



UEM SUNRISE Find joy and happiness with us as we provide you with a place to call home, grow, learn and take care of what is most important to you. [#UEMSunrisewillhelpyou](#) [#FindYourHappy](#)

Annual Report 2019

UEM SUNRISE BERHAD
200801028815 (830144-W)

We Salute you

A SPECIAL MESSAGE TO OUR FRONTLINERS

For all the men and women on the frontlines of COVID-19 both in Malaysia and across the globe, we dedicate this simple message of gratitude to you.

The COVID-19 pandemic is unprecedented, changing our lives drastically and affecting us in ways that many could not have imagined. You heeded the call to fight this pandemic, courageously dedicating your blood, sweat and tears while making sacrifices so that the rest of us can stay at home and flatten the curve.

You are our true heroes and we stand by you! Thank you for giving us the strength and inspiration to rise above this COVID-19 pandemic. You will always be in our thoughts and prayers. Your courage and selflessness give us the belief that Malaysia will emerge from this COVID-19 pandemic **stronger and better, together!**





Cover RATIONALE

We believe that our customers' needs go beyond just having a physical place and we continue to listen, understand and adapt to these needs. Our approach to property is thus one that creates an environment that enriches, invigorates and inspires — to provide a place that can cater to our customers as they grow, change and evolve in their own pursuit of happiness.

Our spaces are constructed and curated with this in mind, the representation of a journey that is embedded in our brand values of Caring, Honest, Involved, Enthusiastic and Fun-loving.

Inside THIS REPORT

ABOUT THIS REPORT

page **02**

Frameworks and Guidelines Followed	02
Scope and Boundaries	02

ABOUT UEM SUNRISE

pages **03-09**

Vision, Mission & Values	03
2019 Highlights	04
Financial Calendar 2019	05
Corporate Profile	06
Corporate Information	08
Group Corporate Structure	09

WHAT THE LEADERSHIP SAYS

pages **12-51**

Chairman's Letter to Shareholders	12
MD/CEO's Letter to Shareholders	16
Management Discussion & Analysis	20
Five-Year Financial Highlights	46
Five-Year Group Performance	47
Group Quarterly Performance	48
Summarised Group Balance Sheet	49
Five-Year Financial Review of the Group	50
Share Price & Volume Traded	51

CREATING VALUE IN A RESPONSIBLE WAY

pages **54-69**

Our Value Creation Model	54
Listening to Our Stakeholders	56
Our Materiality	58
Our Approach to Sustainability	60

STRONG GOVERNANCE TO ENSURE

pages **72-115**

STRATEGIC PROGRESS

Board of Directors' Profile	72
Joint Secretaries	84
Senior Management Team's Profile	85
Senior Leadership Team	87
Corporate Governance Overview Statement	88
Investor Relations	100
Additional Compliance Information	101
Audit Committee Report	103
Statement on Internal Control and Risk Management	108
Risk Management Report	112
Directors' Responsibility Statement	115

FINANCIAL STATEMENTS

pages **116-271**

Directors' Report	117
Statement by Directors	125
Statutory Declaration	125
Independent Auditors' Report	126
Statement of Profit or Loss	132
Statements of Comprehensive Income	133
Statements of Financial Position	134
Statement of Changes in Equity	138
Statements of Cash Flows	140
Notes to the Financial Statements	142

OTHER INFORMATION

pages **272-279**

Analysis of Shareholdings	272
Material Properties of UEM Sunrise Berhad Group	275
Recurrent Related Party Transactions	276

About THIS REPORT

REPORTING PRINCIPLES AND FRAMEWORK

UEM Sunrise Berhad's (UEM Sunrise) Annual Report is our primary communication tool informing stakeholders about our progress against our strategic plans and efforts to create value. This Report has been guided by the principles of the International Integrated Reporting Council (IIRC) framework, as we embark on our journey towards producing a full-fledged Integrated Annual Report in the future.

UEM Sunrise has further ensured that the Report is aligned with the Malaysian Code on Corporate Governance (MCCG), the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, the Companies Act 2016, the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

SUSTAINABILITY

UEM Sunrise produces a separate Sustainability Report annually, which provides a comprehensive representation of our approach in managing the economic, environmental and social aspects that affect our business and stakeholders. As we move towards Integrated Reporting, we have begun to embed elements of sustainability into the Report, as illustrated by descriptions of how we engage with our stakeholders, as well as sharing our material sustainability matters. Further details can be seen in our Creating Value in a Responsible Way section on page 54.

