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of profit or loss
For the financial year ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Revenue	3	2,909,461	2,043,986	210,559	203,882
Cost of sales	4	(2,112,024)	(1,302,726)	(105,700)	(68,793)
Gross profit		797,437	741,260	104,859	135,089
Other income		75,598	74,347	140,944	142,551
Selling and distribution expenses		(37,977)	(42,815)	-	-
Other expenses		(364,053)	(296,837)	(87,152)	(121,258)
Operating profit	5	471,005	475,955	158,651	156,382
Finance costs	6	(106,801)	(100,966)	(146,967)	(148,647)
Share of results of associates		(2,432)	3,773	-	-
Share of results of joint ventures		22,756	37,287	-	-
Profit before zakat and income tax		384,528	416,049	11,684	7,735
Zakat	7	(2,006)	(5,210)	-	-
Income tax (expense)/benefit	8	(159,852)	(130,356)	506	(1,001)
Profit for the year		222,670	280,483	12,190	6,734
Attributable to:					
Owners of the parent		223,801	279,998	12,190	6,734
Non-controlling interests		(1,131)	485	-	-
		222,670	280,483	12,190	6,734
Earnings per share attributable to owners of the parent (sen):					
Basic, for profit for the year	10	4.9	6.0		
Diluted, for profit for the year	10	4.3	5.3		

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

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		Restated		
Profit for the year	222,670	280,483	12,190	6,734
Other comprehensive income/ (expense) to be reclassified to profit or loss in subsequent period:				
- Foreign currency translation differences of foreign operations	500	(58,418)	-	-
- Transfer to profit or loss on settlement of cash flow hedge	942	-	-	-
- Cash flow hedge	(15,988)	19,697	-	-
Total comprehensive income for the year	<u>208,124</u>	<u>241,762</u>	<u>12,190</u>	<u>6,734</u>
Total comprehensive income attributable to:				
Owners of the parent	209,277	241,167	12,190	6,734
Non-controlling interests	(1,153)	595	-	-
	<u>208,124</u>	<u>241,762</u>	<u>12,190</u>	<u>6,734</u>

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

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2019

Group	Note	2019 RM'000	2018 RM'000 Restated	As at 1 January 2018 RM'000 Restated
Assets				
Non-current assets				
Property, plant and equipment	11	456,056	445,552	377,136
Investment properties	12	845,611	728,703	649,670
Right-of-use assets	13	28,529	-	-
Land held for property development	14	5,618,794	4,711,896	4,438,759
Interests in associates	16(a)	498,572	500,635	500,385
Interests in joint ventures	17(a)	1,030,838	993,441	1,043,186
Amounts due from joint ventures	17(b)	158,464	257,149	245,581
Goodwill	19	621,409	621,409	621,409
Contract assets	25	2,752	10,168	4,798
Deferred tax assets	21	282,926	283,601	308,116
Long term receivables	24	166,052	113,434	122,598
		<u>9,710,003</u>	<u>8,665,988</u>	<u>8,311,638</u>
Current assets				
Interests in a joint venture	17(a)	-	53,216	-
Property development costs	22	877,385	1,821,615	2,535,003
Inventories held for sale	23(a)	546,527	695,271	609,690
Inventories under contract of sale	23(b)	408,304	607,412	-
Receivables	24	641,741	948,761	875,970
Contract assets	25	175,988	106,726	258,268
Amounts due from associates	16(b)	14,938	1,537	577
Amounts due from joint ventures	17(b)	38,265	79,144	108,694
Derivative asset	34	-	15,956	-
Short term investments	27	329	49,741	125,197
Cash, bank balances and deposits	20	1,057,446	1,078,601	808,004
		<u>3,760,923</u>	<u>5,457,980</u>	<u>5,321,403</u>
Total assets		<u>13,470,926</u>	<u>14,123,968</u>	<u>13,633,041</u>

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2019 (cont'd.)

	Note	2019 RM'000	2018 RM'000 Restated	As at 1 January 2018 RM'000 Restated
Group				
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	28	5,110,276	5,110,276	5,110,276
Merger relief reserves	28	34,330	34,330	34,330
Other reserves	29(a)	13,671	64,216	108,082
Retained profits	29(b)	2,127,889	1,868,067	1,636,333
		<u>7,286,166</u>	<u>7,076,889</u>	<u>6,889,021</u>
Non-controlling interests	33	468,332	363,722	363,127
Total equity		<u>7,754,498</u>	<u>7,440,611</u>	<u>7,252,148</u>
Non-current liabilities				
Borrowings	34	2,337,883	2,394,812	2,734,228
Lease liabilities	13	19,714	-	-
Payables	36	170,241	6,080	63,528
Contract liabilities	25	258,646	291,116	298,078
Deferred income	37	164,193	151,864	152,111
Derivative liabilities	34	-	-	4,651
Provisions	35	68,404	85,862	85,862
Deferred tax liabilities	21	238,426	234,762	230,119
		<u>3,257,507</u>	<u>3,164,496</u>	<u>3,568,577</u>
Current liabilities				
Provisions	35	177,675	295,070	310,762
Payables	36	1,083,888	845,790	894,145
Contract liabilities	25	66,240	39,522	66,821
Borrowings	34	1,048,978	2,288,689	1,485,514
Lease liabilities	13	10,380	-	-
Derivative liability	34	-	910	-
Tax payable		71,760	48,880	55,074
		<u>2,458,921</u>	<u>3,518,861</u>	<u>2,812,316</u>
Total liabilities		<u>5,716,428</u>	<u>6,683,357</u>	<u>6,380,893</u>
Total equity and liabilities		<u>13,470,926</u>	<u>14,123,968</u>	<u>13,633,041</u>

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

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2019 (cont'd.)

	Note	2019 RM'000	2018 RM'000
Company			
Assets			
Non-current assets			
Property, plant and equipment	11	32,445	17,430
Right-of-use assets	13	17,200	-
Interests in subsidiaries	15	4,318,395	4,318,395
Investment in an associate	16(a)	1,170	1,170
Interests in joint ventures	17(a)	339,963	322,159
Amounts due from joint ventures	17(b)	-	97,066
Amounts due from subsidiaries	26	2,503,305	2,311,808
		<u>7,212,478</u>	<u>7,068,028</u>
Current assets			
Interests in a joint venture	17(a)	-	53,216
Receivables	24	143,612	127,958
Amounts due from subsidiaries	26	937,273	722,096
Amounts due from an associate	16(b)	221	970
Amounts due from joint ventures	17(b)	29,328	32,323
Short term investments	27	322	49,734
Cash, bank balances and deposits	20	76,777	121,219
		<u>1,187,533</u>	<u>1,107,516</u>
Total assets		<u>8,400,011</u>	<u>8,175,544</u>
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	28	5,110,276	5,110,276
Merger relief reserves	28	34,330	34,330
Other reserves	29(a)	-	36,021
Retained profits	29(b)	107,916	59,705
Total equity		<u>5,252,522</u>	<u>5,240,332</u>
Non-current liabilities			
Borrowings	34	2,250,000	2,300,000
Amounts due to subsidiaries	26	144,165	-
Lease liabilities	13	13,069	-
		<u>2,407,234</u>	<u>2,300,000</u>

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UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2019 (cont'd.)

	Note	2019 RM'000	2018 RM'000
Company			
Current liabilities			
Payables	36	60,814	65,760
Amounts due to subsidiaries	26	4,702	7,452
Borrowings	34	670,000	562,000
Lease liabilities	13	4,739	-
		<u>740,255</u>	<u>635,212</u>
Total liabilities		<u>3,147,489</u>	<u>2,935,212</u>
Total equity and liabilities		<u>8,400,011</u>	<u>8,175,544</u>

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

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2019

Group	← Attributable to owners of the parent →			Retained profits (Note 29) RM'000	Total RM'000	Non-controlling interests (Note 33) RM'000	Total equity RM'000
	Share capital (Note 28) RM'000	Non-distributable Merger relief reserves (Note 28) RM'000	Distributable Other reserves (Note 29) RM'000				
At 1 January 2019	5,110,276	34,330	64,216	1,868,067	7,076,889	363,722	7,440,611
Total comprehensive income for the year	-	-	(14,524)	223,801	209,277	(1,153)	208,124
Business combination (Note 48(b))	-	-	-	-	-	105,763	105,763
ESOS - expiry of vested employee share options	-	-	(36,021)	36,021	-	-	-
At 31 December 2019	5,110,276	34,330	13,671	2,127,889	7,286,166	468,332	7,754,498

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2019 (cont'd.)

Group	← Attributable to owners of the parent →				Total RM'000	Non- controlling interests (Note 33) RM'000	Total equity RM'000
	Share capital (Note 28) RM'000	Merger relief reserves (Note 28) RM'000	Other reserves (Note 29) RM'000	Retained profits (Note 29) RM'000			
At 1 January 2018	5,110,276	34,330	108,082	1,649,543	6,902,231	363,127	7,265,358
Effect of MFRS 15 restatement	-	-	-	(13,210)	(13,210)	-	(13,210)
At 1 January 2018 (restated)	5,110,276	34,330	108,082	1,636,333	6,889,021	363,127	7,252,148
Total comprehensive income for the year	-	-	(38,831)	279,998	241,167	595	241,762
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	1,868,067	7,076,889	363,722	7,440,611

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

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2019 (cont'd.)

	←	Non-distributable	→	Distributable	
	Share capital (Note 28) RM'000	Merger relief reserves (Note 28) RM'000	Other reserve (Note 29) RM'000	Retained profits (Note 29) RM'000	Total equity RM'000
Company					
At 1 January 2019	5,110,276	34,330	36,021	59,705	5,240,332
Total comprehensive expense for the year	-	-	-	12,190	12,190
ESOS - expiry of vested employee share options	-	-	(36,021)	36,021	-
At 31 December 2019	<u>5,110,276</u>	<u>34,330</u>	<u>-</u>	<u>107,916</u>	<u>5,252,522</u>
At 1 January 2018	5,110,276	34,330	41,056	101,235	5,286,897
Total comprehensive income 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	<u>5,110,276</u>	<u>34,330</u>	<u>36,021</u>	<u>59,705</u>	<u>5,240,332</u>

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

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from operating activities				
Cash receipts from customers	3,057,907	2,141,834	2,774	445
Cash receipts from subsidiary companies	-	-	106,370	80,156
Receipts from other related parties	24,374	29,943	6,982	270
Cash receipts for refund of deposits	-	22,000	-	-
Cash payments to suppliers	(148,010)	(165,830)	-	-
Cash payments to contractors	(584,413)	(1,395,115)	-	-
Cash payments for land and development related costs	(115,838)	(134,441)	-	-
Cash payments to other related parties	(16,493)	(4,203)	-	-
Cash payments to employees, for selling and distribution and for general expenses	(476,085)	(340,633)	(178,445)	(214,738)
Cash generated from/(used in) operations	1,741,442	153,555	(62,319)	(133,867)
Zakat paid	(2,006)	(5,210)	-	-
Net income tax (paid)/refund	(101,062)	(43,551)	1,163	(98)
Interest received	21,859	27,976	458	9,070
Net cash generated from/(used in) operating activities	1,660,233	132,770	(60,698)	(124,895)
Cash flows from investing activities				
Dividend received from a joint venture	30,000	50,000	-	-
Dividend received from subsidiaries	-	-	84,280	106,100
Proceeds from disposals of:				
- investment properties	2,810	-	-	-
- property, plant and equipment	5	-	-	-
Purchase of:				
- property, plant and equipment (Note (a))	(37,871)	(57,960)	(16,850)	(12,127)

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of cash flows

For the financial year ended 31 December 2019 (cont'd.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from investing activities (cont'd.)				
Advances to subsidiaries	-	-	(510,815)	(360,027)
Advances to joint ventures	(18,861)	(9,194)	(6,621)	(29)
Business combination (Note 48(b))	(214,074)	-	-	-
Deposit paid for subscription of shares	-	(50,000)	-	-
Deposit refund for development rights of a land	10,000	-	-	-
Repayment from subsidiaries	-	-	498,787	520,981
Repayment from joint ventures	2,000	2,001	-	-
Investment in land held for property development	(45,000)	(133,500)	-	-
Investment in joint ventures	-	(300)	-	-
Redemption of RPS of a subsidiary	-	-	-	208,463
Investment in a subsidiary	-	-	-	(2,201)
Redemption of short term investments	51,300	75,000	51,300	75,000
Net cash (used in)/generated from investing activities	(219,691)	(123,953)	100,081	536,160
Cash flows from financing activities				
Drawdown of term loans	167,543	560,242	-	-
Drawdown of Commodity Murabahah Finance	44,659	395,129	-	-
Drawdown of Islamic Medium Term Notes ("IMTN")	300,000	800,000	300,000	800,000
Drawdown of structured commodity	140,000	-	140,000	-
Drawdown of revolving credits	638,300	143,000	450,000	143,000
Repayment of term loans	(505,242)	(304,466)	-	-
Repayment of Commodity Murabahah Finance	(1,125,873)	(4,634)	-	-
Repayment of IMTN	(300,000)	(800,000)	(300,000)	(800,000)
Repayment of structured commodity	(70,000)	(100,000)	(70,000)	(100,000)
Repayment of revolving credits	(551,000)	(154,000)	(462,000)	(138,000)

UEM Sunrise Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2019 (cont'd.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from financing activities (cont'd.)				
Repayment of lease liabilities	(4,507)	-	(2,949)	-
Interest paid	(195,188)	(195,639)	(141,846)	(147,108)
Dividend paid	-	(53,299)	-	(53,299)
Net cash (used in)/generated from financing activities	<u>(1,461,308)</u>	<u>286,333</u>	<u>(86,795)</u>	<u>(295,407)</u>
Net (decrease)/increase in cash and cash equivalents	(20,766)	295,150	(47,412)	115,858
Effects of foreign exchange rate changes	556	(23,938)	2,970	(1,162)
Cash and cash equivalents at beginning of year	<u>1,076,943</u>	<u>805,731</u>	<u>121,219</u>	<u>6,523</u>
Cash and cash equivalents at end of year (Note 20)	<u>1,056,733</u>	<u>1,076,943</u>	<u>76,777</u>	<u>121,219</u>
Note (a):				
Additions of property, plant and equipment (Note 11)	44,856	71,410	17,860	12,657
Interest capitalised (Note 6)	(438)	(7,141)	-	-
Accruals	(6,547)	(6,309)	(1,010)	(530)
Cash outflow for acquisition of property, plant and equipment	<u>37,871</u>	<u>57,960</u>	<u>16,850</u>	<u>12,127</u>

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

Notes to the financial statements - 31 December 2019

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 Level U6, Block C5, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 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, hotel operations 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 12 May 2020.

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.

