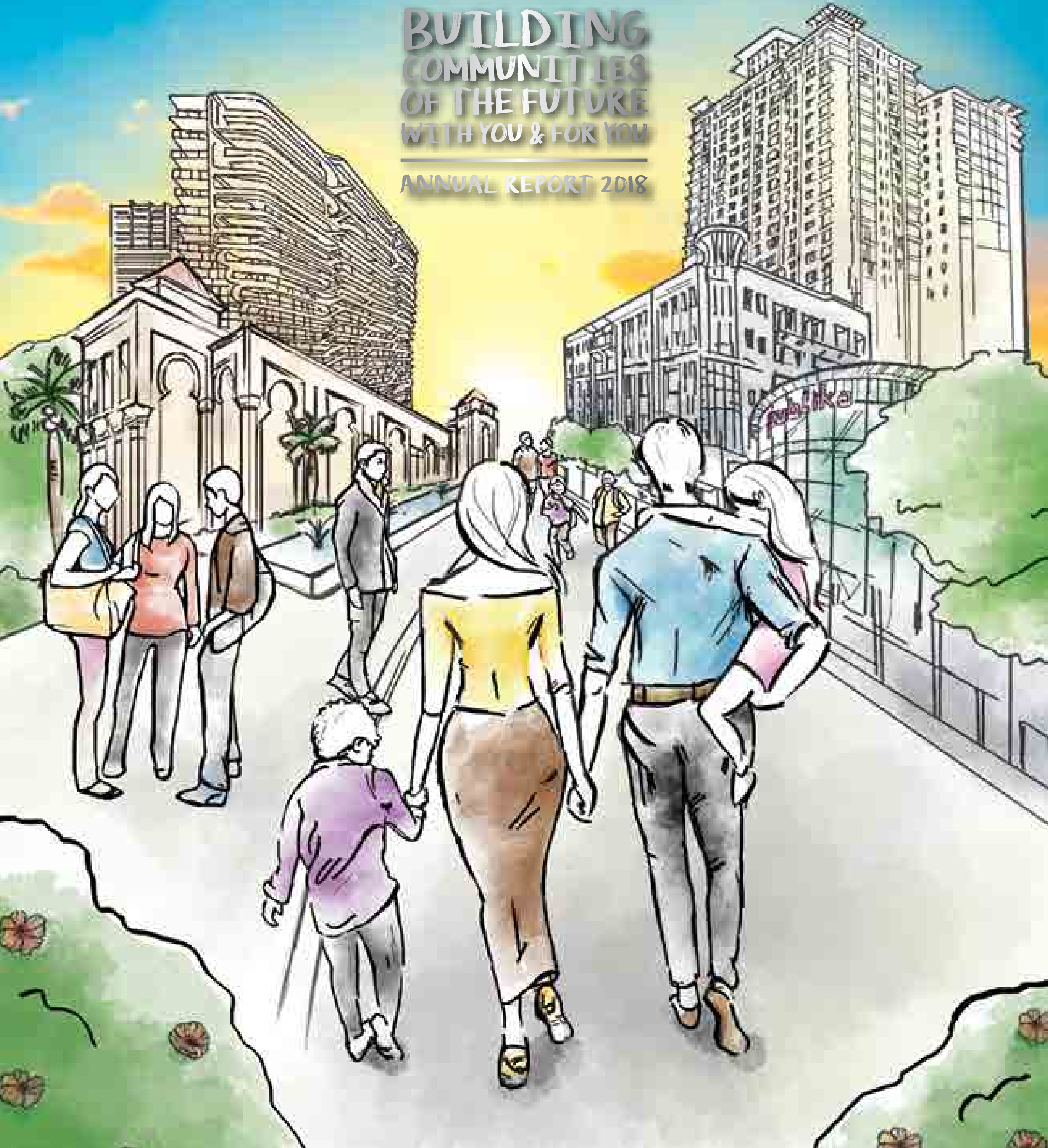
UEM SUNRISE

A member of UEM Group

BUILDING COMMUNITIES OF THE FUTURE WITH YOU & FOR YOU

ANNUAL REPORT 2018



Welcome to UEM Sunrise Berhad's Annual Report 2018

Inside This Report

Celebrating 50 Years of Building Communities

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

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VISION, MISSION & VALUES

VISION

Building communities of the future with you and for you.

MISSION

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

VALUES

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

The key elements of our values are:

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

2018 Highlights

Teamed up with BlackWall Limited of Australia to operate co-working spaces under the brand **WOTSO** in Mercu Summer Suites, Kuala Lumpur

REVENUE ACHIEVED
RM 2.0 billion

SALES ACHIEVED
RM 1.4 billion

PATANCI ACHIEVED
RM 280.3 Million

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

Launched **"New Year New Home"** campaign and **"UEM Sunrise Celebrates 50 Years of Community Building"** campaign

Completion and partial settlement of Aurora Melbourne Central and Conservatory, **UEM Sunrise's Maiden Projects in Australia**

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

UNVEILED **Hyatt House Kuala Lumpur Mont'Kiara** a residentially inspired extended stay hotel – the first of its kind in Southeast Asia

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

RANKED **TOP 10** PROPERTY DEVELOPER

AT THE EDGE MALAYSIA PROPERTY EXCELLENCE AWARDS 2018

MD/CEO – ANWAR SYAHRIN ABDUL AJIB **Outstanding Property CEO of The Year** AT THE EDGE MALAYSIA PROPERTY EXCELLENCE AWARDS 2018

Entered into a strategic **Partnership with Grab** for a cashless experience in Publika and Iskandar Puteri

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

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

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

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

Participated in Invest ASEAN Conference in Singapore by Maybank.

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

Held 10th AGM where shareholders approved all resolutions proposed.

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

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

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

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

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

26 JULY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE PROFILE

Interior view of Conservatory, Melbourne

Exterior view of Conservatory, Melbourne

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

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

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

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

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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Anwar Syahrin Abdul Ajib
Managing Director/
Chief Executive Officer

Subimal Sen Gupta
Senior Independent
Non-Executive Director

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

Zaida Khalida Shaari
Non-Independent
Non-Executive Director

Lim Tian Huat
Independent
Non-Executive Director

Ungku Suseelawati Ungku Omar
Independent
Non-Executive Director

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

Datin Teh Ija Mohd Jalil
Independent
Non-Executive Director

Christina Foo
Independent
Non-Executive Director

AUDIT COMMITTEE

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

NOMINATIONS & REMUNERATION COMMITTEE

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

BOARD TENDER COMMITTEE

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

BOARD DEVELOPMENT COMMITTEE

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

BOARD GOVERNANCE & RISK COMMITTEE

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

WHISTLE BLOWER COMMITTEE

(sub-committee of Board Governance & Risk Committee)
Datin Teh Ija Mohd Jalil
Chairperson
Subimal Sen Gupta
Member
Christina Foo
Member

SECRETARIES

Liew Irene
MAICSA 7022609
Wong Lee Loo
MAICSA 7001219

AUDITORS

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE

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

PRINCIPAL SOLICITORS

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

REGISTRARS

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

REGISTERED OFFICE

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

GROUP CORPORATE STRUCTURE

As at 1 April 2019

SUBSIDIARIES

100%

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

60%

- Aura Muhibah Sdn. Bhd.

JOINT VENTURES

80%

- Nusajaya Premier Sdn. Bhd.

60%

- Cahaya Jauhar Sdn. Bhd.

55%

- Nusajaya Lifestyle Sdn. Bhd.

51%

- Desaru North Course Residences Sdn. Bhd.
- Desaru South Course Land Sdn. Bhd.
- Desaru South Course Residences Sdn. Bhd.

50%

- Gerbang Leisure Park Sdn. Bhd.
- Horizon Hills Development Sdn. Bhd.
- Nusajaya Consolidated Sdn. Bhd.
- Sime Darby Sunrise Development Sdn. Bhd.
- Sunrise MCL Land Sdn. Bhd.

40%

- Haute Property Sdn. Bhd.
- Malaysian Bio-XCell Sdn. Bhd.
- Nusajaya Tech Park Sdn. Bhd.

30%

- FASTrack Iskandar Sdn. Bhd.

ASSOCIATE COMPANIES

40.2%

- Durban Point Development Company (Proprietary) Ltd.

40%

- Sarandra Malaysia Sdn. Bhd.
- Scope Energy Sdn. Bhd.

39%

- Inneonusa Sdn. Bhd.

30%

- UEM Sunrise Edgenta TMS Sdn. Bhd.

25%

- Setia Haruman Sdn. Bhd.

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

The World in the City

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

OUR PERFORMANCE AND OUTLOOK

Chairman's Letter to Shareholders

TAN SRI DATO' SRI ZAMZAMZAIRANI MOHD ISA
Chairman

Dear Shareholders,

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

Puteri Harbour International Ferry Terminal

GROWING REVENUE BY

10%

TO

RM 2.0 billion

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

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

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

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

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

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

UEM Sunrise's Denai Nusantara - Rumah Mampu Biaya Johor

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

VALUE CREATION

For the nation at large, we continue to contribute towards ongoing socio-economic development. As a developer, one of the most significant ways we can do this is to use our resources and capacity to help Malaysians from the lower income brackets to own their own homes. I'm proud to share that this is one of our focus areas, and we are continuing to make dreams of home ownership come true with the launch of Kondominium Kiara Kasih, our first Residensi Wilayah in Segambut, neighbouring Mont'Kiara, Kuala Lumpur in March last year, 3-bedroom 2-bathroom apartment unit with a built-up size of 850 square feet and priced at RM300,000 per unit while delivering 1,217 units comprising 1,109 units of residences sized at 1,000 square feet and priced at RM150,000 each, and 108 shop lots priced at RM200,000 per unit with a built-up of 1,200 square feet in Denai Nusantara, IskandarPuteri, in January this year. We also plan to launch Rumah Selangorku in Serene Heights and Phase 1 of Gerbang Nusantara in Gerbang Nusajaya, Iskandar Puteri before the end of 2019.

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

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

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

GOVERNANCE

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

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

OUTLOOK

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

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

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

APPRECIATION

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

02

Management Discussion & Analysis

ANWAR SYAHRIN ABDUL AJIB
Managing Director/
Chief Executive Officer

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

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

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

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

CORPORATE ACHIEVEMENTS IN 2018

Awards

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

Please scan this QR code for more information on our Awards & Recognition
https://uemsunrise.com/corporate/about/industry-recognition

Achieved
RM 1.4 billion
in sales

30%
of sales from completed projects

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

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

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

New Project Launches

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

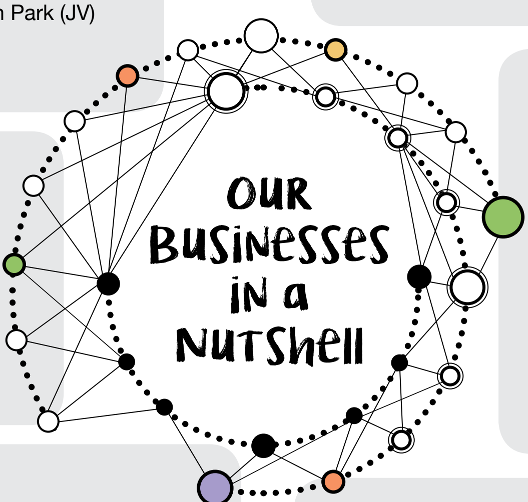
In February, we introduced our RM139.0 million double-storey terrace homes in Serimbun, a landed mid-market residential development in Iskandar Puteri. This was followed, in March, by Kondominium Kiara Kasih, a Residensi Wilayah development (formerly known as Rumah Wilayah Persekutuan or RUMAWIP) in Segambut, neighbouring Mont'Kiara, Kuala Lumpur.

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

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

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

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



01
MASTER DEVELOPER
- Iskandar Puteri
- Puteri Harbour
- Gerbang Nusajaya

02
TOWNSHIP DEVELOPMENT
- Serene Heights
- Forest Heights (JV)
- Horizon Hills (JV)
- Fraser Metropolis (JV)
- Nusa Idaman
- Nusa Bayu
- East Ledang
- Estuari Gardens
- Aspira LakeHomes
- Serimbun
- Aspira ParkHomes

03
NICHE & HIGH-RISE DEVELOPMENT
- Symphony Hills
- Residensi 22
- Arcoris
- Residensi Sefina
- Residensi Solaris Parq
- Residensi Astrea
- Teega
- Imperia
- Almas
- Somerset (JV)
- Emerald Bay (JV)
- Aurora Melbourne Central
- Conservatory
- Mayfair

04
PROPERTY INVESTMENT & ASSET/ FACILITIES MANAGEMENT
- Hyatt House Kuala Lumpur Mont'Kiara (Hotel)
- Car Parking Management
- Club Houses
- 32 managed condominiums
- Publika
- Mall of Medini
- Anjung Neighbourhood Centre

05
AFFORDABLE HOUSING
- Taman Nusantara
- Bayu Nusantara
- Denai Nusantara
- Gerbang Nusantara
- Rumah Selangorku
- Kondominium Kiara Kasih

06
INDUSTRIAL/ COMMERCIAL
- SILC
- Nusajaya Industrial Park
- Nusajaya Tech Park (JV)
- Bio-XCell (JV)
- 68° Avenue

Southern · Central · International

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

Sales Achieved

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

Financial Position

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

Total revenue recorded for 2018 increased to RM2,044.0 million compared to RM1,860.6 million in FY2017, driven by the recognition of ongoing local developments, completion and partial settlement of Aurora Melbourne Central and Conservatory, as well as non-strategic asset divestment (disposal of non-strategic lands). Profit after tax and non-controlling interests ("PATANCI") increased by approximately 166% to RM280.3 million from RM105.6 million in FY2017 on the back of strong revenue growth, development cost savings and contribution from non-strategic asset divestment.

Kondominium Kiara Kasih, Kuala Lumpur

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

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

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

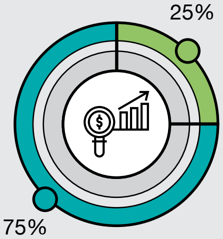
Snapshot of Performance for the Financial Year Ended 2018

REVENUE

RM 2,044.0 Million

10% increase compared to FY2017

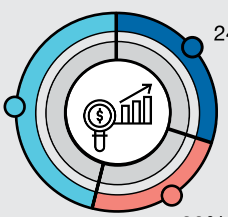
Source of Revenue



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

Contribution by Region

Property Development Revenue



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

PATANCI

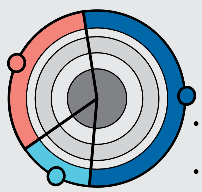
RM 280.3 Million

SALES

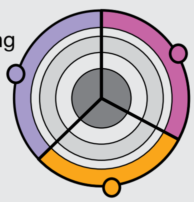
RM 1,433.0 Million

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

Contribution by Region



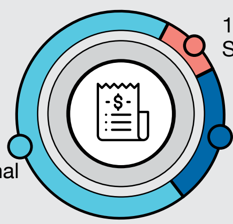
Composition



Unbilled Sales

RM 4.4 billion

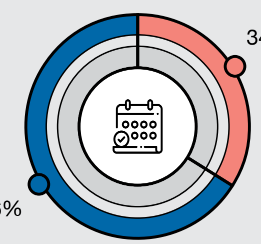
As at 31 December 2018



LAUNCHED GDV

RM 907.9 Million

Close to target of RM1 billion



GROSS GEARING

0.66x

As at 31 December 2018

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

The interior of Aurora Melbourne Central – Australia

FINANCIAL PERFORMANCE

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

* *Restated based on the MFRS framework*

Borrowings at Manageable Level

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

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

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

Delivering Customer Satisfaction

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

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

STATUS OF DEVELOPMENTS

CENTRAL

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

Launches in 2018:

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

Residensi Astrea, Mont'Kiara

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

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

Current key developments:

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

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

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

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

Exciting Pipeline in 2019

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

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

New Business Opportunities

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

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

Aspira LakeHomes, Gerbang Nusajaya, Johor

SOUTHERN

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

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

Launches in 2018 and early 2019:

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

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

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

Key current developments:

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

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

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

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

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

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

Catalytic Developments in Iskandar Puteri

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

Puteri Harbour

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

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

We continue to build meaningful, long term relationships that make us the developer of choice for our trusted partners. The 40:60 joint venture operating under ONE°15 Marina Development Berhad ("ONE°15 MDB") begins selling club memberships in early 2019 having been given the approval by the Companies Commission of Malaysia in December 2018. A marketing gallery, to be opened in the second quarter of 2019, will introduce the waterfront marina lifestyle to potential club members and general public, targeting Malaysians, Singaporeans and expatriates. ONE°15 Marina Puteri Harbour will feature a 13,616 m^2 private clubhouse with a full-service private marina, 207 berths, 77 deluxe hotel rooms and suites, a two-storey members' lounge, meeting rooms and a 320-seat ballroom, gym, swimming pool with water play area for kids, multiple dining outlets, co-working spaces, kids' club, day spa, retail outlets and yacht chartering services. The ONE°15 Estuari Sports Centre will offer sports and recreational activities.

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

EXISTING PROPERTIES

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

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

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

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

Gerbang Nusajaya

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

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

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

Serene Heights in Bangi

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

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

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

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

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

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

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

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

INTERNATIONAL

Completion and Partial Settlement of Australian Projects

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

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

Aurora Melbourne Central, Australia

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

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

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

Plans in Durban, South Africa

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

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

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

ECONOMY

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

The external sector is anticipated to record a more moderate growth in line with modest global economic outlook and trade activity. Global trade developments will remain a key factor affecting the 2019 outlook, as trade tensions between the US and China pose downside risks in the near-term future. Other short-term downside risks include the relatively high levels of private and public sector debts, as well as the increased reliance on oil-related revenue. Over time, the implementation of reforms via the six pillars announced during the Mid-term Review of the 11th Malaysia Plan should improve public sector efficiency and foster equitable growth within the nation.

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

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

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

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

STRATEGY & OPERATIONS

TRANSFORMING OUR DELIVERY ENGINE

Customers at the Heart of Our Business

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

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

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

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

Operational Excellence

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

Strategic partnership between UEM Sunrise and Grab Malaysia

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

- Project Overall Life Cycle – With the goal of changing our mindset from construction to customer and business-centric, we are revamping our operational processes and implemented a reporting tool called RAR; short for Results-Action-Review. RAR enables users access to all the key metrics of a project involved in decision making with only a few clicks. Granting the right level of empowerment to the Directors and project team leaders to enable agility when it comes to 'on-the-ground' decision making, is also paramount in our improvement efforts. This reduces the backlog of impending decisions, resulting in more transparent accountability while the operationalisation of each project's profit and loss structure, enable us to monitor costs. We also need to ensure that UEM Sunrise's signature is engrained in all our projects considering that standardisation among the regional teams is required at all times. With the introduction of streamlined business submissions and approvals amongst others, we are well underway in 2018.

- Design Management – We challenged ourselves with the true meaning of the ideal UEM Sunrise project considering that our customers want our products to be EXCITING with unbeatable VALUE and EASY to own. Based on this philosophy, we developed "EVE", a new template that focuses on customer centricity.

- Procurement Process – We implemented a robust vendor accreditation and evaluation programme to ensure the quality of our partners and service providers. To ensure accountability across the board, a collaborative scoring of key performance indicators in tender processes was also introduced. We also implemented a more efficient tendering strategy, putting in place effective processes and engaging mostly with quality vendors. This allows us to achieve cost optimisation which can be driven further and reduce the amount of time spent on the whole procurement process.

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

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

Human Capital

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

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

STRENGTHEN SALES

Balancing Our Portfolio

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

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

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

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

Inventory Monetisation Efforts

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

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

Planned Product Launches

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

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

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

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

STRENGTHEN FINANCIALS

Earnings and Balance Sheet

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

Cash Flow Management

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

Smart Spending Initiatives

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

FUTURE PROOFING THE BUSINESS

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

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

WOTSO, Mercu Summer Suites, Kuala Lumpur

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

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

MANAGING KEY RISKS

Competition Risk

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

Operational Risk

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

Liquidity Risk

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

Concentration Risks

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

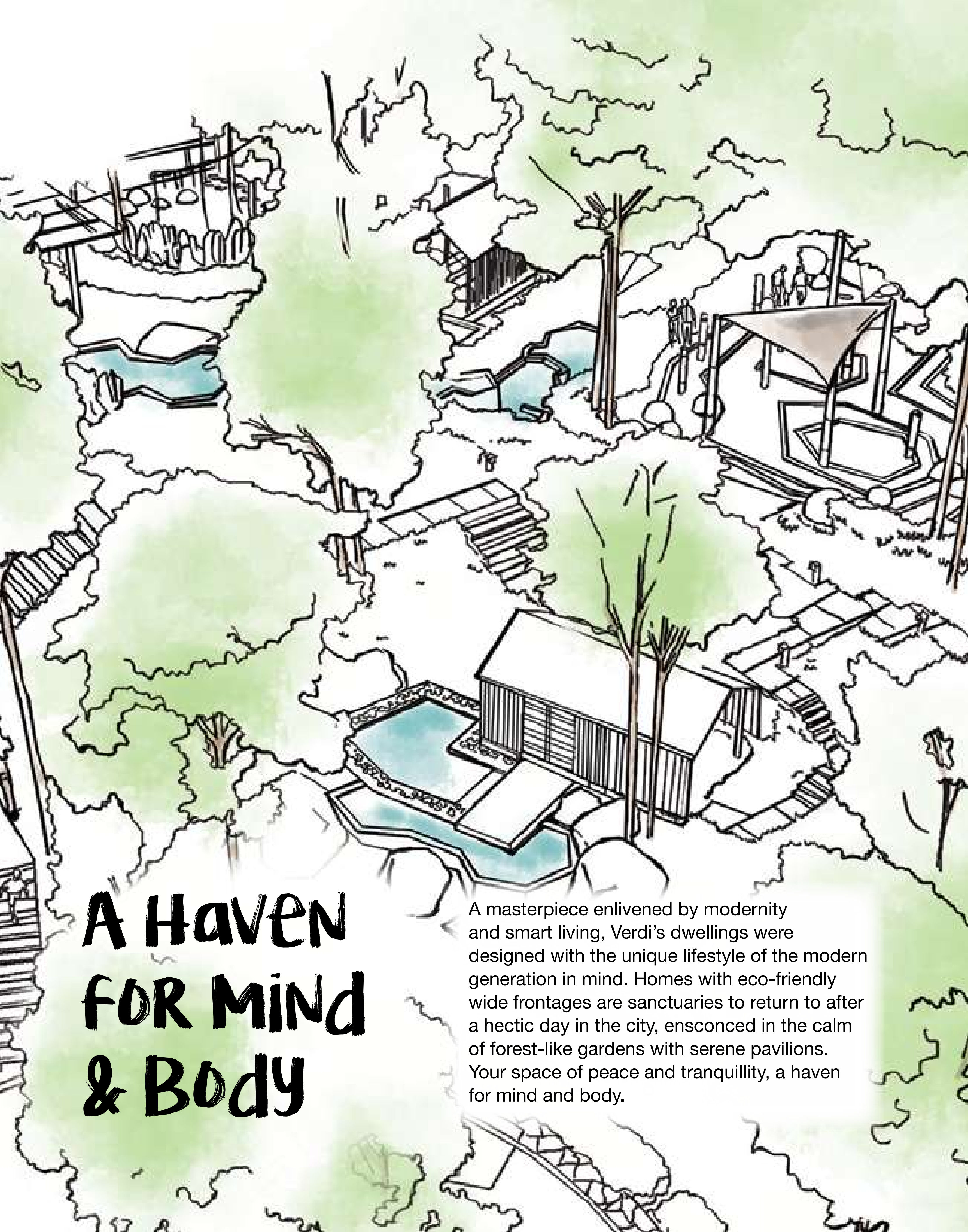
People Risk

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

PROSPECTS

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

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



A Haven for Mind & Body

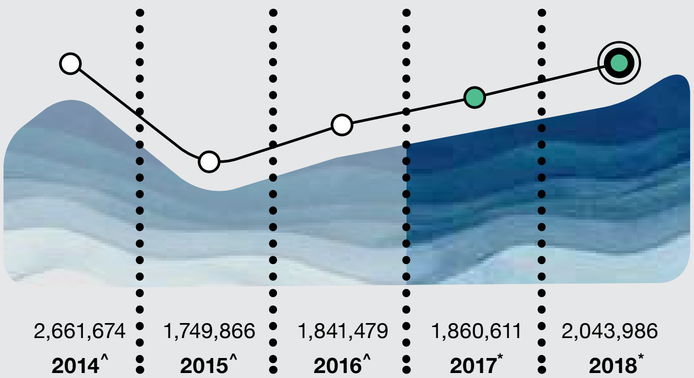
A masterpiece enlivened by modernity and smart living, Verdi's dwellings were designed with the unique lifestyle of the modern generation in mind. Homes with eco-friendly wide frontages are sanctuaries to return to after a hectic day in the city, ensconced in the calm of forest-like gardens with serene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

OUR PERFORMANCE REVIEW

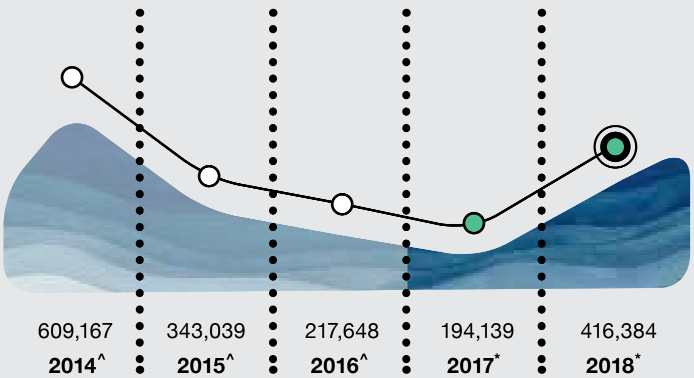
03

Five-Year Financial Highlights

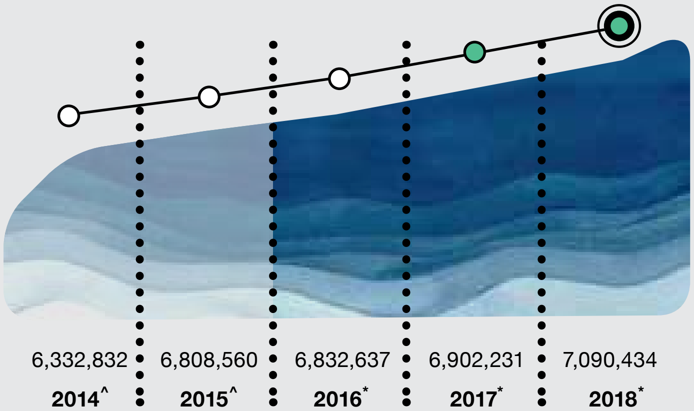
REVENUE (RM'000)



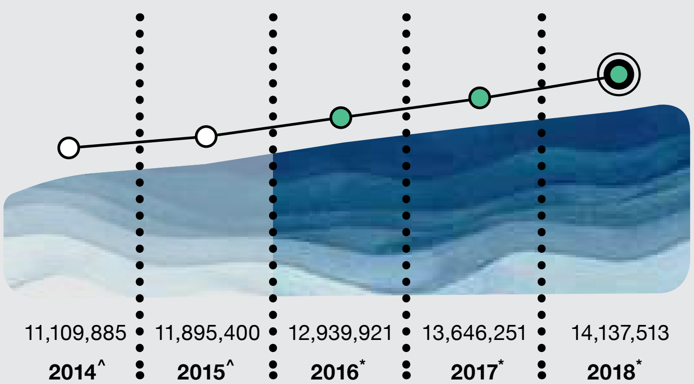
PROFIT BEFORE ZAKAT AND INCOME TAX (RM'000)



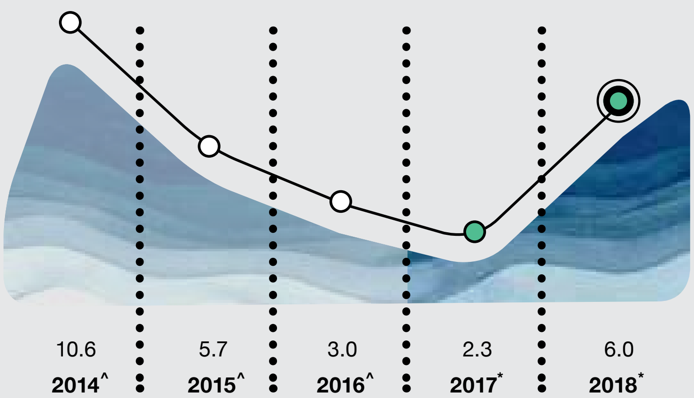
SHAREHOLDERS' EQUITY (RM'000)



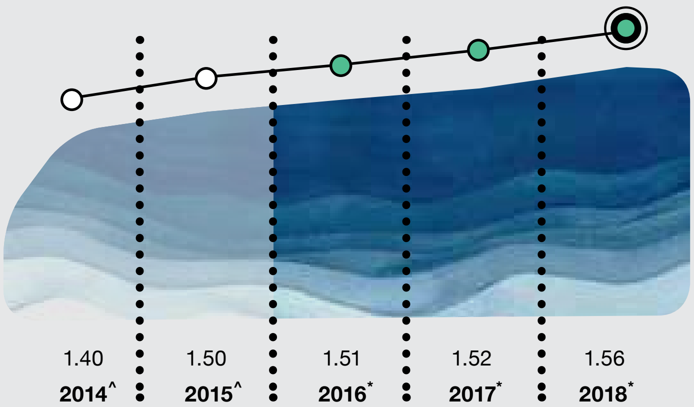
TOTAL ASSETS (RM'000)



EARNING PER SHARE (RM)#



NET ASSETS PER SHARE (RM)#



^ Figures reported based on the Financial Reporting Standards ("FRS") framework.
* Figures reported based on the Malaysian Financial Reporting Standards ("MFRS") framework.
# Attributable to owners of the parent.

Five-Year Group Performance

For the financial year ended 31 December

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

^ Figures reported based on FRS framework.

* Figures reported based on MFRS framework.