SCOPE AND BOUNDARIES

This Report describes our financial and non-financial performance during the period from 1 January 2019 to 31 December 2019. It covers all aspects of UEM Sunrise's businesses, whether in Malaysia, particularly in the Central and Southern regions, or internationally, namely Australia and South Africa. Apart from reporting on performance, the Report considers challenges to the business, and opportunities and risks that could impact our value creation abilities.

HOW WE CAN FURTHER IMPROVE

UEM Sunrise engages with stakeholders frequently and we value your feedback, comments and enquiries on this Report. Our Investor Relations team can be contacted at: ir@uemsunrise.com

FORWARD-LOOKING STATEMENTS

Throughout the Report, we use forward-looking statements that relate to the plans, goals, strategies and future operations and performance of our organisation. These statements are not guarantees of future performance, as they involve risks and assumptions in the context of potential scenarios. While we endeavour to progress with our strategies and plans, changes in macroeconomic and operating landscapes may require us to adapt to follow suit.

Vision,

MISSION & VALUES

Vision

Building communities of the future with you and for you.

Mission

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

Chief Happiness Officers

CARING

We care about others as much as doing good work. We take pride in what we do and have the desire to do the best we can consistently – conscientiously finding ways to improve.

We find joy in the work we do, in the people we do it with and in the environment we create to do it in.

We care for people, places we create and our planet.

HONEST

This interest we have in inspiring others in their quest for happiness must come from a place of honesty. It must be genuine. It must also be used positively to build and move things forward. Through honesty with an intent to build, we create trust.

This becomes the foundation from which our business is built on and prospers. It influences and drives the way we do business. And the business we are in is to inspire and help others Find their Happy through the environments we create, the products we offer, the services we provide and initiatives we undertake – one space at a time.

INVOLVED

We need to be actively involved in wanting to support our customers and stakeholders on their Find Your Happy journey regardless of whether it is a masterplan we are developing, a residential tower we are building, a commercial centre we are constructing, a space we are creating or a child whose education we are helping.

This involvement must be driven by genuine interest for it to be meaningful, fulfilling and powerful. When we are actively involved and genuinely interested, we will always find ways to help inspire hopefulness in our customers' stakeholders' and colleagues' Find Your Happy journey.

ENTHUSIASTIC

We remain optimistic and enthusiastic in the outcome and effect our efforts are contributing to the lives of all the people we touch in their Find Your Happy journey.

With this enthusiasm, positivity and belief comes a confidence borne out of a principled approach far removed from arrogance and selfishness.

FUN-LOVING

As all our ideas, creativity and decisions are undertaken to positively impact others, we find this journey both fulfilling and enjoyable.

We seek and generate ways to find the fun, excitement and happy in everything we do as much as we can.

2019 HIGHLIGHTS



REVENUE

RM2.9 bil

(42% increase from FY2018)

PATANCI

RM224 mil

SALES

RM1.1 bil



Launched RM1.2 bil
worth of properties

Launched 72.7-acre Kiara Bay
masterplan development in Kuala Lumpur
adjacent to the Kepong Metropolitan Park
with a total GDV of **RM15.0 bil**

Introduced

*Find your
Happy*

brand tagline and

CHIEF values



**Ranked
5th**

in The Edge
Property Excellence
Awards 2019

Participated in

**Home
Ownership
Campaign**

(HOC) 2019 which
contributed to **43%**
of our sales

Acknowledged

for **Highest
Growth in
Profit After Tax
Over 3 Years**

at The Edge Billion
Ringgit Club 2019 Awards



**Launched
hUb
mobile app**

UEM Sunrise's
digital customer
self-service channel



**Achieved
75%**

in annual Customer
Satisfaction Survey



9,917

training hours for
employees



Invested

RM8 mil

in CSR and
community initiatives

**Launched 11
BukuHubs**

in selected
sales galleries, retail
spaces, schools and
affordable housing
areas

Corporate PROFILE



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 in Johor 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 and will provide significant investment, financial and business opportunities for the economic growth and development of the region, once fully completed.