UEM Sunrise Berhad
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2. Significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

- (a) On 1 January 2019, the Group and the Company adopted the following amended MFRS mandatory for annual financial periods beginning on or after 1 January 2019:

	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

The adoption of the above amendments does not have any significant impact on the financial performance or position of the Group and of the Company, except disclosed below:

MFRS 16 : Leases

Arising from the adoption of MFRS 16: Leases ("MFRS 16"), there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 48(a).

- (b) Early adoption of standards and interpretations that have been issued and effective for annual period beginning on or after 1 January 2020.

Amendments to MFRS 3 : Business Combinations

MFRS 3: Business Combinations ("MFRS 3") establishes different accounting requirements for a business combination as opposed to the acquisition of an asset or a group of assets that does not constitute a business.

UEM Sunrise Berhad
(Incorporated in Malaysia)

2. Significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

- (b) Early adoption of standards and interpretations that have been issued and effective for annual period beginning on or after 1 January 2020. (cont'd.)

Amendments to MFRS 3 : Business Combinations (cont'd.)

MFRS 3 stated that a business consists of inputs and processes applied to those inputs that have the ability to create outputs, although outputs are not necessarily required as an integrated set to qualify as a business. However, there is ambiguity in the interpretation and application of a business. Amendment to MFRS 3: Business Combinations ("revised MFRS 3") clarifies the definition of a business, with the objective of helping entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The revised MFRS 3 is effective for annual reporting periods beginning on or after 1 January 2020 and is applicable prospectively. Earlier application is permitted.

The amendments among others clarify the minimum requirements for a business, narrow the definitions of the business and introduce an optional fair value concentration test.

The Group opts for early adoption of revised MFRS 3 during the financial year. With the early adoption of revised MFRS 3, the acquisition of Mega Legacy (M) Sdn. Bhd. on 15 April 2019 is accounted as acquisition of assets as disclosed in Note 48(b).

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
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
Interpretation to MFRS 123: Borrowing cost relating to over time transfer of constructed good	1 July 2020

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.

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2. Significant accounting policies (cont'd.)

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

(a) MFRS 123 : Borrowing Costs relating to over time transfer of constructed good (Agenda Decision 4 ("AD4"))

In March 2019, the International Financial Reporting Standard Interpretation Committee concluded that interest cost should not be capitalised for assets created under the percentage-of-completion method i.e. receivables, contract assets and inventories as these assets do not meet the definition of qualifying assets.

On 20 March 2019, the Malaysian Accounting Standards Board allowed the affected entities to apply the changes in accounting policies to their financial statements in relation to AD4 beginning on or after 1 July 2020.

For the impact assessment of AD4, the profits before income tax and zakat for current year and comparative period are expected to reduce by 1.6% and 0.7% respectively due to the finance cost expensed off from ongoing development projects, for which previously capitalised under property development costs. The impact is diluted by the improvement to gross profits for property development. There is no impact to the revenue and no significant impact to the consolidated statement of financial position during the aforementioned periods. The Group has not reflected any adjustments arising from AD4 impact assessment.

(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.

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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 meets 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.

The consolidated financial statements comprise the financial statements of the Company and subsidiaries under its control as at 31 December 2019. 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.

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2. Significant accounting policies (cont'd.)

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

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

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.

The Group assessed whether an acquisition of a company is accounted for as business combinations or acquisition of an asset or a group of assets. A business consists of inputs and processes applied to those inputs that have the ability to create outputs, although outputs are not necessarily required as an integrated set to qualify as a business.

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.

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.

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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.)

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 loses 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.

(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.

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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.)

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.

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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.)

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.

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 reassesses 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.

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2. Significant accounting policies (cont'd.)

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

(b) Goodwill (cont'd.)

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.

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	2% - 5%
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.

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2. Significant accounting policies (cont'd.)

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

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

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.

(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.

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2. Significant accounting policies (cont'd.)

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

(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.

Property development cost balance includes contract cost assets which comprise of costs to fulfil contracts and costs to obtain contracts in accordance with Note 2.4(ad).

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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.

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2. Significant accounting policies (cont'd.)

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

(h) Income taxes (cont'd.)

(i) Current tax (cont'd.)

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.

(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

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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.)

- 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.

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.

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2. Significant accounting policies (cont'd.)

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

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

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.

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.

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.

(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").

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2. Significant accounting policies (cont'd.)

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

(k) Employee benefits (cont'd.)

(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.

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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 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.

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

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.

(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.

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2. Significant accounting policies (cont'd.)

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

(m) Revenue recognition (cont'd.)

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

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

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).

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 in 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.

2. Significant accounting policies (cont'd.)

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

(m) Revenue recognition (cont'd.)

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

(iii) Assets and facilities management

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

(iv) 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.

(v) Car park collections

Car park collections is recognised net of goods and service tax or sales and service tax and upon services being rendered.

(vi) Hotel operations

Hotel operations generally consist of room rentals and food and beverage. Room rental revenue is accrued over time on customer-occupied rooms. Revenue from the sales of food and beverage is recognised when the customer receives and consumes, and the Company has a present right to payment for, the food and beverage product. Hotel room rental and food and beverages revenue are recorded based on the published rates, net of discounts.

(vii) Management fees

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

Revenue from other sources

(i) Property investment

Rental income is accounted on a straight-line basis over the period of lease term.

(ii) Dividends

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

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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.

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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

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.

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.

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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.)

Subsequent measurement (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.

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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.)

Subsequent measurement (cont'd.)

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.

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.

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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.)

Subsequent measurement (cont'd.)

Financial assets at fair value through profit or loss (cont'd.)

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.

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.

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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 (cont'd.)

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.

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.

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

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.

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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.)

Subsequent measurement (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.

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2. Significant accounting policies (cont'd.)

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

(q) Leases

The Group and the Company have applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained profits at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated i.e. it is presented, as previously reported under MFRS 117: Leases ("MFRS 117") and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset which this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are a lessee, the Group and the Company have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

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.

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2. Significant accounting policies (cont'd.)

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

(q) Leases (cont'd)

Current financial year (cont'd)

(ii) Recognition and initial measurement

As a lessee

The Group and the Company recognise right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group and the Company entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Significant accounting policies (cont'd.)

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

(q) Leases (cont'd.)

Current financial year (cont'd)

(ii) Recognition and initial measurement (cont'd.)

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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2. Significant accounting policies (cont'd.)

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

(q) Leases (cont'd.)

Current financial year (cont'd)

(iii) Subsequent measurement (cont'd.)

As a lessee (cont'd.)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

Previous financial year

(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.

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2. Significant accounting policies (cont'd.)

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

(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.

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.

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2. Significant accounting policies (cont'd.)

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

(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.

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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 is 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.

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2. Significant accounting policies (cont'd.)

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

(w) Fair value measurements (cont'd.)

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 reassessing 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.

(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.

2. Significant accounting policies (cont'd.)

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

(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 44, 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.

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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.

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2. Significant accounting policies (cont'd.)

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

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

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.

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.

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2. Significant accounting policies (cont'd.)

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

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

Cash flow hedges (cont'd.)

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.

(ad) Contract cost assets

(i) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained.

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2. Significant accounting policies (cont'd.)

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

(ad) Contract cost assets (cont'd.)

(ii) Costs to fulfil a contract

The costs incurred in fulfilling a contract with a customer who are not within the scope of other MFRSs such as MFRS 102: Inventories, MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets, are recognised as contract cost assets when all of the following criteria are met:

- costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108: Accounting Policies, Changes in Accounting Estimate and Errors.

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract cost, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with other MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract cost assets in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136: Impairment of Assets to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

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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 40(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 21.

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2. Significant accounting policies (cont'd.)

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

Key sources of estimation uncertainty (cont'd.)

(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. Details of goodwill are disclosed in Note 19.

(iv) Property development costs

The Group recognises property development revenue and expenses in the profit or loss over time or at a point in 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 22.

(v) Provision for construction 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 35.

(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.

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2. Significant accounting policies (cont'd.)

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

Key sources of estimation uncertainty (cont'd.)

(vi) Provision for foreseeable losses for low cost housing (cont'd.)

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 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 35.

(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 held for sale as at 31 December 2019 is disclosed in Note 23(a).

(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.

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3. Revenue

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contract with customers	2,871,404	2,008,096	110,986	72,233
Revenue from other sources:				
- Rental income	38,057	35,890	-	-
- Dividend income from short term investments	-	-	1,573	3,249
- Dividend income from subsidiaries	-	-	98,000	128,400
	<u>2,909,461</u>	<u>2,043,986</u>	<u>210,559</u>	<u>203,882</u>

Revenue from contract with customers

Property development:				
- Sales of development properties	2,357,263	1,430,992	-	-
- Sales of developed lands	54,483	25,963	-	-
	2,411,746	1,456,955	-	-
Strategic land sales	374,749	478,885	-	-
Assets and facilities management	28,739	30,102	-	-
Project management	-	3,997	-	-
Car park collections	26,803	25,082	-	-
Hotel operations	18,869	-	-	-
Management fees from subsidiaries	-	-	110,986	72,233
Others	10,498	13,075	-	-
	<u>2,871,404</u>	<u>2,008,096</u>	<u>110,986</u>	<u>72,233</u>

Geographical market

Malaysia	927,459	1,341,693	108,416	71,665
Australia	1,942,022	661,840	1,066	521
Singapore	1,923	4,563	1,504	47
	<u>2,871,404</u>	<u>2,008,096</u>	<u>110,986</u>	<u>72,233</u>

Timing of revenue

At a point in time	2,344,066	1,438,401	110,986	72,233
Over time:				
- Property development (Note 25(a))	500,087	553,490	-	-
- Strategic land sales (Note 25(b))	27,251	16,205	-	-
	<u>2,871,404</u>	<u>2,008,096</u>	<u>110,986</u>	<u>72,233</u>

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4. Cost of sales

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Property development:				
- Sales of development properties	1,781,751	1,160,283	-	-
- Sales of developed lands	35,666	17,920	-	-
	1,817,417	1,178,203	-	-
Strategic land sales	253,883	89,627	-	-
Rental income and car park collections	14,115	17,550	-	-
Hotel operations	9,348	-	-	-
Costs of services rendered to subsidiaries	-	-	105,700	68,793
Others	17,261	17,346	-	-
	2,112,024	1,302,726	105,700	68,793

5. Operating profit

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts				
- receivables (Note 24(vii))	1,909	6,961	-	-
Rental expenses of:				
- land and building	-	10,677	-	3,652
- equipment	-	652	-	288
- short-term leases	748	-	206	-
- low-value assets	478	-	403	-
Auditors' remuneration:				
EY and its affiliate:				
- statutory audit for the year:				
- Malaysian operations	860	838	203	202
- overseas operations	602	666	-	-
- non-statutory audit	72	114	72	114
- EY affiliate	353	292	6	-
Other auditors	12	12	-	-
Depreciation of property, plant and equipment (Note 11)	20,163	10,988	2,845	484
Depreciation of investment properties (Note 12)	16,037	15,991	-	-
Depreciation of right-of-use assets (Note 13)	10,949	-	6,748	-
Directors' remuneration (Note (i))	3,161	3,516	3,161	3,516

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5. Operating profit (cont'd.)

The following amounts have been included in arriving at operating profit: (cont'd.)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Staff costs (Note (ii))	153,781	123,071	83,373	77,747
Remeasurement of long term receivables (Note 24(v))	(1,922)	801	-	-
Write back of allowance for impairment:				
- receivables (Note 24(vii))	(2,043)	(1,560)	-	-
Net inventories written down	4,921	27,558	-	-
Loss/(gain) on foreign exchange:				
- unrealised	9,036	16,540	(1,720)	-
- realised	(483)	(9,835)	(1,297)	(465)
Direct operating expenses arising from investment properties that are:				
- generating rental income	21,190	20,216	-	-
- not generating rental income	2,550	2,063	-	-
Dividend income from short term investments	(1,573)	(3,249)	(1,573)	(3,249)
Interest income:				
- deposits with licensed banks	(16,372)	(19,891)	(1,369)	(2,795)
- accretion of interest on long term receivables (Note 24(v))	(8,967)	(2,488)	-	-
- subsidiaries	-	-	(130,671)	(130,612)
- joint ventures	(7,729)	(11,823)	(5,079)	(7,952)
- an associate	(38)	-	-	-
- others	(5,487)	(8,104)	-	-
Provision for impairment of interests in subsidiaries (Note 15)	-	-	-	2,341
Provision for impairment of interests in joint ventures (Note 17a)	51,113	10,207	70,417	69,992
Provision for impairment of amounts due from subsidiaries (Note 26)	-	-	-	308
(Gain)/loss on disposal of:				
- investment property	(2,048)	-	-	-
- property, plant and equipment	167	-	-	-

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5. Operating profit (cont'd.)

The following amounts have been included in arriving at operating profit: (cont'd.)

(i) Directors' remuneration

	← Group/Company →			
	2019		2018	
Executive director:	Salary and other emoluments RM'000	Benefits-in -kind RM'000	Salary and other emoluments RM'000	Benefits-in -kind RM'000
Anwar Syahrin Abdul Ajib	1,347	120	1,661	355
	← Group/Company →			
	2019		2018	
Non-executive directors:	Director ⁸ fees RM'000	Other ⁸ emoluments RM'000	Director ⁸ fees RM'000	Other ⁸ emoluments RM'000
Tan Sri Dato' Sri Zamzamzairani Mohd Isa	210	117 ¹	210	82 ¹
Subimal Sen Gupta	203 ³	-	187	-
Dato' Noorazman Abd Aziz	126	-	27 ⁴	-
Dato' Mohd Izani Ghani ⁴	92	-	-	-
Zaida Khalida Shaari ⁵	142	-	141	5 ²
Lim Tian Huat	153	-	182	-
YM Ungku Suseelawati Ungku Omar	140	-	148	35 ⁷
Tan Sri Dr Azmil Khalili Dato' Khalid	152	-	133	-
Datin Teh Ija Mohd Jalil	203	-	130	-
Christina Foo	153	-	15	-
Dato' Srikandan Kanagainthiram	-	-	80	-
Dato' Mohd Izzaddin Idris ⁶	-	-	122	-
Wong Shu Hsien ⁴	3	-	3	-
	<u>1,577</u>	<u>117</u>	<u>1,378</u>	<u>122</u>
	<u>2,924</u>	<u>237</u>	<u>3,039</u>	<u>477</u>
Total directors' remuneration		<u>3,161</u>		<u>3,516</u>

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5. Operating profit (cont'd.)

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

- ¹ Comprised car-related benefits and other permissible items/claims, home guard security services and provision of driver.
- ² Comprised site visit allowance.
- ³ Fees amounting to RM40,645 for the period up to 16.05.2019 for nominee of UEM Group Berhad ("UEM Group") on the Board of the Company are paid to Khazanah Nasional Berhad ("Khazanah"). From 17.05.2019 onwards, fees are paid to the Director. On 18.10.2019, he ceased to be a nominee of UEM Group on the Board of the Company.
- ⁴ Fees for nominee of UEM Group on the Board of the Company are paid to Khazanah.
- ⁵ Nominee of Khazanah on the Board of the Company are paid to Khazanah. From 02.01.2019 onwards, fees are paid to the Director. On 24.02.2020, she ceased to be a nominee of Khazanah on the Board of the Company.
- ⁶ Fees for nominee of UEM Group on the Board of the Company are paid to UEM Group.
- ⁷ Discount for purchase of property.
- ⁸ Excluding SST where applicable.