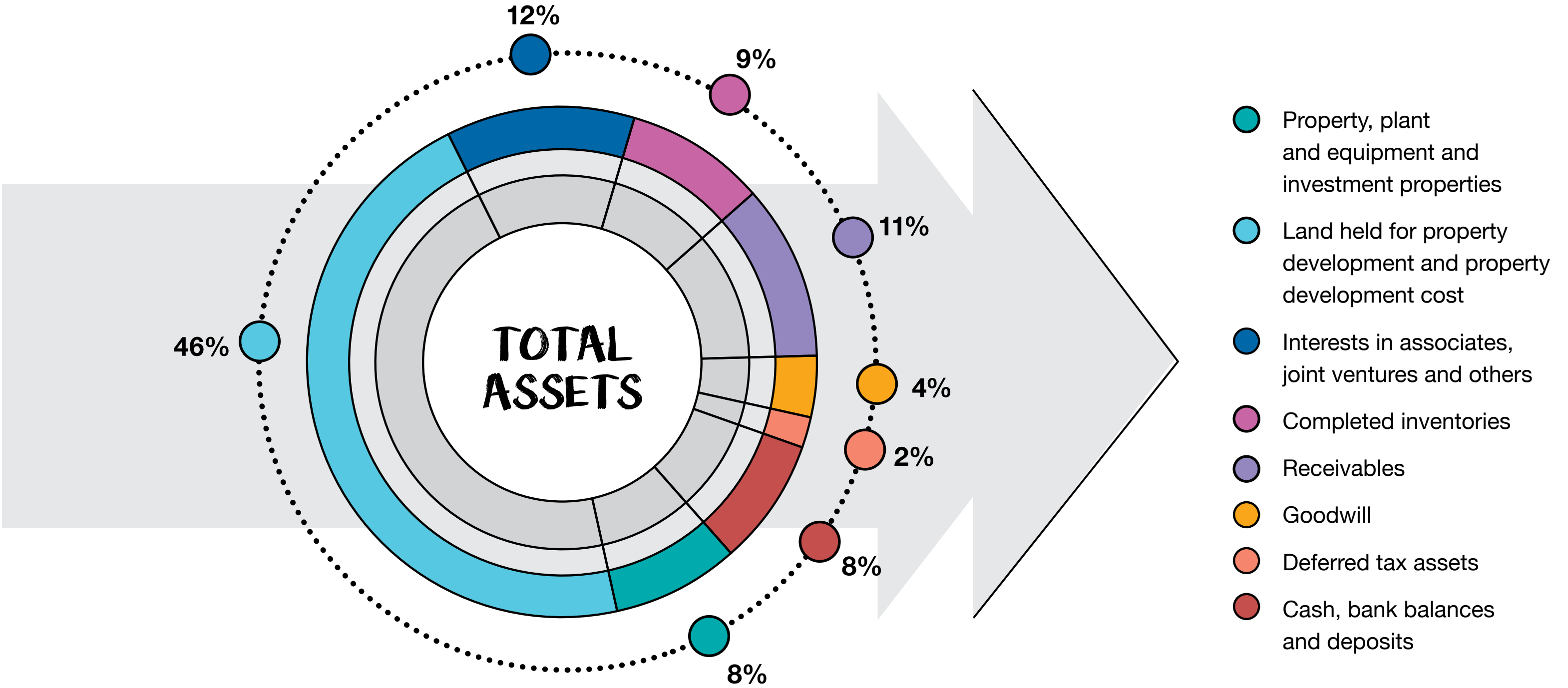
GROUP QUARTERLY PERFORMANCE

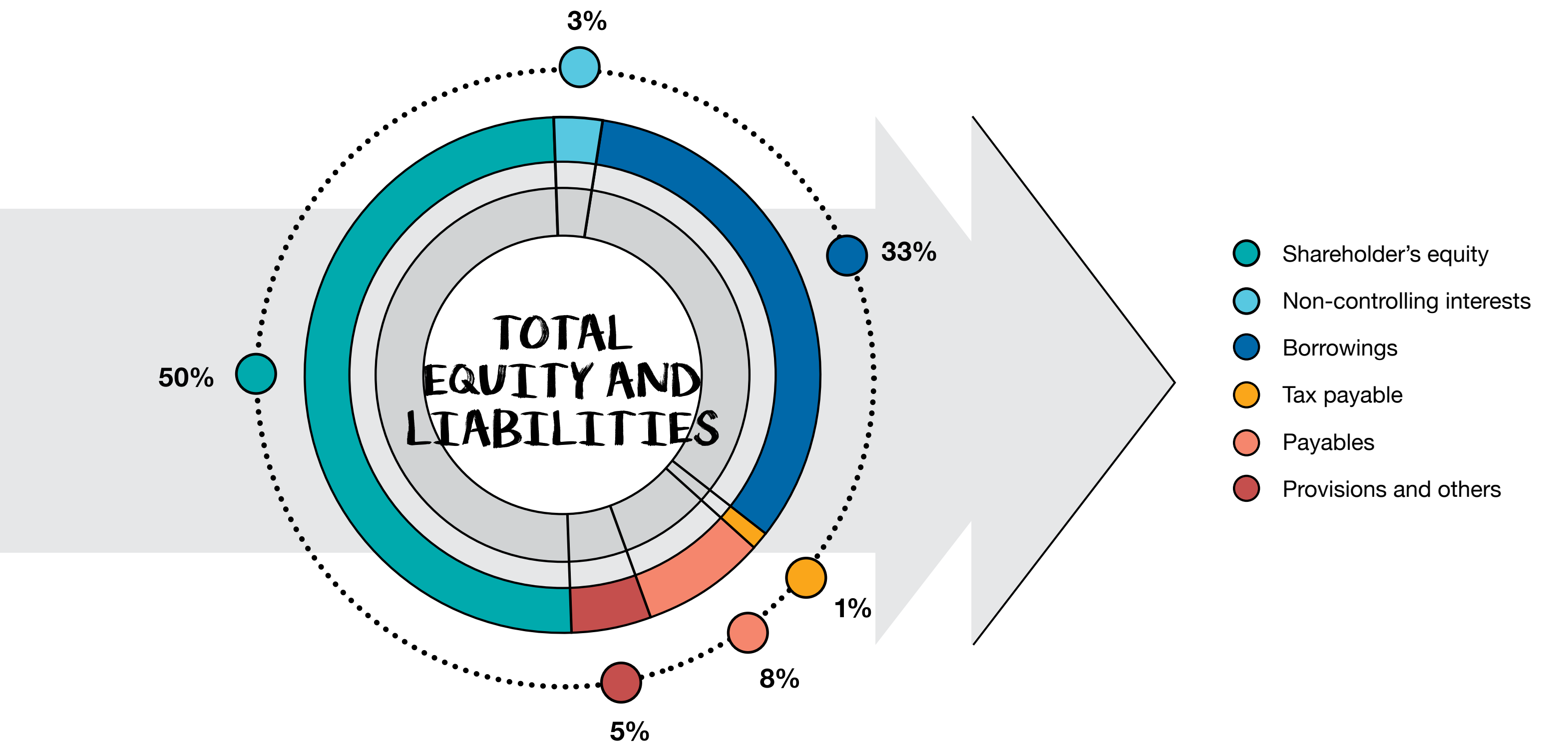
For the financial year ended 31 December 2018

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

^ annualised

Summarised Group Balance Sheet





Five-Year Financial Review of the Group

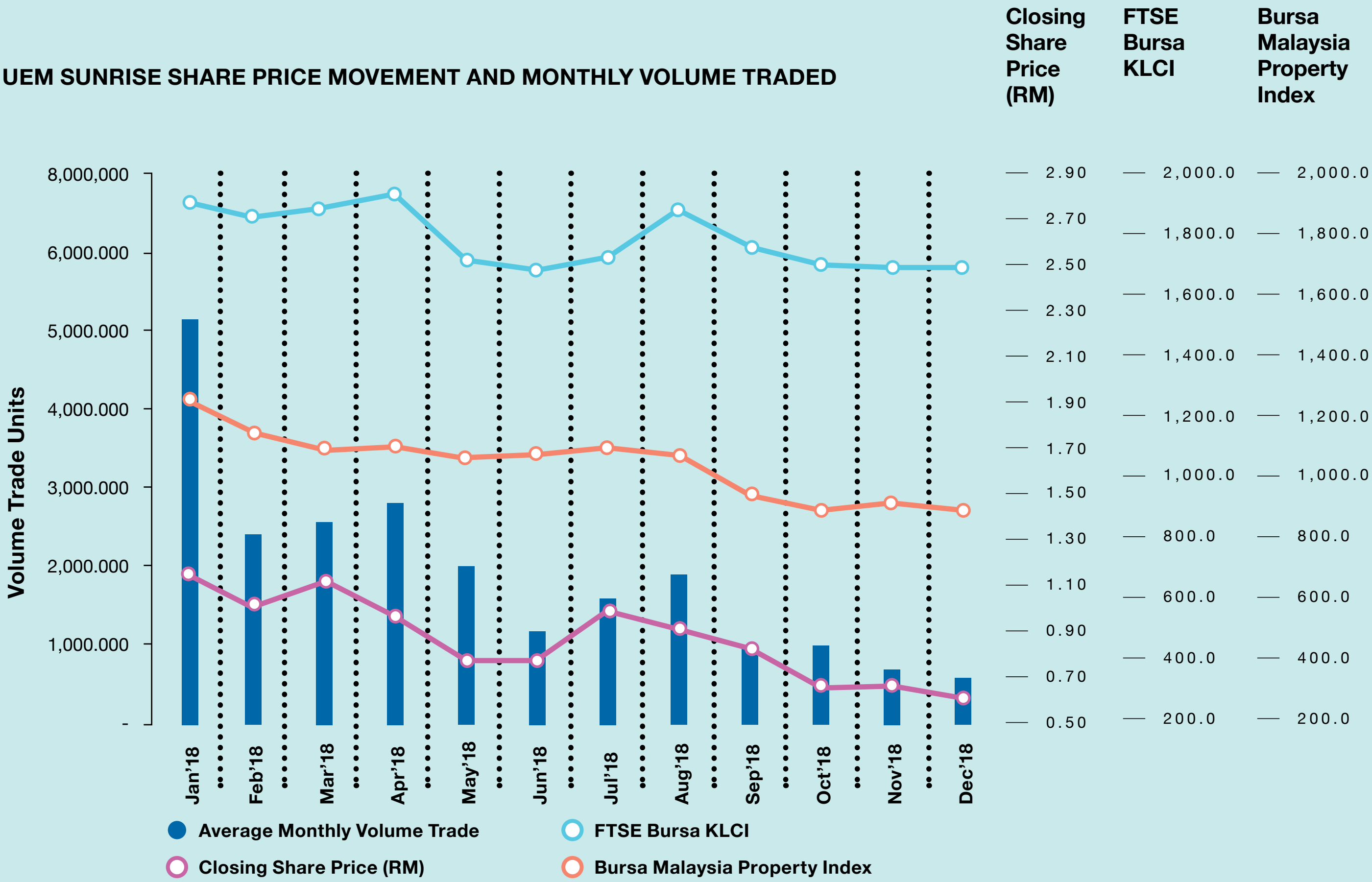
As at 31 December

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

* Figures reported based on MFRS framework.
^ Figures reported based on FRS framework.

Share Price & Volume Traded

UEM SUNRISE SHARE PRICE MOVEMENT AND MONTHLY VOLUME TRADED



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

[1] Data is at the end of each respective month.

YOUR OWN PRIVATE RESORT HOME

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

OUR SUSTAINABILITY AND GOVERNANCE

04

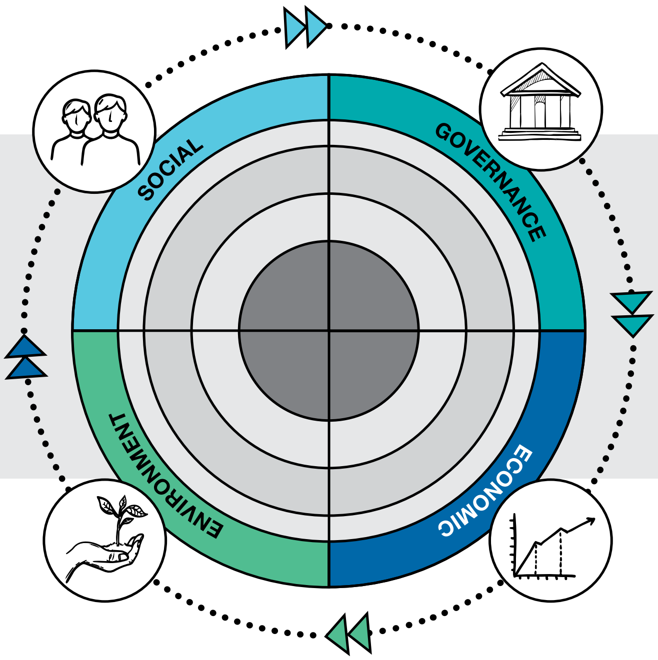
Sustainability Statement

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

OUR SUSTAINABILITY COMMITMENT

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

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



GOVERNANCE

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

ECONOMIC

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

ENVIRONMENT

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

SOCIAL

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

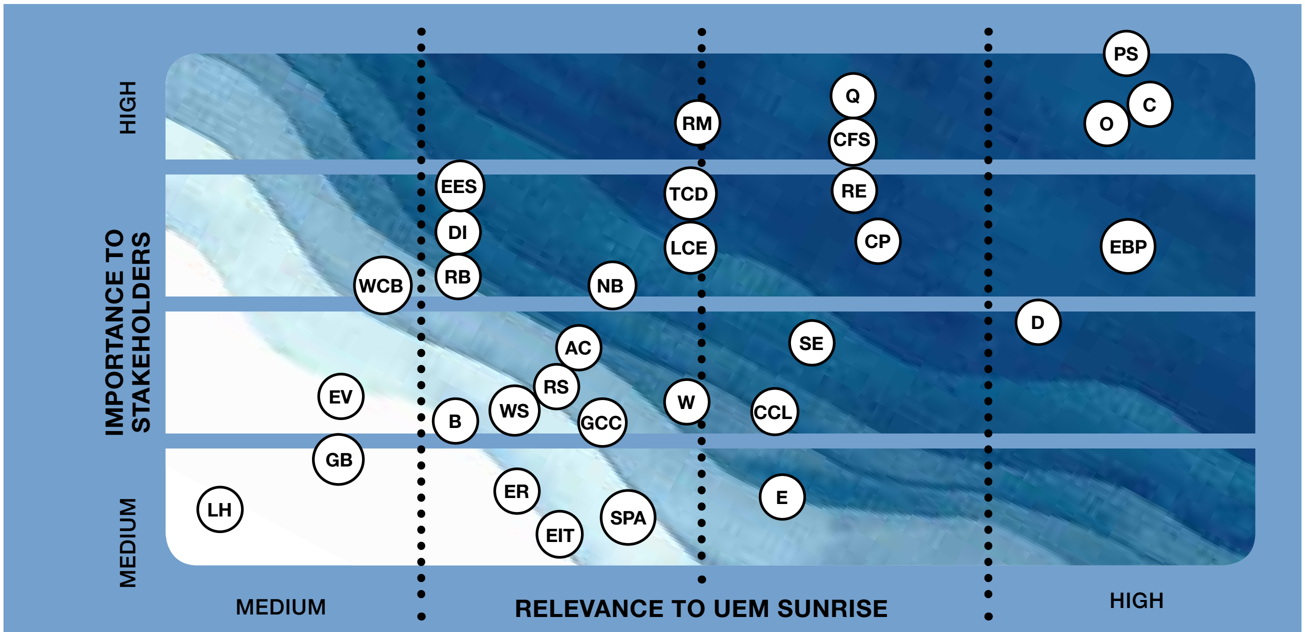
SUSTAINABILITY GOVERNANCE

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

How We Defined Our Sustainability Priorities

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

The result was the following materiality matrix:



O - OSH
Q - Quality
PS - Public safety
RM - Responsible marketing
CFS - Customer feebdback/satisfaction
C - Corruption
EES - Employee engagement & satisfaction
TCD - Training and career development
RE - Recruiting/retaining employees
CP - Customer privacy
EBP - Economic & business performance

DI - Diversity & inclusivity
LCE - Local community engagement
SE - Stakeholder engagement
D - Discrimination
RB - Remuneration and benefits
NB - Nation building
CCL - Child & compulsory labour
EV - Employee volunteerism
WCB - Wider community benefit
AC - Anti-competition
E - Energy
GB - Green building

RS - Responsible sourcing
LH - Local hiring
WS - Waste
W - Water
B - Biodiversity
GCC - GHG emissions & climate change
ER - Employer/employee relations
SPA - Sustainable procurement & supplier assessment
EIT - Environmental impact from transportation

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

Our Economic Impact

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

Additionally, our developments contribute towards the nation's economic development. Iskandar Puteri, for which we are the master developer, is part of the ambitious Iskandar Malaysia development that is set to transform southern Malaysia into an international metropolis. Between 2006 and 2018, Iskandar Malaysia attracted a total of RM285.34[1] billion in investments and created a total of 740,000 jobs.

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

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

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

Our Social Contract

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

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

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

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

Our Planet Performance

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

We encourage our contractors to minimise the use of wood in construction, recycle waste and employ the Industrialised Building System ("IBS") which involves offsite prefabrication and a reusable formwork system made of aluminium or steel. Our contractors are required to disclose how much waste they generate and how they dispose of the waste.

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

The park has been demarcated into four zones:

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

Our Promise

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

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

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

TAN SRI DATO' SRI ZAMZAMZAIRANI MOHD ISA

Independent Non-Executive Chairman

Date of Appointment

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

Academic/Professional Qualification/Membership

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

Skills & Experience

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

Achievements/Awards

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

Other Current Appointments/ Directorship In Public Companies

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

No. of Board Meetings attended in the financial year

11/11

ANWAR SYAHRIN ABDUL AJIB

Managing Director/Chief Executive Officer

Date of Appointment

1 September 2014

Board Committee Memberships

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

Academic/Professional Qualification/Membership

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

Skills & Experience

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

Achievements/Awards

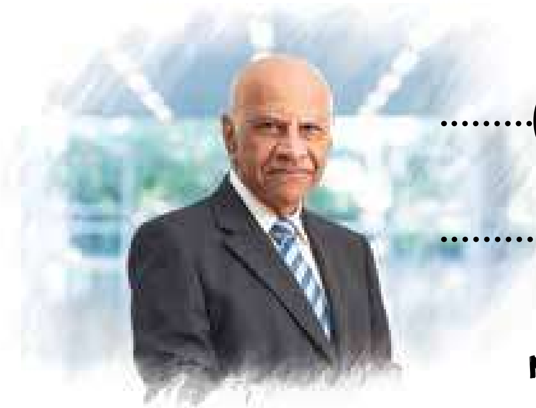
- Outstanding Property CEO, The Edge Malaysia Property Excellence Awards 2018.
- 2018 Malaysia Real Estate Personality of the Year, PropertyGuru Asia Property Awards (Malaysia).

Other Current Appointments/ Directorship In Public Companies

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

No. of Board Meetings attended in the financial year

11/11



Age
71

Gender
Male

Nationality
Malaysian

SUBIMAL SEN GUPTA

Senior Independent Non-Executive Director

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

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

Academic/Professional Qualification/Membership
- Fellow of the Institute of Chartered Accountants in England and Wales
- Past President of the Malaysian Institute of Certified Public Accountants

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

Other Current Appointments/ Directorship In Public Companies
Nil

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

Age
63

Gender
Male

Nationality
Malaysian

DATO' NOORAZMAN ABD AZIZ

Non-Independent Non-Executive Director

Date of Appointment
- 1 October 2018

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

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

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

Other Current Appointments/ Directorship In Public Companies
- Chairman of the Board of UEM Group Berhad
- Board member of UEM Edgenta Berhad
- Board member of PLUS Malaysia Berhad
- Board member of Projek Lebuhraya Usahasama Berhad
- Vice Chairman of the Board of Commissioners of PT Lintas Marga Sedaya, Indonesia
- Chairman of the Board of Trustees of Yayasan UEM
- Chairman of the Board of Trustees of International Centre for Education in Islamic Finance (INCEIF)
- Board member of Jadwa Investment Company, Saudi Arabia

No. of Board Meetings attended in the financial year
2/2

ZAIDA KHALIDA SHAARI
Non-Independent Non-Executive Director

Date of Appointment
- 8 April 2016

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

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

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

Other Current Appointments/ Directorship In Public Companies
- Board member of Cement Industries of Malaysia Berhad

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

LIM TIAN HUAT
Independent Non-Executive Director

Date of Appointment
- 28 November 2012

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

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

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

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

No. of Board Meetings attended in the financial year
9/11

UNGKU SUSEELAWATI UNGKU OMAR
Independent Non-Executive Director

Date of Appointment
- 19 March 2013

Board Committee Membership
- Chairperson of Nominations & Remuneration Committee

Academic/Professional Qualification/Membership
- Bachelor of Science Honours in Marketing, University of Lancaster, UK

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

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

Other Current Appointments/ Directorship In Public Companies
NIL

No. of Board Meetings attended in the financial year
10/11

TAN SRI DR AZMIL KHALILI DATO' KHALID
Independent Non-Executive Director

Date of Appointment
- 13 December 2017

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

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

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

Other Current Appointments/ Directorship In Public Companies
- Chairman of the Board of Reach Energy Berhad
- Chairman of the Board of Cenviro Sdn. Bhd.
- Board member of ANIH Berhad
- Member of the Board of Trustees of Perdana Leadership Foundation

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

Age
66

Gender
Female

Nationality
Malaysian

DATIN TEH IJA MOHD JALIL

Independent Non-Executive Director

Date of Appointment
- 1 March 2018

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

Academic/Professional Qualification/Membership
- Bachelor of Arts (Honours), Universiti Malaya
- Master of Business Administration, Southern New Hampshire University, USA

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

Other Current Appointments/ Directorship In Public Companies
- Non-Executive Director of Finance Accreditation Agency Berhad, an affiliate of Bank Negara Malaysia and the SC.
- Inaugural Board Member of the Institute for Capital Market Research Malaysia, an affiliate of the SC.

No. of Board Meetings attended in the financial year
9/9

Age
51

Gender
Female

Nationality
Malaysian

CHRISTINA FOO

Independent Non-Executive Director

Date of Appointment
- 23 November 2018

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

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

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

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

No. of Board Meetings attended in the financial year
1/1

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

Senior Leadership Profile

ANWAR SYAHRIN ABDUL AJIB

Managing Director/
Chief Executive Officer

Academic/Professional Qualification/Membership

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

MOHD AUZIR MOHD TAHIR

Chief Executive Officer,
Cahaya Jauhar Sdn. Bhd.

Gender
Male

Age
60

Nationality
Malaysian

Date of Appointment
1 January 2005

Academic/Professional Qualification/Membership

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

Skills & Experience

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

**Other Current Appointments/
Directorship In Public Companies**

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

MOHAMED RASTAM SHAHROM

Chief Financial Officer

Gender
Male

Age
47

Nationality
Malaysian

Date of Appointment
15 June 2017

Academic/Professional Qualification/Membership

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

Skills & Experience

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

**Other Current Appointments/
Directorship In Public Companies**

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

KENNY WONG KOON KENG

Chief Marketing Officer

Gender
Male

Age
55

Nationality
Malaysian

Date of Appointment
2 July 2018

Academic/Professional Qualification/Membership

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

Skills & Experience

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

Other Current Appointments/ Directorship In Public Companies

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

ZULFA ASHIDA ZULKIFLI

Chief People Officer

Gender
Female

Age
49

Nationality
Malaysian

Date of Appointment
1 March 2018

Academic/Professional Qualification/Membership

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

Skills & Experience

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

Other Current Appointments/ Directorship In Public Companies

Nil

Notes:

i. None of the Senior Leadership Team members have any family relationship with any Director and/or major shareholder of UEM Sunrise.

ii. None of the Senior Leadership Team members have any conflict of interest with UEM Sunrise.

iii. None of the Senior Leadership Team members have been convicted of any offence within the past 5 years, other than traffic offences, if any, nor have they been imposed any penalty or public sanction by the relevant regulatory bodies during the year ended 31 December 2018.

Joint Secretaries

LIEW IRENE

Joint Company Secretary

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

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

WONG LEE LOO

Joint Company Secretary

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

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

Corporate Governance Overview Statement

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

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

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I BOARD RESPONSIBILITIES

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

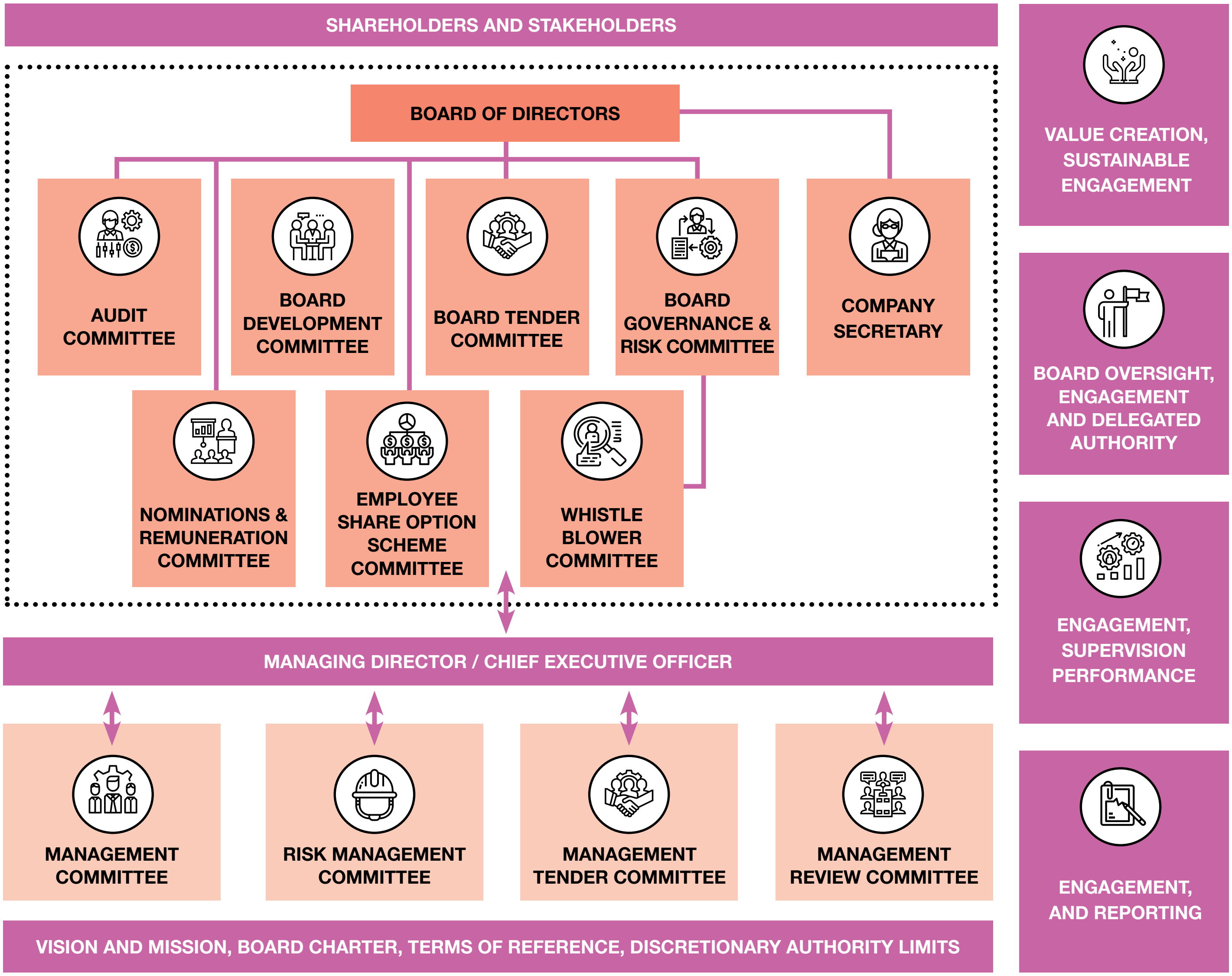
The Board meets regularly to perform its principal responsibilities, amongst others, as follows:

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

Corporate Governance Overview Statement

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

Corporate Governance Model



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

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

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

Key Roles on the Board

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

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

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

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

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

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

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

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

Corporate Governance Overview Statement

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

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

Chairman Member Non-Member

Legend:
AC - Audit Committee
NRC - Nominations & Remuneration Committee
BTC - Board Tender Committee
BDC - Board Development Committee
BGRC - Board Governance & Risk Committee
ESOS - Employee Share Option Scheme Committee
WBC - Whistle Blower Committee (newly established on 22 March 2018 as a sub-committee of BGRC)

(1) Re-designated as Senior Independent Non-Executive Director with effect from 1 June 2018.
(2) Appointed as Non-Independent Non-Executive Director with effect from 1 October 2018.
(3) Appointed as Independent Non-Executive Director with effect from 1 March 2018.
(4) Appointed as Independent Non-Executive Director with effect from 23 November 2018.
(5) Retired as Senior Independent Non-Executive Director at the conclusion of 10th Annual General Meeting ("AGM") held on 31 May 2018.
(6) Resigned as Non-Independent Non-Executive Director on 1 October 2018.
(7) Appointed as alternate to Dato' Noorazman Abd Aziz with effect from 1 October 2018 and resigned on 1 March 2019.

BTC Meeting		BDC Meeting		BGRC Meeting		ESOS Meeting		WBC Meeting	
Attendance	%	Attendance	%	Attendance	%	Attendance	%	Attendance	%
1/1 [a][c]	100	6/6	100	2/2 [a][c]	100	1/1	100		
1/1 [a][d]	100			3/3	100			1/1	100
		6/6	100			- [a][m]	-		
1/1 [a][i]	100			2/2 [a][k]	100			1/1 [k]	100
						1/1	100		
1/1 [a][f]	100	5/5 [a][g]	100						
				1/1 [a][l]	100			1/1	100
				- [a][n]	-			- [a][n]	-
1/1 [a][b]	100	1/1 [a][b]	100	1/1 [a][b]	100				
1/1 [a][e]	100	3/4 [a][e]	75			1/1 [j]	100		
- [a]	-								
2		6		3		1		1	

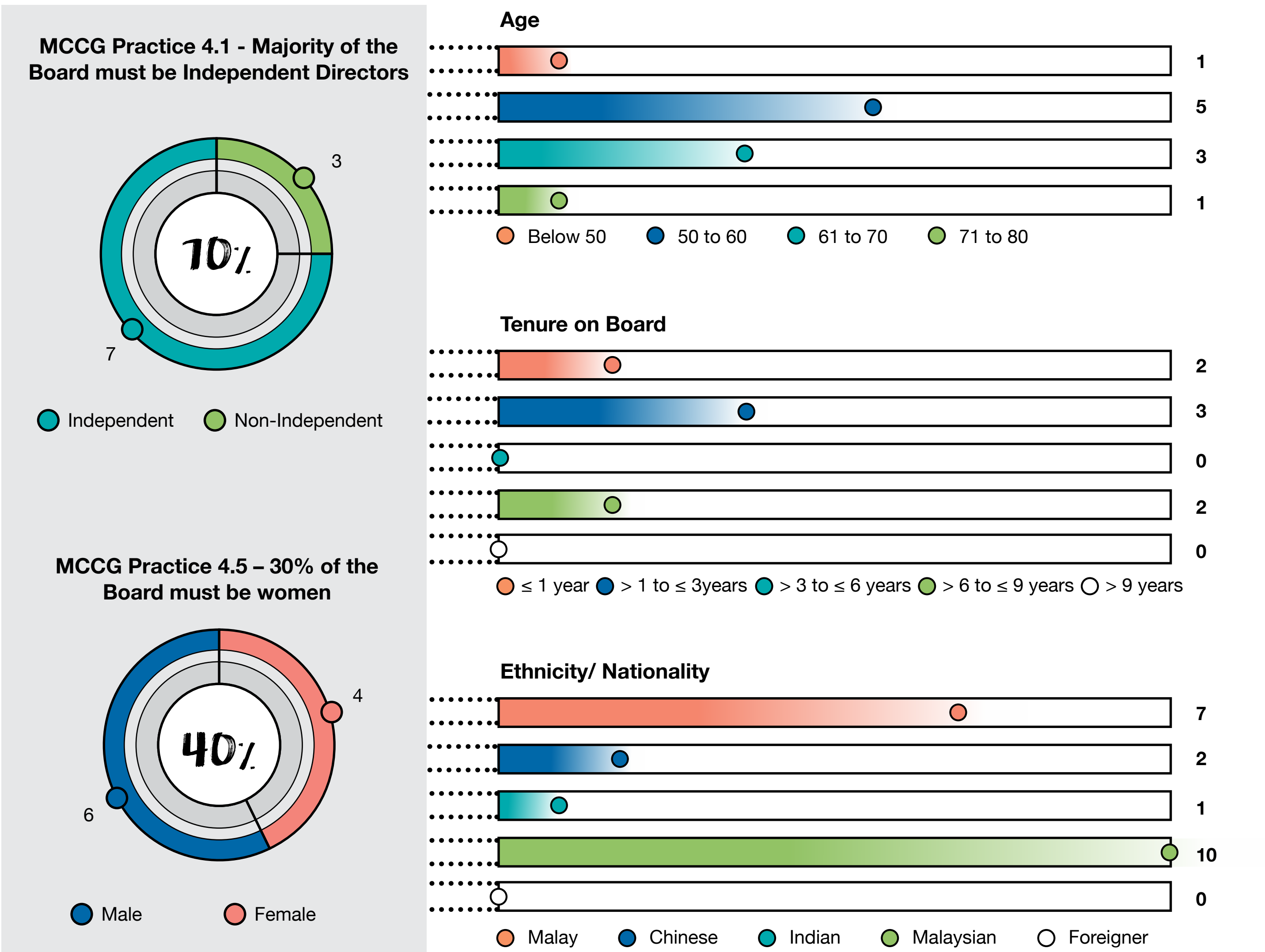
[a] Reflects the number of Meetings attended and held during his/her tenure of appointments.
[b] Ceased to be the Chairman of BTC and a member of AC, BDC and BGRC pursuant to his retirement as a Director at the conclusion of 10th AGM held on 31 May 2018.
[c] Appointed as a member of BTC and BGRC with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

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

II BOARD COMPOSITION

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

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



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

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

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

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

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

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

STEP 1

Candidate identified
It can be identified on the recommendation of the existing Directors, Senior Management staff, shareholders, external registries of corporate directors, internal database of potential candidates, third-party referrals or from executive searches.