In the Central region, the Company is renowned for its award-winning and upmarket high-rise residential, commercial and mixed-use developments. Our developments are spread across the affluent Mont'Kiara enclave, Serene Heights Bangi, Bukit Jelutong in Shah Alam, Symphony Hills in Cyberjaya and Forest Heights in Seremban.

The Company was also responsible for the development of the creative retail space in Solaris Dutamas, known as Publika. In 2019, the Company launched its newest integrated development, Kiara Bay, in Kuala Lumpur adjacent to the Kepong Metropolitan Park. Kiara Bay is a 72.7-acre masterplan development that is set to transform one of Kuala Lumpur's earliest townships into an eco-living destination.

Internationally, the Company has expanded to Melbourne, Australia, with its 88-storey Aurora Melbourne Centre on La Trobe Street and 42-storey Conservatory located on Mackenzie Street. In Durban, South Africa, together with the local municipal council, the Company has 30 acres of joint venture beachfront mixed development land which the Company plans to develop in the near future.



Please scan this QR code for more information on our Event Highlights

<https://uemsunrise.com/corporate/mediacentre/happenings>

Financial

CALENDAR 2019

Feb

26

Consolidated results for the financial period ended 31 December 2018.

Mar

1

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

22

Issuance of RM300 million in nominal value of Islamic Medium-Term Notes.

27

Completion of Sales and Purchase Agreement dated 20 December 2017 with KII Morris Sdn. Bhd., a wholly owned subsidiary of Kimlun Corporation Berhad for the disposal of 29 acres of land in Iskandar Puteri for RM82 million.

29

Entered into a Memorandum of Understanding with GPay Network (M) Sdn. Bhd., Grabcar Sdn. Bhd. and MyTeksi Sdn. Bhd. to collaborate on services in Mont'Kiara and Iskandar Puteri.

Apr

1

Mega Legacy (M) Sdn. Bhd. (MLM) entered into a Supplemental Agreement to the Sales and Purchase Agreement dated 13 April 2018 with Datuk Bandar Kuala Lumpur to vary the payment terms for the acquisition of 10 parcels of leasehold land measuring 72.7 acres in Mukim Batu, District of Kuala Lumpur.

May

23

First quarter consolidated results for the financial period ended 31 March 2019.

30

Held 11th AGM at Persada PLUS.

Apr

2

MLM entered into a Supplemental Agreement to the Shareholders' Subscription Agreement (SSA) dated 13 April 2018 with Mega Legacy Equity Sdn. Bhd. to vary the subscription price for Sunrise Berhad's subscription of 500,001 new ordinary shares representing 50% + one share of equity interest in MLM (Subscription in MLM).

SSA became unconditional.

8

Expiry of UEM Sunrise's Employee Share Option Scheme implemented on 9 April 2012.

15

Subscription in MLM for a subscription price of RM256 million.

29

Notice of UEM Sunrise's 11th Annual General Meeting (AGM).

FINANCIAL CALENDAR 2019

Jan

1

Dato' Mohd Izani Ghani appointed as Non-Independent Non-Executive Director on the Board of UEM Sunrise.

13

Employees Provident Fund (EPF) became a substantial shareholder of UEM Sunrise.

14

Entered into a Term Sheet with Themed Attractions Resorts & Hotels Sdn. Bhd. (TAR&H) for a settlement arrangement involving lands UEM Sunrise owns in Desaru, Johor via joint ventures with TAR&H's subsidiaries in exchange for retail properties and a theme park building TAR&H owns in Puteri Harbour, Iskandar Puteri (Desaru Global Settlement).

Aug

28

Second quarter consolidated results for the financial period ended 30 June 2019.

30

Entered into definitive agreements to give effect to the Desaru Global Settlement.

Sep

13

Terminated the Contract of Sale dated 3 December 2015 with Ascendas Australia Hotel Trust for an en-bloc disposal of a serviced apartment, car park lots and retail space forming part of Aurora Melbourne Central in Melbourne, Australia (En Bloc Apartment and Other Assets).

Dec

12

Terminated the Joint Venture Shareholders' Agreement dated 30 November 2015 with Edgenta Township Management Services Sdn. Bhd., a wholly owned subsidiary of UEM Edgenta Berhad.