(ii) Staff costs

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	95,193	89,639	55,994	51,698
Staff bonus, benefits and welfare	30,013	34,279	3,101	16,747
Restructuring cost	25,907	-	14,257	-
Statutory contribution to EPF and social security costs	14,426	14,333	8,741	8,306
Training expenses	1,398	1,024	1,280	996
	<u>166,937</u>	<u>139,275</u>	<u>83,373</u>	<u>77,747</u>
Capitalised to:				
Land held for property development (Note 14)	(4,210)	(6,015)	-	-
Property development costs (Note 22)	(8,946)	(10,189)	-	-
	<u>153,781</u>	<u>123,071</u>	<u>83,373</u>	<u>77,747</u>

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6. Finance costs

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Finance costs incurred and accrued during the year on:				
- IMTN, term loans and structured commodity	167,869	197,106	131,583	135,207
- revolving credits and bank overdraft	19,788	19,179	13,815	13,440
- loan from immediate holding company	2,694	2,679	-	-
- loan from subsidiaries	-	-	681	-
- Interest on lease liabilities (Note 13)	1,683	-	888	-
- accretion of interest on long term payables	817	1,349	-	-
- bank charges	957	640	-	-
	<u>193,808</u>	<u>220,953</u>	<u>146,967</u>	<u>148,647</u>
Capitalised in:				
- land held for property development (Note 14)	(37,759)	(35,231)	-	-
- property development costs (Note 22)	(48,810)	(77,615)	-	-
- property, plant, and equipment (Note 11)	(438)	(7,141)	-	-
	<u>(87,007)</u>	<u>(119,987)</u>	<u>-</u>	<u>-</u>
	<u>106,801</u>	<u>100,966</u>	<u>146,967</u>	<u>148,647</u>

The interest and profit rates for borrowing cost capitalised during the financial year range from 3.85% to 5.52% (2018: 3.82% to 7.11%) per annum.

7. Zakat

	Group	
	2019 RM'000	2018 RM'000
Expensed and paid in the financial year	<u>2,006</u>	<u>5,210</u>

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8. Income tax expense/(benefit)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian income tax	33,067	76,401	-	595
Foreign tax	115,611	26,555	-	-
Under/(over) provision in prior years	7,847	(2,091)	(506)	406
	<u>156,525</u>	<u>100,865</u>	<u>(506)</u>	<u>1,001</u>
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	107	27,702	-	-
Underprovision of deferred tax in prior years	3,220	1,789	-	-
	<u>3,327</u>	<u>29,491</u>	<u>-</u>	<u>-</u>
Total income tax expense/(benefit)	<u>159,852</u>	<u>130,356</u>	<u>(506)</u>	<u>1,001</u>

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.

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8. Income tax expense/(benefit) (cont'd.)

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		Restated		
Profit before zakat and income tax	384,528	416,049	11,684	7,735
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	92,287	99,852	2,804	1,856
Effect of different tax rates in other countries	25,141	6,542	-	-
Income not subject to tax	(2,661)	(3,684)	(24,630)	(30,816)
Expenses not deductible for tax purposes	22,925	29,345	21,826	29,555
Deferred tax assets not recognised during the year	14,752	9,708	-	-
Withholding tax payable	1,700	-	-	-
Tax effect on share of associates' and joint ventures' results	(4,878)	(9,855)	-	-
Under/(over) provision of income tax in prior years	7,847	(2,091)	(506)	406
Under provision of deferred tax in prior years	3,220	1,789	-	-
Zakat deduction	(481)	(1,250)	-	-
Tax expense/(benefit) for the year	159,852	130,356	(506)	1,001

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9. Dividends

	Company	
	2019	2018
	RM'000	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
	<u>-</u>	<u>53,299</u>

Since the end of the previous financial year, no dividend has been paid by the Company.

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

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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	
	2019	2018 Restated
Profit for the year attributable to owners of the parent (RM'000)	223,801	279,998
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)	<u>223,801</u>	<u>272,073</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,537,436</u>	<u>4,537,436</u>
Basic earnings per share (sen)	<u>4.9</u>	<u>6.0</u>

(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	
	2019	2018 Restated
Profit for the year attributable to owners of the parent (RM'000)	223,801	279,998
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)	<u>223,801</u>	<u>272,073</u>
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,537,436
Effects of dilution from RCPS ('000)	617,077	617,077
	<u>5,154,513</u>	<u>5,154,513</u>
Diluted earnings per share (sen)	<u>4.3</u>	<u>5.3</u>

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

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11. Property, plant and equipment
Group

	Freehold land RM'000	Building 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 2019								
Net carrying amount at 1 January 2019	14,882	295,640	74,475	31,810	921	330	27,494	445,552
Additions	-	-	21,416	52	-	-	23,388	44,856
Adjustment to cost estimates	-	(613)	(1,166)	-	-	-	-	(1,779)
Disposal	-	-	-	-	-	-	(318)	(318)
Foreign currency translation	-	-	(1,928)	-	-	-	(6)	(1,934)
Transfer to property development cost (Note 22)	-	-	(10,158)	-	-	-	-	(10,158)
Reclassification	-	16,592	(67,988)	51,396	-	-	-	-
Depreciation charge (Note 5)	-	(6,399)	-	(4,444)	(893)	(139)	(8,288)	(20,163)
Net carrying amount at 31 December 2019	<u>14,882</u>	<u>305,220</u>	<u>14,651</u>	<u>78,814</u>	<u>28</u>	<u>191</u>	<u>42,270</u>	<u>456,056</u>
Cost	14,882	325,969	14,651	104,927	6,476	9,931	95,571	572,407
Accumulated depreciation	-	(20,749)	-	(26,113)	(6,448)	(9,740)	(53,301)	(116,351)
Net carrying amount	<u>14,882</u>	<u>305,220</u>	<u>14,651</u>	<u>78,814</u>	<u>28</u>	<u>191</u>	<u>42,270</u>	<u>456,056</u>

Included in capital work-in-progress of the Group are construction costs of RMNil (2018: RM63,032,000).

Included in capital work-in-progress is the borrowing cost of RM438,000 (2018: RM7,141,000) arising from IMTN for the construction of a building and freehold land.

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11. Property, plant and equipment (cont'd.)**Group**

	Freehold land RM'000	Building 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 to property development cost (Note 22)	-	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	<u>14,882</u>	<u>295,640</u>	<u>74,475</u>	<u>31,810</u>	<u>921</u>	<u>330</u>	<u>27,494</u>	<u>445,552</u>
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	<u>14,882</u>	<u>295,640</u>	<u>74,475</u>	<u>31,810</u>	<u>921</u>	<u>330</u>	<u>27,494</u>	<u>445,552</u>

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11. Property, plant and equipment (cont'd.)

Company	Capital work-in- progress RM'000	Others RM'000	Total RM'000
At 31 December 2019			
Net carrying amount at 1 January 2019	8,892	8,538	17,430
Additions	6,957	10,903	17,860
Depreciation charge (Note 5)	-	(2,845)	(2,845)
Net carrying amount at 31 December 2019	<u>15,849</u>	<u>16,596</u>	<u>32,445</u>
Cost	15,849	20,018	35,867
Accumulated depreciation	-	(3,422)	(3,422)
Net carrying amount	<u>15,849</u>	<u>16,596</u>	<u>32,445</u>
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	<u>8,892</u>	<u>8,538</u>	<u>17,430</u>
Cost	8,892	9,115	18,007
Accumulated depreciation	-	(577)	(577)
Net carrying amount	<u>8,892</u>	<u>8,538</u>	<u>17,430</u>

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12. Investment properties

Group

	Completed investment properties RM'000
Cost	
At 1 January 2019	811,487
Addition	134,855
Disposal	(1,105)
Transfer from property development costs (Note 22)	4,471
Foreign translation	<u>(5,488)</u>
At 31 December 2019	<u>944,220</u>
Accumulated depreciation	
At 1 January 2019	(82,784)
Depreciation charge (Note 5)	(16,037)
Disposal	<u>212</u>
At 31 December 2019	<u>(98,609)</u>
Net carrying amount	<u>845,611</u>
Fair value of investment properties (Note 42)	<u>1,165,895</u>

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12. Investment properties (cont'd.)

Group

	Completed investment properties RM'000
Cost	
At 1 January 2018	716,463
Adjustment to cost estimates	(1,654)
Transfer from property development costs (Note 22)	96,678
At 31 December 2018	<u>811,487</u>
Accumulated depreciation	
At 1 January 2018	(66,793)
Depreciation charge (Note 5)	(15,991)
At 31 December 2018	<u>(82,784)</u>
Net carrying amount	<u>728,703</u>
Fair value of investment properties (Note 42)	[^] <u>1,023,228</u>

The fair value of investment properties as at 31 December 2019 includes the cost of properties completed in 2018 and recently obtained completion certificate of RM93,045,000 which approximates to fair value.

[^] The fair value of investment properties as at 31 December 2018 includes the cost of recently completed properties of RM96,678,000 which approximates to fair value.

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.

The fair value of investment properties described above was based on conditions existing at 31 December 2019. The Group will continue to monitor and assess the assumptions applied. Adjustments will be effected to the carrying amounts of investment properties should there be any adverse effect as a result of the COVID-19 impact.

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13. Right-of-use assets

Group	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At 1 January 2019	39,165	162	39,327
Addition	151	-	151
Depreciation (Note 5)	(10,891)	(58)	(10,949)
At 31 December 2019	<u>28,425</u>	<u>104</u>	<u>28,529</u>

Company	Buildings RM'000
At 1 January 2019	23,575
Addition	373
Depreciation (Note 5)	(6,748)
At 31 December 2019	<u>17,200</u>

The Group and the Company leases a number of offices and buildings for a period of between 1 year and 3 years, with fixed rents and an option to renew the lease.

Group	Buildings RM'000	Plant and equipment RM'000	Total RM'000
Lease liabilities			
At 1 January 2019	39,165	162	39,327
Addition	151	-	151
Accretion of interest (Note 6)	1,677	6	1,683
Billings	(11,005)	(62)	(11,067)
At 31 December 2019	<u>29,988</u>	<u>106</u>	<u>30,094</u>

Analysed into:			
Non-current	19,656	58	19,714
Current	10,332	48	10,380
	<u>29,988</u>	<u>106</u>	<u>30,094</u>

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13. Right-of-use assets (cont'd.)

Company	Buildings RM'000
Lease liabilities	
At 1 January 2019	23,575
Addition	373
Accretion of interest (Note 6)	888
Billings	(7,028)
At 31 December 2019	<u>17,808</u>
 Analysed into:	
Non-current	13,069
Current	4,739
	<u>17,808</u>

The maturity analysis of lease liabilities are disclosed as below:

Group	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Within 1 year	11,586	1,206	10,380
Between 2 and 5 years	<u>20,534</u>	<u>820</u>	<u>19,714</u>

Company	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Within 1 year	5,439	700	4,739
Between 2 and 5 years	<u>13,552</u>	<u>483</u>	<u>13,069</u>

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13. Right-of-use assets (cont'd)

Extension options	Lease not included liability recognised (discounted) RM'000	Group Potential future lease payments in lease liability (discounted) RM'000	Historical rate of exercise of extension options %
Building	1,980	1,242	50%

Some leases of office buildings contain extension options exercisable by the Group up to three years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Sale and leaseback

In 2015, the Group sold an office building and leased the building back for seven years. This sale and leaseback transaction enabled the Group to access more capital while continuing to use the office building. The rent is adjusted every two years after the first tenancy period of three years to reflect increases in local market rents for similar properties.

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14. Land held for property development

	Group	
	2019	2018
Cost	RM'000	RM'000
At 1 January	4,711,896	4,438,759
Business combination (Note 48(b))	807,502	-
Additions	235,374	302,641
Expense off	(1,494)	-
Transfer to property development costs (Note 22)	(134,484)	(29,504)
At 31 December	<u>5,618,794</u>	<u>4,711,896</u>

As at the reporting date, land and related development expenditure of RM622,993,000 (2018: RM282,148,000) are pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 34(a)(i).

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

	Group	
	2019	2018
	RM'000	RM'000
Interest capitalised (Note 6)	37,759	35,231
Staff costs (Note 5(ii))	<u>4,210</u>	<u>6,015</u>

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 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.

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15. Interests in subsidiaries

	Company	
	2019	2018
	RM'000	RM'000
Investment in subsidiaries, unquoted shares		
At 1 January	3,181,299	3,179,098
Additional investment	-	2,201
At 31 December	<u>3,181,299</u>	<u>3,181,299</u>
Investment in RCPS/RPS, issued by subsidiaries		
At 1 January	1,155,212	1,363,675
Redemption of investment (Note (i))	-	(208,463)
At 31 December	<u>1,155,212</u>	<u>1,155,212</u>
Impairment losses		
At 1 January	(18,116)	(15,775)
Impairment losses (Note 5, Note (ii))	-	(2,341)
At 31 December	<u>(18,116)</u>	<u>(18,116)</u>
	<u>4,318,395</u>	<u>4,318,395</u>

Details of the subsidiaries are disclosed in Note 45.

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

In the previous 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 RMNil (2018: RM2,341,000).

The shares of a subsidiary were pledged as a security for the banking facility obtained as disclosed in Note 34(a)(ii).

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16a. Interests in associates

	Group	
	2019	2018
	RM'000	RM'000
Investment in associates, unquoted shares		
At 1 January	56,566	56,566
Written off	(13)	-
At 31 December	<u>56,553</u>	<u>56,566</u>
Investment in RPS, issued by an associate		
At 1 January/31 December	<u>360,000</u>	<u>360,000</u>
Share of post-acquisition reserves		
At 1 January	109,063	105,542
Share of reserve during the year	(2,432)	3,521
At 31 December	<u>106,631</u>	<u>109,063</u>
Foreign currency translation	(24,612)	(24,994)
	<u>498,572</u>	<u>500,635</u>
	Company	
	2019	2018
	RM'000	RM'000
Investment in an associate, unquoted shares	<u>1,170</u>	<u>1,170</u>

Details of associates are disclosed in Note 46.

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16a. Interests in associates (cont'd.)

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		Setia Haruman	
	Sdn. Bhd.		Sdn. Bhd.	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-current assets	883,935	883,851	1,065,666	1,008,295
Current assets	18,877	18,370	1,611,651	1,878,192
Total assets	902,812	902,221	2,677,317	2,886,487
Non-current liabilities	-	-	1,769,818	1,607,628
Current liabilities	43	45	261,370	649,196
Total liabilities	43	45	2,031,188	2,256,824
Net assets	902,769	902,176	646,129	629,663

Summarised statement of comprehensive income

	Scope Energy		Setia Haruman	
	Sdn. Bhd.		Sdn. Bhd.	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	177,342	226,612
Profit before tax	735	701	20,418	40,075
Total comprehensive income	593	533	16,466	30,457

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16a. Interests in associates (cont'd.)