STEP 2

Assessment and evaluation to be conducted by the NRC
The assessment should be conducted based on the following criteria:

(i) Skills, knowledge, expertise and experience
(ii) Professionalism
(iii) Integrity, commitment (including time commitment), character and competence
(iv) Gender, age and ethnicity/nationality for the purpose of boardroom diversity
(v) Any business interest that may result in a conflict of interest
(vi) Independent judgement
(vii) Any other criteria deemed fit

The NRC would also need to consider the size and composition of the Board to be in compliance with the Listing Requirements and guided by MCCG and to facilitate the making of informed and critical decisions.

STEP 3

Recommendation to be made by NRC to the Board

STEP 4

Discussion and decision to be made by the Board on the proposed new appointment

YES

If the proposed appointment is approved:
Invitation or offer to be made to the proposed/potential candidate to join the Board.

NO

If the proposed appointment is rejected:
The whole process to be re-commenced.

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

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

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

III REMUNERATION

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

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

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

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

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

Amount/Description

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

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

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

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

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

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

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

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

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

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

Discount for purchase of property as follows:

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

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

The medical benefits for Directors are as follows:

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

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

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

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

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

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT COMMITTEE

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

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

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

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

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

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

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

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

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

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

I COMMUNICATION WITH STAKEHOLDERS

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

Dividend Policy adopted on 12 June 2012
Paying out between 20% to 40% of the Group's consolidated profit after tax and minority interests subject to among others, availability of distributable reserves and adequate free cash flow from operations.

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

II CONDUCT OF GENERAL MEETINGS

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

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

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

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

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

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

Investor Relations

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

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

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

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

INVESTOR RELATIONS ENGAGEMENTS & ACTIVITIES

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

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

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

UEM SUNRISE'S COVERAGE

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

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

UEM SUNRISE IR PORTAL

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

ADDITIONAL COMPLIANCE INFORMATION

In Accordance With Appendix 9C Of The Listing Requirements

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

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

MATERIAL CONTRACTS

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

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

The Company proposes to seek the approval of its shareholders for the renewal of shareholders' mandate for recurrent related party transactions of a revenue and trading nature which are in the ordinary course of business at the Annual General Meeting of the Company to be held on 30 May 2019. Please refer to pages 228 to 232 of this Annual Report on the disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2018 pursuant to the shareholders' mandate approved at the previous Annual General Meeting.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

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

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

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

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

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

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

Audit Committee Report

1. FORMATION

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

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

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

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

2. COMPOSITION

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

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

Name	Designation	Directorship	Qualification
Subimal Sen Gupta	Chairman	Senior Independent Non-Executive Director	• Fellow of the Institute of Chartered Accountants in England and Wales • Past President of Malaysian Institute of Certified Public Accountants ("MICPA")
Lim Tian Huat	Member	Independent Non-Executive Director	• Founding President of Insolvency Practitioners Association of Malaysia • Fellow of the Association of Chartered Certified Accountants • Member of Malaysian Institute of Accountants • Member of MICPA • Bachelor of Economics (Honours)
Datin Teh Ija Mohd Jalil *(Appointed on 1 June 2018)*	Member	Independent Non-Executive Director	• Bachelor of Arts (Honours), Universiti Malaya • Master of Business Administration, Southern New Hampshire University, USA
Dato' Srikandan Kanagainthiram *(Retired on 31 May 2018 after the conclusion of the Tenth Annual General Meeting)*	Member	Senior Independent Non-Executive Director	• Past President of the Royal Institution of Surveyors Malaysia • Fellow of the Australian Institute of Quantity Surveyors • Fellow of the Royal Institution of Chartered Surveyors, UK • Registered Member of the Board of Quantity Surveyors Malaysia

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

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

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

3. MEETINGS

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

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

@ *Reflects the number of meetings attended and held during their respective tenures.*

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

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

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

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

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

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

Internal Audit

i. Reviewed and approved the annual risk-based internal audit plan to ensure adequate scope and comprehensive coverage of the activities of the Company and the Group.

ii. Reviewed and deliberated on the internal audit reports on the adequacy, effectiveness and efficiency of operational, compliance and governance processes across the Company and its Group. Where appropriate, the Audit Committee advised Management to rectify and improve the control systems based on the Internal Audit's recommendations and suggestions for improvements. The reports reviewed and deliberated during the year include planned and ad-hoc audits on:

- Procurement and contracts process
- Project management
- Property management
- Sales and marketing process
- Credit control
- Risk management
- Retail management
- Joint venture management
- Health, safety, security and environment
- Related party transactions
- Whistle blower cases
- Follow-ups on corrective actions

iii. Monitored the implementation of recommendations by Management on outstanding issues to ensure that all key risks and control weaknesses were properly addressed as well as the timeliness of responses received and actions taken.

iv. Reviewed quarterly progress reports on the 2018 annual audit plan.

v. Reviewed the performance, adequacy, scope, resources and competency of the Internal Auditors as well as the training needs of the Internal Audit function.

vi. Approved the key performance indicators for 2019 and resources requirement of the Internal Audit function.

vii. Interviewed candidates for the position of Head of Internal Audit and approved the appointment of the new Head of Internal Audit to replace the former Head who was assigned to a business unit.

External Audit

i. Reviewed with the External Auditors, the audit plan of the Company and of the Group for the year (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and Management responses) prior to the commencement of the annual audit. The Audit Committee also reviewed and deliberated on key audit matters and areas of emphasis highlighted by the External Auditors including Management's response/ actions taken.

ii. Met twice with the External Auditors on 21 February 2018 and 21 November 2018 without the presence of the executive Board member and Management staff, to enquire on the extent of assistance rendered by Management and issues and suggestions arising from audits.

iii. Considered the appointment of External Auditors and conducted an assessment of their independence, objectivity and cost effectiveness of the audit which covered quality of services provided, sufficiency of experience and resources, audit scope and planning, communication and interaction.

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

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

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

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

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

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

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

Financial and Annual Reporting

i. Reviewed the quarterly and annual financial statements of the Company and of the Group with Management and the External Auditors for recommendation to the Board for approval and release to Bursa Securities.

ii. Reviewed and recommended the Statement on Internal Control and Risk Management, Audit Committee Report, Risk Management Report and Corporate Governance Report in respect of Principle B of the MCCG to the Board for approval.

Related Party Transactions

i. Reviewed related party transactions to be entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.

ii. Reviewed and recommended to the Board the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.

iii. Reviewed on a quarterly basis the related party transactions entered into by the Group pursuant to the shareholders' mandate on recurrent related party transactions procured at the Annual General Meeting of the Company on 31 May 2018.

Internal Controls

i. Reviewed the representation by Senior Management on specific questions posed on:
   - the reasonableness and appropriateness of the financial statements in accordance with applicable approved accounting standards;
   - the adequate and effective operatios of the risk management and internal control system in all material aspects, based on the risk management and internal control system of the Company; and
   - the company meeting and complying with all regulatory and legislative requirements.

ii. Took cognisance of the adoption of UEM Group's Whistle Blowing Policy.

Integrity

i. Approved the appointment of independent consultants and their scope of work in respect of an investigation arising from whistle blower report received.

ii. Engaged with and reviewed the findings of the independent consultants and concurred with the required actions by the Company, guided by recommendations and legal advice received.

Others

i. The Chairman of the Audit Committee had engaged on a continuous basis with the CFO, Head of Internal Audit and the External Auditors, in order to keep abreast of matters and issues affecting the Group.

ii. The Audit Committee had requested and received a written assurance from the MD/CEO and CFO that the risk management and internal control systems of the Company are generally adequate and effective in respect of the financial year ended 31 December 2018.

5. INTERNAL AUDIT FUNCTION

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

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

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

ii. It is the responsibility of Internal Audit to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating divisions within the Company and its Group, and the extent of compliance with established policies and procedures as well as relevant statutory requirements.

iii. The Audit Committee reviews on an annual basis the adequacy of the scope, functions, competency, proficiency and resources of the Internal Auditors as well as the quality of the audit reports and their monitoring progress.

iv. The Internal Audit adopts a risk-based approach when preparing the Company's annual internal audit plan and formulate its three year audit plan.

v. The Internal Audit highlighted to the Management and Audit Committee the audit findings including follow-up actions required to be taken by Management. The internal audit reports are sent to the Audit Committee and Management and deliberated at the Audit Committee meetings. During the financial year, the internal audit works covered operational, ad-hoc and special audits on the areas set out in the above section.

vi. The Internal Audit also conducted follow-up audits to ensure the corrective actions were tracked and implemented appropriately. In this respect, the Internal Audit strives to achieve sustainable control processes within the Group and to improve on areas which have weak control.

vii. The Internal Audit acted as an intermediary resource for the independent consultants and also reported to the Audit Committee on the internal audit findings from its own investigation carried out in respect of the whistle blower report received.

Statement on Internal Control and Risk Management

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

BOARD'S RESPONSIBILITIES

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

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

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

RISK MANAGEMENT

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

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

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

The Framework comprises the following:

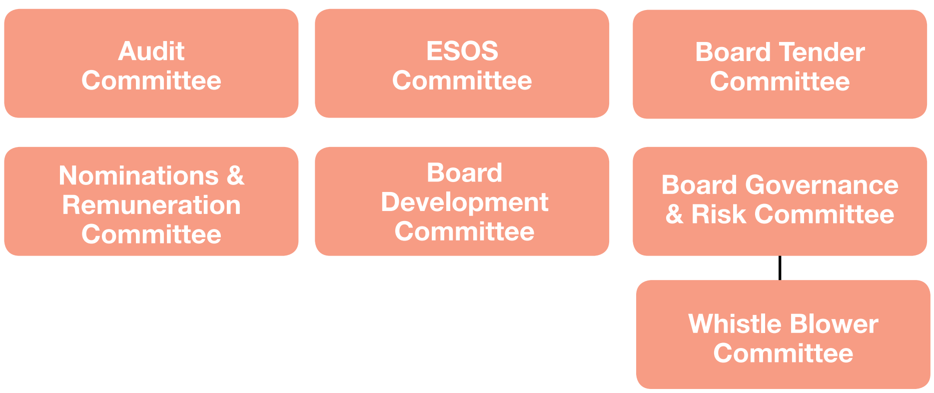
1. The Group's risk management policy, risk appetite and risk tolerance. It also defines the risk governance's roles and responsibilities, as well as articulates systematic risk management processes adopted by the Group.
2. The Risk Management Committee ("RMC") and Risk Management Unit ("RMU") are established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

CONTROL STRUCTURE & MONITORING ACTIVITIES

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

Board Committees

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



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

Board Meetings

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

Group and Organisational Structure

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

Strategic Plans and Budgets

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

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

Authority Limits and Approved Policies

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

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

Integrated Management System

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

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

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

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

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

Insurance on Key Assets

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

Management Information System

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

Information and Communication Technology (“ICT”)

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

Human Resources Policies and Procedures

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

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

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

Code of Conduct

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

Internal Audit

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

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

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

Business Continuity Management

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

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

Joint Ventures and Associates

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

BOARD'S COMMITMENT

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

CONCLUSION

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

Risk Management Report

RISK MANAGEMENT OVERVIEW

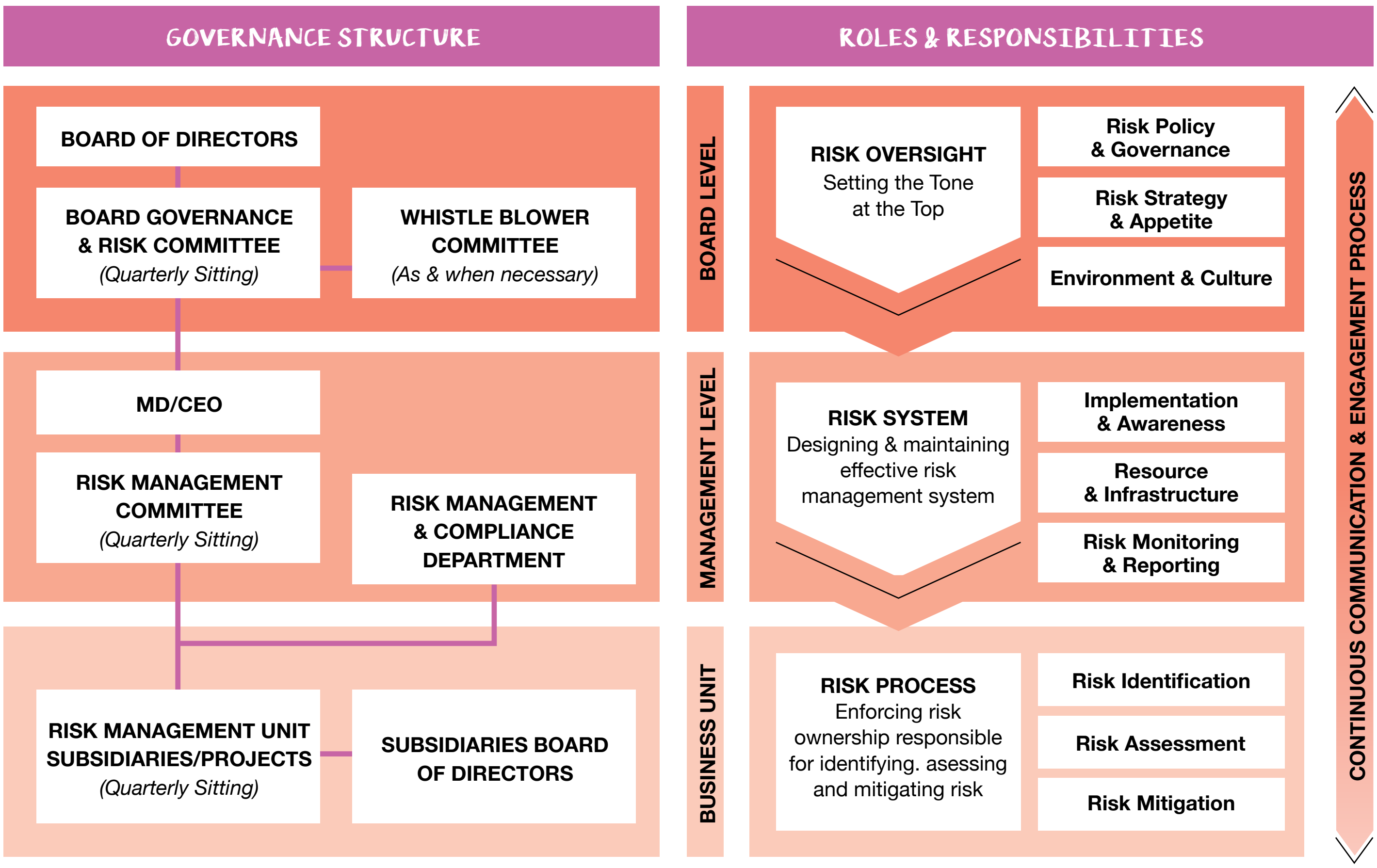
UEM Sunrise Berhad ("UEM Sunrise" or the "Company") and its group of companies ("the Group") undertake various residential, commercial and mixed-use developments in the Southern and Central regions in Malaysia. The Group also has an international presence primarily in Australia and South Africa. The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

The Group Risk Management Framework ("Framework") comprises the risk management policy, risk assessment methodology, lines of responsibility and accountability. The Framework is guided and principally aligned with the ISO31000:2009 and UEM Group Risk Management Framework. It serves as a tool to anticipate and manage both existing and potential risks through a systematic and integrated process, taking into consideration the changing risk profiles as influenced by changes in the business environment.

RISK GOVERNANCE STRUCTURE AND RESPONSIBILITIES

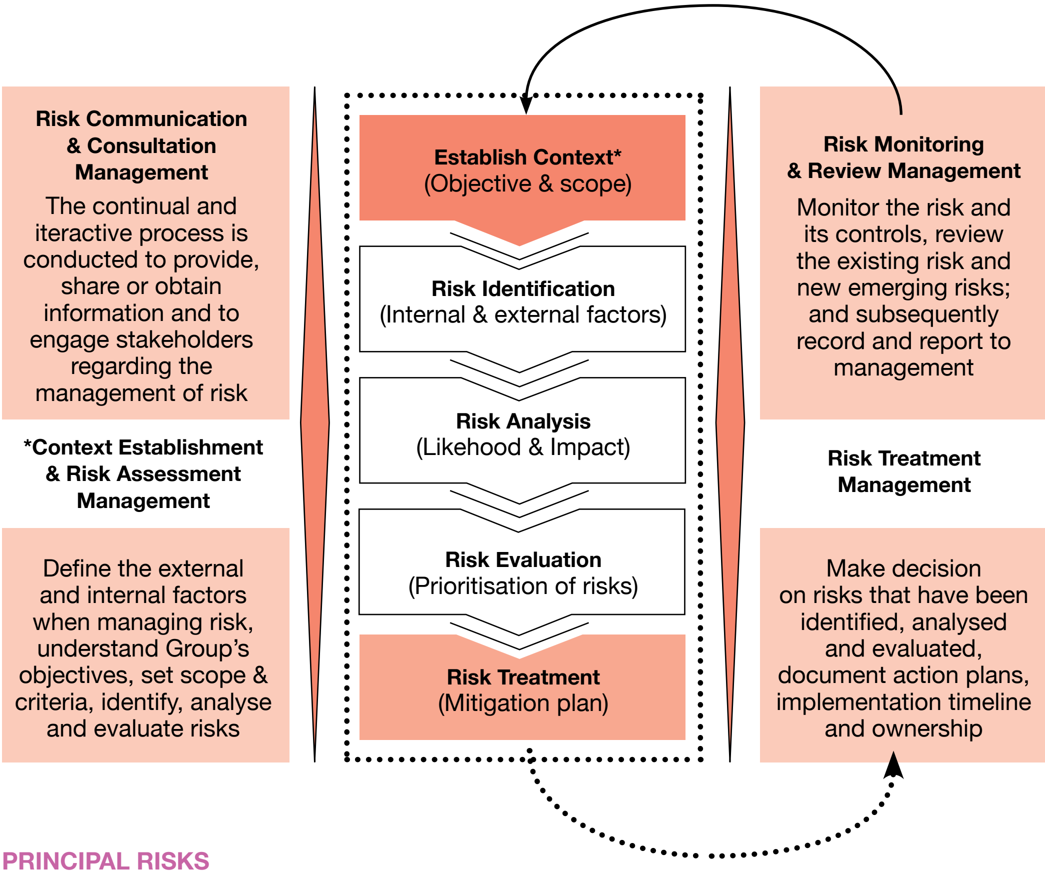
A strong governance structure is important to ensure effective and consistent implementation of the Framework. The Board of Directors ("the Board"), assisted by the Board Governance and Risk Committee ("BGRC"), is ultimately responsible for the Group's risk management activities and sets the strategic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

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



RISK MANAGEMENT PROCESS

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



The approach which is done on a continuous basis, entails reviewing and assessing all key factors within the Group's business context covering key areas including industry and market, financials, operations, compliance and people. The risk analysis and mitigation plans are consolidated to provide an enterprise-wide risk management overview and updated to the Management as well as the Board on a quarterly basis.

PRINCIPAL RISKS

The Group's principal risks include the following:

Competition Risk

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

Operational Risk

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

Liquidity Risk

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

Concentration Risk

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

People Risk

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

CONCLUSION

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

Directors' Responsibility Statement In Respect of Financial Statements

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

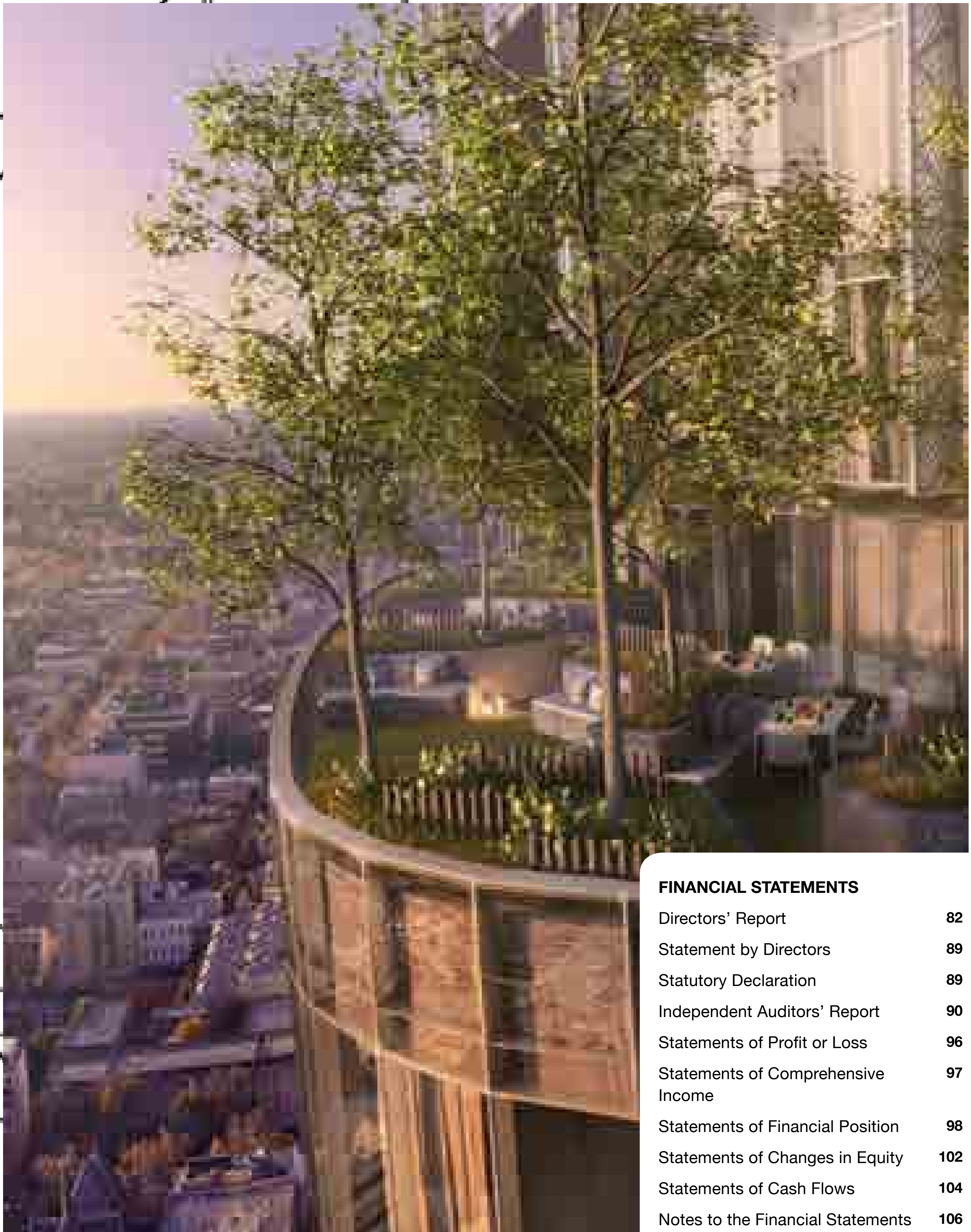
The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2018, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable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

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

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

A Sanctuary of Well-Being

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



FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

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

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

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

RESULTS

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

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

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

DIVIDENDS

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

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

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

DIRECTORS

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

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

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

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

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

Directors' Report

DIRECTORS (CONT'D.)

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

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS

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

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

Employee share option scheme

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

DIRECTORS' INDEMNITY

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

EMPLOYEE SHARE OPTION SCHEME

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

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

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

EMPLOYEE SHARE OPTION SCHEME (CONT'D.)

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

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

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

SIGNIFICANT AND SUBSEQUENT EVENTS

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

AUDITORS

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

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

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

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

Tan Sri Dato' Sri Zamzamzairani Mohd Isa

Anwar Syahrin Abdul Ajib

Statement by Directors

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

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

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

Tan Sri Dato' Sri Zamzamzairani Mohd Isa

Anwar Syahrin Abdul Ajib

Statutory Declaration

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

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

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

Mohamed Rastam Shahrom
(MIA Membership No. 24197)

Before me,

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

Independent Auditors' Report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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

1. Impairment of goodwill

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

Key audit matters (cont'd.)

1. Impairment of goodwill (cont'd.)

Our procedures include:

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

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

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

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

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

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

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

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

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

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

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

Key audit matters (cont'd.)

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

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

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

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

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

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

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

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

Key audit matters (cont'd.)

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

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

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

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

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
25 March 2019

Statements of Profit or Loss

For the financial year ended 31 December 2018

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

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

Statements of Comprehensive Income

For the financial year ended 31 December 2018

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

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

Statements of Financial Position

As at 31 December 2018

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

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

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

Statements of Financial Position

As at 31 December 2018 (cont'd.)

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

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

Statements of Changes in Equity

For the financial year ended 31 December 2018

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

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

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

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

Statements of Cash Flows

For the financial year ended 31 December 2018

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

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

1. CORPORATE INFORMATION

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

2.3 Standards and interpretations issued but not yet effective

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(a) MFRS 16 : Leases

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

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

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

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

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

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

The amendments clarify that:

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies

(a) Basis of consolidation

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

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

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

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

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

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

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

(i) Subsidiaries

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Subsidiaries (cont'd.)

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(ii) Associates and joint ventures

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

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

(b) Goodwill

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

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

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

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

(c) Property, plant and equipment and depreciation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

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

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

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

(d) Investment properties

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Cash and cash equivalents

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

(f) Inventories

(i) Land held for property development

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

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

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

(ii) Property development costs

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(f) Inventories (cont'd.)

(iii) Inventories held for sale

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

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

(iv) Inventories under contract of sale

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

(g) Provisions

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

(h) Income taxes

(i) Current tax

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(h) Income taxes (cont'd.)

(ii) Deferred tax

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(h) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

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

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

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

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

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

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

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

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

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

(j) Zakat

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

(k) Employee benefits

(i) Short-term benefits

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(k) Employee benefits (cont'd.)

(ii) Defined contribution plans

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

(iii) Employee share option plans

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

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

(l) Foreign currencies

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(l) Foreign currencies (cont'd.)

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

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

(m) Revenue recognition from contracts with customers

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

(i) Property development and strategic land sale

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

This is generally established when:

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

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

(ii) Completed properties and properties under contract of sale

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

(iii) Property investment

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

(iv) Assets and facilities management

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

(v) Project management

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

(vi) Management fees

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

(vii) Dividends

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(n) Impairment of non-financial assets

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

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

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

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

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

(o) Financial instruments: initial recognition and subsequent measurement

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

(i) Financial assets

Initial recognition and measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Financial assets (cont'd.)

Initial recognition and measurement (cont'd.)

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

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

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

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

Subsequent measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Financial assets (cont'd.)

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Financial assets (cont'd.)

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Financial assets (cont'd.)

Derecognition

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

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

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

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

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

Impairment of financial assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Financial assets (cont'd.)

Impairment of financial assets (cont'd.)

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

(ii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(ii) Financial liabilities (cont'd.)

Loans and borrowings

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

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

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

Derecognition

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

(iii) Offsetting of financial instruments

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

(p) Financial guarantee contracts

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

(q) Leases

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(q) Leases (cont'd.)

(i) As lessee

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

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

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

(ii) As lessor

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

(r) Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are recognised in equity in the period where shareholders' right to the receipt of payment is established.

(s) Redeemable convertible preference shares ("RCPS")

The redeemable convertible preference shares are regarded as compound instruments, consisting of a liability component and an equity component. The component of redeemable convertible preference shares that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares are recognised as interest expense in profit or loss using the effective interest rate method. Upon issuance of the redeemable convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability in accordance with the accounting policy for other payables.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholder's equity, net of transaction costs. The dividends on these shares is recognised in equity in the period in which they are declared.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(s) Redeemable convertible preference shares ("RCPS") (cont'd.)

Transaction costs are apportioned between the liability and equity components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

(t) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

(u) Current versus non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classified all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(v) Statements of cash flows

The statements of cash flows classify movements in cash and cash equivalents according to operating, investing and financing activities.

The Group and the Company do not consider any of its assets other than deposits with maturity not more than 3 months with financial institutions, which are subject to an insignificant risk of changes in value, cash and bank balances reduced by bank overdraft as meeting the definition of cash and cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Fair value measurements

The Group measures financial instruments, such as, financial assets at fair value through profit or loss at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured with the assumption that when pricing the asset or liability, the market participants would act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(x) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred.

Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(y) Deferred income

The profit recognised from the sales of land by the Group to an associate and a joint venture is eliminated to the extent of the Group's interests in the companies. Accordingly, the Group recognised the excess of the unrealised profit over the carrying value of the associate or the joint venture as deferred income. The deferred income is realised to profit or loss over the period when the underlying asset of the associate or the joint venture is realised or disposed.

(z) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

(aa) Asset held for sale

A component of the Group is classified as an "asset held for sale" when the criteria to be classified as held for sale has been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

(ab) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as currency swaps and profit rate swaps to hedge its currency and interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(ab) Derivative financial instruments and hedge accounting (cont'd.)

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to:
  - A particular risk associated with a recognised asset; or
  - Liability or a highly probable forecast transaction; or
  - The foreign currency risk in an unrecognised firm commitment;

- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective of the hedge and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;

- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(ab) Derivative financial instruments and hedge accounting (cont'd.)

Fair value hedges (cont'd.)

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses profit rate swaps to hedge its interest rate risk. The ineffective portion relating to the profit rate swaps is recognised in other operating income or expenses.

For profit rate swaps, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

(ac) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Critical judgements and accounting estimates

Judgements, estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Tax recoverable for BND legal case

As disclosed in Note 39(a), Bandar Nusajaya Development Sdn. Bhd. ("BND") received an additional assessment from the Inland Revenue Board ("IRB") for additional tax payable and tax penalty in respect of year of assessment 2006 totalling to RM73.8 million which has been paid in full. As the Group is disputing the additional assessment, the amount paid is recorded as receivable instead of tax expense in the financial statements. The collectability of the receivable of RM73.8 million is dependent on the ultimate outcome of the legal proceedings.

(ii) Income tax and deferred tax assets

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain. The Group recognises liabilities for expected tax based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax as at reporting date is disclosed in Note 20.

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and at other times when such indication exist. This requires an estimation of the fair value less cost to sell and value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2018 was RM621,409,000 (2017: RM621,409,000). Further details on goodwill are disclosed in Note 18.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Critical judgements and accounting estimates (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(iv) Property development costs

The Group recognises property development revenue and expenses in the profit or loss over time or at a point of time. The Group recognises revenue over time using the stage of completion method. The stage of completion is determined by reference to the proportion of costs incurred for the work performed to date over the estimated total costs where the outcome of the projects can be reliably estimated.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the property development projects. Substantial changes in cost estimates, particularly in complex projects have had, and can in future periods have, a significant effect on the Group's profitability. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

Details of the property development costs are disclosed in Note 21.

(v) Provision for contruction costs

The Group recognises a provision for construction costs relating to estimated final claims by contractors which have not been finalised.

Significant judgement is required in determining the extent of the costs to be incurred and in making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

The carrying amount of the Group's provision for construction costs as at reporting date is disclosed in Note 34.

(vi) Provision for foreseeable losses for low cost housing

Provision for foreseeable losses for low cost housing is recognised for anticipated losses to be incurred for the development of low cost housing under the requirements of the local Government attributable to a premium housing project. The Group is of the view that the expected costs should be accrued progressively as and when the premium housing is constructed.

Significant judgement is required in determining the amount of the foreseeable losses for low cost housing, as the construction of low cost housing is typically over the life of township development of spanning more than few financial years. Regulatory, technological and economics changes may result in significant changes to the provision amount which will subsequently affect the profitability of premium housing.

The carrying amount of the Group's provision for foreseeable losses for low cost housing as at reporting date is disclosed in Note 34.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Critical judgements and accounting estimates (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(vii) Net realisable value of completed property development units classified as inventories

Inventories held for sale are stated at the lower of cost or net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories held for sale are reviewed on a regular basis and the Group will make an allowance for impairment primarily based on historical trends and management estimates of expected and future product demand and related pricing.

Demand and pricing levels could change from time to time. If such factors result in an adverse effect on the Group's products, the Group provides additional allowances for slow moving inventories.

The carrying amount of the Group's inventories as at 31 December 2018 is disclosed in Note 22 to the financial statements.

(viii) Impairment of interests in subsidiaries, joint ventures and associates

At each reporting date, the Group and the Company assess if any indication of impairment exists. If there is any indication, the Group and the Company will make an estimate of the recoverable amounts of its investments. This requires an estimation of the fair value less cost to sell and value-in-use of the cash-generating units of its interests in subsidiaries, joint ventures and associates. Significant judgement is required in determining the estimated realisable value of the net assets and potential third party claims and other liabilities. In making the judgement, the Group and the Company rely on independent accredited third-party valuers and quantity surveyors' assessment. In determining the impairment charge, the market value or the forced sale value of the assets, as the case maybe, are assessed together with the potential third party claims and related liquidation costs.

3. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Revenue from contract with customers	**2,008,096**	1,828,110	**72,233**	41,816
Revenue from other sources:				
- Rental income	**35,890**	32,501	**-**	-
- Dividend income from short term investments	**-**	-	**3,249**	200
- Dividend income from subsidiaries	**-**	-	**128,400**	110,000
	2,043,986	1,860,611	**203,882**	152,016
Revenue from contract with customers				
Property development:				
- Sales of development properties	**1,430,992**	1,254,871	**-**	-
- Sales of developed lands	**25,963**	58,935	**-**	-
	1,456,955	1,313,806	**-**	-
Strategic land sales	**478,885**	435,017	**-**	-
Assets and facilities management	**30,102**	27,392	**-**	-
Project management	**3,997**	12,229	**-**	-
Car park collections	**25,082**	23,318		
Management fees from subsidiaries	**-**	-	**72,233**	41,816
Others	**13,075**	16,348	**-**	-
	2,008,096	1,828,110	**72,233**	41,816
Geographical market				
Malaysia	**1,341,693**	1,440,429	**71,665**	41,539
Canada	**-**	375,331	**-**	-
Australia	**661,840**	-	**521**	194
Singapore	**4,563**	12,350	**47**	83
	2,008,096	1,828,110	**72,233**	41,816
Timing of revenue				
At a point in time	**1,438,401**	767,657	**72,233**	41,816
Over time				
- Property development (Note 24(a))	**553,490**	1,032,467	**-**	-
- Strategic land sales (Note 24(b))	**16,205**	27,986	**-**	-
	2,008,096	1,828,110	**72,233**	41,816

4. COST OF SALES

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000**
Property development:				
- Sales of development properties	**1,160,283**	986,249	**-**	-
- Sales of developed lands	**17,920**	15,868	**-**	-
	1,178,203	1,002,117	**-**	-
Strategic land sales	**89,627**	283,312	**-**	-
Property investment	**17,550**	13,173	**-**	-
Costs of services rendered to subsidiaries	**-**	-	**68,793**	39,825
Others	**17,346**	18,874	**-**	-
	1,302,726	1,317,476	**68,793**	39,825

5. OPERATING PROFIT

The following amounts have been included in arriving at operating profit:

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000**
Allowance for doubtful debts				
- receivables (Note 23(vii))	**6,961**	1,278	**-**	-
Rental expenses of:				
- land and building	**10,677**	10,655	**3,652**	4,563
- equipment	**652**	582	**288**	98
Auditors' remuneration:				
- statutory audit for the year				
- Malaysian operations	**842**	718	**202**	139
- overseas operations	**623**	205	**-**	-
- overprovision in prior year	**-**	(143)	**-**	-
- non-statutory audit	**114**	282	**114**	282
- EY affiliate	**292**	131	**-**	84

5. **OPERATING PROFIT (CONT'D.)**

(cont'd.)

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000**
Depreciation of property, plant and equipment (Note 11)	**10,988**	10,457	**484**	93
Depreciation of investment properties (Note 12)	**15,991**	14,770	**-**	-
Property, plant and equipment written off (Note 11)	**-**	431	**-**	-
Directors' remuneration (Note (i))	**3,516**	2,922	**3,516**	2,922
Staff costs (Note (ii))	**123,071**	146,432	**77,747**	53,431
Remeasurement of long term receivables (Note 23(v))	**801**	1,870	**-**	-
Write back of allowance for impairment:				
- receivables (Note 23(vii))	**(1,560)**	(1,438)	**-**	-
Net inventories written down	**27,558**	3,176	**-**	-
Loss/(gain) on foreign exchange:				
- unrealised	**16,540**	(3,257)	**-**	-
- realised	**(9,835)**	1,394	**(465)**	-
Direct operating expenses arising from investment properties that are:				
- generating rental income	**20,216**	16,853	**-**	-
- not generating rental income	**2,063**	1,898	**-**	-
Dividend income from short term investments	**(3,249)**	(200)	**(3,249)**	(200)
Interest income:				
- deposits with licensed banks	**(19,891)**	(16,680)	**(2,795)**	(2,304)
- accretion of interest on long term receivables (Note 23(v))	**(2,488)**	(2,141)	**-**	-
- subsidiaries	**-**	-	**(130,612)**	(116,812)
- joint ventures	**(11,823)**	(8,410)	**(7,952)**	(6,989)
- others	**(8,104)**	(3,190)	**-**	-
Provision for impairment of interests in subsidiaries (Note 14)	**-**	-	**2,341**	6,750
Provision for impairment of interests in a joint venture (Note 16a)	**10,207**	-	**69,992**	-
Provision for impairment of amounts due from subsidiaries (Note 25)	**-**	-	**308**	2,352
Gain on disposal of:				
- an associate	**-**	(3,100)	**-**	-
- financial assets at fair value through profit or loss	**-**	(2,400)	**-**	-

5. OPERATING PROFIT (CONT'D.)

(i) Directors' remuneration

	Group/Company			
	2018		2017	
	Salary and other emoluments RM'000	Benefits-in -kind RM'000	Salary and other emoluments RM'000	Benefits-in -kind RM'000
Executive director:				
Anwar Syahrin Abdul Ajib	**1,661**	**355**	1,502	87

	Group/Company			
	2018		2017	
	Director fees[4] RM'000	Other emoluments[4] RM'000	Director fees[4] RM'000	Other emoluments[4] RM'000
Non-executive directors:				
Tan Sri Dato' Sri Zamzamzairani Mohd Isa	**210**	**82[1]**	130	-
Tan Sri Dr Ir Ahmad Tajuddin Ali	**-**	**-**	90	50[6]
Subimal Sen Gupta	**187**	**-**	153	-
Dato' Noorazman Abd Aziz[3]	**27**	**-**	-	-
Zaida Khalida Shaari[3]	**141**	**5[2]**	129	3[5]
Lim Tian Huat	**182**	**-**	190	58[6]
YM Ungku Suseelawati Ungku Omar	**148**	**35[6]**	148	6[5]
Tan Sri Dr Azmil Khalili Dato' Khalid	**133**	**-**	5	-
Datin Teh Ija Mohd Jalil	**130**	**-**	-	-
Christina Foo	**15**	**-**	-	-
Dato' Srikandan Kanagainthiram	**80**	**-**	175	-
Dato' Mohd Izzaddin Idris[3]	**122**	**-**	148	1[5]
Wong Shu Hsien[3]	**3**	**-**	-	-
Professor Philip Sutton Cox	**-**	**-**	47	-
	1,378	**122**	1,215	118
	3,039	**477**	2,717	205
Total directors' remuneration		**3,516**		2,922

5. OPERATING PROFIT (CONT'D.)

(i) Directors' remuneration (cont'd.)

[1] Comprised car allowance, car-related benefits and other permissible items/claims, home guard security services and provision of driver.

[2] Comprised site visit allowance.

[3] Fees for nominees of UEM Group Berhad and Khazanah Nasional Berhad on the Board of the Company are paid directly to the respective companies.

[4] Excluding GST and/or SST where applicable.

[5] Comprised site visit allowance and/or ad-hoc committee meeting attendance allowance.

[6] Discount for purchase of property.

(ii) Staff costs

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000**
Wages and salaries	**89,639**	91,209	**51,698**	24,510
Staff bonus, benefits and welfare	**34,279**	52,446	**16,747**	24,353
Statutory contribution to EPF and social security costs	**14,333**	14,628	**8,306**	3,457
Employee share option scheme (Note 28(a)(iv))	**-**	(732)	**-**	(732)
Training expenses	**1,024**	4,186	**996**	1,843
	139,275	161,737	**77,747**	53,431
Capitalised to:				
Land held for property development (Note 13)	**(6,015)**	(6,430)	**-**	-
Property development costs (Note 21)	**(10,189)**	(8,875)	**-**	-
	123,071	146,432	**77,747**	53,431

6. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Finance costs incurred and accrued during the year on:				
- IMTN, term loans and structured commodity	**197,106**	167,864	**135,207**	129,045
- revolving credits and bank overdraft	**19,179**	17,295	**13,440**	12,039
- loan from immediate holding company	**2,679**	2,470	**-**	-
- accretion of interest on long term payables	**1,349**	1,671	**-**	-
- bank charges	**640**	616	**-**	-
	220,953	189,916	**148,647**	141,084
Capitalised in:				
- land held for property development (Note 13)	**(35,231)**	(41,992)	**-**	-
- property development costs (Note 21)	**(77,615)**	(50,487)	**-**	-
- property, plant, and equipment (Note 11)	**(7,141)**	(6,291)	**-**	-
	(119,987)	(98,770)	**-**	-
	100,966	91,146	**148,647**	141,084

The interest and profit rates for borrowing cost capitalised during the financial year range from 3.82% to 7.11% (2017: 3.55% to 6.62%) per annum.

7. ZAKAT

	Group	
	2018 RM'000	2017 RM'000
Expensed and paid in the financial year	**5,210**	2,744

8. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Income tax:				
Malaysian income tax	**76,401**	82,405	**595**	-
Foreign tax	**26,555**	43,421	**-**	-
(Over)/under provision in prior years	**(2,091)**	313	**406**	550
	100,865	126,139	**1,001**	550
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	**27,702**	(39,590)	**-**	130
Under/(over) provision of deferred tax in prior years	**1,789**	(2,242)	**-**	92
	29,491	(41,832)	**-**	222
Total income tax expense	**130,356**	84,307	**1,001**	772

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable between profit before zakat and income tax at the statutory income tax rate and income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Profit before zakat and income tax	**416,384**	194,139	**7,735**	52,266
Taxation at Malaysian statutory tax rate of 24%	**99,932**	46,593	**1,856**	12,544
Effect of different tax rates in other countries	**6,542**	4,709	**-**	-
Income not subject to tax	**(3,684)**	(3,648)	**(30,816)**	(26,448)
Tax at reduced rate	**-**	(3,083)	**-**	-
Expenses not deductible for tax purposes	**29,345**	19,520	**29,555**	14,034
Deferred tax assets not recognised during the year	**9,708**	18,648	**-**	-

8. INCOME TAX EXPENSE (CONT'D.)

(cont'd.)

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Utilisation of previously unrecognised tax losses and other deductible temporary differences	**-**	(73)	**-**	-
Withholding tax payable	**-**	12,884	**-**	-
Tax effect on share of associates' and joint ventures' results	**(9,935)**	(8,655)	**-**	-
(Over)/under provision of income tax in prior years	**(2,091)**	313	**406**	550
Under/(over) provision of deferred tax in prior years	**1,789**	(2,242)	**-**	92
Zakat deduction	**(1,250)**	(659)	**-**	-
Tax expense for the year	**130,356**	84,307	**1,001**	772

9. DIVIDENDS

	Company	
	2018 RM'000	2017 RM'000
In respect of financial year ended 31 December 2017:		
First and final single tier dividends of the following:		
1.0 sen per share on 4,537,436,037 ordinary shares paid on 27 June 2018	**45,374**	-
1.0 sen per share on 792,515,753 RCPS paid on 27 June 2018	**7,925**	-
	53,299	-

The directors do not recommend the payment of any dividend in respect of the current financial year.

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2018	2017 Restated
Profit for the year attributable to owners of the parent (RM'000)	**280,333**	105,565
Dividend for RCPS (RM'000) (Note 9)	**(7,925)**	-
Profit for the year attributable to owners of the parent (net of dividend for RCPS) (RM'000)	**272,408**	105,565
Weighted average number of ordinary shares in issue ('000)	**4,537,436**	4,537,436
Basic earnings per share (sen)	**6.0**	2.3

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year has been adjusted for the dilutive effect of all potential ordinary shares.

	Group	
	2018	2017 Restated
Profit for the year attributable to owners of the parent (RM'000)	**280,333**	105,565
Dividend for RCPS (RM'000) (Note 9)	**(7,925)**	-
Profit for the year attributable to owners of the parent (net of dividend for RCPS) (RM'000)	**272,408**	105,565
Weighted average number of ordinary shares in issue ('000)	**4,537,436**	4,537,436
Effects of dilution from RCPS ('000)	**617,077**	622,538
	5,154,513	5,159,974
Diluted earnings per share (sen)	**5.3**	2.1

There have been no other transactions involving ordinary shares between the reporting date and the date of authorisation of these financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building on freehold land RM'000	Capital work-in-progress RM'000	Plant and machinery RM'000	Floating pontoons RM'000	Motor vehicles RM'000	Others RM'000	Total RM'000
At 31 December 2018								
Net carrying amount at 1 January 2018	**11,693**	**66,019**	**242,295**	**34,515**	**1,883**	**723**	**20,008**	**377,136**
Additions	**3,189**	**74**	**55,969**	**70**	**-**	**-**	**12,108**	**71,410**
Foreign currency translation	**-**	**-**	**(650)**	**-**	**-**	**-**	**(2)**	**(652)**
Transfer from property development cost (Note 21)	**-**	**8,646**	**-**	**-**	**-**	**-**	**-**	**8,646**
Reclassification	**-**	**223,139**	**(223,139)**	**-**	**-**	**-**	**-**	**-**
Depreciation charge (Note 5)	**-**	**(2,238)**	**-**	**(2,775)**	**(962)**	**(393)**	**(4,620)**	**(10,988)**
Net carrying amount at 31 December 2018	**14,882**	**295,640**	**74,475**	**31,810**	**921**	**330**	**27,494**	**445,552**
Cost	**14,882**	**309,990**	**74,475**	**53,480**	**6,476**	**10,060**	**73,520**	**542,883**
Accumulated depreciation	**-**	**(14,350)**	**-**	**(21,670)**	**(5,555)**	**(9,730)**	**(46,026)**	**(97,331)**
Net carrying amount	**14,882**	**295,640**	**74,475**	**31,810**	**921**	**330**	**27,494**	**445,552**
At 31 December 2017								
Net carrying amount at 1 January 2017	11,693	67,705	165,906	37,286	2,404	1,068	13,974	300,036
Additions	-	-	76,852	46	-	354	10,773	88,025
Foreign currency translation	-	-	(36)	-	-	-	(1)	(37)
Write-off (Note 5)	-	-	(427)	-	-	-	(4)	(431)
Depreciation charge (Note 5)	-	(1,686)	-	(2,817)	(521)	(699)	(4,734)	(10,457)
Net carrying amount at 31 December 2017	11,693	66,019	242,295	34,515	1,883	723	20,008	377,136
Cost	11,693	78,131	242,295	53,410	6,476	10,060	61,414	463,479
Accumulated depreciation	-	(12,112)	-	(18,895)	(4,593)	(9,337)	(41,406)	(86,343)
Net carrying amount	11,693	66,019	242,295	34,515	1,883	723	20,008	377,136

Included in capital work-in-progress of the Group are construction costs of RM63,032,000 (2017: RM201,171,000).

Included in capital work-in-progress is the borrowing cost of RM7,141,000 (2017: RM6,291,000) arising from IMTN for the construction of a building and freehold land.

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Capital work-in-progress RM'000	Others RM'000	Total RM'000
At 31 December 2018			
Net carrying amount at 1 January 2018	**3,128**	**2,129**	**5,257**
Additions	**5,764**	**6,893**	**12,657**
Depreciation charge (Note 5)	**-**	**(484)**	**(484)**
Net carrying amount at 31 December 2018	**8,892**	**8,538**	**17,430**
Cost	**8,892**	**9,115**	**18,007**
Accumulated depreciation	**-**	**(577)**	**(577)**
Net carrying amount	**8,892**	**8,538**	**17,430**
At 31 December 2017			
Transfer from subsidiaries	-	1,403	1,403
Additions	3,128	819	3,947
Depreciation charge (Note 5)	-	(93)	(93)
Net carrying amount at 31 December 2017	3,128	2,129	5,257
Cost	3,128	2,222	5,350
Accumulated depreciation	-	(93)	(93)
Net carrying amount	3,128	2,129	5,257

12. INVESTMENT PROPERTIES

Group		Completed investment properties RM'000
Cost		
At 1 January 2018		**716,463**
Adjustment to cost of investment property		**(1,654)**
Transfer from property development costs (Note 21)		**96,678**
At 31 December 2018		**811,487**
Accumulated depreciation		
At 1 January 2018		**(66,793)**
Depreciation charge (Note 5)		**(15,991)**
At 31 December 2018		**(82,784)**
Net carrying amount		**728,703**
Fair value of investment properties (Note 41)	#	**926,550**

The fair value of investment properties as at 31 December 2018 excludes the fair value of recently completed properties with a total cost of RM96,678,000.

Group	Investment properties under construction RM'000	Completed investment properties RM'000	Total RM'000
Cost			
At 1 January 2017	91,106	608,442	699,548
Additions from subsequent expenditure	13,981	2,934	16,915
Reclassification	(105,087)	105,087	-
At 31 December 2017	-	716,463	716,463
Accumulated depreciation			
At 1 January 2017	-	(52,023)	(52,023)
Depreciation charge (Note 5)	-	(14,770)	(14,770)
At 31 December 2017	-	(66,793)	(66,793)
Net carrying amount	-	649,670	649,670
Fair value of investment properties (Note 41)	-	919,110	919,110

12. INVESTMENT PROPERTIES (CONT'D.)

The Group has no restrictions on the realisability of its investment properties and no significant contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value of the investment properties has substantially been arrived at via valuation performed by accredited independent valuers, in which categorised within the fair value hierarchy (Level 3), as the fair value is measured using inputs that are not based on observable market data.

13. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2018 RM'000	2017 RM'000 Restated
Cost		
At 1 January	**4,438,759**	4,830,443
Additions	**302,641**	202,760
Transfer to property development costs (Note 21)	**(29,504)**	(589,378)
Foreign currency translation	**-**	(5,066)
At 31 December	**4,711,896**	4,438,759

As at the reporting date, freehold land and related development expenditure of RM282,148,000 (2017: RM289,120,000) are pledged as securities for the borrowing facilities granted to the Group.

Included in the additions to the land held for property development of the Group during the financial year are as follows:

	Group	
	2018 RM'000	2017 RM'000 Restated
Interest capitalised (Note 6)	**35,231**	41,992
Staff costs (Note 5(ii))	**6,015**	6,430

Included in land held for property development of the Group are parcels of land committed through the Master Agreement between UEM Land Berhad ("UEM Land"), a wholly-owned subsidiary of the Company with Ascendas Land (Malaysia) Sdn. Bhd. ("Ascendas").

The Master Agreement was entered on 23 October 2012 whereby UEM Land has granted the option for Ascendas to purchase 519 acres of land within the nine (9) years period commencing from the date of the Master Agreement. As at the end of the financial year, 399 acres of land remain unsold. The options shall automatically lapse if not exercised within the option period.

14. INTERESTS IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Investment in subsidiaries, unquoted shares		
At 1 January	**3,179,098**	3,176,597
Additional investment	**2,201**	2,501
At 31 December	**3,181,299**	3,179,098
Investment in RCPS/RPS, issued by subsidiaries		
At 1 January	**1,363,675**	1,363,675
Redemption of investment (Note (i))	**(208,463)**	-
At 31 December	**1,155,212**	1,363,675
Impairment losses		
At 1 January	**(15,775)**	(9,025)
Impairment losses (Note 5, Note (ii))	**(2,341)**	(6,750)
At 31 December	**(18,116)**	(15,775)
	4,318,395	4,526,998

Details of the subsidiaries are disclosed in Note 44.

(i) Redemption of Redeemable Preference Shares ("RPS")

During the financial year, the Company redeemed its RPS in UEM Sunrise (Canada) Sdn. Bhd. amounting to RM208,463,000 in cash.

(ii) Impairment losses in interests in subsidiaries

At the reporting date, the Company conducted an impairment review of its interests in certain subsidiaries, principally based on the Company's share of net assets in these subsidiaries, which represents the directors' estimation of fair value less costs to sell these subsidiaries.

The review gave rise to the recognition of impairment losses in interests in subsidiaries of RM2,341,000 (2017: RM6,750,000).

The shares of a subsidiary are pledged as a security for the banking facility obtained as disclosed in Note 33(a)(ii).

15a. INTERESTS IN ASSOCIATES

	Group	
	2018 RM'000	2017 RM'000
Investment in associates, unquoted shares		
At 1 January	**56,566**	54,246
Additional investment	**-**	2,320
At 31 December	**56,566**	56,566
Investment in Redeemable Preference Shares ("RPS"), issued by an associate		
At 1 January/31 December	**360,000**	360,000
Share of post-acquisition reserves		
At 1 January	**105,542**	92,486
Share of reserve during the year	**3,521**	13,056
At 31 December	**109,063**	105,542
Foreign currency translation	**(24,994)**	(21,723)
	500,635	500,385

	Company	
	2018 RM'000	2017 RM'000
Investment in an associate, unquoted shares	**1,170**	1,170

Details of associates are disclosed in Note 45.

(i) Summarised financial information in respect of Group's material associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

Summarised statement of financial position

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated
Non-current assets	**883,851**	883,590	**1,008,295**	999,794
Current assets	**18,370**	18,092	**1,878,192**	1,839,354
Total assets	**902,221**	901,682	**2,886,487**	2,839,148
Non-current liabilities	**-**	-	**1,607,628**	1,918,913
Current liabilities	**45**	39	**649,196**	321,029
Total liabilities	**45**	39	**2,256,824**	2,239,942
Net assets	**902,176**	901,643	**629,663**	599,206

15a. INTERESTS IN ASSOCIATES (CONT'D.)

(i) (cont'd.)

Summarised statement of comprehensive income

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Revenue	**-**	-	**226,612**	551,089
Profit before tax	**701**	643	**40,075**	75,629
Total comprehensive income	**533**	518	**30,457**	58,935

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associates

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Net assets at 1 January	**901,643**	901,125	**599,206**	540,271
Profit for the year	**533**	518	**30,457**	58,935
Net assets at 31 December	**902,176**	901,643	**629,663**	599,206
Interests in associate	**40%**	40%	**25%**	25%
	360,870	360,657	**157,416**	149,802
Unrealised profit arising from land sales	**(36,077)**	(35,825)	**-**	-
Carrying value of Group's interest	**324,793**	324,832	**157,416**	149,802

Aggregate information of associates that are not individually material

	2018 RM'000	2017 RM'000
The Group's share of loss before tax	**(4,054)**	(1,710)
The Group's share of loss after tax	**(4,054)**	(1,710)

Apart from as disclosed in Note 39, there is no material contingent liability and capital commitment relating to associates as at 31 December 2018 and 31 December 2017.

15b. AMOUNTS DUE FROM AN ASSOCIATE

Amounts due from an associate are unsecured, non-interest bearing and repayable on demand.

16a. INTERESTS IN JOINT VENTURES

	2018 RM'000	2017 RM'000 Restated
Group		
Investment in joint ventures, unquoted shares		
At 1 January	**33,754**	33,754
Additional investment (Note (i)(a))	**200**	-
At 31 December	**33,954**	33,754
Investment in Redeemable Convertible Loan Stocks ("RCULS"), RCPS and RPS, issued by joint ventures		
At 1 January	**636,066**	636,066
Additional investment (Note (i)(b) and (i)(c))	**25,950**	-
At 31 December	**662,016**	636,066
Share of post-acquisition reserves	**208,550**	218,687
Amounts due from joint ventures (Note (ii))	**165,889**	167,889
Accumulated impairment losses	**(10,207)**	-
	1,060,202	1,056,396
Analysed into:		
Non-current	**1,006,986**	1,056,396
Current (Note (iii))	**53,216**	-
	1,060,202	1,056,396
Company		
Investments in joint ventures, unquoted shares		
At 1 January/31 December	**23,580**	23,580
Investment in RCULS, RCPS and RPS, issued by joint ventures		
At 1 January	**441,707**	441,707
Additional investment (Note (i)(c))	**25,850**	-
At 31 December	**467,557**	441,707
Impairment losses	**(115,762)**	(45,770)
At 31 December	**375,375**	419,517
Analysed into:		
Non-current	**322,159**	419,517
Current (Note (iii))	**53,216**	-
	375,375	419,517

16a. INTERESTS IN JOINT VENTURES (CONT'D.)

(i) Acquisition of investment in joint ventures

During the financial year,

(a) UEM Sunrise Properties Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for 200,000 ordinary shares in UEM Sunrise WOTSO Malaysia Sdn. Bhd. ("USWM") for a cash consideration of RM200,000, resulting in USWM becoming an indirect 50% owned joint venture of the Company.

(b) UEM Land Berhad, a wholly-owned subsidiary of the Company, subscribed for additional 100,000 Redeemable Preference Shares of RM1.00 per share satisfied by cash of RM100,000 in Gerbang Leisure Park Sdn. Bhd..

(c) The Company subscribed for 25,850,000 Redeemable Preference Shares of RM1.00 per share amounting RM25,850,000 via conversion of advances to Nusajaya Lifestyle Sdn. Bhd..

(ii) Amounts due from joint ventures are unsecured and non-interest bearing. The Group views the non-trade amounts due from joint ventures as part of the Group's interests in joint ventures.

(iii) Malaysian Bio-XCell Sdn. Bhd. ("MBX") was incorporated on 17 September 2009 with an objective to develop 160 acres of Biotechnology park ("Park"). Since the date of its incorporation, MBX has been in a loss-making position. In 2014, MBX entered into a Build, Lease and Transfer agreement of a plant with a customer on a 10-year Lease and Transfer model in an attempt to further develop the Park. The construction of the plant commenced in February 2017. The construction was funded among others, by a local bank.

In May 2018, the customer notified MBX of its intention to cease business. This has resulted in material uncertainty surrounding MBX. The Group has assessed the carrying value of its interests in MBX and recorded impairment losses of RM10,207,000 and RM69,992,000 in the consolidated financial statements and separate financial statements of the Company, respectively. The Group has not provided any guarantee for the loan entered by MBX.

On 12 March 2019, MBX informed the Group that a receiver manager was appointed by the Bank. Accordingly, the interests in MBX are reclassified as a current asset.

16a. INTERESTS IN JOINT VENTURES (CONT'D.)

(iv) Summarised financial information in respect of Group's material joint ventures is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

Summarised statements of financial position

	Malaysian Bio-XCell Sdn. Bhd.		Horizon Hills Development Sdn. Bhd.		Nusajaya Premier Sdn. Bhd.		Sunrise MCL Land Sdn. Bhd.		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated
Non-current assets	**417,997**	380,235	**201,072**	199,586	**193,952**	191,554	**130,006**	140,843	**943,027**	912,218
Cash and cash equivalents	**2,321**	7,138	**251,351**	213,091	**885**	428	**37,421**	35,342	**291,978**	255,999
Other current assets	**11,408**	16,966	**802,790**	855,486	**10,156**	15,507	**68,753**	58,500	**893,107**	946,459
Total current assets	**13,729**	24,104	**1,054,141**	1,068,577	**11,041**	15,935	**106,174**	93,842	**1,185,085**	1,202,458
Total assets	**431,726**	404,339	**1,255,213**	1,268,163	**204,993**	207,489	**236,180**	234,685	**2,128,112**	2,114,676
Current liabilities	**35,960**	19,599	**90,793**	40,396	**15,401**	17,415	**-**	10,000	**142,154**	87,410
Trade and other payables and provisions	**26,278**	32,859	**104,042**	133,720	**982**	163	**25,199**	21,848	**156,501**	188,590
Total current liabilities	**62,238**	52,458	**194,835**	174,116	**16,383**	17,578	**25,199**	31,848	**298,655**	276,000
Non-current liabilities	**149,933**	104,500	**218,750**	250,000	**-**	-	**-**	-	**368,683**	354,500
Trade and other payables and provisions	**-**	-	**8,654**	7,891	**-**	-	**-**	-	**8,654**	7,891
Total non-current liabilities	**149,933**	104,500	**227,404**	257,891	**-**	-	**-**	-	**377,337**	362,391
Total liabilities	**212,171**	156,958	**422,239**	432,007	**16,383**	17,578	**25,199**	31,848	**675,992**	638,391
Net assets	**219,555**	247,381	**832,974**	836,156	**188,610**	189,911	**210,981**	202,837	**1,452,120**	1,476,285

Summarised statements of comprehensive income

	Malaysian Bio-XCell Sdn. Bhd.		Horizon Hills Development Sdn. Bhd.		Nusajaya Premier Sdn. Bhd.		Sunrise MCL Land Sdn. Bhd.		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated
Revenue	**16,946**	11,626	**355,566**	355,141	**3,189**	-	**48,430**	44,016	**424,131**	410,783
Depreciation and amortisation	**(12,427)**	(12,181)	**(2,606)**	(1,980)	**-**	-	**(103)**	(90)	**(15,136)**	(14,251)
Interest income	**-**	1,072	**-**	-	**518**	485	**559**	319	**1,077**	1,876
Interest expenses	**(4,303)**	(8,737)	**(6,879)**	(6,755)	**(822)**	(784)	**(91)**	(215)	**(12,095)**	(16,491)
(Loss)/profit before tax	**(27,826)**	(40,495)	**127,392**	130,386	**(1,301)**	(510)	**14,734**	6,487	**112,999**	95,868
Income tax expenses	**-**	-	**(30,574)**	(29,873)	**-**	-	**(2,590)**	(2,013)	**(33,164)**	(31,886)
(Loss)/profit after tax	**(27,826)**	(40,495)	**96,818**	100,513	**(1,301)**	(510)	**12,144**	4,474	**79,835**	63,982
Total comprehensive (loss)/income	**(27,826)**	(40,495)	**96,818**	100,513	**(1,301)**	(510)	**12,144**	4,474	**79,835**	63,982

16a. INTERESTS IN JOINT VENTURES (CONT'D.)

(iv) (cont'd.)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in the joint ventures

	Malaysian Bio-XCell Sdn. Bhd.		Horizon Hills Development Sdn. Bhd.		Nusajaya Premier Sdn. Bhd.		Sunrise MCL Land Sdn. Bhd.		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000 Restated
Net assets at 1 January	**247,381**	287,876	**836,156**	835,643	**189,911**	190,421	**202,837**	198,363	**1,476,285**	1,512,303
(Loss)/profit for the year	**(27,826)**	(40,495)	**96,818**	100,513	**(1,301)**	(510)	**12,144**	4,474	**79,835**	63,982
Dividend paid	**-**	-	**(100,000)**	(100,000)	**-**	-	**-**	-	**(100,000)**	(100,000)
Redemption of investment	**-**	-	**-**	-	**-**	-	**(4,000)**	-	**(4,000)**	-
Net assets at 31 December	**219,555**	247,381	**832,974**	836,156	**188,610**	189,911	**210,981**	202,837	**1,452,120**	1,476,285
Interests in joint venture	**40%**	40%	**50%**	50%	**80%**	80%	**50%**	50%		
Share of net assets of the Group	**74,340***	85,470*	**416,487**	418,078	**150,888**	151,929	**105,491**	101,419	**747,206**	756,896
Impairment loss	**(10,207)**	-	**-**	-	**-**	-	**-**	-	**(10,207)**	-
Unrealised profit arising from land sales	**(10,916)**	(10,966)	**(47,173)**	(49,363)	**-**	-	**-**	-	**(58,089)**	(60,329)
Carrying value of Group's interest	**53,217**	74,504	**369,314**	368,715	**150,888**	151,929	**105,491**	101,419	**678,910**	696,567

* Includes investment in RCULS which is not proportionate to equity participation ratio.

Aggregate information of joint ventures that are not individually material

	2018 RM'000	2017 RM'000
The Group's share of loss before tax	**(1,150)**	(12,157)
The Group's share of loss after tax	**(4,688)**	(13,055)

Details of the joint venture entities are disclosed in Note 46.

16b. AMOUNTS DUE FROM JOINT VENTURES

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Amounts due from joint ventures				
- Non-current (Note (i))	**257,149**	245,581	**97,066**	81,507
- Current (Note (ii))	**79,144**	108,694	**32,323**	64,995
	336,293	354,275	**129,389**	146,502

(i) Amounts due from joint ventures are unsecured, no fixed repayment term and bear interest at average rates of 6.8% to 7.9% (2017: 6.8% to 7.8%) per annum.

(ii) Amounts due from these joint ventures are unsecured, non-interest bearing and repayable on demand except for amounts of RM5,427,000 (2017: RM3,809,000) which bear interest at an average rate of 7.9% (2017: 7.8%) per annum.