24

Completed the divestment of the Mayfair Site upon receipt of the AUD107 million purchase consideration.

30

MARC affirmed rating of MARC-1Is/AA-IS on UEM Sunrise's Islamic Commercial Papers and Islamic Medium-Term Notes programmes for 2019's review.

Nov

12

Divested a property located at 412, St Kilda Road in Melbourne, Australia (Mayfair Site) to ACME Co. No. 4 Pty. Ltd., a trustee for Recap V Management No. 5 Trust, for AUD107 million.

22

Entered into a Contract of Sale with Scape Australia Management Pty. Ltd. for the disposal of the En Bloc Apartment and Other Assets for AUD125 million.

26

Third quarter consolidated results for the financial period ended 30 September 2019.

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

Dato' Mohd Izani Ghani

Non-Independent Non-Executive Director

Zaida Khalida Shaari

Non-Independent Non-Executive Director

Effizal Faiz Zulkifly

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

Datin Teh Ija Mohd Jalil

Chairperson

Ungku Suseelawati Ungku Omar

Member

Lim Tian Huat

Member

Dato' Mohd Izani Ghani

Member

Effizal Faiz Zulkifly

Member

BOARD TENDER COMMITTEE

Dato' Mohd Izani Ghani

Chairman

Anwar Syahrin Abdul Ajib

Member

Subimal Sen Gupta

Member

Tan Sri Dr Azmil Khalili Dato' Khalid

Member

Christina Foo

Member

BOARD DEVELOPMENT COMMITTEE

Tan Sri Dr Azmil Khalili Dato' Khalid

Chairman

Anwar Syahrin Abdul Ajib

Member

Dato' Noorazman Abd Aziz

Member

Zaida Khalida Shaari

Member

Effizal Faiz Zulkifly

Member

Ungku Suseelawati Ungku Omar

Member

BOARD GOVERNANCE & RISK COMMITTEE

Christina Foo

Chairperson

Anwar Syahrin Abdul Ajib

Member

Subimal Sen Gupta

Member

Dato' Noorazman Abd Aziz

Member

Datin Teh Ija Mohd Jalil

Member

WHISTLEBLOWING COMMITTEE

(Subcommittee of Board Governance & Risk Committee)

Datin Teh Ija Mohd Jalil

Chairperson

Subimal Sen Gupta

Member

Christina Foo

Member

SECRETARIES

Liew Irene

SSM PC No.: 201908001893

MAICSA 7022609

Wong Lee Loo

SSM PC No.: 201908001993

MAICSA 7001219

AUDITORS

Ernst & Young PLT (AF: 0039)

Chartered Accountants

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

PRINCIPAL SOLICITORS

Kadir Andri & Partners

Lee Hishammuddin Allen & Gledhill

Raja, Darryl & Loh

REGISTRARS

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony

No. 5, Jalan Professor Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor

Tel: +603-7890 4700

Fax: +603-7890 4670

REGISTERED OFFICE

Level U6, Block C5, Solaris Dutamas

No. 1, Jalan Dutamas 1

50480 Kuala Lumpur

Tel: +603-2718 7788

Fax: +603-6207 8003

STOCK EXCHANGE

Main Market of Bursa Malaysia

Securities Berhad

Stock Name: UEMS

Stock Code: 5148

Stock Sector: Property

Group CORPORATE STRUCTURE

(as at 30 April 2020)

Subsidiaries

100%

- UEM Land Berhad
- Sunrise Berhad
- Allevia Sdn. Bhd. (formerly known as Aston Star Sdn. Bhd.)
- Arcoris 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.

50%

- Mega Legacy (M) Sdn. Bhd.

+ 1 share

Joint Ventures

80%

- Nusajaya Premier Sdn. Bhd.

60%

- Cahaya Jauhar Sdn. Bhd.

55%

- Nusajaya Lifestyle Sdn. Bhd.

51%

- Desaru North 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. (In Receivership & In Liquidation)
- 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.

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 interest are shown in notes 45 to 47 of the Audited Financial Statements on pages 256 to 265 of this Annual Report.



KIARA BAY, KUALA LUMPUR



UEM SUNRISE

Monday at 11:00 AM

Introducing KIARA BAY, a 72.7-acre masterplan development poised to transform one of Kuala Lumpur's earliest townships into a contemporary living destination with an activated waterfront – brought to you by UEM Sunrise, the makers of Mont'Kiara.