(cont'd.)

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.	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Net assets at 1 January	902,176	901,643	629,663	599,206
Profit for the year	593	533	16,466	30,457
Net assets at 31 December	902,769	902,176	646,129	629,663
Interests in associate	40%	40%	25%	25%
	361,108	360,870	161,532	157,416
Unrealised profit arising from land sales	(35,902)	(36,077)	-	-
Carrying value of Group's interest	325,206	324,793	161,532	157,416

Aggregate information of associates that are not individually material

	2019	2018
	RM'000	RM'000
The Group's share of loss before tax	(6,961)	(4,054)
The Group's share of loss after tax	(6,961)	(4,054)

Apart from as disclosed in Note 40, there is no material contingent liability and capital commitment relating to associates as at 31 December 2019 and 31 December 2018.

16b. Amounts due from associates

Group

Amounts due from associates are unsecured, non-interest bearing and repayable on demand except for amount of RM12,000,000 (2018: RMNil) which bears interest at an average rate of 5.5% (2018: Nil) per annum.

Company

Amount due from an associate is unsecured, non-interest bearing and repayable on demand.

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17a. Interests in joint ventures

	2019	2018
	RM'000	RM'000
		Restated
Group		
Investment in joint ventures, unquoted shares		
At 1 January	33,954	33,754
Additional investment	-	200
At 31 December	<u>33,954</u>	<u>33,954</u>
Investment in Redeemable Convertible Loan Stocks ("RCULS"), RCPS and RPS, issued by joint ventures		
At 1 January	662,016	636,066
Additional investment (Note (i))	35,005	25,950
At 31 December	<u>697,021</u>	<u>662,016</u>
Share of post-acquisition reserves	<u>197,294</u>	<u>195,005</u>
Amounts due from joint ventures (Note (ii))	<u>163,889</u>	<u>165,889</u>
Accumulated impairment losses	<u>(61,320)</u>	<u>(10,207)</u>
	<u>1,030,838</u>	<u>1,046,657</u>
Analysed into:		
Non-current	1,030,838	993,441
Current (Note (iii))	-	53,216
	<u>1,030,838</u>	<u>1,046,657</u>
Company		
Investments in joint ventures, unquoted shares		
At 1 January/31 December	<u>23,580</u>	<u>23,580</u>
Investment in RCULS, RCPS and RPS, issued by joint ventures		
At 1 January	467,557	441,707
Additional investment (Note (i))	35,005	25,850
At 31 December	<u>502,562</u>	<u>467,557</u>
Impairment losses	<u>(186,179)</u>	<u>(115,762)</u>
At 31 December	<u>339,963</u>	<u>375,375</u>
Analysed into:		
Non-current	339,963	322,159
Current (Note (iii))	-	53,216
	<u>339,963</u>	<u>375,375</u>

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17a. Interests in joint ventures (cont'd.)

(i) Acquisition of investment in joint ventures

During the financial year, the Company subscribed additional Redeemable Preference Shares of RM47,958,000 at RM1.00 per share in Desaru North Course Residences Sdn. Bhd. upon the Desaru settlement arrangement with Themed Attractions Resorts & Hotels Sdn. Bhd. via acquisition of properties in Puteri Harbour, alongside redemption of Redeemable Preference Shares in Desaru South Course Land Sdn. Bhd. and Desaru South Course Residences Sdn. Bhd. of amounts RM265,000 and RM12,688,000 respectively.

(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 in the financial year ended 31 December 2018, recorded impairment losses of RM10,207,000 and RM69,992,000 in the consolidated financial statements and separate financial statements of the Company, respectively.

On 12 March 2019, MBX informed the Group that a receiver manager was appointed by the Bank. On 18 July 2019, Kuala Lumpur High Court granted the order for MBX to be wound up pursuant to creditors' liquidation. The Group and the Company have assessed the carrying value of the interests in MBX based on new available information and recorded full impairment losses of RM51,113,000 and RM53,216,000 respectively in the current financial year. The Group has not provided any guarantee for the loan entered by MBX.

(iv) Apart from as disclosed in Note 40, there is no material contingent liability and capital commitment relating to joint ventures as at 31 December 2019 and 31 December 2018.

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17a. Interests in joint ventures (cont'd.)

- (v) 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	
	2019 [^] RM'000	2018 RM'000	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000 Restated
Non-current assets	475,815	417,997	207,773	206,585	194,117	193,952	120,993	130,006	998,698	948,540
Cash and cash equivalents	1,817	2,321	325,128	266,656	175	885	29,305	37,421	356,425	307,283
Other current assets	11,450	11,408	676,676	760,438	15,114	10,156	93,415	68,753	796,655	850,755
Total current assets	13,267	13,729	1,001,804	1,027,094	15,289	11,041	122,720	106,174	1,153,080	1,158,038
Total assets	489,082	431,726	1,209,577	1,233,679	209,406	204,993	243,713	236,180	2,151,778	2,106,578
Current liabilities	95,524	35,960	167,401	41,474	17,547	15,401	-	-	280,472	92,835
Trade and other payables and provisions	29,327	26,278	81,357	157,679	982	982	25,366	25,199	137,032	210,138
Total current liabilities	124,851	62,238	248,758	199,153	18,529	16,383	25,366	25,199	417,504	302,973
Non-current liabilities	149,935	149,933	126,371	219,115	-	-	-	-	276,306	369,048
Trade and other payables and provisions	-	-	16,126	9,527	-	-	-	-	16,126	9,527
Total non-current liabilities	149,935	149,933	142,497	228,642	-	-	-	-	292,432	378,575
Total liabilities	274,786	212,171	391,255	427,795	18,529	16,383	25,366	25,199	709,936	681,548
Net assets	214,296	219,555	818,322	805,884	190,877	188,610	218,347	210,981	1,441,842	1,425,030

[^] The company has undergone a receivership on 12 March 2019 and the information is based on unaudited financial information as at 28 February 2019.

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17a. Interests in joint ventures (cont'd.)

(v) (cont'd.)

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	
	2019 ^ RM'000	2018 RM'000	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000 Restated
Revenue	2,594	16,946	226,796	353,352	-	3,189	66,003	48,430	295,393	421,917
Depreciation and amortisation	(2,070)	(12,427)	(2,831)	(2,668)	-	-	(117)	(103)	(5,018)	(15,198)
Interest income	-	-	-	-	422	518	806	559	1,228	1,077
Interest expenses	(1,190)	(4,303)	(6,475)	(6,879)	(861)	(822)	(92)	(91)	(8,618)	(12,095)
(Loss)/profit before tax	(5,259)	(27,826)	95,308	126,511	2,983	(1,301)	14,955	14,734	107,987	112,118
Income tax expenses	-	-	(22,870)	(30,363)	(716)	-	(3,589)	(2,590)	(27,175)	(32,953)
(Loss)/profit after tax	(5,259)	(27,826)	72,438	96,148	2,267	(1,301)	11,366	12,144	80,812	79,165
Total comprehensive (loss)/income	(5,259)	(27,826)	72,438	96,148	2,267	(1,301)	11,366	12,144	80,812	79,165

^ The company has undergone a receivership on 12 March 2019 and the information is based on unaudited financial information as at 28 February 2019.

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17a. Interests in joint ventures (cont'd.)

(v) (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	
	2019 [^] RM'000	2018 RM'000	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000 Restated
Net assets at 1 January	219,555	247,381	805,884	809,736	188,610	189,911	210,981	202,837	1,425,030	1,449,865
(Loss)/profit for the year	(5,259)	(27,826)	72,438	96,148	2,267	(1,301)	11,366	12,144	80,812	79,165
Dividend paid	-	-	(60,000)	(100,000)	-	-	-	-	(60,000)	(100,000)
Redemption of investment	-	-	-	-	-	-	(4,000)	(4,000)	(4,000)	(4,000)
Net assets at 31 December	214,296	219,555	818,322	805,884	190,877	188,610	218,347	210,981	1,441,842	1,425,030
Interests in joint venture	40%	40%	50%	50%	80%	80%	50%	50%		
Share of net assets of the Group	72,236 *	74,340 *	409,161	402,942	152,702	150,888	109,174	105,491	743,273	733,661
Impairment loss	(61,320)	(10,207)	-	-	-	-	-	-	(61,320)	(10,207)
Unrealised profit arising from land sales	(10,916)	(10,916)	(40,118)	(47,173)	-	-	-	-	(51,034)	(58,089)
Carrying value of Group's interest	-	53,217	369,043	355,769	152,702	150,888	109,174	105,491	630,919	665,365

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

[^] The company has undergone a receivership on 12 March 2019 and the information is based on unaudited financial information as at 28 February 2019.

Aggregate information of joint ventures that are not individually material

	2019 RM'000	2018 RM'000
The Group's share of loss before tax	(15,759)	(1,150)
The Group's share of loss after tax	(18,856)	(4,688)

Details of the joint venture entities are disclosed in Note 47.

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17b. Amounts due from joint ventures

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amounts due from joint ventures				
- Non-current (Note (i))	158,464	257,149	-	97,066
- Current (Note (ii))	38,265	79,144	29,328	32,323
	<u>196,729</u>	<u>336,293</u>	<u>29,328</u>	<u>129,389</u>

Group

- (i) Amounts due from joint ventures are unsecured, no fixed repayment term and bear interest at average rates of 6.5% to 7.6% (2018: 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 an amount of RM6,049,000 (2018: RM5,427,000) which bears interest at an average rate of 7.4% (2018: 7.8%) per annum.

Company

- (i) In previous financial year, amounts due from joint ventures are unsecured, no fixed repayment term and bear interest at average rate of 7.40% per annum.
- (ii) Amounts due from these joint ventures are unsecured, non-interest bearing and repayable on demand except for an amount of RM14,062,000 (2018: RMNil) which bears interest at an average rate of 7.15% (2018: Nil%) per annum.

18. Other investments

	Group	
	2019	2018
	RM'000	RM'000
Unquoted shares in Malaysia	22,525	22,525
Less: Accumulated impairment losses	(22,525)	(22,525)
	<u>-</u>	<u>-</u>

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19. 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	
	2019	2018
	RM'000	RM'000
At 1 January/31 December	<u>621,409</u>	<u>621,409</u>

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% (2018: 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 3% or a reduction in the market value of identifiable assets by 20% or a reduction in the net development value of property sales by 5%, there will be no impairment loss required where other realistic variations remained the same.

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19. Goodwill (cont'd.)

Impact of possible changes in key assumptions (cont'd.)

The calculation for value-in-use for the CGU described above was based on conditions existing as at 31 December 2019. The Group will continue to monitor and assess the assumptions applied. Adjustments will be effected to the carrying amount of goodwill allocated to CGU should there be any adverse effect as a result of the COVID-19 impact.

20. Cash, bank balances and deposits

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks (Note (i))	11,501	153,444	-	112,420
Cash and bank balances (Note (ii))	<u>1,045,945</u>	<u>925,157</u>	<u>76,777</u>	<u>8,799</u>
	1,057,446	1,078,601	76,777	121,219
Bank overdraft (Note 34(g))	<u>(713)</u>	<u>(1,658)</u>	-	-
Cash and cash equivalents	<u>1,056,733</u>	<u>1,076,943</u>	<u>76,777</u>	<u>121,219</u>

- (i) The average interest rates and maturity of deposits of the Group as at financial year end were 1.38% (2018: 1.81%) and 54 days (2018: 33 days) respectively.

The average interest rates and maturity of deposits of the Company as at financial year end were Nil% (2018: 1.61%) and Nil days (2018: 29 days) respectively.

	Group	
	2019	2018
	RM'000	RM'000
(ii) Included in cash and bank balances of the Group are:		
- Housing Development Accounts	178,316	265,431
- Securities under credit facilities*	<u>1,907</u>	<u>454,603</u>

* Comprise credit facilities as disclosed in Note 34(a)(ii), (c) and (e)(i).

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21. Deferred taxation

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	(48,839)	(77,997)
Recognised in profit or loss (Note 8)	3,327	29,491
Foreign currency translation	1,012	(333)
At 31 December	<u>(44,500)</u>	<u>(48,839)</u>
Presented as follows:		
Deferred tax liabilities	238,426	234,762
Deferred tax assets	<u>(282,926)</u>	<u>(283,601)</u>
	<u>(44,500)</u>	<u>(48,839)</u>

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 2019	157,739	109,639	47,225	314,603
Recognised in profit or loss	<u>(1,862)</u>	<u>(703)</u>	<u>6,554</u>	<u>3,989</u>
At 31 December 2019	<u>155,877</u>	<u>108,936</u>	<u>53,779</u>	<u>318,592</u>

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21. 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 2018	159,601	110,004	19,333	288,938
Recognised in profit or loss	(1,862)	(365)	27,892	25,665
At 31 December 2018	<u>157,739</u>	<u>109,639</u>	<u>47,225</u>	<u>314,603</u>

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 2019	(186,564)	(123,782)	(53,096)	(363,442)
Recognised in profit or loss	(1,025)	1,168	(805)	(662)
Foreign currency translation	-	1,012	-	1,012
At 31 December 2019	<u>(187,589)</u>	<u>(121,602)</u>	<u>(53,901)</u>	<u>(363,092)</u>
At 1 January 2018	(189,147)	(120,352)	(57,436)	(366,935)
Recognised in profit or loss	2,583	(3,097)	4,340	3,826
Foreign currency translation	-	(333)	-	(333)
At 31 December 2018	<u>(186,564)</u>	<u>(123,782)</u>	<u>(53,096)</u>	<u>(363,442)</u>

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21. Deferred taxation (cont'd.)

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

	Group	
	2019	2018
	RM'000	RM'000
Unused tax losses	176,781	123,608
Others	82,831	74,538
	<u>259,612</u>	<u>198,146</u>
Deferred tax benefit at 24%, if recognised	<u>62,307</u>	<u>47,555</u>

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 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.