17. OTHER INVESTMENTS

	Group	
	2018 RM'000	**2017 RM'000**
Unquoted shares in Malaysia	**22,525**	22,525
Less: Accumulated impairment losses	**(22,525)**	(22,525)
	-	-

18. GOODWILL

Goodwill arising from business combinations has been allocated into two individual cash-generating units ("CGU"), comprising two subsidiary groups principally engaged in property development activities for impairment testing. The carrying amount of goodwill allocated to CGU is as follows:

	Group	
	2018 RM'000	**2017 RM'000**
At 1 January/31 December	**621,409**	621,409

18. GOODWILL (CONT'D.)

Assumptions and approach used

The recoverable amounts of the CGU have been determined based on fair value less cost to sell and value-in-use calculations using cash flow projections from financial budgets approved by the management covering a five-year period. The management has applied a pre-tax discount rate of 13% (2017: 13%).

The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

Budgeted gross margins	-	Gross margins are based on historical trend of gross margins for the CGU.
Pre-tax discount rates	-	Discount rates reflect the weighted average cost of capital of the CGU.
Sales take-up rate	-	Sales take-up rate is based on historical trend of the market of which the CGU operates.

In determining fair value less cost to sell of the properties, the Group relies on the works performed by the accredited independent valuers. In the absence of such valuation, the Group applies the previous transacted price.

There remains a risk that, due to unforeseen changes in the global economic condition and/or in the economy in which the CGU operates, the gross margins and sales take-up rate for property development may be adversely affected.

Impact of possible changes in key assumptions

The sensitivity tests indicated that with an increase in the discount rate by 1% or a reduction in the market value of identifiable assets by 8%, there will be no impairment loss required where other realistic variations remained the same.

19. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Deposits with licensed banks (Note (i))	**153,444**	267,674	**112,420**	-
Cash and bank balances (Note (ii))	**925,157**	540,330	**8,799**	6,523
	1,078,601	808,004	**121,219**	6,523
Bank overdraft (Note 33)	**(1,658)**	(2,273)	**-**	-
Cash and cash equivalents	**1,076,943**	805,731	**121,219**	6,523

(i) The average interest rates and maturity of deposits of the Group as at financial year end were 1.81% (2017: 1.25%) and 33 days (2017: 32 days) respectively.

The average interest rates and maturity of deposits of the Company as at financial year end were 1.61% (2017: Nil%) and 29 days (2017: Nil days) respectively.

19. CASH, BANK BALANCES AND DEPOSITS (CONT'D.)

	Group	
	2018 RM'000	2017 RM'000
(ii) Included in cash and bank balances of the Group are:		
- Housing Development Accounts	**265,431**	404,901
- Securities under credit facilities*	**454,603**	-

* Comprise credit facilities as disclosed in Note 33(a)(ii), (b) and (d)(i).

20. DEFERRED TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
At 1 January	**(77,997)**	(35,720)	**-**	(222)
Recognised in the statement of profit or loss (Note 8)	**29,491**	(41,832)	**-**	222
Foreign currency translation	**(333)**	(445)	**-**	-
At 31 December	**(48,839)**	(77,997)	**-**	-
Presented as follows:				
Deferred tax liabilities	**234,762**	230,119	**-**	-
Deferred tax assets	**(283,601)**	(308,116)	**-**	-
	(48,839)	(77,997)	**-**	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Fair value adjustment of land and building RM'000	Interest capitalised RM'000	Others RM'000	Total RM'000
At 1 January 2018	**159,601**	**110,004**	**19,333**	**288,938**
Recognised in the statement of profit or loss	**(1,862)**	**(365)**	**27,892**	**25,665**
At 31 December 2018	**157,739**	**109,639**	**47,225**	**314,603**

20. DEFERRED TAXATION (CONT'D.)

Deferred tax liabilities of the Group (cont'd.):

	Fair value adjustment of land and building RM'000	Interest capitalised RM'000	Others RM'000	Total RM'000
At 1 January 2017	161,731	110,704	12,750	285,185
Recognised in the statement of profit or loss	(2,130)	(700)	6,583	3,753
At 31 December 2017	159,601	110,004	19,333	288,938

Deferred tax assets of the Group:

	Provisions RM'000	Tax losses and capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2018	**(189,147)**	**(120,352)**	**(57,436)**	**(366,935)**
Recognised in the statement of profit or loss	**2,583**	**(3,097)**	**4,340**	**3,826**
Foreign currency translation	**-**	**(333)**	**-**	**(333)**
At 31 December 2018	**(186,564)**	**(123,782)**	**(53,096)**	**(363,442)**
At 1 January 2017	(186,828)	(97,573)	(36,504)	(320,905)
Recognised in the statement of profit or loss	(2,339)	(22,314)	(20,932)	(45,585)
Foreign currency translation	20	(465)	-	(445)
At 31 December 2017	(189,147)	(120,352)	(57,436)	(366,935)

Deferred tax assets of the Company:

	Provisions	
	2018 RM'000	2017 RM'000
At 1 January	**-**	(222)
Recognised in the statement of profit or loss	**-**	222
At 31 December	**-**	-

Deferred tax assets are not recognised in respect of the following items:

	Group	
	2018 RM'000	2017 RM'000 Restated
Unused tax losses	**123,608**	100,098
Others	**74,538**	57,596
	198,146	157,694
Deferred tax benefit at 24%, if recognised	**47,555**	37,847

20. DEFERRED TAXATION (CONT'D.)

(cont'd.)

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group is subject to no substantial changes in shareholdings of the respective companies under the Income Tax Act, 1967, and guidelines issued by the tax authority. Effective from YA 2019, unused tax losses and unutilised capital allowances are allowed to be carried forward for a maximum period of seven years.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available in the Company and certain subsidiaries against which the Group can utilise the benefits.

21. PROPERTY DEVELOPMENT COSTS

	Group	
	2018 RM'000	2017 RM'000 Restated
At 1 January	**4,787,712**	4,897,842
Development costs incurred during the year	**1,477,956**	1,592,595
Transfer from/(to):		
- land held for property development (Note 13)	**29,504**	589,378
- property, plant and equipment (Note 11)	**(8,646)**	-
- investment properties (Note 12)	**(96,678)**	-
- inventories held for sale	**(295,839)**	(141,780)
- inventories under contract of sale (Note 22(b))	**(607,412)**	-
Disposal	**(70,517)**	(258,981)
Reversal of cost arising from completed projects	**(743,256)**	(1,876,370)
Foreign currency translation	**(1,790)**	(14,972)
	(316,678)	(110,130)
At 31 December	**4,471,034**	4,787,712
Costs recognised in profit or loss		
At 1 January	**(2,252,709)**	(3,205,821)
Recognised during the year	**(1,151,419)**	(931,558)
Reversal of cost arising from completed projects	**743,256**	1,876,370
Foreign currency translation	**11,453**	8,300
At 31 December	**(2,649,419)**	(2,252,709)
Property development costs as at 31 December	**1,821,615**	2,535,003

Included in costs incurred during the financial year are:

	Group	
	2018 RM'000	2017 RM'000 Restated
Interest capitalised (Note 6)	**77,615**	50,487
Staff costs (Note 5(ii))	**10,189**	8,875

As at the reporting date, freehold land and related development expenditure of RM271,550,000 (2017: RM263,238,000) are pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 33(a)(ii), (b) and (d)(i).

22. INVENTORIES

(a) Inventories held for sale

	Group	
	2018 RM'000	**2017 RM'000**
At cost		
Completed properties	**452,011**	558,115
Consumables	**439**	478
	452,450	558,593
At net realisable value		
Completed properties	**214,215**	21,855
Golf memberships*	**28,606**	29,242
	695,271	609,690

The cost of inventories held for sale recognised as cost of sales during the year amounted to RM182,413,000 (2017: RM113,458,000).

* Under the terms of the Development Agreement dated 16 June 2005 between Horizon Hills Development Sdn. Bhd. ("HHDSB") and Nusajaya Greens Sdn. Bhd., HHDSB has settled part of the purchase consideration in the form of rights to club membership (golf and non-golf) which is to be issued by the Horizon Hills Resort Bhd., a wholly-owned subsidiary of HHDSB.

(b) Inventories under contract of sale

	Group	
	2018 RM'000	**2017 RM'000**
At cost		
Completed properties	**607,412**	-

The inventories under contract of sale relate to sales, which sale and purchase agreements have been entered into, pending settlement by the purchasers.

23. RECEIVABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Trade receivables	(i), (vii)	**571,538**	565,779	**-**	-
Amounts due from related parties	(ii)	**703**	1,035	**-**	-
Other receivables	(iii)	**512,689**	449,088	**127,958**	117,107
		1,084,930	1,015,902	**127,958**	117,107
Less: Allowance for impairment	(iv)	**(22,735)**	(17,334)	**-**	-
		1,062,195	998,568	**127,958**	117,107
Analysed into:					
Non-current	(v)	**113,434**	122,598	**-**	-
Current		**948,761**	875,970	**127,958**	117,107
		1,062,195	998,568	**127,958**	117,107

(i) Included in the trade receivables is an amount of RM32,781,000 (2017: RM34,781,000) owing from a joint venture entity arising from a sale of land in the prior year which bears interest at 6% (2017: 6%) per annum.

(ii) Related parties refer to those as specified in Note 38. Amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

(iii) Other receivables

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Dividend receivable	**-**	-	**121,800**	110,000
Sundry debtors and prepayments (Note (a))	**308,684**	218,597	**4,612**	4,658
Tax recoverable (Note (a))	**117,232**	174,975	**1,546**	2,449
Deposits (Note (b))	**86,773**	55,516	**-**	-
	512,689	449,088	**127,958**	117,107

23. RECEIVABLES (CONT'D.)

(iii) Other receivables (cont'd.)

(a) (i) Included in the tax recoverable and sundry debtors are amounts of RM50.9 million and RM22.9 million respectively representing additional tax and penalty paid under protest and subject to appeal to Inland Revenue Board (Note 39(a)).

(ii) Included in the sundry debtors and prepayments are amounts representing GST claimable from the Australian Taxation Office amounting RM65.3 million (2017: RM8.0 million) and the Royal Malaysian Customs Department amounting RM12.1 million (2017: RM10.9 million).

(b) Included in the deposits are:

(i) an amount of RM50.0 million (2017: RMNil) representing a deposit paid by a subsidiary for the subscription of shares in Mega Legacy (M) Sdn. Bhd.. Details of the acquisition of shares are disclosed in Note 40.

(ii) an amount of RM10.0 million (2017: RM10.0 million) representing a deposit paid by a subsidiary for the acquisition of development right for 2.65 acres of land at Jalan Syed Putra, Seputeh, Kuala Lumpur.

(iii) an amount of RMNil (2017: RM15.0 million) representing a deposit paid by a subsidiary for the joint development of two parcel of freehold lands held under Lot 461 and Lot 493, Section 19, Bandar of Kuala Lumpur, Kuala Lumpur. The transaction has been aborted during the financial year.

(iv) an amount of RMNil (2017: RM10.0 million) representing a deposit paid by subsidiary for the acquisition of 19.24 acres of land at Taman Equine, Seri Kembangan, Selangor. The transaction has been completed during the financial year.

(v) an amount of RMNil (2017: RM7.0 million) representing a deposit paid by a subsidiary for the acquisition of one parcel of freehold land held under Lot 2581, at Mukim Batu, Kuala Lumpur. The transaction has been aborted during the financial year.

(iv) Allowance for impairment

	Group	
	2018 RM'000	**2017 RM'000**
Trade receivables	**2,572**	2,532
Amounts due from related parties	**628**	628
Sundry debtors	**19,535**	14,174
	22,735	17,334

23. RECEIVABLES (CONT'D.)

(v) Long term receivables arose from the negotiated sales term of which payment is not expected to be received within the next 12 months.

Pursuant to the measurement and recognition requirement of MFRS 9, the amounts due from the customers are measured at fair value which are computed based on estimated future cash flows discounted at the debtor's cost of borrowing as follows:

	Group	
	2018 RM'000	**2017 RM'000 Restated**
At 1 January	**122,598**	84,230
Addition	**-**	39,004
Reclassification to current receivables	**(10,548)**	-
Settlement	**(303)**	(907)
Remeasurement (Note 5)	**(801)**	(1,870)
Accretion of interest (Note 5)	**2,488**	2,141
At 31 December	**113,434**	122,598

(vi) The Group's normal trade credit terms range from 30 to 90 days (2017: 30 to 90 days). For strategic land sales and sales of developed land, credit terms are negotiated and approved on a case-by-case basis.

(vii) Ageing analysis

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2018 RM'000	**2017 RM'000 Restated**
Neither past due nor impaired	**414,675**	425,006
1 to 30 days past due not impaired	**20,777**	32,132
31 to 60 days past due not impaired	**19,479**	34,945
61 to 90 days past due not impaired	**4,708**	12,828
More than 90 days past due not impaired	**109,327**	58,336
Past due but not impaired	**154,291**	138,241
Impaired	**2,572**	2,532
	571,538	565,779

23. RECEIVABLES (CONT'D.)

(vii) Ageing analysis (cont'd.)

Ageing analysis of trade receivables (cont'd.)

The ageing analysis of the Group's trade receivables is as follows: (cont'd.)

	Group	
	2018 RM'000	2017 RM'000 Restated
Individually impaired		
Nominal amount	**2,572**	2,532
Allowance for impairment	**(2,572)**	(2,532)
	-	-

Receivables that are neither past due nor impaired

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

Receivables that are past due but not impaired

The Group has trade receivables that are related to customers with good track records with the Group or those with on-going transactions and/or progressive payments. Based on past experience, the Board believes that no allowance for impairment is necessary as the directors are of the opinion that this debt should be realised in full without making losses in the ordinary course of business.

Receivables that are impaired

The movement in allowance account for receivables is as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	**17,334**	17,494
Charge for the year (Note 5)	**6,961**	1,278
Reversal of impairment loss (Note 5)	**(1,560)**	(1,438)
At 31 December	**22,735**	17,334

24. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2018	**2017**
Contract Assets		
Contract assets from property development (Note (a))	**116,856**	263,066
Contract assets from strategic land sales (Note (b))	**38**	-
Carrying amount at the end of the financial year	**116,894**	263,066
Analysed into:		
Non-current	**10,168**	4,798
Current	**106,726**	258,268
	116,894	263,066

	Group	
	2018 RM'000	**2017 RM'000**
Contract Liabilities		
Contract liabilities from property development (Note (a))	**19,300**	41,292
Contract liabilities from strategic land sales (Note (b))	**311,338**	323,607
Carrying amount at the end of the financial year	**330,638**	364,899
Analysed into:		
Non-current	**291,116**	298,078
Current	**39,522**	66,821
	330,638	364,899

24. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)

(a) Contract assets and contract liabilities from property development

The Group issues progress billings to purchasers when the billing milestones are attained. The Group recognises revenue when the performance obligation is satisfied.

The Group's contract assets and contract liabilities relating to the sale of properties at the end of each reporting period are shown as below:

	Group	
	2018 RM'000	2017 RM'000
Contract Assets	**116,856**	263,066
Contract Liabilities	**(19,300)**	(41,292)
	97,556	221,774
As at 1 January	**221,774**	466,943
Revenue recognised during the financial year (Note 3)	**553,490**	1,032,467
Progress billings during the financial year	**(677,708)**	(1,277,636)
As at 31 December	**97,556**	221,774

(b) Contract assets and contract liabilities from strategic land sales

The Group recognises revenue upon transfer of control and issues billings to purchasers based on contractual terms.

The Group's contract assets and contract liabilities relating to the strategic land sales at the end of each reporting period are shown as below:

	Group	
	2018 RM'000	2017 RM'000
Contract Assets	**38**	-
Contract Liabilities	**(311,338)**	(323,607)
	(311,300)	(323,607)

	Group	
	2018 RM'000	2017 RM'000
As at 1 January	**(323,607)**	(333,847)
Revenue recognised during the financial year (Note 3)	**16,205**	27,986
Deferred during the financial year	**(3,898)**	(17,746)
As at 31 December	**(311,300)**	(323,607)

24. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)

(c) Unsatisfied performance obligations

The unsatisfied performance obligations at the end of each reporting period are estimated to be recognised in the following periods:

	Group	
	2018 RM'000	2017 RM'000
Within 1 year	**2,601,548**	1,899,559
Between 1 and 4 years	**1,618,956**	2,932,166
More than 4 years	**167,477**	179,132
	4,387,981	5,010,857

25. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Amounts due from subsidiaries		
- Non-current (Note (i))	**2,311,808**	2,385,237
- Current (Note (ii))	**722,096**	677,845
	3,033,904	3,063,082
At 31 December 2018	**3,036,564**	3,065,434
Impairment loss	**(2,660)**	(2,352)
	3,033,904	3,063,082
Amounts due to subsidiaries	**7,452**	114,743

During the financial year, the Company has made a provision for impairment on the amounts due from subsidiaries of RM308,000 (2017: RM2,352,000).

(i) Amounts due from subsidiaries are unsecured, not expected to be repayable in the next 12 months and bear interest at rates ranging from 4.58% to 5.32% (2017: 4.47% to 6.62%) per annum.

(ii) Amounts due from subsidiaries mainly comprise advances, interest receivable and payment on behalf which are unsecured, repayable on demand and non-interest bearing except for amounts totalling of RM304,587,000 (2017: RM452,891,000) which bear interest rates ranging from 4.62% to 5.27% (2017: 4.47% to 6.62%) per annum.

26. SHORT TERM INVESTMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
In Malaysia:				
Financial assets at fair value through other comprehensive income				
- quoted shares	**7**	7	**-**	-
Financial assets at fair value through profit or loss				
- unquoted unit trust#	**49,734**	125,190	**49,734**	125,190
	49,741	125,197	**49,734**	125,190

\# Unquoted unit trusts represent surplus funds that are invested through tax exempted funds with licensed fund managers in the funds approved by the Securities Commission. The portfolio of investment authorised by the Board of Directors comprises only deposits in Islamic instruments with financial institutions, hence are capital preserved. The investments can be uplifted at any point in time.

27. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVES

(i) Share capital

Issued and fully paid up

	Group/Company	
	2018 RM'000	2017 RM'000
Ordinary shares		
At 1 January	**4,317,760**	2,268,718
Transfer pursuant to "no par value" regime:		
- transfer from share premium	**-**	2,044,955
- transfer from capital redemption reserve	**-**	4,087
At 31 December	**4,317,760**	4,317,760

27. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVES (CONT'D.)

(i) Share capital (cont'd.)

Issued and fully paid up (cont'd.)

	Group/Company	
	2018 RM'000	**2017 RM'000**
RCPS (Note 29)		
At 1 January	**792,516**	7,925
Transfer pursuant to "no par value" regime:		
- transfer from share premium	**-**	784,591
At 31 December	**792,516**	792,516
Total share capital	**5,110,276**	5,110,276

The Companies Act 2016 ("the Act"), which came into effect on 31 January 2017, introduced the "no par value" regime. Accordingly, the concepts of "authorised share capital", "par value", "share premium" and "capital redemption reserve" have been abolished.

The amount standing to the credit of the Company's share premium and capital redemption reserve accounts of RM2,829,546,000 and RM4,087,000 respectively became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act.

Notwithstanding this provision, the Company may within 24 months from the effective date of the Act, use the amount standing to the credit of its share premium and capital redemption reserve accounts of RM2,829,546,000 and RM4,087,000 respectively for purposes as set out in Section 618(3) of the Act.

There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

(ii) Share premium

	Group/Company	
	2018 RM'000	**2017 RM'000**
Ordinary shares		
At 1 January	**-**	2,044,955
Transfer pursuant to "no par value" regime (Note 27(i)):		
- transfer to share capital	**-**	(2,044,955)
At 31 December	**-**	-

27. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVES (CONT'D.)

(ii) Share premium (cont'd.)

	Group/Company	
	2018 RM'000	**2017 RM'000**
RCPS		
At 1 January	**-**	784,591
Transfer pursuant to "no par value" regime (Note 27(i)):		
- transfer to share capital	**-**	(784,591)
At 31 December	**-**	-

(iii) Merger relief reserves

The merger relief reserves represent the difference between the fair value and nominal value of shares issued as consideration for the acquisition of the UEM Land Berhad group, pursuant to the Restructuring Scheme in 2008.

28. OTHER RESERVES AND RETAINED PROFITS

(a) Other reserves

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000**
(i) Exchange fluctuation reserve				
At 1 January	**39,772**	70,823	**-**	-
Transfer to profit or loss upon disposal of an associate	**-**	(1,182)	**-**	-
Foreign currency translation	**(58,528)**	(29,869)	**-**	-
At 31 December	**(18,756)**	39,772	**-**	-
(ii) Merger reserve				
At 1 January/31 December	**32,112**	32,112	**-**	-
(iii) Fair value adjustments reserve				
At 1 January	**(207)**	(447)	**-**	-
Loss on fair value changes	**-**	(1)		
Transfer to profit or loss upon disposal of an associate	**-**	241	**-**	-
At 31 December	**(207)**	(207)	**-**	-

28. OTHER RESERVES AND RETAINED PROFITS (CONT'D.)

(a) Other reserves (cont'd.)

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
(iv) Share based payment reserve				
At 1 January	**41,056**	45,694	**41,056**	45,694
Remeasurement (Note 5(ii))	**-**	(732)	**-**	(732)
Expiry of vested employee share options	**(5,035)**	(3,906)	**(5,035)**	(3,906)
At 31 December	**36,021**	41,056	**36,021**	41,056
(v) Capital redemption reserve				
At 1 January	**-**	4,087	**-**	4,087
Transfer pursuant to "no par value" regime (Note 27(i)):				
- transfer to share capital	**-**	(4,087)	**-**	(4,087)
At 31 December	**-**	-	**-**	-
(vi) Cash flow hedge reserve				
At 1 January	**(4,651)**	(223)	**-**	-
Gain/(loss) on cash flow hedge	**19,697**	(4,428)	**-**	-
At 31 December	**15,046**	(4,651)	**-**	-
Total	**64,216**	108,082	**36,021**	41,056

(b) Retained profits

The Company may distribute dividends out of its entire retained profits as at 31 December 2018 under the single tier system.

29. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

The Company issued 792,515,753 RCPS of RM0.01 per RCPS at an issue price of RM1.00 per RCPS on 30 October 2015, as a partial settlement of the redemption of Bandar Nusajaya Development Sdn. Bhd. ("BND"), a wholly-owned subsidiary of the Company, RCPS held by UEM in BND.

The salient terms of the RCPS are as follows:

(a) Conversion price of RM1.60 per RCPS.

(b) The RCPS matures on 29 October 2020.

29. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") (CONT'D.)

The salient terms of the RCPS are as follows: (cont'd.)

(c) The RCPS can be converted at any time after the 54th month from the Issuance Date at the option of the Subscriber at the Conversion Price into Conversion Shares. Any remaining RCPS that are not converted or redeemed by the expiry of the tenure of the RCPS shall be automatically converted into Conversion Shares at the Conversion Price.

(d) The RCPS can be redeemed at the option of the issuer at the Redemption Price at any time after the 48th month from the Issuance Date for a period of 6 months (up to the 54th month from the Issuance Date).

(e) The Redemption Price is equivalent to the Redemption Value in respect of each RCPS to be redeemed.

(f) The RCPS shall be converted or redeemed, at the value of each outstanding RCPS on the Conversion Date (as defined below) or Redemption Date (as defined below) (as the case may be) based on the following calculation:

Redemption Value = [Carrying Value 4 x 1.05 x (number of months from the 49th month from the Issuance Date to the Redemption Date / 12)] - any dividends declared for the period from the 49th month from the Issuance Date to the Redemption Date (as defined below).

Where:

Carrying value 4 = (Carrying Value 3 x 1.05) - any dividends declared for the period from the 37th to the 48th month from the Issuance Date.

Carrying value 3 = (Carrying Value 2 x 1.05) - any dividends declared for the period from the 25th to the 36th month from the Issuance Date.

Carrying value 2 = (Carrying Value 1 x 1.05) - any dividends declared for the period from the 13th to the 24th month from the Issuance Date.

Carrying value 1 = (Issue Price x 1.05) - any dividends declared for the period from the Issuance Date to the 12th month from the Issuance Date.

(g) The number of Conversion Shares to be issued to the Subscriber shall be calculated in accordance with the following formula:

$$\text{Number of Conversion Share} = \frac{\text{Conversion Value}}{\text{Conversion Price}}$$

(h) Any dividends to be declared to the holders of the RCPS must be decided at the sole discretion of the Issuer whether to annually declare, any non-cumulative dividend and the quantum of such dividend to the Subscriber, provided always that:

(i) Such dividend shall not be more than 4.75 sen per RCPS; and

(ii) If dividends are declared to its ordinary shareholders, then dividends in respect of the RCPS shall be paid to the Subscriber in preference.

(i) The RCPS shall rank pari passu among themselves in respect of the right to receive dividends out of distributable profit. The Conversion Share to be issued upon conversion of the RCPS shall upon allotment and issue rank equal in all respects with the then existing shares of the Company.

30. EMPLOYEE SHARE OPTION RESERVE

Employee share option reserve represents the equity-settled share options granted to employees (Note 31). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the equity-settled share options and is reduced by the expiry or exercise of the share options.

31. EMPLOYEE BENEFITS

Employee share option scheme ("ESOS")

At an Extraordinary General Meeting held on 7 March 2012, the shareholders of the Company approved the implementation of an ESOS which will offer eligible employees and executive director(s) of the Company and its subsidiaries, options to subscribe for new ordinary shares in the Company ("ESOS shares").

The salient features of the ESOS are as follows:

(i) The scheme shall be in force for a period of 7 years from 9 April 2012 being the date of implementation.

(ii) The total number of ESOS shares which may be offered and issued under the ESOS shall not exceed 7.5% of the issued and paid-up ordinary share capital of the Company at any time during the duration of the ESOS.

(iii) If the Company undertakes a share buy-back exercise or any other corporate proposal resulting in the total number of ESOS shares made available under the ESOS to exceed 15% of the Company's issued and paid-up ordinary share capital (excluding treasury shares), no further options shall be offered until the total number of ESOS shares to be made available under the ESOS falls below 15% of the Company's issued and paid-up ordinary share capital (excluding treasury shares). Any option granted prior to the adjustments of the Company's issued and paid-up ordinary share capital (excluding treasury shares) shall remain valid and exercisable (if applicable) in accordance with the provisions of the by-laws.

(iv) Even if the maximum number of ESOS shares stipulated is allocated to Eligible Employees, the actual number of ESOS shares to be issued will be lesser in view of the Company's adoption of Performance Vesting Criteria, whereby only Eligible Employees who are consistently "Excellent" performers for the whole duration of the ESOS would be entitled to the full vesting of their ESOS share allocation.

(v) The total number of ESOS shares which may be allocated to any one Eligible Employee under the ESOS shall be at the absolute discretion of the Company's Board/ESOS Committee, after taking into consideration, amongst others, the seniority (denoted by employee grade) of the Eligible Employees and such other criteria as the Board/ESOS Committee may deem relevant. Notwithstanding the foregoing, not more than 10% of ESOS shares made available under the ESOS shall be allocated to any Eligible Employee who, either individually or collectively through persons connected with the said Eligible Employee, holds 20% or more of the Company's issued and paid-up share capital (excluding treasury shares).

(vi) Not more than 30% of the ESOS shares shall be made available to the Company's Executive Director(s) and senior management.

(vii) Any employee (including Executive Director(s)) of the Group (other than the subsidiaries which are dormant) who fulfils the following as at the Offer Date shall be eligible to participate in the ESOS:

   (a) has attained the age of 18 years;

   (b) has entered into a full-time or fixed-term contract with, and is on the payroll of the Group (other than the subsidiaries which are dormant) and whose service has been confirmed (where applicable);

31. EMPLOYEE BENEFITS (CONT'D.)

Employee share option scheme ("ESOS") (cont'd.)

(vii) (cont'd.)

(c) has been in continuous employment with the Group (other than with the subsidiaries which are dormant) for a period of at least 1 year prior to and up to the Offer Date, whereby the renewal of any fixed term employment contract(s) would be deemed as continuous employment and take into account of the employment period of the previous expired contract(s);

(d) is not a non-executive or independent director of the Company; and

(e) has fulfilled any other eligibility criteria as may be set by the Board/ESOS Committee at any time and from time to time at its absolute discretion.

(viii) The Option Price shall be at the higher of the equivalent option tranche for the previous offers and the 5-day volume weighted average market price immediately preceding the date of offer. The exercise price for the subsequent option tranches is fixed by applying an annual escalation factor corresponding to the scheduled vesting.

<u>Movement of share options during the financial year</u>

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	2018		2017	
	No. '000	WAEP RM	No. '000	WAEP RM
Outstanding at 1 January	**102,078**	**2.81**	127,808	2.83
Lapsed	**(17,490)**	**2.86**	(25,730)	2.89
Outstanding at 31 December	**84,588**	**2.80**	102,078	2.81
Exercisable at 31 December	**84,588**	**2.80**	96,551	2.80

Neither at the end of the financial year, nor at any time during that year, the Company granted any new share options and no options were exercised during the period.

The exercise price for exercisable options outstanding at the end of the year ranged from RM2.23 to RM3.03. The remaining weighted average contractual life for these options is 1 year.

32. NON-CONTROLLING INTERESTS

The financial information of a subsidiary that has a material non-controlling interest is as follows:

(i) Summarised statement of financial position

	Aura Muhibah Sdn. Bhd.	
	2018 RM'000	2017 RM'000
Non-current assets	**899,188**	899,191
Current assets	**11,548**	10,548
Total assets	**910,736**	909,739
Current liabilities	**562**	2,204
Total liabilities	**562**	2,204
Net assets	**910,174**	907,535
Net assets attributable to:		
Owner of the parent	**546,104**	544,521
Non-controlling interest	**364,070**	363,014
	910,174	907,535

(ii) Summarised statement of comprehensive income

	Aura Muhibah Sdn. Bhd.	
	2018 RM'000	2017 RM'000
Profit for the year	**2,639**	4,270
Profit attributable to owner of the Company	**1,583**	2,562
Profit attributable to non-controlling interest	**1,056**	1,708
Total comprehensive income	**2,639**	4,270

(iii) Summarised statement of cash flows

	Aura Muhibah Sdn. Bhd.	
	2018 RM'000	2017 RM'000
Net cash generated from operating activities	**1,307**	5,069
Net cash used in investing activity	**-**	(4)
Net cash used in financing activities	**(105)**	(702)
Net change in cash and cash equivalents	**1,202**	4,363
Cash and cash equivalents at the beginning of the year	**8,319**	3,956
Cash and cash equivalents at the end of the year	**9,521**	8,319

33. BORROWINGS

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current borrowings					
Secured					
Term loans	(a)	**19,988**	122,753	**-**	-
Commodity Murabahah Finance	(b)	**74,824**	91,810	**-**	-
Unsecured					
IMTN	(c)	**2,300,000**	1,800,000	**2,300,000**	1,800,000
Commodity Murabahah Finance	(d)	**-**	719,665	**-**	-
		2,394,812	2,734,228	**2,300,000**	1,800,000
Current borrowings					
Secured					
Loan from immediate holding company	(e)	**74,405**	75,065	**-**	-
Revolving credits	(a)(i)	**7,000**	11,000	**-**	-
Term loans					
- term loans	(a)(i)	**90,000**	56,000	**-**	-
- construction facility	(a)(ii)	**322,356**	-	**-**	-
Commodity Murabahah Finance	(d)(i)	**390,412**	-	**-**	-
Unsecured					
Revolving credits	(a)(i)	**363,000**	370,000	**262,000**	257,000
IMTN	(c)	**300,000**	800,000	**300,000**	800,000
Bank overdraft	(f)	**1,658**	2,273	**-**	-
Commodity Murabahah Finance	(d)	**739,858**	71,176	**-**	-
Structured commodity	(g)	**-**	100,000	**-**	100,000
		2,288,689	1,485,514	**562,000**	1,157,000
Total borrowings		**4,683,501**	4,219,742	**2,862,000**	2,957,000

33. BORROWINGS (CONT'D.)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Maturities of borrowings:				
Not later than one year	**2,288,689**	1,485,514	**562,000**	1,157,000
Later than 1 year and not later than 5 years	**2,044,812**	2,134,228	**1,950,000**	1,200,000
More than 5 years	**350,000**	600,000	**350,000**	600,000
	4,683,501	4,219,742	**2,862,000**	2,957,000

(a) (i) The term loans and revolving credits facilities obtained from various banks, by certain subsidiaries, bear interest rates of 3.82% to 5.59% (2017: 3.60% to 5.33%) per annum. Certain loans are secured by land held for property development and property development cost as disclosed in Note 13 and Note 21.