#UEMSunrise #KiaraBay



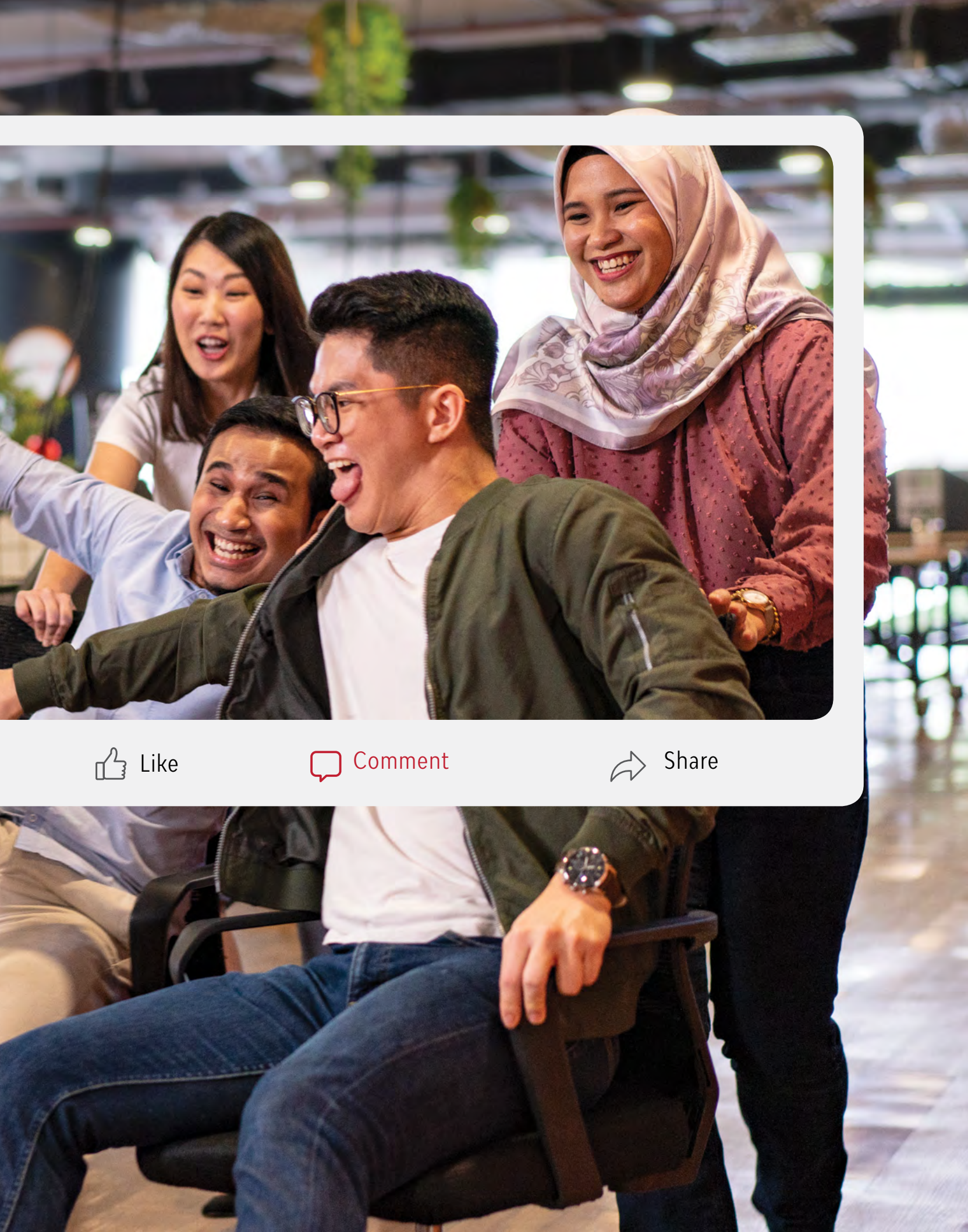
Redefine what it means to live in Kuala Lumpur in KIARA BAY, a place to feel more alive. RESIDENSI AVA will be our first development in this new exciting area and is set to be completed in 2024.