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22. Property development costs

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	4,471,034	4,787,712
Development costs incurred during the year	1,342,761	1,477,956
Transfer from/(to):		
- land held for property development (Note 14)	134,484	29,504
- property, plant and equipment (Note 11)	10,158	(8,646)
- investment properties (Note 12)	(4,471)	(96,678)
- inventories held for sale	(85,178)	(295,839)
- inventories under contract of sale	(304,199)	(607,412)
Disposal	(232,237)	(70,517)
Reversal of cost arising from completed projects	(781,685)	(743,256)
Foreign currency translation	(26,241)	(1,790)
	<u>53,392</u>	<u>(316,678)</u>
At 31 December	<u>4,524,426</u>	<u>4,471,034</u>
Costs recognised in profit or loss		
At 1 January	(2,649,419)	(2,252,709)
Recognised during the year	(1,776,022)	(1,151,419)
Reversal of cost arising from completed projects	781,685	743,256
Foreign currency translation	(3,285)	11,453
At 31 December	<u>(3,647,041)</u>	<u>(2,649,419)</u>
Property development costs as at 31 December	<u>877,385</u>	<u>1,821,615</u>

The property development costs balances include contract cost assets which comprise of costs to fulfil and obtain contracts are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Contract cost assets:		
Costs to fulfil contracts with customers	100,494	1,024,886
Incremental costs to obtain contracts with customers	13,952	72,679
	<u>114,446</u>	<u>1,097,565</u>
Amortised to profit or loss:		
Costs to fulfil contracts with customers	1,555,557	1,061,323
Incremental costs to obtain contracts with customers	72,459	44,963
	<u>1,628,016</u>	<u>1,106,286</u>

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22. Property development costs (cont'd.)

Included in costs incurred during the financial year are:

	Group	
	2019	2018
	RM'000	RM'000
Interest capitalised (Note 6)	48,810	77,615
Staff costs (Note 5(ii))	8,946	10,189
	<u>57,756</u>	<u>87,804</u>

As at the reporting date, freehold land and related development expenditure of RM150,822,000 (2018: RM271,550,000) are pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 34(a)(ii), (b), (c) and (e)(i).

23. Inventories

(a) Inventories held for sale

	Group	
	2019	2018
	RM'000	RM'000
At cost		
Completed properties	366,717	452,011
Consumables	404	439
	<u>367,121</u>	<u>452,450</u>
At net realisable value		
Completed properties	151,205	214,215
Golf memberships*	28,201	28,606
	<u>179,406</u>	<u>242,821</u>

The cost of inventories held for sale recognised as cost of sales during the year amounted to RM229,790,000 (2018: RM182,413,000).

* 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	
	2019	2018
	RM'000	RM'000
At cost		
Completed properties	408,304	607,412
	<u>408,304</u>	<u>607,412</u>

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

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24. Receivables

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade receivables	(i), (vii)	461,127	571,538	-	-
Amounts due from related parties	(ii)	1,659	703	-	-
Other receivables	(iii)	367,608	512,689	143,612	127,958
		<u>830,394</u>	<u>1,084,930</u>	<u>143,612</u>	<u>127,958</u>
Less: Allowance for impairment	(iv)	(22,601)	(22,735)	-	-
		<u>807,793</u>	<u>1,062,195</u>	<u>143,612</u>	<u>127,958</u>
Analysed into:					
Non-current	(v)	166,052	113,434	-	-
Current		641,741	948,761	143,612	127,958
		<u>807,793</u>	<u>1,062,195</u>	<u>143,612</u>	<u>127,958</u>

(i) Included in the trade receivables is an amount of RM32,281,000 (2018: RM32,781,000) owing from a joint venture entity arising from a sale of land in the prior years which bears interest at 6% (2018: 6%) per annum.

(ii) Related parties refer to those as specified in Note 39. Amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

(iii) Other receivables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Dividend receivable	-	-	135,520	121,800
Sundry debtors and prepayments (Note (a))	255,044	308,684	7,203	4,612
Tax recoverable (Note (a))	87,164	117,232	889	1,546
Deposits (Note (b))	25,400	86,773	-	-
	<u>367,608</u>	<u>512,689</u>	<u>143,612</u>	<u>127,958</u>

(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 40(a)).

(ii) Included in the sundry debtors and prepayments are amounts representing GST claimable from the Australian Taxation Office amounting RM4.0 million (2018: RM65.3 million) and the Royal Malaysian Customs Department amounting RM9.6 million (2018: RM12.1 million).

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24. Receivables (cont'd.)

(iii) Other receivables (cont'd.)

(b) Included in the previous financial years' deposits were:

(i) RM50.0 millions 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 48(b).

(ii) 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. The transaction has been aborted during the financial year.

(iv) Allowance for impairment

	Group	
	2019	2018
	RM'000	RM'000
Trade receivables	2,417	2,572
Amounts due from related parties	628	628
Sundry debtors	19,556	19,535
	<u>22,601</u>	<u>22,735</u>

(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	
	2019	2018
	RM'000	RM'000
At 1 January	113,434	122,598
Addition	67,440	-
Reclassification to current receivables	-	(10,548)
Settlement	(25,711)	(303)
Remeasurement (Note 5)	1,922	(801)
Accretion of interest (Note 5)	8,967	2,488
At 31 December	<u>166,052</u>	<u>113,434</u>

(vi) The Group's normal trade credit terms range from 30 to 90 days (2018: 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.

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24. Receivables (cont'd.)

(vii) Ageing analysis

Ageing analysis of trade receivables

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

	Group	
	2019	2018
	RM'000	RM'000
Neither past due nor impaired	212,165	414,675
1 to 30 days past due not impaired	54,120	20,777
31 to 60 days past due not impaired	49,037	19,479
61 to 90 days past due not impaired	31,841	4,708
More than 90 days past due not impaired	111,547	109,327
Past due but not impaired	246,545	154,291
Impaired	2,417	2,572
	461,127	571,538
<u>Individually impaired</u>		
Nominal amount	2,417	2,572
Allowance for impairment	(2,417)	(2,572)
	-	-

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.

The methods, assumptions and information used to measure expected credit loss ("ECL") at the reporting date was based on conditions existing at 31 December 2019. Whilst it is not possible to predict the outcome of the Government's efforts to combat the outbreak and support businesses, it is likely that the ECL of some subsidiaries of the Group may be impacted in the next financial year.

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24. Receivables (cont'd.)

(vii) Ageing analysis (cont'd.)

Receivables that are impaired

The movement in allowance account for receivables is as follows:

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	22,735	17,334
Charge for the year (Note 5)	1,909	6,961
Reversal of impairment loss (Note 5)	(2,043)	(1,560)
At 31 December	22,601	22,735

25. Contract Assets and Contract Liabilities

	Group	
	2019	2018
	RM'000	RM'000
Contract Assets		
Contract assets from property development (Note (a))	178,740	116,856
Contract assets from strategic land sales (Note (b))	-	38
Carrying amount at the end of the financial year	178,740	116,894
Analysed into:		
Non-current	2,752	10,168
Current	175,988	106,726
	178,740	116,894
Contract Liabilities		
Contract liabilities from property development (Note (a))	35,990	19,300
Contract liabilities from strategic land sales (Note (b))	288,896	311,338
Carrying amount at the end of the financial year	324,886	330,638
Analysed into:		
Non-current	258,646	291,116
Current	66,240	39,522
	324,886	330,638

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25. 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 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	
	2019	2018
	RM'000	RM'000
Contract Assets	178,740	116,856
Contract Liabilities	(35,990)	(19,300)
	<u>142,750</u>	<u>97,556</u>
As at 1 January	97,556	221,774
Revenue recognised during the financial year (Note 3)	500,087	553,490
Progress billings during the financial year	(454,893)	(677,708)
As at 31 December	<u>142,750</u>	<u>97,556</u>

(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	
	2019	2018
	RM'000	RM'000
Contract Assets	-	38
Contract Liabilities	(288,896)	(311,338)
	<u>(288,896)</u>	<u>(311,300)</u>
As at 1 January	(311,300)	(323,607)
Revenue recognised during the financial year (Note 3)	27,251	16,205
Deferred during the financial year	(4,847)	(3,898)
As at 31 December	<u>(288,896)</u>	<u>(311,300)</u>

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25. 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	
	2019	2018
	RM'000	RM'000
Within 1 year	1,041,047	2,601,548
Between 1 and 4 years	551,497	1,618,956
More than 4 years	238,267	167,477
	1,830,811	4,387,981

26. Amounts due from/(to) subsidiaries

	Company	
	2019	2018
	RM'000	RM'000
Amounts due from subsidiaries		
- Non-current (Note (i))	2,503,305	2,311,808
- Current (Note (ii))	937,273	722,096
	3,440,578	3,033,904
At 31 December	3,443,238	3,036,564
Impairment loss	(2,660)	(2,660)
	3,440,578	3,033,904
Amounts due to subsidiaries		
- Non-current (Note (iii))	144,165	-
- Current (Note (iv))	4,702	7,452
	148,867	7,452

During the financial year, the Company has made a provision for impairment on the amounts due from subsidiaries of RMNil (2018: RM308,000).

- (i) Amounts due from subsidiaries are unsecured, not expected to be repayable in the next 12 months and bear interest at rates ranging from 4.75% to 5.32% (2018: 4.58% to 5.32%) 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 RM308,970,000 (2018: RM304,587,000) which bear interest rates ranging from 4.30% to 5.10% (2018: 4.62% to 5.27%) per annum.
- (iii) Amounts due to subsidiaries mainly comprise advances, interest receivable and payment on behalf which are unsecured, repayable on demand and bear interest rate at 5.02% (2018: Nil%).
- (iv) Amounts due to subsidiaries mainly comprise advances, interest payable and payment on behalf which are unsecured, repayable on demand and non-interest bearing.

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27. Short term investments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 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 #	322	49,734	322	49,734
	<u>329</u>	<u>49,741</u>	<u>322</u>	<u>49,734</u>

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.

28. Share capital and merger relief reserves

(i) Share capital

Issued and fully paid up

	← Group/Company →	
	2019 RM'000	2018 RM'000
Ordinary shares		
At 1 January/31 December	<u>4,317,760</u>	<u>4,317,760</u>
RCPS (Note 30)		
At 1 January/31 December	<u>792,516</u>	<u>792,516</u>
Total share capital	<u>5,110,276</u>	<u>5,110,276</u>

(ii) 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.

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29. Other reserves and retained profits

(a) Other reserves

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(i) Exchange fluctuation reserve				
At 1 January	(18,756)	39,772	-	-
Foreign currency translation	522	(58,528)	-	-
At 31 December	<u>(18,234)</u>	<u>(18,756)</u>	<u>-</u>	<u>-</u>
(ii) Merger reserve				
At 1 January/31 December	<u>32,112</u>	<u>32,112</u>	<u>-</u>	<u>-</u>
(iii) Fair value adjustments reserve				
At 1 January/31 December	<u>(207)</u>	<u>(207)</u>	<u>-</u>	<u>-</u>
(iv) Share based payment reserve				
At 1 January	36,021	41,056	36,021	41,056
Expiry of vested employee share options	<u>(36,021)</u>	<u>(5,035)</u>	<u>(36,021)</u>	<u>(5,035)</u>
At 31 December	<u>-</u>	<u>36,021</u>	<u>-</u>	<u>36,021</u>
(v) Cash flow hedge reserve				
At 1 January	15,046	(4,651)	-	-
Transfer to profit or loss	942	-	-	-
Gain on cash flow hedge	<u>(15,988)</u>	<u>19,697</u>	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>15,046</u>	<u>-</u>	<u>-</u>
Total	<u>13,671</u>	<u>64,216</u>	<u>-</u>	<u>36,021</u>

(b) Retained profits

The Company may distribute dividends out of its entire retained profits as at 31 December 2019 under the single-tier system.

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30. 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.
- (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 $4 \times 1.05 \times$ (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).

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30. Redeemable Convertible Preference Shares ("RCPS") (cont'd.)

(f) (cont'd.)

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.

31. Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 32). 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.

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32. 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.

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32. Employee benefits (cont'd.)

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

(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);
- 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:

	2019		2018	
	No. '000	WAEP RM	No. '000	WAEP RM
Outstanding at 1 January	84,588	2.80	102,078	2.81
Lapsed	(84,588)	2.80	(17,490)	2.86
Outstanding at 31 December	-	-	84,588	2.80
Exercisable at 31 December	-	-	84,588	2.80

As at 8 April 2019, 84,587,850 share options remain unexercised. Pursuant to Clause 14.1 of the ESOS By-Laws, all options lapsed upon the expiry of the ESOS.

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33. Non-controlling interests

The financial information of subsidiaries that have material non-controlling interest is as follows:

(i) Summarised statement of financial position

	Mega Legacy *		
	(M) Sdn. Bhd.	Aura Muhibah Sdn. Bhd.	
	2019	2019	2018
	RM'000	RM'000	RM'000
Non-current assets	650,884	901,031	899,188
Current assets	55,773	11,812	11,548
Total assets	<u>706,657</u>	<u>912,843</u>	<u>910,736</u>
Non-current liabilities	139,657	-	-
Current liabilities	358,656	363	562
Total liabilities	<u>498,313</u>	<u>363</u>	<u>562</u>
Net assets	<u>208,344</u>	<u>912,480</u>	<u>910,174</u>
Net assets attributable to:			
Owner of the parent	104,172	547,488	546,104
Non-controlling interest	104,172	364,992	364,070
	<u>208,344</u>	<u>912,480</u>	<u>910,174</u>

(ii) Summarised statement of comprehensive income

	Mega Legacy *		
	(M) Sdn. Bhd.	Aura Muhibah Sdn. Bhd.	
	2019	2019	2018
	RM'000	RM'000	RM'000
(Loss)/profit for the year	<u>(3,190)</u>	<u>2,306</u>	<u>2,639</u>
(Loss)/profit attributable to owner of the Company	(1,595)	1,384	1,583
(Loss)/profit attributable to non-controlling interest	(1,595)	922	1,056
Total comprehensive (loss)/income	<u>(3,190)</u>	<u>2,306</u>	<u>2,639</u>

(iii) Summarised statement of cash flows

	Mega Legacy *		
	(M) Sdn. Bhd.	Aura Muhibah Sdn. Bhd.	
	2019	2019	2018
	RM'000	RM'000	RM'000
Net cash (used in)/generated from operating activities	(16,321)	1,741	1,307
Net cash used in investing activities	(5,330)	-	-
Net cash from/(used in) financing activities	23,627	-	(105)
Net change in cash and cash equivalents	1,976	1,741	1,202
Cash and cash equivalents at the beginning of the year	-	9,521	8,319
Business combination (Note 48(b))	106	-	-
Cash and cash equivalents at the end of the year	<u>2,082</u>	<u>11,262</u>	<u>9,521</u>

* Acquired during the financial year.