(ii) On 31 March 2017, UEM Sunrise (La Trobe Street Development) Pty. Ltd. ("UEMS LSD"), a wholly-owned subsidiary of the Company via UEM Sunrise (Australia) Sdn. Bhd. ("AUSSB"), entered into term loan ("the Construction Facility") with a limit of up to AUD278.0 million to part-finance the development cost of Aurora Melbourne Central project, in Australia ("Aurora project").

During the financial year, UEMS LSD utilised AUD189.0 million of the Construction Facility at interest rates of 3.59% to 3.82% (2017: 3.60%) per annum and repaid AUD83.0 million.

(b) During the financial year, Ibarat Duta Sdn. Bhd. ("IDSB"), a wholly-owned subsidiary of the Company via Sunrise Berhad, obtained the following:-

(i) Commodity Murabahah Term Financing-i 1 ("CMTF-i 1") of up to RM60.0 million, to fully redeem the existing banking facility of up to RM60.0 million for the purpose of land acquisition. The facility was fully drawn at profit rates of 5.15% to 5.19% per annum.

(ii) Commodity Murabahah Term Financing-i ("CMTF-i 2") of up to RM140.0 million, to part-finance the development of Residensi Solaris Parq project in Mont'Kiara ("Solaris Parq project") at profit rates of 5.15% to 5.19% per annum.

CMTF-i 1 & 2 are secured by the following:-

- Registered third party first legal mortgage over the land and building disclosed in Note 21;
- Corporate Guarantee from Sunrise Berhad;
- Debenture over IDSB's present and future fixed and floating assets;
- Legal charge over Designated Accounts (except Housing Development Account);
- Assignment of rights, title, interest and benefits under all performance bonds, warranty and maintenance bonds (if any) in relation to Solaris Parq project;
- Assignment of IDSB's rights and benefits arising from all material contracts (including but not limited to the building agreement, design and construction contracts and Project Management and Marketing Contracts in relation to Solaris Parq project); and
- Assignment of rights, title, interest and benefits under all applicable takaful/insurance policies taken/to be taken up by IDSB in relation to Solaris Parq project with the Bank where the bank is to be endorsed as Loss Payee.

33. BORROWINGS (CONT'D.)

(c) (i) In 2012, the Company established its Islamic Commercial Paper Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") with a combined nominal value of RM2.0 billion and a sub-limit on the ICP Programme of RM500.0 million in nominal value. Malaysian Rating Corporation Berhad ("MARC") has assigned a rating of MARC-1is/AA-is for the ICP and IMTN Programme respectively.

The details of the IMTN issuances are as follows:

Issuance date	Tenure (Years)	Profit rate	At 1 January RM'million	Issuance RM'million	Repayment RM'million	At 31 December RM'million
13 December 2013	5	4.60%	700	-	(700)	**-**
30 June 2014	5	4.72%	200	-	-	**200**
30 June 2014	7	4.90%	200	-	-	**200**
10 April 2015	5	4.58%	150	-	-	**150**
10 April 2015	7	4.80%	150	-	-	**150**
			1,400			**700**

(ii) In 2016, the Company established its second programme: ICP Programme and IMTN Programme with a combined nominal value of RM2.0 billion and a sub-limit on the ICP Programme of RM500.0 million in nominal value. MARC has assigned a rating of MARC-1is/AA-is for the ICP and IMTN Programmes respectively.

The details of the IMTN issuances are as follows:

Issuance date	Tenure (Years)	Profit rate	At 1 January RM'million	Issuance RM'million	Repayment RM'million	At 31 December RM'million
20 May 2016	7	5.00%	500	-	-	**500**
8 August 2017	1	4.47%	100	-	(100)	**-**
11 December 2017	3	4.80%	200	-	-	**200**
11 December 2017	4	5.06%	300	-	-	**300**
11 December 2017	7	5.32%	100	-	-	**100**
23 May 2018	1	4.62%	-	100	-	**100**
31 October 2018	3	4.85%	-	350	-	**350**
31 October 2018	5	4.98%	-	100	-	**100**
31 October 2018	7	5.15%	-	250	-	**250**
			1,200			**1,900**

33. BORROWINGS (CONT'D.)

(d) (i) On 25 April 2018, UEM Sunrise (Mackenzie Street Development) Pty. Ltd. ("UEMS MSD"), a wholly-owned subsidiary of the Company via AUSSB, obtained a Commodity Murabahah Term Financing-i ("CMTF-i") of up to AUD139.0 million to part-finance the development of Conservatory project in Melbourne, Australia ("Conservatory project").

During the financial year, the facility balance of AUD104.6 million was utilised at profit rates of 4.15% to 4.50% (2017: 4.15%) per annum.

(ii) On 14 September 2015, AUSSB entered into a Commodity Murabahah Financing-i facility ("CMF-1") of up to AUD150 million to part-finance the development cost of Aurora project. AUSSB entered into profit rate swap-i, a shariah-compliant hedging arrangement with a notional value of AUD150 million to hedge the floating interest rate risk.

The subsidiary has fully utilised CMF-1, which bears a profit rate of 4.36% (2017: 4.36%) per annum.

(iii) On 11 January 2017, AUSSB entered into a Commodity Murabahah Financing-i facility ("CMF-2") of up to AUD45 million to part-finance the development cost of Conservatory project.

CMF-2 was fully utilised by the end of the financial year, for which the subsidiary bears profit rates of 3.55% to 3.85% (2017: 3.55%) per annum.

(iv) On 24 October 2017, AUSSB entered into another Commodity Murabahah Term Financing-i facility ("CMF-3") of up to USD45 million and Cross Currency Swap-i, a shariah-compliant hedging arrangement to convert the entire USD notional amount into Australian Dollars, which shall not exceed AUD55 million. CMF-3 is used to part-finance the development cost of Aurora project.

The subsidiary has fully utilised CMF-3 for Aurora project, which bears profit rates of 3.55% to 3.85% (2017: 3.55%) per annum.

(v) The Company has issued corporate guarantees for the balances of facilities CMTF-i, CMF-1, CMF-2 and CMF-3, as well as undertaking for the Construction Facility in Note 33(a)(ii) as disclosed in Note 39.

(e) The loan from immediate holding company bears interest of 4.75% to 4.85% (2017: 4.75%) per annum and is secured by land titles of approximately 114 acres (2017: 114 acres) of freehold land which are deposited with the immediate holding company.

(f) The bank overdraft taken by Sunrise Berhad, a wholly-owned subsidiary of the Company, bears interest rates of 7.49% to 7.74% (2017: 7.49%) per annum.

(g) During the financial year, the Structured Commodity Financing-i facility ("SCF-i") of RM50 million obtained by the Company in 2013 and the additional SCF-i of RM50 million obtained in 2015, which bear an average profit rate of 6.99% (2017: 6.37%) per annum, were fully repaid.

33. BORROWINGS (CONT'D.)

(h) Reconciliation of liabilities arising from financing activities:

Group			Movement			
	2018	2017	Cash flows		Non-cash changes	
	RM'000	RM'000	Principal movement RM'000	Interest paid RM'000	Interest cost and fair value movements RM'000	Foreign exchange movement RM'000
Loan from immediate holding company	**74,405**	75,065	-	(2,646)	1,986	-
IMTN	**2,600,000**	2,600,000	-	(127,630)	127,630	-
Term loans	**432,344**	178,753	255,776	(8,861)	8,778	(2,102)
Commodity Murabahah Finance (including derivative asset and liability)	**1,190,048**	887,302	390,495	(32,978)	13,318	(68,089)
Revolving credits	**370,000**	381,000	(11,000)	(17,984)	17,984	-
Bank overdraft	**1,658**	2,273	-	(260)	(355)^	-
Structured commodity	**-**	100,000	(100,000)	(5,280)	5,280	-
	4,668,455	4,224,393	535,271	(195,639)	174,621	(70,191)

Presented in statements of financial position

	2018 RM'000	2017 RM'000
Non-current	**2,394,812**	2,734,228
Current	**2,288,689**	1,485,514
Derivative asset (Note 37(c))	**(15,956)**	-
Derivative liability (Note 37(c))	**910**	4,651
	4,668,455	4,224,393

^ Where the movement is excluded in cash flows other than financing activities.

33. BORROWINGS (CONT'D.)

(h) (cont'd.)

Group	2017 RM'000	2016 RM'000	Movement: Cash flows: Principal movement RM'000	Movement: Cash flows: Interest paid RM'000	Movement: Non-cash changes: Interest cost and fair value movements RM'000	Movement: Non-cash changes: Foreign exchange movement RM'000
Loan from immediate holding company	**75,065**	75,223	-	(2,375)	2,217	-
IMTN	**2,600,000**	2,608,162	396	(117,836)	109,278	-
Term loans	**178,753**	217,248	(38,551)	(9,560)	9,616	-
Commodity Murabahah Finance w(including derivative liabilities)	**887,302**	340,410	571,988	(23,286)	27,714	(29,524)
Revolving credits	**381,000**	372,814	10,000	(19,535)	17,721	-
Bank overdraft	**2,273**	-	-	-	2,273^	-
Structured commodity	**100,000**	101,039	-	(4,563)	3,524	-
	4,224,393	3,714,896	543,833	(177,155)	172,343	(29,524)

Presented in statements of financial position

	2017 RM'000	2016 RM'000
Non-current	**2,734,228**	2,404,224
Current	**1,485,514**	1,310,449
Derivative liabilities (Note 37(c))	**4,651**	223
	4,224,393	3,714,896

^ Where the movement is excluded in cash flows other than financing activities.

33. BORROWINGS (CONT'D.)

(h) (cont'd.)

Company	2018 RM'000	2017 RM'000	Movement: Cash flows: Principal movement RM'000	Movement: Cash flows: Interest paid RM'000	Movement: Interest cost and others RM'000
IMTN	**2,600,000**	2,600,000	-	(127,630)	127,630
Revolving credits	**262,000**	257,000	5,000	(14,198)	14,198
Structured commodity	**-**	100,000	(100,000)	(5,280)	5,280
	2,862,000	2,957,000	(95,000)	(147,108)	147,108

Presented in statements of financial position

	2018 RM'000	2017 RM'000
Non-current	**2,300,000**	1,800,000
Current	**562,000**	1,157,000
	2,862,000	2,957,000

Company	2017 RM'000	2016 RM'000	Movement: Cash flows: Principal movement RM'000	Movement: Cash flows: Interest paid RM'000	Movement: Interest cost and others RM'000
IMTN	**2,600,000**	2,608,162	396	(117,836)	109,278
Revolving credits	**257,000**	248,814	10,000	(13,485)	11,671
Structured commodity	**100,000**	101,039	-	(4,564)	3,525
	2,957,000	2,958,015	10,396	(135,885)	124,474

Presented in statements of financial position

	2017 RM'000	2016 RM'000
Non-current	**1,800,000**	1,907,789
Current	**1,157,000**	1,050,226
	2,957,000	2,958,015

34. PROVISIONS

Group	Provision for public infrastructure RM'000 (Note a)	Provision for construction costs RM'000 (Note b)	Provision for foreseeable losses RM'000 (Note c)	Other provisions RM'000 (Note d)	Total RM'000
2018					
Non-current					
At 1 January/31 December	**19,953**	**-**	**65,909**	**-**	**85,862**
Current					
At 1 January	**27,396**	**244,799**	**7,835**	**30,732**	**310,762**
Additions	**7,404**	**204,454**	**7,861**	**8,460**	**228,179**
Utilisation	**(2,198)**	**(169,854)**	**(180)**	**(28,709)**	**(200,941)**
Reversal	**(10,045)**	**(29,045)**	**-**	**(3,840)**	**(42,930)**
At 31 December	**22,557**	**250,354**	**15,516**	**6,643**	**295,070**
2017					
Restated					
Non-current					
At 1 January/31 December	19,953	-	65,909	-	85,862
Current					
At 1 January	18,873	190,572	4,545	83,843	297,833
Additions	9,362	188,766	3,290	46,046	247,464
Utilisation	(839)	(96,494)	-	(93,324)	(190,657)
Reversal	-	(38,045)	-	(5,833)	(43,878)
At 31 December	27,396	244,799	7,835	30,732	310,762

(a) Provision for public infrastructure

Provision for public infrastructure comprises anticipated cost to be incurred for the obligation to complete the infrastructure for development projects.

(b) Provision for construction costs

Provision for construction costs comprises estimated final claims by contractors which have not been finalised.

(c) Provision for foreseeable losses

This relates to anticipated losses to be incurred for the development of low cost housing under the requirement of the local Government.

(d) Other provisions

Other provisions mainly include provision for liquidated ascertained damages, which refers to liquidated ascertained damages expected to be claimed by the customers based on the terms of the applicable sale and purchase agreements.

35. PAYABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Trade payables and accruals	(i)	**515,172**	691,494	**-**	-
Amount due to immediate holding company	(ii)	**44,143**	29,897	**20,471**	9,915
Amounts due to related parties	(ii)	**9,658**	5,105	**-**	-
Other payables and accruals	(iii)	**282,897**	231,177	**45,289**	42,921
		851,870	957,673	**65,760**	52,836
Analysed into:					
Non-current		**6,080**	63,528	**-**	-
Current		**845,790**	894,145	**65,760**	52,836
		851,870	957,673	**65,760**	52,836

The normal trade credit terms granted to the Group range from 30 to 60 days (2017: 30 to 60 days).

(i) Included in trade payables and accruals is an amount of RM72.6 million (2017: RM166.2 million) representing accrued project development cost.

(ii) Amounts due to immediate holding company and related parties are unsecured and non-interest bearing with credit terms of 30 days (2017: 30 days).

(iii) Other payables and accruals

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Sundry creditors*	**159,511**	86,937	**11,975**	3,809
Deposits received**	**23,264**	56,276	**84**	84
Accruals	**76,179**	54,949	**18,523**	20,893
Employee benefits	**23,943**	33,015	**14,707**	18,135
	282,897	231,177	**45,289**	42,921

* Included in the sundry creditors of the Group in the current financial year is an amount of GST payable to the Australian Taxation Office amounting RM97.5 million (2017: RMNil).

** Included in deposits received of the Group in the previous financial year is an amount of RM31.0 million representing a deposit paid by a land purchaser.

36. DEFERRED INCOME

Unrealised profit

	Group	
	2018 RM'000	**2017 RM'000 Restated**
At 1 January	**152,111**	152,286
Realised during the year	**(247)**	(175)
At 31 December	**151,864**	152,111

The Group completed the land sales to an associate and a joint venture in previous years. The profit recognised from the sales of land by the Group to the companies is eliminated to the extent of the Group's interests in the companies.

Accordingly, the Group recognises the excess of the unrealised profit over the carrying value of the associate or the joint venture as deferred income. The deferred income is realised to the statement of profit or loss over the period when the underlying asset of the associate or the joint venture is realised or disposed.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency and market price risk. The Group's overall risk management strategy seeks to minimise the adverse effect from the unpredictability of economy on the Group's financial performance.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation and trading. The Group only undertakes hedging instruments where appropriate and cost-efficient.

To ensure a sound system of internal controls, the Board Governance and Risk Committee ("the BGRC") has established the Risk Management Framework for the Group.

The Risk Management Framework of the Group encompasses effective policies, objectives and clear lines of responsibilities and accountabilities. The framework provides clear guidelines on the following:

- Objectives of Risk Management;
- Enterprise Risk Management Principles;
- Governance Structure and Responsibilities;
- Risk Management Process; and
- Risk Assessment Approach.

In implementing this framework, a Risk Management Committee ("RMC") comprising the senior management from various functional responsibilities is set up to assist the BGRC in carrying out its responsibilities. The BGRC is established by the Board to assist the Board in ensuring a sound and robust Risk Management Framework and its implementation to enhance the Group's corporate governance practices with focus on risk issues and its mitigations. The Group Managing Director/Chief Executive Officer is the Chairman of the RMC. The RMC will deliberate on significant risks faced by the Group and reports the results of these risks to the BGRC, which assist the Board of Directors in deliberating on the identified risks and ensuring the implementation of appropriate systems and controls to manage these risks.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

The policies for controlling these risks where applicable are set out below:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Generally, the Group does not require collateral in respect of its financial assets. The Group is not duly exposed to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument except as disclosed in Note 23. Furthermore, for property development in Malaysia, the developer has the option to terminate the sale and purchase agreement in the event of default by the purchaser.

The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statements of financial position. The Group's main financial assets are its receivables. Ageing analysis is disclosed in Note 23(vii).

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or group of receivables except for the dividend receivable from subsidiaries representing 95% (2017: 94%) of the total gross receivables and amount owing by a subsidiary representing 54% (2017: 59%) of the total gross amounts due from subsidiaries as disclosed in Note 23 and Note 25 respectively.

The following are the carrying amounts of the financial instruments of the Group and the Company at reporting date:

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Financial assets				
Receivables				
- Non-current (Note 23)	**113,434**	122,598	**-**	-
- Current*	**825,734**	693,431	**125,308**	114,658
Amounts due from subsidiaries				
- Non-current (Note 25)	**-**	-	**2,311,808**	2,385,237
- Current (Note 25)	**-**	-	**722,096**	677,845
Amounts due from associates (Note 15(b))	**1,537**	577	**970**	130
Interests in joint ventures				
- Amounts due from joint ventures (Note 16(a))	**165,889**	167,889	**-**	-
Amounts due from joint ventures				
- Non-current (Note 16(b))	**257,149**	245,581	**97,066**	81,507
- Current (Note 16(b))	**79,144**	108,694	**32,323**	64,995
Derivative asset	**15,956**	-	**-**	-
Short term investments (Note 26)	**49,741**	125,197	**49,734**	125,190
Cash, bank balances and deposits (Note 19)	**1,078,601**	808,004	**121,219**	6,523
	2,587,185	2,271,971	**3,460,524**	3,456,085

* Trade and other receivables excluding prepayment and tax recoverable.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group and the Company maintain a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments. When nescessary, the Group and the Company entered into a currency swap to hedge the exposure to currency risk. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level and short-term imbalances are addressed by buying or selling foreign currencies at spot rates.

The table below shows currency exposures of the Group and the Company, i.e. those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the statements of profit or loss. Such exposures comprise the monetary assets and monetary liabilities of the Group and the Company that are not denominated in the operating currency of the operating units involved.

	Functional currency of Group		Functional currency of Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Canadian Dollar ("CAD")	**113,734**	31,880	**104,953**	-
Singapore Dollar ("SGD")	**6**	58	**-**	-
South African Rand ("ZAR")	**24,459**	27,868	**-**	-
Australian Dollar ("AUD")	**-**	(790,841)	**-**	-
United States Dollar ("USD")	**16,448**	16,121	**-**	-
Ringgit Malaysia ("RM")*	**(390,256)**	-	**-**	-
	(235,609)	(714,914)	**104,953**	-

The following table demonstrates the sensitivity of the Group's and the Company's profit after tax to a reasonably possible change in the CAD, SGD, ZAR, AUD, USD and RM exchange rates against the respective functional currencies of the Group's entities and the Company, with all other variables held constant.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CAD/RM (strengthened 5%)	**4,322**	1,693	**3,988**	-
SGD/RM (strengthened 5%)	**-**	2	**-**	-
ZAR/RM (strengthened 5%)	**929**	1,059	**-**	-
AUD/RM (strengthened 5%)	**-**	(30,052)	**-**	-
USD/RM (strengthened 5%)	**625**	613	**-**	-
RM/AUD (strengthened 5%)*	**(14,124)**	-	**-**	-

* Only applicable on an Australian subsidiary with AUD as its functional currency.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash-convertible investments to meet its working capital requirements.

In addition, the Group's objective is to maintain a balance of cost of funding and flexibility through the use of credit facilities, short- and long-term borrowings. Short-term flexibility is achieved through credit facilities and short-term borrowings. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short-term funding so as to achieve the Group's objective.

The total financial liabilities of the Group and of the Company carried at amortised cost are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Trade and other payables	**851,870**	957,673	**65,760**	52,836
Borrowings	**4,683,501**	4,219,742	**2,862,000**	2,957,000
Amounts due to subsidiaries	**-**	-	**7,452**	114,743
	5,535,371	5,177,415	**2,935,212**	3,124,579

The analysis of financial liabilities maturity profile of the Group and of the Company, based on undiscounted amounts is disclosed as follows:

	2018			
	Within 1 year RM'000	2 to 5 years RM'000	5 years and above RM'000	Total RM'000
Group				
Trade and other payables	**845,790**	**6,080**	**-**	**851,870**
Loans and borrowings	**2,479,643**	**2,316,371**	**415,116**	**5,211,130**
Corporate guarantee**	**55,777**	**-**	**-**	**55,777**
	3,381,210	**2,322,451**	**415,116**	**6,118,777**
Company				
Trade and other payables	**65,760**	**-**	**-**	**65,760**
Loans and borrowings	**683,012**	**2,207,854**	**415,116**	**3,305,982**
Corporate guarantee**	**1,512,425**	**-**	**-**	**1,512,425**
Amounts due to subsidiaries	**7,452**	**-**	**-**	**7,452**
	2,268,649	**2,207,854**	**415,116**	**4,891,619**

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and cash flow risk (cont'd.)

(cont'd.)

	2017			
	Within 1 year RM'000	2 to 5 years RM'000	5 years and above RM'000	Total RM'000
Group (restated)				
Trade and other payables	894,145	63,528	-	957,673
Loans and borrowings	1,652,872	2,365,521	680,607	4,699,000
	2,547,017	2,429,049	680,607	5,656,673
Company				
Trade and other payables	52,836	-	-	52,836
Loans and borrowings	1,280,395	1,400,626	680,607	3,361,628
Corporate guarantee**	107,316	744,891	104,615	956,822
Amounts due to subsidiaries	114,743	-	-	114,743
	1,555,290	2,145,517	785,222	4,486,029

** Based on the maximum amount that can be called for under the corporate guarantees. No default has occurred as at the end of the financial year.

Hedging activities

The Group has entered into hedging activities as follows:

(i) The Group has entered into a profit rate swap to hedge the cash flow risk in relation to the floating interest rate of a borrowing denominated in AUD as disclosed in Note 33(d)(ii). The profit rate swap has the same nominal value of RM438,405,000 (2017: RM474,504,000) and is settled every quarter, consistent with the interest repayment schedule of the borrowings.

(ii) The Group has entered into Cross Currency Swap-i, a currency rate swap contract together with CMF-3 to hedge the foreign currency risk in relation to the drawdown of USD45 million, which shall not exceed cash received from drawdown of AUD55 million. Details of CMF-3 are disclosed in Note 33(d)(iv).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and cash flow risk (cont'd.)

Hedging activities (cont'd.)

Details of derivative financial instruments outstanding are as follows:

	Contractual amount RM'000	Fair value RM'000
Group		
At 31 December 2018		
Profit rate swap	**438,405**	**(910)**
Currency swap	**160,749**	**15,956**
	599,154	**15,046**
At 31 December 2017		
Profit rate swap	474,504	(3,037)
Currency swap	173,985	(1,614)
	648,489	(4,651)

The fair value gain/(loss) of RM19,697,000 (2017: (RM4,428,000)) was recognised in OCI.

(d) Interest rate risk

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The average interest rates per annum on the financial assets and liabilities as at the reporting date were as follows:

	Group	
	2018 %	2017 %
Financial assets		
Floating rate	**1.81%**	1.25%
Financial liabilities		
Fixed rate	**4.90%**	4.74%
Floating rate	**4.41%**	4.42%

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Interest rate risk (cont'd.)

The average interest rates per annum on the financial liabilities can be further analysed as follows:

	Group	
	2018 %	2017 %
Financial liabilities		
Loan from immediate holding company	**4.85%**	4.75%
Commodity Murabahah Finance	**4.33%**	4.04%
Term loans	**4.14%**	4.55%
Revolving credits	**4.89%**	4.63%
Bank overdraft	**7.74%**	7.49%
IMTN	**4.99%**	4.81%
Structured commodity	**-**	6.37%

At the reporting date, if the interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit after tax will be higher/lower by approximately RM1,191,000 (2017: RM818,000) as a result of lower/higher interest expense on borrowings.

(e) Market risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate as a result of changes in market prices (other than interest or exchange rates). The Group's exposure to market price risk is minimal as the Group's investment in quoted equity instruments is small compared to its total assets.

38. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2018 RM'000	2017 RM'000
Paid/payable to UEM:		
- Facility and maintenance fees	**(2,895)**	(7,042)
- Rental	**(5,595)**	(5,851)
- Management fees payable	**(3,258)**	(4,028)
- Information technology shared cost	**(5,834)**	(3,317)
- Interest on loan	**(2,679)**	(2,470)
- Training fees	**(204)**	(237)

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(a) (cont'd.)

	Group	
	2018 RM'000	**2017 RM'000**
Paid/payable to UEM Sunrise Edgenta TMS Sdn. Bhd., an associate:		
- Facility and maintenance fees	**(12,280)**	(11,168)
- Management fees	**(3,157)**	(5,832)
Rental paid/payable to a subsidiary of UEM:		
- First Impact Sdn. Bhd.	**(473)**	(768)
Realisation of land sales to joint ventures:		
- Horizon Hills Development Sdn. Bhd.	**5,082**	4,656
- Malaysian Bio-XCell Sdn. Bhd.	**160**	319
Paid/payable to Telekom Malaysia Berhad, Khazanah Group's associate company:		
- UniFi building services	**(917)**	(4,095)
- Smart building services	**(4,991)**	(3,039)
- ICT support services	**-**	(195)
Interest income from joint ventures:		
- Desaru South Course Residences Sdn. Bhd.	**4,965**	3,061
- Desaru North Course Residences Sdn. Bhd.	**2,901**	2,116
- Sime Darby Sunrise Development Sdn. Bhd.	**2,568**	1,428
- Nusajaya Lifestyle Sdn. Bhd.	**724**	1,157
- Nusajaya Consolidated Sdn. Bhd.	**579**	586
- Desaru South Course Land Sdn. Bhd.	**86**	62
Management fees received/receivable from joint ventures:		
- Nusajaya Tech Park Sdn. Bhd.	**275**	916
- Cahaya Jauhar Sdn. Bhd.	**420**	420
- Nusajaya Premier Sdn. Bhd.	**919**	-
Management fees received/receivable from a Khazanah Group's joint venture:		
- M+S Pte. Ltd.	**3,796**	12,228
Professional services rendered by firms related to directors of the Company:		
- Nawawi Tie Leung group of companies	**(272)**	(437)
- KPK Quantity Surveyors (Semenanjung) Sdn. Bhd.	**(114)**	(120)

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(a) (cont'd.)

	Group	
	2018 RM'000	**2017 RM'000**
Sales of properties to:		
- Director of UEM	**-**	4,727
- Key management personnel of UEM	**-**	1,267
- Directors of the Company	**2,640**	6,541
- Directors of subsidiaries of the Company	**8,194**	5,206
- Key management personnel of the Company*	**-**	2,486
- Director of UEM Sunrise Edgenta TMS Sdn. Bhd.	**-**	1,244

* Excluding transactions with key management personnel who are also directors of the Company and its subsidiaries.

	Company	
	2018 RM'000	**2017 RM'000**
Dividend from subsidiaries	**128,400**	110,000
Management fees from subsidiaries	**72,233**	41,816
Interest income from subsidiaries	**130,612**	116,812
Interest income from joint ventures	**7,952**	6,989
Paid/payable to UEM:		
- Information technology shared cost	**(5,834)**	(3,317)
- Training fees	**(34)**	(75)
Rental paid/payable to a subsidiary	**(1,270)**	(2,756)
Paid/payable to UEM Sunrise Edgenta TMS Sdn. Bhd., an associate:		
- Facility and maintenance fees	**(414)**	(1,630)
Rental paid/payable to a subsidiary of UEM:		
- First Impact Sdn. Bhd.	**(416)**	(2)

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(a) (cont'd.)

Related parties refer to:

- subsidiaries, associates and joint ventures of the Company and their subsidiaries;
- Khazanah Nasional Berhad, the ultimate holding company, its subsidiaries and associates excluding subsidiaries of the Company;
- those companies controlled, jointly controlled and significantly influenced by the Government of Malaysia, other than those mentioned above;
- directors and key management personnel having authority and representation for planning, directing and controlling the activities of the Company and their close family members;
- enterprises owned by directors and key management personnel; and
- enterprises that have a member of key management in common with the Company.

The directors are of the opinion that all the transactions above have been entered into in the normal course of the business and have been established on mutually agreed terms and conditions.

(b) The remuneration of members of key management personnel during the financial year is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries and other emoluments	**9,417**	7,339	**7,649**	3,618
Employee share option scheme	**-**	(69)	**-**	(63)
Bonus	**2,560**	729	**2,323**	351
Defined contribution plan	**1,561**	1,153	**1,362**	563
Benefits-in-kind	**1,588**	856	**1,488**	543
Ex-gratia	**273**	-	**254**	-
	15,399	10,008	**13,076**	5,012
Included in compensation of key management personnel are directors' remuneration (Note 5(i))	**2,016**	1,589	**2,016**	1,589

39. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Corporate guarantees issued to bank for credit facilities granted to:				
- joint ventures	**53,010**	-	**-**	-
- subsidiaries	**-**	-	**1,146,458**	891,974
Undertaking issued to bank for credit facility granted to a subsidiary	**-**	-	**322,356**	12,680
	53,010	-	**1,468,814**	904,654

(a) Income tax assessment

On 3 October 2011, BND, a subsidiary of the Company which was held through its wholly-owned subsidiary, UEM Land, received a notice of additional assessment from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively in respect of the year of assessment 2006.

On 4 September 2012, the Kuala Lumpur High Court ("KLHC") ruled in favour of BND and declared that IRB had no legal basis to raise the additional assessment. Following the decision held by the KLHC, IRB had filed an appeal to the Court of Appeal ("CoA") against the decision made.

The CoA, having heard and considered the submissions by both parties on 19 and 20 May 2014, unanimously decided that there were no merits in the appeal by IRB and thus agreed with the decision of KLHC which ruled in favour of BND. IRB had on 18 June 2014 filed an application for leave to the Federal Court ("FC") to appeal against the decision of CoA.

On 18 October 2016, the FC reversed the decisions of the CoA and the KLHC and ordered that BND appeal by way of filing a notice of appeal to the Special Commissioners of Income Tax ("SCIT"). The FC's decision resulted in the Form JA issued by the IRB dated 22 September 2011 totalling RM73.8 million to become due and payable within 30 days of which was paid in full on 5 December 2016.

Subsequent to the FC's decision, on 25 and 26 October 2016, BND filed the Form Q to the IRB. The Form Q was rejected by the IRB on 25 and 26 October 2016 respectively. On 10 November 2016, BND filed a notice for extension of time to file the Form Q ("Form N") which was rejected by the IRB on 8 February 2017.

A judicial review application against the rejection of Form Q was filed on 17 January 2017. In addition to the judicial review, BND filed a written representation directly to the SCIT requesting the approval to file the Form Q. The SCIT granted their approval on 3 March 2017. Vide a letter dated 21 March 2017, the IRB confirmed the receipt of BND's Form Q dated 20 March 2017. The IRB had 12 months from the date of receipt of Form Q to review and present it to the SCIT. The judicial review application was withdrawn by BND on 17 May 2017 given that the IRB did not appeal against the decision of the SCIT.

Vide a letter dated 14 March 2018, the IRB served the Form Q to the SCIT. Case management was fixed before the SCIT on 18 May 2018. Further to the case management, the SCIT fixed this matter for hearing on 14 and 15 September 2021. Upon the hearing of this case, BND's solicitors can then proceed to present the merits of the case to the SCIT. BND's solicitors are of the view that BND has a strong case to argue that the IRB has no legal or factual basis to issue the notice of additional assessment nor there is legal or factual basis for the IRB to impose the penalty.

39. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

(b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman Sdn. Bhd. ("Setia Haruman" or "the 1st Defendant"). UEM Land is cited as the 9th Defendant in the Claim.