#UEMSunrise #FindYourHappy


Write a comment...

Feel more alive
IN KIARA BAY,
Kuala Lumpur's new heartbeat



 Like

 Comment

 Share

Chairman's LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

I am pleased to share the start of UEM Sunrise's journey into integrated reporting with you, through this year's Annual Report. Following 2018's stellar performance, the Group continued to create value with a resilient performance in 2019.

We seek to maintain our track record in returning sustainable value to you, our shareholders, now and in the long run. This Report will highlight our plans towards achieving this, by showcasing our progress against strategy, while demonstrating our strong commitment to good corporate governance practices.

NAVIGATING A CHALLENGING OPERATING ENVIRONMENT

The Malaysian economy recorded moderate growth in 2019 and expanded by 4.3%, compared to 4.7% in 2018, supported by resilient private sector spending. Growth on the global front expanded by 2.9% for the year under review, compared to 3.6% in 2018, amid unresolved trade tensions affecting manufacturing and investment activities. The oil price war which erupted between Saudi Arabia and Russia in the first quarter of 2020, alarmed the global market. This resulted in a series of outflow of funds from major equity markets, including Bursa Malaysia. COVID-19, which was a "foreign" setback, has now become critical in Malaysia and globally, with Bank Negara Malaysia projecting a GDP growth of between -2.0% and 0.5% in 2020. Meanwhile, the International Monetary Fund is expecting the global economy to contract sharply by 3% in 2020 – worse than during the 2008-2009 financial crisis. Assuming that the pandemic fades in the second half of 2020 and containment efforts gradually decrease, the global economy is projected to grow by 5.8% in 2021 as economic activity normalises, assisted by policy support.



CHAIRMAN'S LETTER TO SHAREHOLDERS

The Kuala Lumpur Property Index declined by 36% year-on-year as at 30 April 2020, reflecting the soft market sentiment caused by slower economic growth, amid the uncertainty of the current economic environment. The recent 2019 report by the National Property Information Centre (NAPIC) disclosed a marginal improvement in terms of property transaction volumes and values by 4.8% and 0.8%, respectively, compared to 2018. Volumes and values of overhanged residential properties also reduced by 5.1% and 5.2%, respectively in 2019 compared to 2018. The COVID-19 pandemic is dampening current economic growth, but the property market is expected to remain resilient as the government continues to focus on affordability and property overhang issues.

DELIVERING VALUE TO OUR SHAREHOLDERS

Challenges notwithstanding, the UEM Sunrise group of companies (the Group) has delivered strong performance, with revenue up 42% to RM2.9 billion for the financial year ended 2019 (FY2019) compared to RM2.0 billion in the financial year ended 2018 (FY2018). The main contributor to this growth was the completion and settlement of Aurora Melbourne Central and Conservatory in Melbourne, Australia. This allowed for full settlement of both projects' financing facilities, improving our gross and net gearing to 0.46x and 0.32x, respectively. Overall sales remained respectable at RM1.1 billion, and this was subsequently replenished with new launches valued at RM1.2 billion in FY2019. Our inventory monetisation efforts have also proven to be successful, as we managed to reduce inventories by 21% in FY2019 compared to FY2018.

Divestment of non-strategic lands and assets, as well as land portfolio rebalancing, remains one of our key strategies. This strengthens our balance sheet, enabling us to effectively deploy our financial resources in areas most needed,



^
Mall of Medini is intended as a hive for community activities, art exhibitions, talks, workshops and events, having been designed with purpose-built spaces to host them

including embarking on new ventures and opportunities, local and overseas, since at present, approximately 75% of our total landbank is in Johor. Moving forward, we will be expanding the use of digital technology and establishing strategic partnerships to generate future revenue streams.

MOVING TO INTEGRATED REPORTING

Moving to integrated reporting was a conscious, collective and organic decision, given how we have grown over the years. Integrated reporting permits us to be more focused and transparent in reporting UEM Sunrise's activities as an organisation, and inspires us to think about the business in an integrated way.

**Challenges notwithstanding,
the Group has delivered strong
performance, with improved
revenue and gearing and
respectable sales**

CHAIRMAN'S LETTER TO SHAREHOLDERS

We are committed to ensuring our workers and the public remain safe throughout the construction duration of a development, with zero fatalities and no Lost Time Injury recorded at project sites in 2019.