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34. Borrowings

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current borrowings					
Secured					
Term loans	(a)	79,739	19,988	-	-
Commodity Murabahah Finance	(b)(i), (c)	8,144	74,824	-	-
Unsecured					
IMTN	(d)	2,250,000	2,300,000	2,250,000	2,300,000
		<u>2,337,883</u>	<u>2,394,812</u>	<u>2,250,000</u>	<u>2,300,000</u>
Current borrowings					
Secured					
Loan from immediate holding company	(f)	55,916	74,405	-	-
Revolving credits	(a)(i)	180,980	7,000	-	-
Term loans					
- term loans	(a)(i)	19,988	90,000	-	-
- construction facility	(a)(ii)	-	322,356	-	-
Commodity Murabahah Finance	(b)(i), (c), (e)(i)	97,381	390,412	-	-
Unsecured					
Revolving credits	(a)(i)	274,000	363,000	250,000	262,000
IMTN	(d)	350,000	300,000	350,000	300,000
Bank overdraft	(g)	713	1,658	-	-
Commodity Murabahah Finance	(e)(ii)-(iv)	-	739,858	-	-
Structured commodity	(h)	70,000	-	70,000	-
		<u>1,048,978</u>	<u>2,288,689</u>	<u>670,000</u>	<u>562,000</u>
Total borrowings		<u>3,386,861</u>	<u>4,683,501</u>	<u>2,920,000</u>	<u>2,862,000</u>

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34. Borrowings (cont'd.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Maturities of borrowings:				
Not later than one year	1,048,978	2,288,689	670,000	562,000
Later than 1 year and not later than 5 years	2,087,883	2,044,812	2,000,000	1,950,000
More than 5 years	250,000	350,000	250,000	350,000
	<u>3,386,861</u>	<u>4,683,501</u>	<u>2,920,000</u>	<u>2,862,000</u>

- (a) (i) The term loans and revolving credits facilities obtained from various banks by certain subsidiaries, bear interest rates of 4.32% to 5.62% (2018: 3.82% to 5.59%) per annum. Certain loans are secured by land held for property development as disclosed in Note 14.

During the financial year, the Group obtained a new Revolving Financing-i Facility ("RF-i"), with a limit of RM300.0 million on 29 October 2019, which bears an interest rate of 4.32% per annum. A first party charge over the land held for property development as disclosed in Note 14. As at 31 December 2019, the Group utilised RM176.3 million of the RF-i.

- (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 AUD227.0 million to part-finance the development cost of Aurora Melbourne Central project, in Australia ("Aurora project").

UEMS LSD utilised up to AUD227.0 million (2018: AUD189.0 million) of the Construction Facility at interest rates of 3.40% to 3.89% (2018: 3.59% to 3.82%) per annum and the said facility and its securities were fully settled and discharged during the financial year.

- (b) (i) During the financial year, Milik Harta Sdn Bhd ("MHSB"), a wholly-owned subsidiary of the Company via Sunrise Berhad, obtained a Commodity Murabahah Financing-i ("CMF-i") of up to RM 81.0 million on 10 May 2019, to part-finance the development of Residensi Astrea project in Mont'Kiara, Kuala Lumpur, secured by the following:-

- First Party Legal Charge over the development's land as disclosed in Note 22;
- Debentures (all monies): Fixed and Floating charge; and
- Corporate guarantee from Sunrise Berhad, its wholly-owned subsidiary of the Company.

MHSB utilised a total of RM17.6 million of the CMF-i at interest rates of 4.63% to 4.71% per annum and repaid RM0.5 million during the financial year.

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34. Borrowings (cont'd.)

(b) (cont'd.)

(ii) During the financial year, Lembah Suria Sdn Bhd, a wholly-owned subsidiary of the Company via Sunrise Berhad, obtained Credit Facilities of up to RM 84.0 million on 16 May 2019, to part-finance the development of Kondominium Kiara Kasih project in Mont'Kiara, Kuala Lumpur, secured by the following:-

- Fixed Charge over project land as disclosed in Note 22;
- Debenture (specific assets): Fixed and Floating Charge;
- Deed of Subordination from shareholders and related parties;
- Guarantee from Sunrise Berhad for RM84.0 million together with interest; and
- Letter of Undertaking from Sunrise Berhad.

(c) On 21 March 2018, Ibarat Duta Sdn. Bhd. ("IDSB"), a wholly-owned subsidiary of the Company via Sunrise Berhad, obtained the following:-

- 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.
- 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 ("Residensi Solaris Parq project").

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

- Registered third party first legal mortgage over the land and building as disclosed in Note 22;
- 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 Residensi 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 Residensi 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 Residensi Solaris Parq project with the Bank where the bank is to be endorsed as Loss Payee.

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34. Borrowings (cont'd.)

(c) (cont'd.)

During the financial year, the facility balance up to RM106.5 million (2018: RM60.0 million) was utilised at profit rates of 4.83% to 5.19% (2018: 5.15% to 5.19%) per annum, and RM18.1 million (2018: RMNil) was repaid.

(d) (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		At	
			1 January RM'million	Issuance RM'million	Repayment RM'million	31 December RM'million
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
			<u>700</u>			<u>500</u>

(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		At	
			1 January RM'million	Issuance RM'million	Repayment RM'million	31 December RM'million
20 May 2016	7	5.00%	500	-	-	500
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
22 March 2019	5	4.75%	-	300	-	300
			<u>1,900</u>			<u>2,100</u>

(e) (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").

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34. Borrowings (cont'd.)

(e) (cont'd.)

(i) UEMS MSD utilised a total of AUD134.6 million (2018: AUD104.6 million) at profit rates of 4.50% (2018: 4.15% to 4.50%) per annum. Following the completion of Conservatory project, the CMTF-i and its securities were fully settled and discharged.

(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.

During the financial year, the subsidiary had fully settled CMF-1, which bears profit rates of 3.10% to 4.36% (2018: 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.

During the financial year, the subsidiary had fully settled CMF-2, which bears profit rates of 3.76% (2018: 3.55% to 3.85%) 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.

During the financial year, the subsidiary had fully settled CMF-3, which bears profit rates of 2.78% to 3.84% (2018: 3.55% to 3.85%) per annum.

(v) The Company has issued corporate guarantees for the balances of facilities RF-i in Note 34(a)(i), CMTF-i, CMF-1, CMF-2 and CMF-3 as well as undertaking for the Construction Facility in Note 34(a)(ii). The guarantees and undertaking were fully discharged during the financial year upon full settlement of the facilities, other than new facility drawdown from RF-i.

(f) The loan from immediate holding company bears interest of 4.85% (2018: 4.75% to 4.85%) per annum and is secured by land titles of approximately 78 acres (2018: 114 acres) of freehold land which are deposited with the immediate holding company.

(g) The bank overdraft taken by Sunrise Berhad, bears interest rates of 7.71% to 7.73% (2018: 7.49% to 7.73%) per annum.

(h) The Structured Commodity Financing-i facility ("SCF-i") of RM50 million was obtained by the Company in 2013. In 2015, the Company entered into an additional SCF-i Facility of RM50 million.

The amount drawn during the financial year was utilised for projects and working capital purposes, which bears profit rate of 4.40% to 5.10% (2018: 6.99%) per annum.

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34. Borrowings (cont'd.)

(i) Reconciliation of liabilities arising from financing activities:

Group	2019	2018	Movement			
			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	55,916	74,405	-	(21,175)	2,686	-
IMTN	2,600,000	2,600,000	-	(127,747)	127,747	-
Term loans	99,727	432,344	(337,699)	(7,279)	17,247	(4,886)
Commodity Murabahah Finance (including derivative asset and liability)	105,525	1,190,048	(1,081,214)	(20,091)	35,136	(18,354)
Revolving credits	454,980	370,000	87,300	(17,886)	15,566	-
Bank overdraft	713	1,658	-	(138)	(807) [^]	-
Structured commodity	70,000	-	70,000	(872)	872	-
	<u>3,386,861</u>	<u>4,668,455</u>	<u>(1,261,613)</u>	<u>(195,188)</u>	<u>198,447</u>	<u>(23,240)</u>
Presented in statements of financial position						
	RM'000	RM'000				
Non-current	2,337,883	2,394,812				
Current	1,048,978	2,288,689				
Derivative asset (Note 38(c))	-	(15,956)				
Derivative liability (Note 38(c))	-	910				
	<u>3,386,861</u>	<u>4,668,455</u>				

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

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34. Borrowings (cont'd.)

(i) (cont'd.)

Group	2018	2017	Movement			
			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 liabilities)	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	-
	<u>4,668,455</u>	<u>4,224,393</u>	<u>535,271</u>	<u>(195,639)</u>	<u>174,621</u>	<u>(70,191)</u>

Presented in statements of financial position

	RM'000	RM'000
Non-current	2,394,812	2,734,228
Current	2,288,689	1,485,514
Derivative asset (Note 38(c))	(15,956)	-
Derivative liabilities (Note 38(c))	910	4,651
	<u>4,668,455</u>	<u>4,224,393</u>

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

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34. Borrowings (cont'd.)

(i) (cont'd.)

Company	2019	2018	Movement		
			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	-	(127,747)	127,747
Revolving credits	250,000	262,000	(12,000)	(13,299)	13,299
Structured commodity	70,000	-	70,000	(800)	800
	<u>2,920,000</u>	<u>2,862,000</u>	<u>58,000</u>	<u>(141,846)</u>	<u>141,846</u>

Presented in statements of financial position

	RM'000	RM'000
Non-current	2,250,000	2,300,000
Current	670,000	562,000
	<u>2,920,000</u>	<u>2,862,000</u>

Company	2018	2017	Movement		
			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
	<u>2,862,000</u>	<u>2,957,000</u>	<u>(95,000)</u>	<u>(147,108)</u>	<u>147,108</u>

Presented in statements of financial position

	RM'000	RM'000
Non-current	2,300,000	1,800,000
Current	562,000	1,157,000
	<u>2,862,000</u>	<u>2,957,000</u>

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35. 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
2019					
Non-current					
At 1 January	19,953	-	65,909	-	85,862
Adjustment to cost estimates	-	-	(17,458)	-	(17,458)
At 31 December	<u>19,953</u>	<u>-</u>	<u>48,451</u>	<u>-</u>	<u>68,404</u>
Current					
At 1 January	22,557	250,354	15,516	6,643	295,070
Additions	2,739	138,432	1,692	-	142,863
Utilisation	(7,646)	(179,278)	-	(4,138)	(191,062)
Reversal	-	(54,447)	-	(24)	(54,471)
Reclassification	-	(14,725)	-	-	(14,725)
At 31 December	<u>17,650</u>	<u>140,336</u>	<u>17,208</u>	<u>2,481</u>	<u>177,675</u>
2018					
Non-current					
At 1 January/ 31 December	<u>19,953</u>	<u>-</u>	<u>65,909</u>	<u>-</u>	<u>85,862</u>
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	<u>22,557</u>	<u>250,354</u>	<u>15,516</u>	<u>6,643</u>	<u>295,070</u>

(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 refer to liquidated ascertained damages expected to be claimed by the customers based on the terms of the applicable sale and purchase agreements.

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36. Payables

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables and accruals	(i)	562,617	515,172	-	-
Amount due to immediate holding company	(ii)	56,705	44,143	25,449	20,471
Amounts due to related parties	(ii)	6,164	9,658	-	-
Amount due to a director of minority shareholder of a subsidiary	(iii)	36,068	-	-	-
Other payables and accruals	(iv)	592,575	282,897	35,365	45,289
		<u>1,254,129</u>	<u>851,870</u>	<u>60,814</u>	<u>65,760</u>
Analysed into:					
Non-current		170,241	6,080	-	-
Current		1,083,888	845,790	60,814	65,760
		<u>1,254,129</u>	<u>851,870</u>	<u>60,814</u>	<u>65,760</u>

The normal trade credit terms granted to the Group range from 30 to 60 days (2018: 30 to 60 days).

- (i) Included in trade payables and accruals is an amount of RM69.9 million (2018: RM72.6 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 (2018: 30 days).
- (iii) Amount due to a director of minority shareholder of a subsidiary is unsecured and non-interest bearing with repayable of demand.
- (iv) Other payables and accruals

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sundry creditors*	243,647	159,511	8,456	11,975
Deposits received	35,063	23,264	84	84
Accruals**	303,865	76,179	26,825	18,523
Employee benefits	10,000	23,943	-	14,707
	<u>592,575</u>	<u>282,897</u>	<u>35,365</u>	<u>45,289</u>

* Included in the current financial year:

- (i) an amount of GST payable to the Australian Taxation Office amounting RM85.6 million (2018: RM97.5 million).
- (ii) remaining purchase consideration of RM70.8 million payable to Datuk Bandar Kuala Lumpur of the land acquisition.

** Included in accruals of the Group in the current financial year is an amount of accrued development charges payable to Datuk Bandar Kuala Lumpur amounting RM197.0 million.

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37. Deferred income

Unrealised profit

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	151,864	152,111
Adjustment to cost estimates	11,017	-
Addition	2,089	-
Realised during the year	<u>(777)</u>	<u>(247)</u>
At 31 December	<u>164,193</u>	<u>151,864</u>

During the current financial year, the Group completed a land sale to an associate. The profit recognised from the sales of land by the Group to the associates and a joint venture to-date 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 statements of profit or loss over the period when the underlying asset of the associate or the joint venture is realised or disposed.

38. 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.

In the domain of risk management, the Board Governance and Risk Committee ("BGRC") assists the Board in ensuring a sound and robust Risk Management Framework.

The Group's Risk Management Framework encompasses effective risk policy, 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
- 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 to enhance the Group's corporate governance practices with focus on risk issues and its mitigations. The Group's Managing Director/Chief Executive Officer ("MD/CEO") is the Chairman of the RMC. The RMC will deliberate on significant risks faced by the Group and escalate the findings of the review to the BGRC, which assist the Board in deliberating the identified risks and ensuring the implementation of appropriate systems and controls to manage these risks.

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38. 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 24. 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 24(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 94% (2018: 95%) of the total gross receivables and amount owing by a subsidiary representing 46% (2018: 54%) of the total gross amounts due from subsidiaries as disclosed in Note 24 and Note 26 respectively.

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Receivables				
- Non-current (Note 24)	166,052	113,434	-	-
- Current*	548,782	825,734	141,619	125,308
Amounts due from subsidiaries				
- Non-current (Note 26)	-	-	2,503,305	2,311,808
- Current (Note 26)	-	-	937,273	722,096
Amounts due from associates (Note 16(b))	14,938	1,537	221	970

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38. Financial risk management objectives and policies (cont'd.)**(a) Credit risk (cont'd.)**

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(cont'd.)				
Interests in joint ventures				
- Amounts due from joint ventures (Note 17(a))	163,889	165,889	-	-
Amounts due from joint ventures				
- Non-current (Note 17(b))	158,464	257,149	-	97,066
- Current (Note 17(b))	38,265	79,144	29,328	32,323
Derivative asset	-	15,956	-	-
Short term investments (Note 27)	329	49,741	322	49,734
Cash, bank balances and deposits (Note 20)	<u>1,057,446</u>	<u>1,078,601</u>	<u>76,777</u>	<u>121,219</u>
	<u>2,148,165</u>	<u>2,587,185</u>	<u>3,688,845</u>	<u>3,460,524</u>

* Trade and other receivables excluding prepayment and tax recoverable.

(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 necessary, 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.