The Claim seeks, amongst others, for:

(i) a declaration that the 2nd to 9th Defendants respectively had managed and conducted the affairs of the 1st Defendant and/or exercised their powers oppressively and/or disregarded and/or acted in a manner unfairly prejudicial to the interest of the Plaintiffs as members of Setia Haruman pursuant to Section 346 of the Companies Act 2016; and

(ii) an order that the 2nd to the 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impressive Circuit Sdn. Bhd. ("Impressive Circuit") at such price and on such terms as shall be determined by the Honourable Court.

On 25 April 2018, UEM Land had successfully applied to strike out Datuk Kasi A/L K.L. Palaniappan ("Datuk Kasi"), the First Plaintiff in the suit, as a party in the Claim. The remaining Plaintiff in the suit, Impresive Circuit, successfully added two other Defendants in the suit namely Menara Embun Sdn. Bhd. and Modern Eden Sdn. Bhd..

On 20 June 2018, Datuk Kasi and the 2nd to 6th Defendants have respectively filed their appeal to the Court of Appeal against the High Court's ("HC") decision on 25 April 2018. Datuk Kasi is appealing against the HC's decision in allowing the 7th to 9th Defendants Striking Out and Misjoinder application, striking Datuk Kasi out as a party. The 2nd to 6th Defendants are appealing against the dismissal of their application to strike themselves out as parties to the action by the HC.

UEM Land denies allegations made by the Plaintiffs and will be vigorously defending the Claim and is seeking advice from its solicitors to that end. Based on the foregoing, at this juncture, the Claim has no material financial and operational impact to the Group and the Company. The Company's solicitor is of the view that UEM Land has a reasonably good chance of success in defending the Plaintiffs' case against UEM Land.

(c) The Company and its subsidiaries have been subjected to a non-specific investigative audit as of February 2018. To date, there has been no official indication from IRB that the Company or its subsidiaries are subject to any tax liabilities arising from the aforesaid investigative audit. All ascertained tax exposure is disclosed in the financial statements.

40. CAPITAL COMMITMENTS

	Group	
	2018 RM'000	2017 RM'000
In respect of purchase of property, plant and equipment, and investment property:		
Approved and contracted for	**25,150**	35,389
Approved but not contracted for	**372,008**	399,110
	397,158	434,499

40. CAPITAL COMMITMENTS (CONT'D.)

In respect of the subscription of shares for land acquisition

On 13 April 2018, Sunrise Berhad ("SB"), a wholly-owned subsidiary of the Company, entered into a Shareholder's Subscription Agreement ("SSA") with Mega Legacy Equity Sdn. Bhd. ("MLE") and Mega Legacy (M) Sdn. Bhd. ("MLM") for a total subscription price of RM279.3 million ("Subscription Price"), and a Sale and Purchase Agreement ("SPA") between MLM and Datuk Bandar Kuala Lumpur ("DBKL") for the acquisition of ten (10) parcels of 99-year leasehold land measuring approximately 72.73 acres in Mukim Batu, Wilayah Persekutuan from DBKL for a purchase consideration of RM416.4 million.

SB will subscribe to 500,001 ordinary shares on MLM at the Subscription Price within 14 days from the date that all conditions precedent are met ("Effective Date"), subject to the fulfillment of the conditions precedent to be fulfilled within six (6) months from the SSA date or such other period mutually agreed by SB, MLE and MLM.

The Subscription Price will be paid on a staggered basis with the first payment made upon execution of the SSA while the final payment will be made within 12 months from the date of the SSA or (6) months from the Effective Date, whichever is later.

41. FAIR VALUES

The following are fair value of financial instruments by classes:

	2018		2017	
	Carrying amount RM'000	Fair values (Level 3) RM'000	Carrying amount RM'000	Fair values (Level 3) RM'000
Group				
Borrowings (non-current portion)	**2,394,812**	**2,376,419**	2,734,228	2,728,520
Company				
Borrowings (non-current portion)	**2,300,000**	**2,281,607**	1,800,000	1,794,292

As stipulated in Amendments to FRS 7: *Improving Disclosure about Financial Instruments,* the Group and the Company are required to classify fair value measurement using a fair value hierarchy. The fair value hierarchy would have the following levels:

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

41. **FAIR VALUES (CONT'D.)**

The following table presents the Group's and the Company's other financial assets and financial liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2018:				
Assets				
Group				
Derivative asset:				
Currency swap	**-**	**15,956**	**-**	**15,956**
Short term investments:				
Financial assets at fair value through other comprehensive income	**7**	**-**	**-**	**7**
Financial asset at fair value through profit or loss	**-**	**49,734**	**-**	**49,734**
	7	**65,690**	**-**	**65,697**
Company				
Short term investment:				
Financial asset at fair value through profit or loss	**-**	**49,734**	**-**	**49,734**
Liabilities				
Group				
Derivative liability:				
Profit rate swap	**-**	**(910)**	**-**	**(910)**
	-	**(910)**	**-**	**(910)**
At 31 December 2017:				
Assets				
Group				
Short term investments:				
Financial assets at fair value through other comprehensive income	7	-	-	7
Financial asset at fair value through profit or loss	-	125,190	-	125,190
	7	125,190	-	125,197
Company				
Short term investment:				
Financial asset at fair value through profit or loss	-	125,190	-	125,190
Liabilities				
Group				
Derivative liabilities:				
Profit rate swap	-	3,037	-	3,037
Currency swap	-	1,614	-	1,614
	-	4,651	-	4,651

41. FAIR VALUES (CONT'D.)

Determination of fair values

The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximations of fair values:

Receivables (Note 23)
Payables (Note 35)

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair values due to their short-term nature.

(a) Borrowings (current)
The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(b) Unquoted debt securities and corporate bonds
Fair value is estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses, market rates of interest, prepayment rates and assumptions regarding market liquidity.

(c) Long term receivables/payables
Fair value of long term receivables/payables are based on discounting expected future cash flows at market incremental lending rate for the receivable/payable.

(d) Corporate guarantees
Fair value of all unexpired corporate guarantees given to bank for credit facilities granted to subsidiaries was assessed to be RMNil (2017: RMNil) at the inception of issuance of the guarantees due to the likelihood of the guaranteed party defaulting is nil within the guaranteed period.

Non financial instruments

The following table provides the fair value measurement hierarchy of the Group's assets.

Quantitative disclosures fair value measurement hierarchy for asset:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2018:				
Assets for which fair value are disclosed:				
Investment properties (Note 12)	**-**	**-**	**926,550#**	**926,550**
At 31 December 2017:				
Assets for which fair value are disclosed:				
Investment properties (Note 12)	-	-	919,110	919,110

There were no material transfers between Level 1, Level 2 and Level 3 during the financial year.

The fair value of investment properties as at 31 December 2018 excludes the fair value of recently completed properties with a total cost of RM96,678,000.

41. FAIR VALUES (CONT'D.)

Non financial instruments (cont'd.)

As at 31 December 2018, accredited independent valuers have been engaged to perform a valuation of the Group's properties. Depending on the types of properties, the independent valuers applied various valuation techniques.

Description of valuation techniques used and key inputs:

Properties	Valuation technique
Offices	Income approach
Car parks	Income and comparison approaches
Retail	Income and comparison approaches
Ferry terminal	Comparison and cost approaches

The income approach uses valuation techniques to convert estimated future amounts of cash flows or income to a single present value (discounted) amount. To this estimated future amounts of cash flows or income, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The comparison method seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of its depreciation and obsolescence to arrive at the depreciated building value.

42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

There are no externally imposed capital requirements.

43. SEGMENT INFORMATION

(a) Business unit segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

(i) Property development - development and sales of residential and commercial properties, as well as sales of lands;

(ii) Property investment - holds to earn rental income and/or capital appreciation including hotel operations; and

(iii) Others - investment holding, assets and facilities management, project management, harvesting, land leasing, other income, and other dormant companies.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments have been entered into a normal course of business and have been established on mutually agreed terms and conditions. The reported segment revenue, segment results and eliminations exclude intercompany dividends.

(b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in five geographical areas:

(i) Malaysia - the operations in this area are principally development and sales of residential and commercial properties, development of investment properties held to earn rental income and/or capital appreciation, assets and facilities management, project management, harvesting, land leasing, other income, and other dormant companies;

(ii) Canada - the operations in this area were principally development and sales of residential and commercial properties. In the current financial year, the Group has not been active in Canada;

(iii) Australia - the operations in this area are principally development and sales of residential and commercial properties;

(iv) Singapore - the operation in this area is principally project management; and

(v) South Africa - the operations in this area are principally development and sales of residential and commercial properties.

43. SEGMENT INFORMATION (CONT'D.)

Business Segment Information

At 31 December 2018	Property development RM'000	Property investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	1,935,840	60,972	47,174	-	2,043,986
Inter-segment revenue	-	1,513	85,913	(87,426)	-
Total revenue	1,935,840	62,485	133,087	(87,426)	2,043,986
Results					
Segment results	539,861	(15,148)	(9,349)	(39,409)	475,955
Finance costs	(85,646)	(18,816)	(35,913)	39,409	(100,966)
Share of results of associates	5,039	-	(1,266)	-	3,773
Share of results of joint ventures	50,542	(1,790)	(11,130)	-	37,622
Profit/(loss) before zakat and income tax	509,796	(35,754)	(57,658)	-	416,384
Zakat	(5,210)	-	-	-	(5,210)
Tax expense	(129,083)	(45)	(1,228)	-	(130,356)
Profit/(loss) for the year	375,503	(35,799)	(58,886)	-	280,818
Attributable to:					
Owners of the parent	375,503	(35,799)	(59,371)	-	280,333
Non-controlling interests	-	-	485	-	485
Profit/(loss) for the year	375,503	(35,799)	(58,886)	-	280,818
Assets					
Segment assets	11,846,449	899,860	324,942	(611,807)	12,459,444
Interests in:					
- associates	494,429	-	6,206	-	500,635
- joint ventures	892,554	114,232	53,416	-	1,060,202
Income tax assets	113,102	1,629	2,501	-	117,232
Total assets	13,346,534	1,015,721	387,065	(611,807)	14,137,513
Liabilities					
Segment liabilities	6,391,739	711,082	143,463	(611,807)	6,634,477
Income tax liabilities	48,646	-	234	-	48,880
Total liabilities	6,440,385	711,082	143,697	(611,807)	6,683,357
Other information					
Additions to non-current assets	306,586	71,588	20,373	-	398,547
Depreciation and amortisation	(7,342)	(15,898)	(3,739)	-	(26,979)

43. SEGMENT INFORMATION (CONT'D.)

Business Segment Information (cont'd.)

At 31 December 2017 Restated	Property development RM'000	Property investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	1,748,823	55,819	55,969	-	1,860,611
Inter-segment revenue	-	827	52,280	(53,107)	-
Total revenue	1,748,823	56,646	108,249	(53,107)	1,860,611
Results					
Segment results	277,743	1,828	(5,277)	(25,072)	249,222
Finance costs	(82,772)	(16,709)	(16,737)	25,072	(91,146)
Share of results of associates	14,090	-	(859)	-	13,231
Share of results of joint ventures	41,808	(2,778)	(16,198)	-	22,832
Profit/(loss) before zakat and income tax	250,869	(17,659)	(39,071)	-	194,139
Zakat	(2,744)	-	-	-	(2,744)
Tax expense	(85,061)	50	704	-	(84,307)
Profit/(loss) for the year	163,064	(17,609)	(38,367)	-	107,088
Attributable to:					
Owners of the parent	163,064	(17,609)	(39,890)	-	105,565
Non-controlling interests	-	-	1,523	-	1,523
Profit/(loss) for the year	163,064	(17,609)	(38,367)	-	107,088
Assets					
Segment assets	11,498,031	796,495	213,406	(593,437)	11,914,495
Interests in:					
- associates	495,234	-	5,151	-	500,385
- joint ventures	891,720	90,172	74,504	-	1,056,396
Income tax assets	169,083	1,674	4,218	-	174,975
Total assets	13,054,068	888,341	297,279	(593,437)	13,646,251
Liabilities					
Segment liabilities	6,117,533	652,836	148,887	(593,437)	6,325,819
Income tax liabilities	54,504	-	570	-	55,074
Total liabilities	6,172,037	652,836	149,457	(593,437)	6,380,893
Other information					
Additions to non-current assets	218,805	80,704	10,511	-	310,020
Depreciation and amortisation	(7,978)	(15,859)	(1,390)	-	(25,227)

43. SEGMENT INFORMATION (CONT'D.)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2018 RM'000	2017 RM'000 Restated
Malaysia	**1,377,583**	1,472,930
Canada	**-**	375,331
Australia	**661,840**	-
Singapore	**4,563**	12,350
	2,043,986	1,860,611

	Non-current assets	
	2018 RM'000	2017 RM'000 Restated
Malaysia	**8,510,663**	8,231,171
Australia	**149,969**	71,607
South Africa	**16,930**	22,049
Singapore	**1,971**	21
	8,679,533	8,324,848

44. SUBSIDIARIES

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
Nusajaya Five O Sdn. Bhd.	Provision of security services	Malaysia	**100**	100
Nusajaya Resort Sdn. Bhd.	Operator of clubhouse and restaurant	Malaysia	**100**	100
Sunrise Berhad	Property development and investment holding	Malaysia	**100**	100
UEM Land Berhad	Property development, property investment, project procurement and management, and strategic investment holding	Malaysia	**100**	100
UEM Sunrise (Australia) Sdn. Bhd.	Investment holding	Malaysia	**100**	100
UEM Sunrise (Canada) Sdn. Bhd.	Investment holding, property development and general trading	Malaysia	**100**	100
UEM Sunrise Management Services Sdn. Bhd.	Investment holding	Malaysia	**100**	100
UEM Sunrise Properties Sdn. Bhd.	Investment holding, property development and general trading	Malaysia	**100**	100
Subsidiaries of Sunrise Berhad				
Arcoris Sdn. Bhd.	Property investment and development	Malaysia	**100**	100
Ascot Assets Sdn. Bhd.	Property development	Malaysia	**100**	100
Aston Star Sdn. Bhd.	Property investment, development and construction	Malaysia	**100**	100
Aurora Tower at KLCC Sdn. Bhd.	Property development	Malaysia	**100**	100
Ibarat Duta Sdn. Bhd.	Property development	Malaysia	**100**	100
Laser Tower Sdn. Bhd.	Property development	Malaysia	**100**	100

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiaries of Sunrise Berhad (cont'd.)				
	Lembah Suria Sdn. Bhd.	Property development	Malaysia	**100**	100
	Lucky Bright Star Sdn. Bhd.	Property investment and development	Malaysia	**100**	100
	Milik Harta Sdn. Bhd.	Property development	Malaysia	**100**	100
	New Planet Trading Sdn. Bhd.	Property investment and development	Malaysia	**100**	100
	Prinsip Eramaju Sdn. Bhd.	Property development	Malaysia	**100**	100
	SCM Property Services Sdn. Bhd.	Provision of property management services	Malaysia	**100**	100
	Solid Performance Sdn. Bhd.	Property development	Malaysia	**100**	100
	Summer Suites Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Alliance Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Benchmark Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Century Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Innovations Sdn. Bhd.	Property development	Malaysia	**100**	100
#	Sunrise International Development Ltd.	Investment holding	The Cayman Islands	**100**	100
	Sunrise Landmark Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Mersing Sdn. Bhd.	Property development	Malaysia	**100**	100
	Sunrise Oscar Sdn. Bhd.	Investment holding	Malaysia	**100**	100
	Sunrise Overseas Corporation Sdn. Bhd.	Investment holding and provision of management services	Malaysia	**100**	100

44. SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
Subsidiaries of Sunrise Berhad (cont'd.)				
Sunrise Paradigm Sdn. Bhd.	Property development	Malaysia	**100**	100
Sunrise Pioneer Sdn. Bhd.	Property development	Malaysia	**100**	100
Sunrise Project Services Sdn. Bhd.	Property development and project management for property development projects	Malaysia	**100**	100
Sunrise Quality Sdn. Bhd.	Property development	Malaysia	**100**	100
Sunrise Region Sdn. Bhd.	Property development	Malaysia	**100**	100
Sunrise Sovereign Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Sun Victory Sdn. Bhd.	Property investment and development	Malaysia	**100**	100
Sunrise MS Pte. Ltd.	Provision of consultancy, advisory and technical services in relation to project development	Singapore	**100**	100
Sunrise Overseas (S) Pte. Ltd.	Promotion and management services relating to the Group's properties in Malaysia	Singapore	**100**	100
Sunrise Hospitality and Leisure Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	**100**	100
Saga Centennial Sdn. Bhd.	Ceased operations	Malaysia	**100**	100
Subsidiary of Sunrise Oscar Sdn. Bhd.				
Sunrise DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	**100**	100

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiary of Sunrise International Development Ltd.				
#	Sunrise Holdings S.àr.l.	Investment holding	The Grand Duchy of Luxembourg	**100**	100
	Subsidiary of Sunrise Holdings S.àr.l.				
* #	Canada Sunrise Development Corp.	Property investment and development	Canada	**100**	100
	Subsidiaries of Canada Sunrise Development Corp.				
* #	Canada Sunrise Developments (Richmond) Ltd.	Property investment and development	Canada	**100**	100
* # ^	0757422 B.C. Ltd.	Dissolved	Canada	**-**	100
	Subsidiaries of UEM Land Berhad				
	Aura Muhibah Sdn. Bhd.	Property development	Malaysia	**60**	60
	Bandar Nusajaya Development Sdn. Bhd.	Investment holding, property development, land trading and an agent for its subsidiaries	Malaysia	**100**	100
	Finwares Sdn. Bhd.	Investment holding	Malaysia	**100**	100
	Fleet Group Sdn. Bhd.	Investment holding	Malaysia	**100**	100
	Mahisa Sdn. Bhd.	Property development and undertakes construction and turnkey development contracts	Malaysia	**100**	100
	Marak Unggul Sdn. Bhd.	Dormant	Malaysia	**50**	50

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiaries of UEM Land Berhad (cont'd.)				
	Marina Management Sdn. Bhd.	Marina management and property management	Malaysia	**100**	100
	Nusajaya Development Sdn. Bhd.	Property development	Malaysia	**100**	100
@	Nusajaya Business Park Sdn. Bhd.	Dormant	Malaysia	**100**	100
*	Nusajaya Medical Park Sdn. Bhd.	Construct, manage and/or operate specialised buildings for long term lease and property development	Malaysia	**100**	100
	UEM Sunrise Overseas Corporation Sdn. Bhd.	Investment holding	Malaysia	**100**	100
@	UEM Sunrise Pacific Sdn. Bhd.	Ceased operations	Malaysia	**100**	100
**	Projek Usahasama Transit Ringan Automatik Sdn. Bhd.	Dissolved	Malaysia	**-**	100
	Hatibudi Nominees (Tempatan) Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	**100**	100
	UEM Sunrise Nusantara Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	**100**	100
	UEM Sunrise Ventures Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	**100**	100
	Subsidiaries of Bandar Nusajaya Development Sdn. Bhd.				
	Nusajaya Gardens Sdn. Bhd.	Land trading and investment holding	Malaysia	**100**	100
	Nusajaya Greens Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	**100**	100

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiaries of Bandar Nusajaya Development Sdn. Bhd. (cont'd.)				
	Nusajaya Heights Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	**100**	100
	Nusajaya Industrial Park Sdn. Bhd.	Property development	Malaysia	**100**	100
	Nusajaya Land Sdn. Bhd.	Property development	Malaysia	**100**	100
	Nusajaya Rise Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	**100**	100
	Nusajaya Seaview Sdn. Bhd.	Land trading and investment holding	Malaysia	**100**	100
	Symphony Hills Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	**100**	100
	Preferred Resources Sdn. Bhd.	In Members' Voluntary Winding Up	Malaysia	**70**	70
	Subsidiary of UEM Sunrise Nusantara Sdn. Bhd. (In Member's Voluntary Winding Up)				
	P.T. Bias Permata	Investment holding	Indonesia	**100**	100
	Subsidiary of UEM Sunrise Overseas Corporation Sdn. Bhd.				
*	UEM Sunrise South Africa (Pty) Ltd.	Investment holding	South Africa	**100**	100
	Subsidiary of UEM Sunrise South Africa (Pty) Ltd.				
*	Roc-Union (Proprietary) Ltd.	Investment holding	South Africa	**80.4**	80.4
	Subsidiary of Roc-Union (Proprietary) Ltd.				
*	Rocpoint (Proprietary) Ltd.	Acquisition and development of land	South Africa	**80.4**	80.4

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiaries of UEM Sunrise (Australia) Sdn. Bhd				
	UEM Sunrise (Land) Pty. Ltd.	Holding and financing company	Australia	**100**	100
	UEM Sunrise (Developments) Pty. Ltd.	Holding and financing company	Australia	**100**	100
	Subsidiaries of UEM Sunrise (Land) Pty. Ltd.				
#	UEM Sunrise (La Trobe Street) Pty. Ltd.	Trustee company	Australia	**100**	100
#	UEM Sunrise (Mackenzie Street) Pty. Ltd.	Trustee company	Australia	**100**	100
#	UEM Sunrise (St Kilda Road) Pty. Ltd.	Trustee company	Australia	**100**	100
	UEM Sunrise (La Trobe Street) Unit Trust	Landowning entity	Australia	**100**	100
	UEM Sunrise (Mackenzie Street) Unit Trust	Landowning entity	Australia	**100**	100
	UEM Sunrise (St Kilda Road) Unit Trust	Landowning entity	Australia	**100**	100
	Subsidiaries of UEM Sunrise (Developments) Pty Ltd				
	UEM Sunrise (La Trobe Street Development) Pty. Ltd.	Development company	Australia	**100**	100
	UEM Sunrise (Mackenzie Street Development) Pty. Ltd.	Development company	Australia	**100**	100
#	UEM Sunrise (St Kilda Road Development) Pty. Ltd.	Development company	Australia	**100**	100
#	UEM Sunrise (Aurora Melbourne Central Property Management) Pty. Ltd.	Property management services	Australia	**100**	-

44. SUBSIDIARIES (CONT'D.)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Subsidiaries of UEM Sunrise (Developments) Pty Ltd (cont'd.)				
#	UEM Sunrise (Conservatory Melbourne Property Management) Pty. Ltd.	Property management services	Australia	**100**	-
	Subsidiary of UEM Sunrise (Canada) Sdn. Bhd.				
#	UEM Sunrise (Canada) Development Ltd.	Real estate acquisition and development	Canada	**100**	100
	Subsidiaries of UEM Sunrise Management Services Sdn. Bhd.				
	UEM Sunrise Project Services Sdn. Bhd.	Project management for property development	Malaysia	**100**	100
	UEM Sunrise Nusajaya Property Services Sdn. Bhd.	Provision of property management services	Malaysia	**100**	100
	Subsidiaries of UEM Sunrise Properties Sdn. Bhd.				
	UEM Sunrise Nusajaya Properties Sdn. Bhd.	Property investment	Malaysia	**100**	100
	Nusajaya DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	**100**	100
	Opera Retreat Sdn. Bhd.	Property investment	Malaysia	**100**	100
	Puteri Harbour Convention Centre Sdn. Bhd.	Own and operate a convention centre	Malaysia	**100**	100

Note:
- * Subsidiaries not audited by Ernst & Young.
- ** The Company announced on 4 April 2018 that it received a copy of the Sealed Order dated 17 November 2017 which was filed with the High Court of Malaya on 15 December 2017 that the subsidiary was dissolved on 17 November 2017.
- # The financial statements of these subsidiary companies are audited for consolidation purposes.
- ^ The Company announced on 5 April 2018 that it received notification that the subsidiary was dissolved on 20 March 2018 under Section 422 of the British Columbia Business Corporations Act.
- @ During the financial year, the subsidiaries have submitted their applications to the Companies Commission of Malaysia ("CCM") to strike off their names from the register of CCM pursuant to Section 550 of the Companies Act 2016.

45. ASSOCIATES

	Name of associates	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	UEM Sunrise Edgenta TMS Sdn. Bhd.	Investment holding and management of real estate	Malaysia	**30**	30
	Associates of UEM Land Berhad				
*	Inneonusa Sdn. Bhd.	Provision of smart building infrastructure, smart safety and security system, smart in-building services and smart wide services including smart tenant services for building owners, operators, residents and visitors	Malaysia	**39**	39
*	Setia Haruman Sdn. Bhd.	Township development, property development, project development and sale of land	Malaysia	**25**	25
*	Scope Energy Sdn. Bhd.	Property development	Malaysia	**40**	40
	Sarandra Malaysia Sdn. Bhd.	Investment holding company, developers, builders, contractors and sub-divider of lands	Malaysia	**40**	40
	Associate of Rocpoint (Proprietary) Ltd.				
*	Durban Point Development Company (Proprietary) Ltd.	Property development	South Africa	**40.2**	40.2

Note:
* Associates not audited by Ernst & Young.

46. JOINT VENTURES

	Name of joint ventures	Principal activities	Country of incorporation	Effective interest 2018 %	Effective interest 2017 %
	Desaru North Course Residences Sdn. Bhd.	Property development	Malaysia	**51**	51
	Desaru South Course Land Sdn. Bhd.	Property development	Malaysia	**51**	51
	Desaru South Course Residences Sdn. Bhd.	Property development	Malaysia	**51**	51
	Nusajaya Premier Sdn. Bhd.	Property development and investment holding	Malaysia	**80**	80
	Nusajaya Lifestyle Sdn. Bhd.	Property and real estate development, management and property management	Malaysia	**55**	55
*	Malaysian Bio-XCell Sdn. Bhd.	Development and operation of a biotechnology park in the Southern Industrial Logistics Cluster in Iskandar Puteri, Iskandar Malaysia, Johor	Malaysia	**40**	40
	Joint ventures of UEM Land Berhad				
	Cahaya Jauhar Sdn. Bhd.	Undertake the turnkey design and build contract for the development of the Johor State New Administrative Centre (now known as Kota Iskandar) and State Government staff housing in Iskandar Puteri, Johor and provision of facilities maintenance and management services	Malaysia	**60**	60
*	Gerbang Leisure Park Sdn. Bhd.	Property development	Malaysia	**50**	50
	Horizon Hills Development Sdn. Bhd.	Property development	Malaysia	**50**	50

46. JOINT VENTURES (CONT'D.)

	Name of joint ventures	Principal activities	Country of incorporation	Effective interest 2018 %	2017 %
	Joint ventures of UEM Land Berhad (cont'd.)				
	Nusajaya Tech Park Sdn. Bhd.	Property development	Malaysia	**40**	40
*	Nusajaya Consolidated Sdn. Bhd.	Property development related activities and	Malaysia	**50**	50
*	Haute Property Sdn. Bhd.	Property development and property marketing	Malaysia	**40**	40
	FASTrack Iskandar Sdn. Bhd.	Property development and to develop, construct, operate and manage motorsport city with related facilities and services	Malaysia	**30**	30
	Joint ventures of Sunrise Berhad				
*	Sime Darby Sunrise Development Sdn. Bhd.	Property development	Malaysia	**50**	50
*	Sunrise MCL Land Sdn. Bhd.	Property development and property investment	Malaysia	**50**	50
	Joint venture of UEM Sunrise Properties Sdn. Bhd.				
*	UEM Sunrise WOTSO Malaysia Sdn. Bhd.	Provision of co-working, office and event space	Malaysia	**50**	-

Note:
* Joint ventures not audited by Ernst & Young.

47. RESTATEMENT OF COMPARATIVES

First time adoption of MFRS Framework

As disclosed in Note 2.2, the financial statements of the Group's and the Company's are the first annual financial statements prepared under the MFRS framework. Accordingly, the Group and the Company have applied MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards upon their adoption of the MFRS framework on 1 January 2018.

The preparation of the financial statements requires significant accounting estimates. The estimates as at 1 January 2017 and as at 31 December 2017 were consistent with those made for the same dates previously under FRS.

In the preparation of the Group's and the Company's opening MFRSs statements of financial position as at 1 January 2017, the amounts previously reported in accordance with the previous FRS framework have been adjusted for the financial effect of the adoption of the MFRS framework. The adjustments arising from the transition to MFRS for the consolidated financial statements are as those discussed below. There is no adjustment made to the separate financial statements of the Company.

The effect of the Group's adoption of MFRSs is as follows:

(a) <u>MFRS 9: Financial Instruments ("MFRS 9")</u>

MFRS 9 introduces amongst others, a single forward looking "expected loss" impairment model which requires entities to recognise loss allowance in anticipation of future losses rather than based on incurred basis.

The Group and the Company have assessed the impact of the adoption of MFRS 9 and concluded that the adoption does not have any significant impact to the financial performance or position of the Group and the Company.

(b) <u>MFRS 15: Revenue from Contracts with Customers ("MFRS 15")</u>

MFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. MFRS 15 supersedes the revenue recognition guidance including MFRS 118 : Revenue, MFRS 111 : Construction Contracts and the related interpretations. The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Details on the accounting policy with respect of revenue recognition is available in Note 2.4(m).

The Group adopts the new MFRS standards using the full retrospective method. The affected areas upon the application of the new standards are as follows:

(i) <u>Property development activities in Australia</u>

Under the previous FRS, the Group recognised property development revenue from property development activities in Australia over time based on the enforceability of the sales contract with the customers. Under the current MFRS 15, the property development revenue from Australia is recognised upon settlement, being the date at which control is transferred to customers.

(ii) <u>Sale of land</u>

Under the previous FRS, the Group recognised revenue from land sale upon the completion of condition precedents as stipulated in the sale and purchase agreement with the customers. Under the current MFRS 15, revenue is recognised when control is substantially transferred.

47. RESTATEMENT OF COMPARATIVES (CONT'D.)

First time adoption of MFRS Framework (cont'd.)

(b) MFRS 15: Revenue from Contracts with Customers ("MFRS 15") (cont'd.)

(iii) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Under the previous FRS, the Group accounted for the bundled sales as one deliverable and recognises revenue over time. Under the current MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on the standalone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(iv) Cost incurred in fulfilling a contract

Under the previous FRS, the Group expensed off sales commissions and free legal fees as these costs do not qualify for recognition as an asset under any of the other accounting standards. However, the sales commissions and free legal fees relate directly to contracts and are expected to be recovered in future for the services to be provided. Accordingly, under the current MFRS 15, these costs are eligible for capitalisation and recognised as assets. These costs is expensed to the cost of sales and net of revenue respectively when the performance obligation is satisfied.

(v) Recognition of provision for foreseeable losses for low cost/affordable housing and public infrastructure

Under the previous FRS, the Group recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities. The application of the above is in accordance to FRSIC Consensus 17: Development of Affordable Housing ("FRSIC 17") issued by Malaysian Institute of Accountants ("MIA").

As for the public infrastructure, under the previous FRS, the Group recognised the costs as and when incurred.

On 7 March 2018, MIA withdrew FRSIC 17 and stated that FRSIC 17 is no longer relevant for the adoption of MFRS framework. The Group is of the view that the expected costs for infrastructure attributable to a project should be accrued progressively as and when the inventories are constructed. The same treatment would apply for the cost incurred in excess of the net realisable value of the low cost/affordable houses which is to be included in the measurement of premium housing progressively as it relates to the obligation to the local government authorities. Accordingly, the initial full provision for foreseeable losses recognised based on the previous FRS is no longer applicable.

(vi) Presentation and disclosure requirements

MFRS 15 requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows. Contract assets and contract liabilities are introduced in lieu of accrued progress billings (previously in receivables) and billings in excess of revenue (previously in payables). Liquidated ascertained damages from contractors previously recognised as other income are now netted of cost of sales.

47. RESTATEMENT OF COMPARATIVES (CONT'D.)

First time adoption of MFRS Framework (cont'd.)

The effect of transition from FRSs to MFRSs on the comparative financial statements of the Group as follows:

(i) Reconciliation of the consolidated statement of financial position as at 1 January 2017:

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Transition into MFRS* RM'000	Restated under MFRS RM'000
Assets					
Land held for property development	4,019,581	(549,675)	b(v)	1,360,537	4,830,443
Interests in associates	492,391	(7,397)		-	484,994
Interests in joint ventures	1,079,753	1,763		-	1,081,516
Deferred tax assets	254,971	(15,583)	b(i), (iv)	-	239,388
Contract assets	-	2,437		-	2,437
Long term receivables	43,491	-		40,739	84,230
Other non-current assets	1,804,622	-		-	1,804,622
Total non-current assets	7,694,809				8,527,630
Property development costs	2,635,355	417,203	b(i), (v)	(1,360,537)	1,692,021
Contract assets	-	529,317	b(vi)	-	529,317
Receivables	1,710,027	(1,002,853)	b(i), (vi)	-	707,174
Other current assets	1,472,549	-		-	1,472,549
Total current assets	5,817,931				4,401,061
Asset held for sale	11,230	-		-	11,230
Total assets	13,523,970				12,939,921

47. RESTATEMENT OF COMPARATIVES (CONT'D.)

First time adoption of MFRS Framework (cont'd.)