To providers of financial capital, integrated reporting provides insights into our management decisions and shows how we allocate different capitals in achieving our strategic objectives, while considering risk and corporate governance matters. Guided by the principles of the International Integrated Reporting Council (IIRC) framework, the Group is committed to this journey as it also helps our stakeholders to better understand us.

SUSTAINABILITY

We at UEM Sunrise are aware of the impact our activities have on the environment and the communities around us, and we seek to operate as a responsible brand. When required by authorities, we ensure comprehensive Environmental Impact Assessments (EIAs) are conducted prior to the commencement of any development and mitigating actions are taken as recommended in the EIAs. To further minimise our environmental footprint, our properties incorporate green features, such as naturally ventilated common areas, regenerative lifts, LED lighting and rainwater harvesting.



^

Residents at Aspira LakeHomes live in harmony with nature's most abundant element, water

We continue to play our role in providing affordable housing, with our Rumah Mampu Biaya projects in Johor, Rumah SelangorKu in Bangi and Residensi Wilayah, formerly known as RUMAWIP, in Kuala Lumpur. As a good corporate citizen, we at UEM Sunrise regularly engage with the communities around us through community events in our retail spaces such as Publika and Mall of Medini, in addition to numerous other CSR programmes.

GOVERNANCE

To further uphold good governance practices and cultivate integrity in UEM Sunrise's culture, we held our inaugural UEM Sunrise Integrity Day themed "Living with Integrity" in both Central and Southern regions for UEM Sunrise's Board and employees and business partners of the Group in December 2019.

With the participation and support of officers from the Malaysian Anti-Corruption Commission, the event officially recognised our Corruption-Free Pledge and featured a signing ceremony by Board members, Management, employees and business partners. This initiative reinforced the Corruption-Free Pledge that we undertook collectively with other UEM Group subsidiaries, alongside the Malaysian Anti-Corruption Commission, in December 2017, which saw us promise to be more vigilant in fighting corruption.

At the event, we launched UEM Sunrise's Integrity and Anti-Corruption Plan (Plan) that outlines the overall elements of the Group's integrity and anti-corruption initiatives, with measures implemented throughout 2019. We also launched a revised Code of Conduct and a brand new Code of Conduct for Business Partners to further strengthen our control measures.

CHAIRMAN'S LETTER TO SHAREHOLDERS

In line with the Prime Minister's directive and the expected enforcement of Section 17A of the MACC Act 2009 on 1 June 2020 for adequate procedures, the Integrity and Governance Unit was established in 2019, to drive the execution of the Group's integrity, governance and anti-corruption initiatives.

We at UEM Sunrise will continue to improve our governance practices going forward to enhance our robust governance framework. Our steadfast efforts in upholding the highest levels of governance were recognised when UEM Sunrise was named the winner of the Industry Excellence Award for Property category at the Minority Shareholder Watch Group (MSWG) – ASEAN Corporate Governance 2018 Awards ceremony held on 31 July 2019.

More details can be found in our Corporate Governance Overview Statement on page 88.

OUTLOOK AND PROSPECTS

Growth is expected to experience a contraction, mainly due to the economic repercussions from the COVID-19 pandemic, the impact of which remains uncertain. Several measures have been imposed to curb the spread of the virus, but these measures are suppressing private sector consumption globally, as countries implement lockdowns and restrict travel and social activities. Various fiscal and monetary policy interventions have been introduced to cushion the impact of COVID-19, with the expectation that normalisation will return post-COVID-19.

In Malaysia, the Movement Control Order (MCO) from 18 March until 4 May 2020, followed by the conditional MCO until 9 June 2020, is important to curb the spread of the virus. However, it dampens the economy, as non-essential businesses are not allowed to operate, disrupting supply and distribution channels. Moreover, as Malaysia exports oil, the fall of crude oil prices to below USD30 per barrel indicates lower revenue for the Government and potentially lower GDP.

Nevertheless, we welcome the series of economic stimulus packages announced by the Government, aimed at providing relief to businesses and households. Allocations for the public are anticipated to stimulate economic growth and private consumption. We are positive about these steps and hope that the situation will improve towards the end of the year.