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38. Financial risk management objectives and policies (cont'd.)**(b) Foreign currency risk (cont'd.)**

	Functional currency of Group		Functional currency of Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Canadian Dollar ("CAD")	79,643	113,734	70,573	104,953
Singapore Dollar ("SGD")	7	6	-	-
South African Rand ("ZAR")	24,800	24,459	-	-
Australian Dollar ("AUD")	(30,718)	-	(30,718)	-
United States Dollar ("USD")	16,277	16,448	-	-
Canadian Dollar ("CAD")*	(69,014)	-	-	-
Ringgit Malaysia ("RM")*	(345,522)	(390,256)	-	-
	<u>(324,527)</u>	<u>(235,609)</u>	<u>39,855</u>	<u>104,953</u>

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.

	Effect on profit/(loss) after tax			
	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CAD / RM (strengthened 5%)	3,026	4,322	2,682	3,988
ZAR / RM (strengthened 5%)	942	929	-	-
USD / RM (strengthened 5%)	619	625	-	-
AUD / RM (strengthened 5%)	(1,167)	-	(1,167)	-
CAD / AUD (strengthened 5%)*	(2,465)	-	-	-
RM / AUD (strengthened 5%)*	<u>(12,505)</u>	<u>(14,124)</u>	-	-

* Only applicable to a subsidiary with AUD as its functional currency.

(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.

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38. Financial risk management objectives and policies (cont'd.)

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

** 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

In the prior years, the Group entered into hedging activities as follows:

- (i) The Group 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 34(e)(ii). The profit rate swap has the same nominal value of RMNil (2018: RM438,405,000) and is settled every quarter, consistent with the interest repayment schedule of the borrowings.
- (ii) The Group 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 34(e)(iv).

Details of derivative financial instruments outstanding are as follows:

	Contractual amount RM'000	Fair value RM'000
Group		
At 31 December 2019		
Profit rate swap	-	-
Currency swap	-	-
	<u>-</u>	<u>-</u>
At 31 December 2018		
Profit rate swap	438,405	(910)
Currency swap	160,749	15,956
	<u>599,154</u>	<u>15,046</u>

During the current financial year, the Group fully settled its profit rate swap contract and currency swap-i contract.

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38. Financial risk management objectives and policies (cont'd.)

(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	
	2019	2018
	%	%
Financial asset		
Floating rate	1.38%	1.81%
Financial liabilities		
Fixed rate	4.92%	4.90%
Floating rate	4.66%	4.41%

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

	Group	
	2019	2018
	%	%
Financial liabilities		
Loan from immediate holding company	4.85%	4.85%
Commodity Murabahah Finance	4.84%	4.33%
Term loans	5.03%	4.14%
Revolving credits	4.52%	4.89%
Bank overdraft	7.73%	7.74%
IMTN	4.93%	4.99%
Lease liabilities	4.90%	-
Structured commodity	4.74%	-

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 RM583,000 (2018: RM1,191,000) 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.

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39. 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	
	2019	2018
	RM'000	RM'000
Paid/payable to UEM:		
- Facility and maintenance fees	(686)	(2,895)
- Rental	(6,500)	(5,595)
- Management fees payable	(570)	(3,258)
- Information technology shared cost	(3,527)	(5,834)
- Interest on loan	(2,694)	(2,679)
- Training fees	(81)	(204)
Paid/payable to UEM Sunrise Edgenta TMS Sdn. Bhd., an associate:		
- Facility and maintenance fees	(2,567)	(12,280)
- Management fees	(792)	(3,157)
Rental paid/payable to a subsidiary of UEM:		
- First Impact Sdn. Bhd.	-	(473)
Realisation of land sales to joint ventures:		
- Horizon Hills Development Sdn. Bhd.	7,037	5,082
- Haute Property Sdn. Bhd.	591	-
- Malaysian Bio-XCell Sdn. Bhd.	-	160
- Sarandra Malaysia Sdn. Bhd.	179	-
Sale of land to an associate:		
- Sarandra Malaysia Sdn. Bhd.	10,000	-
Paid/payable to Telekom Malaysia Berhad, Khazanah Group's associate company:		
- UniFi building services	(966)	(917)
- Smart building services	(4,024)	(4,991)
Interest income from joint ventures:		
- Desaru South Course Residences Sdn. Bhd.	2,739	4,965
- Desaru North Course Residences Sdn. Bhd.	1,159	2,901
- Sime Darby Sunrise Development Sdn. Bhd.	2,950	2,568
- Nusajaya Lifestyle Sdn. Bhd.	216	724
- Nusajaya Consolidated Sdn. Bhd.	610	579
- Desaru South Course Land Sdn. Bhd.	55	86
Interest income from an associate:		
- Sarandra Malaysia Sdn. Bhd.	38	-
Rental income from a joint venture:		
- UEM Sunrise WOTSO Malaysia Sdn. Bhd.	197	-
Management fees received/receivable from joint ventures:		
- Nusajaya Tech Park Sdn. Bhd.	102	275
- Cahaya Jauhar Sdn. Bhd.	420	420
- Nusajaya Premier Sdn. Bhd.	158	919
- Desaru North Course Residences Sdn. Bhd.	334	-
- Nusajaya Lifestyle Sdn. Bhd.	192	-

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39. Significant related party transactions (cont'd.)

(a) (cont'd.)

	Group	
	2019	2018
	RM'000	RM'000
Management fees received/receivable from a Khazanah Group's joint venture:		
- M+S Pte. Ltd.	-	3,796
Rental expenses paid/payable to Khazanah Group's joint venture company		
- M+S Pte. Ltd.	(631)	(107)
Professional services rendered by firms related to directors of the Company:		
- Nawawi Tie Leung group of companies	(501)	(272)
- KPK Quantity Surveyors (Semenanjung) Sdn. Bhd.	-	(114)
Sales of properties to:		
- Directors of the Company	-	2,640
- Directors of subsidiaries of the Company	2,425	8,194
	<hr/>	<hr/>
	Company	
	2019	2018
	RM'000	RM'000
Dividend from subsidiaries	98,000	128,400
Management fees from subsidiaries	110,986	72,233
Interest income from subsidiaries	130,671	130,612
Interest income from joint ventures	5,079	7,952
Paid/payable to UEM:		
- Information technology shared cost	(3,527)	(5,834)
- Management fees payable	(570)	(3,258)
- Training fees	(81)	(34)
Rental paid/payable to a subsidiary	(3,687)	(1,270)
Paid/payable to UEM Sunrise Edgenta TMS Sdn. Bhd., an associate:		
- Facility and maintenance fees	-	(414)
Rental paid/payable to a subsidiary of UEM:		
- First Impact Sdn. Bhd.	-	(416)
	<hr/>	<hr/>

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.

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39. Significant related party transactions (cont'd.)

(a) (cont'd.)

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries and other emoluments	10,516	9,417	6,848	7,649
Bonus and separation scheme	2,612	2,560	1,977	2,323
Defined contribution plan	1,590	1,561	1,131	1,362
Benefits-in-kind	970	1,588	811	1,488
Ex-gratia	-	273	-	254
Other benefits	264	-	193	-
	<u>15,952</u>	<u>15,399</u>	<u>10,960</u>	<u>13,076</u>
Included in compensation of key management personnel are executive director's remuneration (Note 5(i))	<u>1,467</u>	<u>2,016</u>	<u>1,467</u>	<u>2,016</u>

40. Contingent liabilities and financial guarantees

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Corporate guarantees issued to bank for credit facilities granted to:				
- joint ventures	29,352	53,010	-	-
- subsidiaries	-	-	176,300	1,146,458
Undertaking issued to bank for credit facility granted to a subsidiary	-	-	-	322,356
	<u>29,352</u>	<u>53,010</u>	<u>176,300</u>	<u>1,468,814</u>

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40. Contingent liabilities and financial guarantee (cont'd.)

(a) Income tax assessment

On 3 October 2011, Bandar Nusajaya Development Sdn Bhd ("BND"), an indirect wholly-owned subsidiary of the Company, received a notice of additional assessment ("Form JA") from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively, totalling to RM73.8 million 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 the IRB had no legal basis to raise the additional assessment. Following the decision held by KLHC, the 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 the IRB and thus agreed with the decision of KLHC which ruled in favour of BND. The 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 CoA and KLHC and ordered that BND appeal by way of filing a notice of appeal ("Form Q") to the Special Commissioners of Income Tax ("SCIT"). The FC's decision resulted in the Form JA totalling RM73.8 million to become due and payable within 30 days, which was fully paid 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 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.

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40. Contingent liabilities and financial guarantee (cont'd.)

- (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 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impresive Circuit Sdn Bhd ("Impresive Circuit") defined 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 23 May 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 ("Datuk Kasi's Appeals"). The 2nd to 6th Defendants appealed against the dismissal of their application to strike themselves out as parties to the action by the HC ("2nd to 6th Defendants' Appeals"). On 18 September 2019, Datuk Kasi's Appeals were withdrawn, whereas the 2nd to 6th Defendants' Appeals were dismissed by the Court of Appeal.

On 28 May 2019, the Plaintiff filed a motion in the Court of Appeal, seeking for an extension of time to serve a notice of appeal against the 7th to 12th Defendants. The motion is now fixed for hearing on 12 October 2020. Further, on 3 December 2019, the Court allowed the Plaintiff's application to cross-examine deponents of various affidavits filed by the Defendants. The matter is now fixed for hearing (cross-examination of deponents) from 8 September 2020 to 10 September 2020.

UEM Land denies allegations made by the Plaintiffs and is vigorously defending the Claim. 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.

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40. Contingent liabilities and financial guarantee (cont'd.)

- (c) On 18 April 2019, UEM Land was served with a Notice of Arbitration ("NOA") dated 17 April 2019 filed by Ireka Engineering & Construction Sdn Bhd ("IECSB") in relation to disputes arising from the Agreement and Conditions of PAM Contract 2006 (With Quantities) ("Agreement") together with a Letter of Award dated 15 June 2012 ("LOA") for the construction of Imperia in Puteri Harbour, Iskandar Puteri, Johor ("Project") seeking a declaration sum of RM29,250,000 as the total amount of the final account. The LOA is to be read together with the Agreement (collectively referred to as the "Contract").

IECSB was appointed by UEM Land as the main contractor for the construction of the Project under the Contract at a sum of RM268.6 million. Its scope covers the:

- a. Overall main works;
- b. 'Stesen Suis Utama' and 'Pencawang Pembahagian Utama'; and
- c. Construction of mock-up units.

IECSB has raised certain claims with respect to the performance of the obligations in the Contract and seeks inter alia, a declaration that RM29,250,000 be the total and final amount of the final account or any other amount assessed by the Arbitral Tribunal.

UEM Land's position is that IECSB's claims are without merits and UEM Land will vigorously defend its position accordingly.

The Asian International Arbitration Centre has appointed Mr. Wayne Martin as the arbitrator on behalf of both parties. It has been agreed by both parties that IECSB to file its Statement of Claim within 45 days from 21 October 2019, and UEM Land to file its Statement of Defence and Counterclaim within 45 days from the receipt of the Statement of Claim. Subsequently, IECSB to file its Statement of Reply and Defence to Counterclaim within 30 days from the receipt of the Defence and Counterclaim, and UEM Land to file its Statement of Reply to Defence to Counterclaim within 30 days from the receipt of the Statement of Reply and Defence to Counterclaim.

The Group believes that the NOA and potential arbitration proceedings are not expected to have material financial and operational impact to the Group.

- (d) The Company and its subsidiaries have been subjected to a non-specific investigative audit as of February 2018. As at the end of financial year, IRB audit investigation is still on-going.

41. Capital commitments

	Group	
	2019	2018
	RM'000	RM'000
In respect of purchase of property, plant and equipment, and investment properties:		
Approved and contracted for	24,781	25,150
Approved but not contracted for	395,406	372,008
	<u>420,187</u>	<u>397,158</u>

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42. Fair values

The following are fair value of financial instruments by classes:

	2019		2018	
	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)	2,337,883	2,248,053	2,394,812	2,376,419
Company				
Borrowings (non-current portion)	2,250,000	2,160,170	2,300,000	2,281,607

As stipulated in Amendments to MFRS 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).

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42. 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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
At 31 December 2019:				
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	-	322	-	322
	<u>7</u>	<u>322</u>	<u>-</u>	<u>329</u>
Company				
Short term investment:				
Financial asset at fair value through profit or loss	-	322	-	322
	<u>-</u>	<u>322</u>	<u>-</u>	<u>322</u>
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
	<u>7</u>	<u>49,734</u>	<u>-</u>	<u>49,741</u>
Company				
Short term investment:				
Financial asset at fair value through profit or loss	-	49,734	-	49,734
	<u>-</u>	<u>49,734</u>	<u>-</u>	<u>49,734</u>
Liabilities				
Group				
Derivative liability:				
Profit rate swap	-	(910)	-	(910)
	<u>-</u>	<u>(910)</u>	<u>-</u>	<u>(910)</u>

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42. 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 24)

Payables (Note 36)

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 values of long term receivables/payables are based on discounting expected future cash flows at market incremental lending rate for the receivables/payables.

(d) Corporate guarantees

Fair value of all unexpired corporate guarantees given to bank for credit facilities granted to subsidiaries was assessed to be RMNil (2018: 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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
At 31 December 2019:				
Assets for which fair value are disclosed:				
Investment properties (Note 12)	-	-	1,165,895 [#]	1,165,895
At 31 December 2018:				
Assets for which fair value are disclosed:				
Investment properties (Note 12)	-	-	1,023,228 [^]	1,023,228

There were no material transfers between Level 1, Level 2 and Level 3 during the financial year.

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42. Fair values (cont'd.)

Non financial instruments (cont'd.)

The fair value of investment properties as at 31 December 2019 includes the cost of properties completed in 2018 and recently obtained completion certificate of RM93,045,000 which approximates to fair value.

^ The fair value of investment properties as at 31 December 2018 includes the cost of recently completed properties of RM96,678,000 which approximates to its fair value.

As at 31 December 2019, 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.

43. 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.

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44. 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 and hotel operation - holds to earn rental income and/or capital appreciation including hotel operation; 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 four 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 sales of lands, hotel operation, assets and facilities management, project management, harvesting, land leasing, other income, and other dormant companies;
- (ii) Australia - the operations in this area are principally development and sales of residential and commercial properties;
- (iii) Singapore - the operation in this area is principally project management; and
- (iv) South Africa - the operations in this area are principally development and sales of residential and commercial properties.

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44. Segment information (cont'd.)