(i) (cont'd.)

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Transition into MFRS* RM'000	Restated under MFRS RM'000
Equity					
Other reserves	152,020	26		-	152,046
Retained profits	1,539,257	815		-	1,540,072
Other equity	5,502,075	-		-	5,502,075
Total equity	7,193,352				7,194,193
Liabilities					
Deferred income	111,547	-		40,739	152,286
Provisions	930,222	(844,360)	b(iii), (v)	-	85,862
Deferred tax liabilities	203,668	-		-	203,668
Contract liabilities	-	310,193	b(iii)	-	310,193
Other non-current liabilities	2,500,370	-		-	2,500,370
Total non-current liabilities	3,745,807				3,252,379
Provisions	439,742	(141,909)	b(v)	-	297,833
Contract liabilities	-	88,465	b(iii)	-	88,465
Tax payable	49,799	(38,018)		-	11,781
Other current liabilities	2,095,270	-		-	2,095,270
Total current liabilities	2,584,811				2,493,349
Total liabilities	6,330,618				5,745,728
Total equity and laiabilities	13,523,970				12,939,921

(ii) Reconciliation of the consolidated statement of financial position as at 31 December 2017:

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Transition into MFRS* RM'000	Restated under MFRS RM'000
Assets					
Land held for property development	3,256,118	(533,230)	b(v)	1,715,871	4,438,759
Interests in joint ventures	1,052,977	3,419		-	1,056,396
Deferred tax assets	292,909	15,207	b(i), (ii), (iv)	-	308,116
Contract assets	-	4,798		-	4,798
Long term receivables	42,855	-		79,743	122,598
Other non-current assets	2,394,181	-		-	2,394,181
Total non-current assets	7,039,040				8,324,848

47. RESTATEMENT OF COMPARATIVES (CONT'D.)

First time adoption of MFRS Framework (cont'd.)

(ii) (cont'd.)

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Transition into MFRS* RM'000	Restated under MFRS RM'000
Property development costs	3,065,732	1,185,142	b(i), (ii), (iv), (v)	(1,715,871)	2,535,003
Contract assets	-	258,268		-	258,268
Receivables	2,640,463	(1,803,497)	b(i), (ii), (vi)	39,004	875,970
Other current assets	1,652,162	-		-	1,652,162
Total current assets	7,358,357				5,321,403
Total assets	14,397,397				13,646,251
Equity					
Other reserves	101,179	6,903		-	108,082
Retained profits	1,823,248	(173,705)		-	1,649,543
Other equity	5,507,733	-		-	5,507,733
Total equity	7,432,160				7,265,358
Liabilities					
Deferred income	111,372	-		40,739	152,111
Provisions	911,220	(825,358)	b(iii), (v)	-	85,862
Deferred tax liabilities	270,631	(40,512)	b(i), (iv)	-	230,119
Contract liabilities	-	298,078	b(iii)	-	298,078
Other non-current liabilities	2,802,407	-		-	2,802,407
Total non-current liabilities	4,095,630				3,568,577
Provisions	405,101	(94,339)	b(v)	-	310,762
Payables	888,590	5,555		-	894,145
Contract liabilities	-	66,821	b(iii)	-	66,821
Tax payable	90,402	(35,328)		-	55,074
Other current liabilities	1,485,514	-		-	1,485,514
Total current liabilities	2,869,607				2,812,316
Total liabilities	6,965,237				6,380,893
Total equity and laiibilities	14,397,397				13,646,251

The above changes did not have any impact on the cash flows of the Group and of the Company for the year ended 31 December 2017.

* During the transition into MFRS, majority of the reclassifications is related to the definition of operating cycles of the Group's township development. A township development typically comprises a number of phases which take many years before it is fully completed. Previously, a township development is considered as one operating cycle and hence its related costs were classified as current. Upon review, the Group concluded that each phase is one operating cycle on its own. Thus, related costs of phases with development activities yet to commence are now reclassified as non-current.

47. RESTATEMENT OF COMPARATIVES (CONT'D.)

First time adoption of MFRS Framework (cont'd.)

(iii) Reconciliation of the consolidated statement of profit or loss for the year ended 31 December 2017:

	Previously stated under FRS RM'000	Adoption of MFRS RM'000	Note	Restated under MFRS RM'000
Revenue	2,903,442	(1,042,831)	b(i), (ii), (iii), (iv)	1,860,611
Cost of sales	(2,082,730)	765,254	b(i), (ii), (iii), (iv)	(1,317,476)
Gross profit	820,712			543,135
Other income	74,579	(18,368)	b(iii), (vi)	56,211
Expenses	(392,502)	42,378	b(iv)	(350,124)
Operating profit	502,789			249,222
Finance costs	(91,146)	-		(91,146)
Share of results of associates	5,834	7,397	b(ii)	13,231
Share of results of joint ventures	21,176	1,656	b(iii), (iv)	22,832
Profit before zakat and income tax	438,653			194,139
Zakat	(2,744)	-		(2,744)
Income tax expense	(154,301)	69,994	b(i), (ii), (iii), (iv)	(84,307)
Profit for the year	281,608	(174,520)		107,088
Attributable to:				
Profit attributable to owners of the parent	280,085	(174,520)		105,565

(iv) Reconciliation of the consolidated statement of other comprehensive income for the year ended 31 December 2017:

Profit for the year	281,608	(174,520)		107,088
Other comprehensive expense to be reclassified to profit or loss in subsequent period:				
- Foreign currency translation differences of foreign operations	(36,698)	6,877		(29,821)
- Others	(5,370)	-		(5,370)
Total comprehensive income for the year	239,540			71,897
Total comprehensive income attributable to owners of the parent	237,969	(167,643)		70,326

(iv) There is no material impact on the consolidated statement of cash flows for the financial year ended 31 December 2017. The impact on basic and diluted EPS is as follows:

Basic earnings per share	(3.9) sen
Diluted earnings per share	(3.4) sen

Analysis of Shareholdings

As at 1 April 2019

SHARE CAPITAL

Total number of Issued and Paid-up Shares :	5,329,951,790 shares comprising 1. 4,537,436,037 ordinary shares 2. 792,515,753 redeemable convertible preference shares ("RCPS")
Voting Rights :	1. One vote per ordinary share held 2. RCPS have no voting rights other than those provided in the Constitution of UEM Sunrise Berhad

DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

As at 1 April 2019

Size of Holdings	No. of shareholders	%	Total shareholdings	%
Less than 100	2,940	9.22	100,577	0.00
100 to 1,000	9,469	29.69	5,021,138	0.11
1,001 to 10,000	14,163	44.40	61,416,278	1.35
10,001 to 100,000	4,585	14.37	140,114,541	3.09
100,001 to 226,871,800 (less than 5% of issued shares)	738	2.31	984,420,224	21.70
226,871,801 (5% of issued shares) and above	2	0.01	3,346,363,279	73.75
TOTAL	**31,897**	**100.00**	**4,537,436,037**	**100.00**

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

As at 1 April 2019

No.	Name of Shareholder	No. of Shares held	% of Issued shares
1.	UEM Group Berhad	2,997,491,779	66.06
2.	Urusharta Jamaah Sdn. Bhd.	348,871,500	7.69
3.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	207,588,718	4.58
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	58,395,500	1.29
5.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for The National Farmers Union Mutual Insurance Society Ltd.	42,517,600	0.94
6.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for Vanguard Emerging Markets Stock Index Fund	29,701,200	0.65
7.	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad (Par 3)	24,604,100	0.54
8.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for Vanguard Total International Stock Index Fund	20,651,940	0.46
9.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.	19,611,845	0.43

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONT'D.)

As at 1 April 2019

No.	Name of Shareholder	No. of Shares held	% of Issued shares
10.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	19,021,445	0.42
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt AN for AIA Bhd.	18,679,200	0.41
12.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	18,445,600	0.41
13.	Liew Swee Mio @ Liew Hoi Foo	17,300,000	0.38
14.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for Delaware Group Global & International Funds Delaware Emerging Markets Fund	17,000,000	0.38
15.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Malaysian ESG Opportunity Fund	15,915,500	0.35
16.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	13,777,700	0.30
17.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	12,835,400	0.28
18.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	12,288,100	0.27
19.	Amanahraya Trustees Berhad Public Savings Fund	11,850,300	0.26
20.	Citigroup Nominees (Asing) Sdn. Bhd. CBLDN for Polunin Emerging Markets Small Cap Fund, LLC	10,555,234	0.23
21.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	10,376,500	0.23
22.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNYM SA/NV for NFU Mutual Global Growth Fund	9,500,000	0.21
23.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Vcam Equity Fd)	9,222,100	0.20
24.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNYM SA/NV for NFU Mutual Global Developing Markets Fund	8,500,000	0.19
25.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore Bch)	8,229,601	0.18
26.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (RHBIslamic)	7,900,000	0.17
27.	Amanahraya Trustees Berhad Public Islamic Equity Fund	7,639,600	0.17
28.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund ZYEF for Vanguard Global Ex-U.S. Real Estate IndexFund	7,315,465	0.16
29.	Citigroup Nominees (Asing) Sdn. Bhd. Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	5,442,400	0.12
30.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNYM SA/NV for Delaware Investments Emerging Markets Fund (MACQ COL FD PLC)	5,356,162	0.12
	TOTAL	**3,996,584,489**	**88.08**

Analysis of Shareholdings

As at 1 April 2019

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

As at 1 April 2019

		No. of shares			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1.	UEM Group Berhad	2,997,491,779	66.06	-	-
2.	Khazanah Nasional Berhad*	-	-	2,997,491,779	66.06
3.	Urusharta Jamaah Sdn. Bhd.	348,871,500	7.69	-	-

Note:

* *Deemed interested by virtue of being the holding company of UEM Group Berhad.*

LIST OF RCPS HOLDER

As at 1 April 2019

No.	**Name**	**No. of preference shares**	**%**
1.	UEM Group Berhad	792,515,753	100.00

STATEMENT OF DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

As at 1 April 2019

DIRECTORS' INTERESTS IN THE SECURITIES OF UEM SUNRISE BERHAD

		No. of ordinary shares				No. of options*
No.	**Name**	**Direct**	**%**	**Indirect**	**%**	
1.	Tan Sri Dato' Sri Zamzamzairani Mohd Isa	-	-	-	-	-
2.	Anwar Syahrin Abdul Ajib	100,000	@	-	-	2,782,000
3.	Subimal Sen Gupta	-	-	-	-	-
4.	Dato' Noorazman Abd Aziz	-	-	-	-	-
5.	Zaida Khalida Shaari	-	-	-	-	-
6.	Lim Tian Huat	-	-	-	-	-
7.	Ungku Suseelawati Ungku Omar	-	-	-	-	-
8.	Tan Sri Dr Azmil Khalili Dato' Khalid	-	-	-	-	-
9.	Datin Teh Ija Mohd Jalil	-	-	-	-	-
10.	Christina Foo	-	-	-	-	-

Notes:

@ *Less than 0.01%.*

* *Options granted under the Employee Share Option Scheme ("ESOS") as approved by the shareholders at the Extraordinary General Meeting held on 7 March 2012. The ESOS shall be in force for a term of 7 years commencing 9 April 2012.*

Material Properties of UEM Sunrise Berhad Group

As at 31 December 2018

Location and address of property	Brief description and existing use	Area (sq meters)	Tenure and year of expiry	Age of building (years)	Net book value as at 31/12/2018 RM'000	Date of revaluation/ acquisition
Iskandar Puteri (fka Bandar Nusajaya) Iskandar Development Region Johor Darul Takzim	Land held for property development and development in progress	17,937,237	Freehold	-	2,351,946	1995
HSD 64677 PTD 108319 & HSD 64682 PTD 108325 GM 1408, LOT 1033 GM 1410, Lot 1080 Mukim Senai District of Kulai Johor Darul Takzim	Land held for property development	10,116,200	Freehold	-	899,188	6-Oct-15
Solaris Dutamas 1 Jalan Dutamas 1 50480 Kuala Lumpur	Building - Retail and Carpark	150,187	Freehold	8	398,498	25-Jul-11*
GM 4733 Lot 149 Seksyen 58 Bandar of Kuala Lumpur Daerah Kuala Lumpur	Land held for property development	6,434	Freehold	-	324,172	4-Jun-11*
Arcoris GM 9305 Lot 80199 Mukim Batu Daerah Kuala Lumpur	Hotel, Retail and Carpark	66,397	Freehold	1 (Hotel), 2 (Retail and Carpark)	325,228	20-Mar-12
PN 9988 Lot 1108 Pekan Kajang Daerah Ulu Langat Selangor Darul Ehsan	Land held for property development	136,205	99 years lease expiring on 22-Dec-2090	-	99,325	14-Jun-11*
PN 9989 Lot 1109 Pekan Kajang Daerah Ulu Langat Selangor Darul Ehsan	Land held for property development	98,329	99 years lease expiring on 22-Oct-2090	-	63,041	14-Jun-11*
PTD 4936-4955 and 7905 Mukim of Batang Padang Daerah Batang Padang Perak Darul Ridzuan	Agriculture land	9,710,241	Leasehold expiring on 18-Aug-2109	-	76,192	19-Aug-10
Aurora Retail 224-252 La Trobe Street Melbourne, Australia	Building - Retail	2,123	Freehold	1	96,678	24-Aug-18
PN 102216 Lot 93720 Mukim Petaling, Daerah Petaling Selangor Darul Ehsan	Land held for property development	77,864	Leasehold expiring on 18-Sep-2093	-	112,976	03-Feb-18
PTD 43305-43350, 43361-43437 44290-44505, 44520, 44533 Mukim Semenyih Daerah Ulu Langat Selangor Darul Ehsan	Land held for property development	1,365,433	Freehold	-	369,736	29-Sep-11

* *Revaluation date*

Recurrent Related Party Transactions

Each year during UEM Sunrise Berhad's ("UEM Sunrise" or the "Company") Annual General Meeting ("AGM"), the Company will obtain the approval of its shareholders for UEM Sunrise and/or its subsidiaries ("UEM Sunrise Group") to enter into recurrent related party transactions ("Recurrent Transactions") in their ordinary course of business, with certain related parties in order to comply with Chapter 10, paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Shareholders Mandates").

The Shareholders Mandates are for the period from the date of the upcoming AGM until the date of the next AGM.

The following is the breakdown of the aggregate value of the Recurrent Transactions that UEM Sunrise Group entered into with related parties during the financial year ended 31 December 2018 ("FY2018"):

A) UEM Sunrise Group receiving services and/or renting and/or acquiring land and/or land-based property from related parties.

No.	Company in UEM Sunrise Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at FY2018[1]	Nature of Transaction	Transacted Amount (RM)
1.	UEM Sunrise Group	UEM Group Berhad ("UEMG") and/or its subsidiaries ("UEMG Group")	Khazanah Nasional Berhad ("Khazanah"), UEMG, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Receipt of group wide ICT shared services	5,896,313
					Receipt of training and corporate advisory services	3,465,258
					Renting of office space, meeting rooms and other facilities	6,029,387
					Renting of parking space	18,620
					Receipt of electricity and air-conditioning facilities	17,917
					Total	**15,427,495**

[1] *Disclosed as per Circular to Shareholders dated 30 April 2018.*

[2] *Tan Sri Dato' Sri Zamzamzairani Mohd Isa ceased to be the nominee of UEMG and redesignated as Independent Non-Executive Chairman of UEM Sunrise's Board on 1 October 2018.*

[3] *Dato' Izzaddin Idris resigned from UEM Sunrise's Board on 1 October 2018.*

[4] *Dato' Noorazman Abd Aziz appointed to the UEM Sunrise's Board as a nominee of UEMG on 1 October 2018. He is a nominee of Khazanah on the Board of UEMG.*

No.	Company in UEM Sunrise Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at FY2018[1]	Nature of Transaction	Transacted Amount (RM)
2.	UEM Sunrise Group	UEM Edgenta Berhad ("UEM Edgenta") and/ or its subsidiaries ("UEM Edgenta Group")	Khazanah, UEMG, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Edgenta is a 69.14% subsidiary of UEMG. UEM Sunrise is a 66.06% subsidiary of UEM Group	Receipt of consultation, facilities management and maintenance services	18,318,778
					Receipt of office cleaning, pest control services and rental of potted plants	12,234
					Total	**18,331,012**
3.	UEM Sunrise Group	Khazanah and/ or its subsidiaries ("Khazanah Group")	UEMG Group, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Acquisition of land or land based properties in the ordinary course of business	-
					Total	**-**
4.	UEM Sunrise Group	Khazanah Group Joint Venture Companies	UEMG Group, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Renting of space for flagships property gallery	107,241
					Renting of space for events	77,848
					Total	**185,089**
5.	UEM Sunrise Group	Telekom Malaysia Berhad ("TM") and/or its subsidiaries ("TM Group")	Khazanah, Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	TM is a 26.21% associate company of Khazanah which in turn is a holding company of UEMG. UEM Sunrise is a 66.06% subsidiary of UEMG	Receipt of UniFi bundling services	916,736
					Receipt of smart building services	4,990,774
					Receipt of ICT support services	-
					Total	**5,907,510**

[1] *Disclosed as per Circular to Shareholders dated 30 April 2018.*

[2] *Tan Sri Dato' Sri Zamzamzairani Mohd Isa ceased to be the nominee of UEMG and redesignated as Independent Non-Executive Chairman of UEM Sunrise's Board on 1 October 2018.*

[3] *Dato' Izzaddin Idris resigned from UEM Sunrise's Board on 1 October 2018.*

[4] *Dato' Noorazman Abd Aziz appointed to the UEM Sunrise's Board as a nominee of UEMG on 1 October 2018. He is a nominee of Khazanah on the Board of UEMG.*

Recurrent Related Party Transactions

No.	Company in UEM Sunrise Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at FY2018[1]	Nature of Transaction	Transacted Amount (RM)
6.	UEM Sunrise Group	KPK Quantity Surveyor (Semenanjung) Sdn. Bhd. ("KPK")	Dato' Srikandan Kanagainthiram[2]	Dato' Srikandan Kanagainthiram is the Managing Director and a substantial shareholder of KPK and also a Director of UEM Sunrise	Receipt of consulting services	113,963
					Total	**113,963**
7.	UEM Sunrise Group	Nawawi Tie Leung Group ("NTL Group")	Ungku Suseelawati Ungku Umar	Ungku Suseelawati Ungku Umar is a substantial shareholder Director and/ or has other interest in NTL Group and also a Director of UEM Sunrise	Receipt of consulting services	272,116
					Total	**272,116**

[1] *Disclosed as per Circular to Shareholders dated 30 April 2018.*

[2] *Dato' Srikandan Kanagainthiram retired from UEM Sunrise's Board on 31 May 2018.*

B) UEM Sunrise Group providing services and/or renting and/or disposing land and/or land-based property to related parties.

No.	Company in UEM Sunrise Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at FY2018[1]	Nature of Transaction	Transacted Amount (RM)
1.	UEM Sunrise Group	UEMG Group	Khazanah, UEMG, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Provision for tenancy of land for batching plant, casting yard and workers' quarters	270,600
					Total	**270,600**
2.	UEM Sunrise Group	Khazanah Group	UEMG Group, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Disposal of land based properties in the ordinary course of business	-
					Total	**-**
3.	UEM Sunrise Group	Khazanah Group Joint Venture Companies	UEMG Group, Tan Sri Dato' Sri Zamzamzairani Mohd Isa[2], Dato' Izzaddin Idris[3], Dato' Noorazman Abd Aziz[4] and Zaida Khalida Shaari	UEM Sunrise is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Provision of development and management services	8,390,992
					Total	**8,390,992**
4.	UEM Sunrise Group	Directors and/or major shareholders of UEM Sunrise and persons connected with them	Directors and/or major shareholders of UEM Sunrise and persons connected with them	n/a	Sale of land and/or land based properties by UEM Sunrise Group	10,833,440
					Total	**10,833,440**

[1] *Disclosed as per Circular to Shareholders dated 30 April 2018.*

[2] *Tan Sri Dato' Sri Zamzamzairani Mohd Isa ceased to be the nominee of UEMG and redesignated as Independent Non-Executive Chairman of UEM Sunrise's Board on 1 October 2018.*

[3] *Dato' Izzaddin Idris resigned from UEM Sunrise's Board on 1 October 2018.*

[4] *Dato' Noorazman Abd Aziz appointed to the UEM Sunrise's Board as a nominee of UEMG on 1 October 2018. He is a nominee of Khazanah on the Board of UEMG.*

No.	Company in UEM Sunrise Group	Related Party	Interested major shareholders, directors and persons connected with them	Nature of relationship as at FY2018[1]	Nature of Transaction	Transacted Amount (RM)
5.	UEM Sunrise Group	edotco Malaysia Sdn. Bhd. ("edotco")	Khazanah, Dato' Noorazman Abd Aziz[2] and Zaida Khalida Shaari	edotco is a wholly-owned subsidiary of edotco Group Sdn. Bhd., which in turn is a 63.00% subsidiary of Axiata. Khazanah also holds directly a minority equity stake in edotco Group Sdn. Bhd.	Provision of land tenancy for mobile network infrastructure	57,650
					Total	**57,650**
6.	UEM Sunrise Group	Southern Marina Development Sdn. Bhd. ("Southern Marina")	Khazanah, Dato' Noorazman Abd Aziz[2] and Zaida Khalida Shaari	Southern Marina is a 30.00% associate company of Tanjung Bidara Ventures Sdn. Bhd., which in turn is a wholly-owned subsidiary of Khazanah	Provision of land tenancy for show gallery/site-office	176,530
					Total	**176,530**

[1] *Disclosed as per Circular to Shareholder is dated 30 April 2018.*

[2] *Dato' Noorazman Abd Aziz appointed to the UEM Sunrise's Board as a nominee of UEMG on 1 October 2018. He is a nominee of Khazanah on the Board of UEMG.*

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting ("AGM") of UEM Sunrise Berhad (the "Company") will be held at Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 May 2019 at 10.00 a.m. for the purpose of transacting the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors, who retire by rotation in accordance with Article 93 of the Company's Constitution and, being eligible, have offered themselves for re-election:

   (i) Mr. Subimal Sen Gupta **Ordinary Resolution 1**
   (ii) Pn. Zaida Khalida Shaari **Ordinary Resolution 2**
   (iii) YM Ungku Suseelawati Ungku Omar **Ordinary Resolution 3**

3. To re-elect the following Directors, who retire in accordance with Article 100 of the Company's Constitution and, being eligible, have offered themselves for re-election:

   (i) YBhg Dato' Noorazman Abd Aziz **Ordinary Resolution 4**
   (ii) Ms. Christina Foo **Ordinary Resolution 5**

4. To approve the Directors' fees and the payment thereof to the Directors for the period from 31 May 2019 until the next AGM of the Company, to be payable on a quarterly basis as follows:

Directors' Fees/Person	Non-Executive Chairman		Non-Executive Director/Member	
	Per Quarter (RM)	Per Annum (RM)	Per Quarter (RM)	Per Annum (RM)
Board	52,500	210,000	27,000	108,000
Audit Committee	12,500	50,000	7,500	30,000
Other Board Committees	6,250	25,000	3,750	15,000

Ordinary Resolution 6

5. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors based on the following table of benefits and remuneration for the period from 31 May 2019 until the next AGM of the Company:

Description	Directors' remuneration/benefits
Allowance will be paid to Directors for the following: (i) Attending meetings with Government representatives or third parties such as consultants, bankers and advisors on behalf of the Company; or (ii) Visiting project and/or reference sites to advise management and/or the Company.	RM1,000 per day
Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes.	(i) Chairman of committee – RM2,000 per meeting (ii) Member of committee – RM1,000 per meeting
Discount for purchase of property by Directors, which is the same policy applied for employees.	(i) Up to 10% discount will be given once in 5 years for residential property; and (ii) For subsequent purchase of residential property within 5 years' period or any non-residential property purchase, up to 3% discount will be given.

Description (cond'd.)	Directors' remuneration/benefits
Benefits for Chairman:	
• Car allowance	RM3,400 per month
• Car maintenance, fuel and other claimable benefits	Up to RM36,300 per annum
• Home Guard security services	RM6,300 per month
• Provision of driver	

Ordinary Resolution 7

6. To appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

Special Business

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

7. **PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("THE ACT")**

   "**THAT** pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company." **Ordinary Resolution 9**

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

   "**THAT** pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the shareholders' mandate for the Company and/or its subsidiaries ("UEM Sunrise Group") to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Renewal of Shareholders' Mandate"), which are necessary for the day-to-day operations of UEM Sunrise Group to be entered into by UEM Sunrise Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Items 1A and 1B of the Circular to Shareholders of the Company dated 30 April 2019 **AND THAT** such approval conferred by the shareholders' mandate shall continue to be in force until:-

   (a) the conclusion of the next AGM of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;

   (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

   (c) revoked or varied by resolution passed by the shareholders in a general meeting,

   whichever is the earlier,

   AND FURTHER THAT the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate." **Ordinary Resolution 10**

9. To transact any other business for which due notice shall have been given.

NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Eleventh AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with the provisions under Article 65 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 23 May 2019. Only a depositor whose name appears on the ROD as at 23 May 2019 shall be entitled to attend this Eleventh AGM or appoint a proxy(ies) to attend, speak and vote on his/her behalf.

By Order of the Board

LIEW IRENE (MAICSA 7022609)
WONG LEE LOO (MAICSA 7001219)
Company Secretaries

Kuala Lumpur
30 April 2019

NOTES:

1. PROXY

1.1 Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act") and authorised nominees defined under the Central Depositories Act which are exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act ("Exempt Authorised Nominees") which hold ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at the AGM and that such proxy need not be a member.

1.2 Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

1.3 The instrument appointing a proxy ("Form of Proxy") shall be in writing under the hand of the member or his/her attorney duly authorised in writing or, if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or in the case of a sole director, by that director in the presence of a witness who attests the signature or of its attorney duly authorised in writing.

1.4 The Form of Proxy duly completed must be deposited at the Share Registrar's office, Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 24 hours before the time of holding the AGM.

1.5 If the Form of Proxy is returned without any instruction as to how the proxy shall vote, the proxy will vote in his/her discretion. Any alteration to the Form of Proxy must be initialled. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

1.6 Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice are to be voted on a poll.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda item 1 and do not require shareholders' approval. Hence, this item is not put forward for voting.

3. RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board had conducted an annual assessment of independence of the Independent Non-Executive Directors (save for the new Independent Director appointed on 23 November 2018). Based on the criteria for an independent director as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other independence criteria applied by the Company, the Board (save for the interested Independent Directors who abstained on their own assessment) is of the opinion that the Independent Directors consistently provided independent and objective judgement in all Board and Board Committee deliberations and is satisfied with their level of independence.

4. DIRECTORS' FEES AND BENEFITS PAYABLE TO THE NON-EXECUTIVE CHAIRMAN AND NON-EXECUTIVE DIRECTORS

4.1 Pursuant to Section 230(1) of the Act, the shareholders' approval shall be sought for the Directors' fees and benefits in the following resolutions:

(a) **Ordinary Resolution 6** on payment of Directors' fees to the Directors for the period from 31 May 2019 until the next AGM of the Company on a quarterly basis; and
(b) **Ordinary Resolution 7** on payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors for the period from 31 May 2019 until the next AGM of the Company.

4.2 The Directors' fees remain unchanged as per the fees approved at the last AGM held on 31 May 2018 and has remained the same since the financial year 2012.

4.3 The benefits for the Non-Executive Chairman, which remain unchanged as per the approval obtained at the last AGM held on 31 May 2018, are given in recognition of the significant role in leadership and oversight including the wide-ranging scope of responsibilities expected of him. It is a unique feature of the Company aimed to attract and retain leadership for the Board.

5. EXPLANATORY NOTES ON SPECIAL BUSINESS

5.1 Ordinary Resolution 9 on the Proposed Authority to Allot Shares Pursuant to Sections 75 and 76 of the Act

5.1.1 The proposed resolution is a renewal mandate and if passed, will enable the Directors of the Company to issue up to a maximum of 10% of the total number of issued shares of the Company.

5.1.2 As at the date of this Notice, no new shares were issued pursuant to the mandate granted to the Directors at the last AGM held on 31 May 2018 and that mandate will lapse at the conclusion of the Eleventh AGM to be held on 30 May 2019.

5.1.3 The renewal of the mandate is for such purposes as the Directors consider would be in the best interest of the Company, such as issuance of new shares as consideration for investments and/or acquisitions or issuance of new shares to raise fund for investment and/or working capital, and to avoid delay and cost in convening a general meeting to seek approval for such issuance of shares.

5.1.4 This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM.

5.2 Ordinary Resolution 10 on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

5.2.1 The proposed Ordinary Resolution 10, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the UEM Sunrise Group's day-to-day operations ("Recurrent Related Party Transactions"), subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

5.2.2 Further information on the Recurrent Related Party Transactions are set out in the Circular to Shareholders of the Company dated 30 April 2019 which is announced and released together with the Company's Annual Report 2018.

6. PERSONAL DATA PRIVACY

By submitting a Form of Proxy or an instrument appointing a representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement Accompanying Notice of Annual General Meeting ("AGM")

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

   No individual is seeking election as a Director at the Eleventh AGM.

2. A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

   The proposed Ordinary Resolution 9 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last AGM held on 31 May 2018.

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Form of Proxy

UEM SUNRISE

A member of **UEM Group**

I/We________________________________NRIC/Company No.________________________

of____

being a member of UEM Sunrise Berhad ("the Company") hereby appoint ________________________________

______________________ NRIC/Passport No.________________________________

of____

and/or failing him/her, ______________________ NRIC/Passport No.______________________

of____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting ("AGM") of the Company to be held at Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM 15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 May 2019 at 10.00 a.m., or at any adjournment thereof.

(Please indicate with a "X" or "√" in the boxes provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

ORDINARY RESOLUTIONS	No.	For	Against
To re-elect Mr. Subimal Sen Gupta who is retiring in accordance with Article 93 of the Company's Constitution.	1		
To re-elect Pn. Zaida Khalida Shaari who is retiring in accordance with Article 93 of the Company's Constitution.	2		
To re-elect YM Ungku Suseelawati Ungku Omar who is retiring in accordance with Article 93 of the Company's Constitution.	3		
To re-elect YBhg Dato' Noorazman Abd Aziz who is retiring in accordance with Article 100 of the Company's Constitution.	4		
To re-elect Ms. Christina Foo who is retiring in accordance with Article 100 of the Company's Constitution.	5		
To approve the payment of Directors' fees for the period from 31 May 2019 until the next AGM of the Company on a quarterly basis.	6		
To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors for the period from 31 May 2019 until the next AGM of the Company.	7		
To appoint Messrs Ernst & Young as Auditors and to authorise Directors to fix their remuneration.	8		
To empower Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares.	9		
To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	10		

____

Signature or Common Seal of Member

Signed this____________day of ________________2019.

No. of shares		
CDS Account No.		
Telephone No.		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %

NOTES

1. Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act") and authorised nominees defined under the Central Depositories Act which are exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act ("Exempt Authorised Nominees") which hold ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at the AGM and that such proxy need not be a member.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

3. The instrument appointing a proxy ("Form of Proxy") shall be in writing under the hand of the member or his/her attorney duly authorised in writing or, if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or in the case of a sole director, by that director in the presence of a witness who attests the signature or of its attorney duly authorised in writing.

4. The Form of Proxy duly completed must be deposited at the Share Registrar's office, Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 24 hours before the time of holding the AGM.

5. If the Form of Proxy is returned without any instruction as to how the proxy shall vote, the proxy will vote in his/her discretion. Any alteration to the Form of Proxy must be initialled. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

6. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice are to be voted on a poll.

PERSONAL DATA PRIVACY

By submitting a Form of Proxy or an instrument appointing a representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 April 2019.

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STAMP

The Share Registrar's Office
Boardroom Share Registrars Sdn. Bhd.
(formerly known as Symphony Share Registrars Sdn. Bhd.)

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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uemsunrise.com

UEM SUNRISE BERHAD (830144-W)

Level U2, Block C5, Solaris Dutamas, No. 1, Jalan Dutamas 1
50480 Kuala Lumpur, Malaysia

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EMAIL corpcomm@uemsunrise.uemnet.com