Business segment information

At 31 December 2019	Property development RM'000	Property investment and hotel operation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	2,786,495	83,729	39,237	-	2,909,461
Inter-segment revenue	-	2,228	123,816	(126,044)	-
Total revenue	<u>2,786,495</u>	<u>85,957</u>	<u>163,053</u>	<u>(126,044)</u>	<u>2,909,461</u>
Results					
Segment results	568,772	3,752	(50,744)	(50,775)	471,005
Finance costs	(87,607)	(35,279)	(34,690)	50,775	(106,801)
Share of results of associates	2,163	-	(4,595)	-	(2,432)
Share of results of joint ventures	32,086	(7,227)	(2,103)	-	22,756
Profit/(loss) before zakat and income tax	515,414	(38,754)	(92,132)	-	384,528
Zakat	(2,006)	-	-	-	(2,006)
Tax (expense)/benefit	(160,730)	(206)	1,084	-	(159,852)
Profit/(loss) for the year	<u>352,678</u>	<u>(38,960)</u>	<u>(91,048)</u>	<u>-</u>	<u>222,670</u>
Attributable to:					
Owners of the parent	354,270	(38,960)	(91,509)	-	223,801
Non-controlling interests	(1,592)	-	461	-	(1,131)
Profit/(loss) for the year	<u>352,678</u>	<u>(38,960)</u>	<u>(91,048)</u>	<u>-</u>	<u>222,670</u>

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44. Segment information (cont'd.)

Business segment information (cont'd.)

At 31 December 2019	Property development RM'000	Property investment and hotel operation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segment assets	11,233,764	1,020,052	265,995	(665,459)	11,854,352
Interests in:					
- associates	496,949	-	1,623	-	498,572
- joint ventures	919,342	111,496	-	-	1,030,838
Income tax assets	85,589	316	1,259	-	87,164
Total assets	12,735,644	1,131,864	268,877	(665,459)	13,470,926
Liabilities					
Segment liabilities	5,377,395	760,666	172,066	(665,459)	5,644,668
Income tax liabilities	71,700	6	54	-	71,760
Total liabilities	5,449,095	760,672	172,120	(665,459)	5,716,428
Other information					
Additions to non-current assets	295,480	141,773	18,256	-	455,509
Depreciation and amortisation	(11,287)	(23,744)	(12,118)	-	(47,149)

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44. Segment information (cont'd.)

Business segment information (cont'd.)
(Restated)

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	<u>1,935,840</u>	<u>62,485</u>	<u>133,087</u>	<u>(87,426)</u>	<u>2,043,986</u>
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	50,207	(1,790)	(11,130)	-	37,287
Profit/(loss) before zakat and income tax	509,461	(35,754)	(57,658)	-	416,049
Zakat	(5,210)	-	-	-	(5,210)
Tax expense	(129,083)	(45)	(1,228)	-	(130,356)
Profit/(loss) for the year	<u>375,168</u>	<u>(35,799)</u>	<u>(58,886)</u>	<u>-</u>	<u>280,483</u>
Attributable to:					
Owners of the parent	375,168	(35,799)	(59,371)	-	279,998
Non-controlling interests	-	-	485	-	485
Profit/(loss) for the year	<u>375,168</u>	<u>(35,799)</u>	<u>(58,886)</u>	<u>-</u>	<u>280,483</u>

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44. Segment information (cont'd.)

Business segment information (cont'd.)
(Restated)

At 31 December 2018	Property development RM'000	Property investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
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	879,009	114,232	53,416	-	1,046,657
Income tax assets	113,102	1,629	2,501	-	117,232
Total assets	13,332,989	1,015,721	387,065	(611,807)	14,123,968
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)

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44. 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	
	2019	2018
	RM'000	RM'000
Malaysia	965,516	1,377,583
Australia	1,942,022	661,840
Singapore	1,923	4,563
	<u>2,909,461</u>	<u>2,043,986</u>
	Non-current assets	
	2019	2018
	RM'000	RM'000
		Restated
Malaysia	9,557,494	8,497,118
Australia	134,822	149,969
South Africa	15,141	16,930
Singapore	2,546	1,971
	<u>9,710,003</u>	<u>8,665,988</u>

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45. Subsidiaries

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
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

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45. Subsidiaries (cont'd.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
Subsidiaries of Sunrise Berhad				
Arcoris Sdn. Bhd.	Property investment and development	Malaysia	100	100
Ascot Assets Sdn. Bhd.	Property development	Malaysia	100	100
Allevia Sdn. Bhd. (formerly known as 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
Lembah Suria Sdn. Bhd.	Property development	Malaysia	100	100
Lucky Bright Star Sdn. Bhd.	Property investment and development	Malaysia	100	100
** Mega Legacy (M) Sdn. Bhd.	Property development	Malaysia	50	-
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

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45. Subsidiaries (cont'd.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
Subsidiaries of Sunrise Berhad (cont'd.)				
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
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

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45. **Subsidiaries (cont'd.)**

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
Subsidiaries of Sunrise Berhad (cont'd.)				
Sunrise Region Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Sovereign Sdn. Bhd.	Property development and investment holding	Malaysia	100	100
Sun Victory Sdn. Bhd.	Property investment and development and hotel operation	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.	Dissolved	Malaysia	-	100
Subsidiary of Sunrise Oscar Sdn. Bhd.				
Sunrise DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	100	100
Subsidiary of Sunrise International Development Ltd.				
* Sunrise Holdings S.à.r.l.	Investment holding	The Grand Duchy of Luxembourg	100	100

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45. Subsidiaries (cont'd.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
Subsidiary of Sunrise Holdings S.à.r.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
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

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45. Subsidiaries (cont'd.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
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.	Dissolved	Malaysia	-	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 Corpotion Sdn. Bhd.	Investment holding	Malaysia	100	100
@ UEM Sunrise Pacific 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.	Dissolved	Malaysia	-	100

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45. **Subsidiaries (cont'd.)**

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
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
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, investment holding and money lending activity	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.	Dissolved	Malaysia	-	70

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45. Subsidiaries (cont'd.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
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
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

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45. **Subsidiaries (cont'd.)**

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
				2019 %	2018 %
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	100
	UEM Sunrise (Conservatory Melbourne Property Management) Pty. Ltd.	Property management services	Australia	100	100
Subsidiary of UEM Sunrise (Canada) Sdn. Bhd.					
*	UEM Sunrise (Canada) Development Ltd.	Real estate acquisition and development	Canada	100	100

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45. Subsidiaries (cont'd.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
Subsidiaries of UEM Sunrise Management Services Sdn. Bhd.				
UEM Sunrise Project Services Sdn. Bhd.	Project management for property development	Malaysia	100	100
Rise Digital Sdn. Bhd. (formerly known as UEM Sunrise Nusajaya Property Services Sdn. Bhd.)	Provision of digital 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 PLT or Ernst & Young.
- # The financial statements of these subsidiary companies are audited for consolidation purposes.
- ^ Dissolved pursuant to Section 459(5) of the Companies Act 2016.
- @ The subsidiaries have been struck off from register and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the Companies Act 2016.
- ** On 15 April 2019, Sunrise Berhad, a wholly-owned subsidiary of the Company, completed the subscription of 500,001 new ordinary shares representing 50% + 1 share of the equity interest in Mega Legacy (M) Sdn. Bhd. as disclosed in Note 48(b).

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46. Associates

Name of associates	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
UEM Sunrise Edgenta TMS Sdn. Bhd.	Investment holding	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, constructing, managing and developing of marina club	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 PLT or Ernst & Young.

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47. Joint ventures

Name of joint ventures	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
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 (In receivership and in liquidation)	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

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47. Joint ventures (cont'd.)

Name of joint ventures	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
Joint ventures of UEM Land Berhad (cont'd.)				
Nusajaya Tech Park Sdn. Bhd.	Property development	Malaysia	40	40
* Nusajaya Consolidated Sdn. Bhd.	Property development and related activities	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	50

Note:

* Joint ventures not audited by Ernst & Young PLT or Ernst & Young.

Notes to the financial statements - 31 December 2019

48. Significant changes in accounting policies

(a) MFRS 16 : Leases

Definition of a lease

Upon transition to MFRS 16, the Group elected to apply the practical expedient to the assessment of leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4: Determining whether an Arrangement contains a Lease were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application which measures asset at an amount equal to liability (adjusted for accruals and prepayments) and no adjustment to the opening balance of retained profits at 1 January 2019.

Upon the adoption of MFRS 16, for all leases for which the Group as a lessee:

- (i) Recognises right-of-use ("ROU") assets and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments;
- (ii) Recognises depreciation of ROU assets and interest on lease liabilities in statements of profit or loss; and
- (iii) Classification of the total amount of cash paid as financing activities in the statements of cash flows.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- (i) Fixed non-lease components embedded in the lease contract are not separated out from lease payments in measuring lease liabilities and are capitalised as ROU assets;
- (ii) Leases with a lease term of 12 months or shorter are exempted from recognition; and
- (iii) Leases for low-value assets, largely office equipment, are exempted from recognition.

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48. Significant changes in accounting policies (cont'd.)

(a) MFRS 16 : Leases

(cont'd.)

Below is the impact of adopting MFRS 16 to opening balances:

Statements of Financial Position	Impact of adoption of MFRS 16 opening balance as at 1 January 2019 Increase RM'000
Group	
<u>Non-current asset</u>	
Right-of-use assets	<u>39,327</u>
<u>Non-current liability</u>	
Lease liabilities	<u>(29,933)</u>
<u>Current liability</u>	
Lease liabilities	<u>(9,394)</u>
Company	
<u>Non-current asset</u>	
Right-of-use assets	<u>23,575</u>
<u>Non-current liability</u>	
Lease liabilities	<u>(17,547)</u>
<u>Current liability</u>	
Lease liabilities	<u>(6,028)</u>

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48. Significant changes in accounting policies (cont'd.)

(b) MFRS 3 : Business Combinations (Amendments to MFRS 3)

On 15 April 2019, Sunrise Berhad, a wholly-owned subsidiary of the Company, completed the subscription of 500,001 new ordinary shares representing 50% + 1 share of the equity interest in Mega Legacy (M) Sdn. Bhd. ("MLM") for a cash consideration of RM256,060,000. Consequently, MLM has become an indirect subsidiary of the Company. The Group accounted the acquisition of MLM as an acquisition of assets following the early adoption of revised MFRS 3.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Carrying Value RM'000
Assets	
Land held for property development	657,205
Receivables	1,175
Cash and bank balances	106
	<u>658,486</u>
Liability	
Payables	<u>(446,960)</u>
Net identifiable assets acquired	211,526
Add: Land cost adjustment	150,297
Less: Non-controlling interests	<u>(105,763)</u>
Purchase consideration	<u>256,060</u>

Details of the cash outflow during the year are as follows:

	RM'000
Purchase consideration	256,060
Less: Deposit paid in 2018	(41,880)
Less: Cash and bank balances acquired	<u>(106)</u>
Paid during the financial year	<u>214,074</u>

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Notes to the financial statements - 31 December 2019

49 Restatement of comparatives

Restatement of MFRS 15 : Revenue from Contracts with Customers

Prior to adoption of MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") in 2018, a joint venture company of the Group has taken up non-refundable entrance fee as income upon activation of the golf club memberships. Under MFRS 15, no revenue should be recognised upon receipt of an upfront fee, even if it is non-refundable and the fee does not relate to the satisfaction of a performance obligation.

Upon adoption of MFRS 15, non-refundable upfront fees are included in the transaction price and allocated to the performance obligation (i.e. access to golf club facilities over the term of the club membership) in the contract. Revenue is deferred and recognised when the performance obligations are satisfied.

The Group has reflected the impact arising from the restatement of MFRS 15 by the joint venture company to the financial statements of the Group. The effects on the comparative financial statements of the Group are as follows:

- (i) Reconciliation of the consolidated statement of financial position as at 1 January 2018:

	As previously stated RM'000	Effects of MFRS 15 RM'000	As Restated RM'000
Assets			
Interests in joint ventures	1,056,396	(13,210)	1,043,186
Other non-current assets	7,268,452	-	7,268,452
Total non-current assets	<u>8,324,848</u>		<u>8,311,638</u>
Current assets	<u>5,321,403</u>	-	<u>5,321,403</u>
Total assets	<u>13,646,251</u>		<u>13,633,041</u>
Equity			
Retained profits	1,649,543	(13,210)	1,636,333
Other equity	5,615,815	-	5,615,815
Total equity	<u>7,265,358</u>		<u>7,252,148</u>
Total liabilities	<u>6,380,893</u>	-	<u>6,380,893</u>
Total equity and liabilities	<u>13,646,251</u>		<u>13,633,041</u>

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49 Restatement of comparatives (cont'd.)**Restatement of MFRS 15 : Revenue from Contracts with Customers (cont'd)**

(cont'd)

(ii) Reconciliation of the consolidated statement of financial position as at 31 December 2018:

	As previously stated RM'000	Effects of MFRS 15 RM'000	As Restated RM'000
Assets			
Interests in joint ventures	1,006,986	(13,545)	993,441
Other non-current assets	7,672,547	-	7,672,547
Total non-current assets	<u>8,679,533</u>		<u>8,665,988</u>
Current assets	<u>5,457,980</u>	-	<u>5,457,980</u>
Total assets	<u>14,137,513</u>		<u>14,123,968</u>
Equity			
Retained profits	1,881,612	(13,545)	1,868,067
Other equity	5,572,544	-	5,572,544
Total equity	<u>7,454,156</u>		<u>7,440,611</u>
Total liabilities	<u>6,683,357</u>	-	<u>6,683,357</u>
Total equity and liabilities	<u>14,137,513</u>		<u>14,123,968</u>

(iii) Reconciliation of the extract consolidated statement of profit or loss for the year ended 31 December 2018:

	As previously stated RM'000	Effects of MFRS 15 RM'000	As Restated RM'000
Share of results of joint ventures	<u>37,622</u>	(335)	<u>37,287</u>

The above changes did not have any impact on the cash flows and other comprehensive income of the Group and of the Company for the year ended 31 December 2018.

50 Subsequent events

COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. Since then, we have established a Crisis Management Committee (“CMC”) to oversee the possible impacts of this pandemic to the Group. A taskforce, Crisis Management Team (“CMT”) was formed to carry out and execute the decisions by CMC. Amongst the measures was the establishment of a Business Continuity Plan (“BCP”) to ensure the Group continues to operate as normal. The wellbeing of our staff is prioritised, we embraced the use of technology for staff to work from home, create new sales and allow for continuous engagement with our stakeholders.

We expect the demands of our properties to be affected as well as reduction in footfall to our retail outlets. This inevitably will affect our revenue and operating cashflows for next financial year. Uncertainties in the financial market may affect our ability to raise monies through our sukuk program in the short term. However, it is not expected to impact our ability to meet our commitments over the next twelve months due to our cash balances of RM1.1 billion as well as unsatisfied performance obligations of RM1.0 billion.

It is not possible to reliably estimate the impact of the pandemic beyond the next twelve months. This is due to the numerous uncertainties at this juncture.

The financial statements have been prepared based on conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

A nationwide Movement Control Order (“MCO”) was declared on 18 March 2020 to contain the spread of the COVID-19 pandemic. Except for specific essential services, all other business activities have to cease their operations. This will have an impact on the results of the Group in the financial year ending 31 December 2020, and on the judgements and assumptions used in the preparation of financial reporting for the periods subsequent to 31 December 2019, such as expected credit losses of financial assets as well as impairment assessment of non-financial assets such as goodwill and investment properties.