At UEM Sunrise, we continue to focus on delivering our projects through digital platforms and online channels, ensuring that communications and promotions are sensitive and relevant to the current environment. We applaud the measures introduced by the Government that help address households' costs of living. For buyers with leverage, this could be a timely opportunity to invest in properties. However, we realise that making property purchases is unlikely to be a priority at present. Although we have plans in place, the impact of the COVID-19 pandemic remains uncertain. Coupled with the MCO and the recovery period thereafter, we foresee a tough and challenging 2020. We are cautious about the outlook as the impact of the current market scenario unfolds. Rest assured, we are doing our best to protect the interests of all our stakeholders.

APPRECIATION

UEM Sunrise's achievements have been made possible with the support and contribution of all our stakeholders. Thank you for the collaborations and for believing in our ability to deliver results. I am also appreciative of the Board of Directors, whose counsel and diligence in maintaining the highest level of governance pushes us to greater heights; our senior leadership team, who continues to lead with integrity and foresight; and all our dedicated employees, the Titans, who help us to achieve our shared goals.

TAN SRI DATO' SRI ZAMZAMZAIRANI MOHD ISA
CHAIRMAN

As an organisation, we have zero tolerance for corruption and unprincipled behaviour. We believe that prosperity and growth can be obtained without the spectre of misdeeds. We move forward and prosper as one, by only doing things the principled way – the right way

MD/CEO's

LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

Our results in 2019 illustrate the Group's resilience and we have continued strengthening our operations throughout the year, to mitigate the perpetual challenges of the property market in the foreseeable future.

Amid the challenging backdrop for the property sector influenced by supply overhangs, a lacklustre domestic business environment, poor consumer sentiment and a volatile global geopolitical and economic environment, we demonstrated our mettle and fortitude.

In parallel, UEM Sunrise emerged with many lessons learnt, preparing ourselves for an eventful 2020. We delivered a good set of financial results, driven by the settlement of our international projects in Australia. This was further supported by meaningful progress against our strategic initiatives of strengthening the Group's core to build resilience against the less favourable external environment.

On the sales front, our team secured 43% of the total sales during the Home Ownership Campaign (HOC) jointly organised by the Ministry of Housing and Local Government (KPKT) and the Real Estate and Housing Developers' Association (REHDA) last year. The campaign catalysed demand and addressed the issue of unsold stocks. With the stamp duty exemptions and discounts offered, the HOC was a boon to the local property sector and allowed thousands of Malaysians to become first-time homeowners.



MD/CEO'S LETTER TO SHAREHOLDERS

Strengthening our position as a top property developer in Malaysia, we placed 5th at The Edge Property Excellence Awards in 2019, moving from 10th position three years earlier. Across the dimensions of Value Creation, Product Quality, Image and Innovation & Creativity, UEM Sunrise ranked in the Top 5 across all property developers nationwide. We were also acknowledged for our "Highest Growth in Profit After Tax Over Three Years" at The Edge Billion Ringgit Club Awards in 2019. Throughout the period of assessment, we delivered consistent performance through ensuring customer satisfaction and effective and efficient operations with improved cashflows, while future-proofing the business.

OUR BUSINESS PERFORMANCE

For FY2019, UEM Sunrise registered revenue of RM2.9 billion, a 42% increase from FY2018. PATANCI came in at RM224 million, 20% lower than FY2018, largely due to impairments, costs related to organisational restructuring and unrealised foreign exchange losses. We registered sales of RM1.1 billion, a 21% decrease compared to FY2018, but a positive development given the soft market sentiment. 35% of the total sales was from our completed properties.

We believe the results illustrate the Group's resilience and we have continued strengthening our operations throughout 2019, to mitigate the perpetual challenges of the property market in the foreseeable future. The settlement of our Australian projects has also reduced our gearing significantly, with net gearing now at 0.32x, giving us headroom to focus on other potential investments.

In 2019, there were several highlights that will contribute to future business performance:

- > For our Aurora Melbourne Central development in Australia, we entered into a Contract of Sale with Scape Australia Management Pty. Ltd. (Scape), the largest asset owner and investor in the evolving purpose-built student accommodation (PBSA) sector in Australia. This was valued at AUD125 million and planned for completion in October 2020.
- > In the Central region, we unveiled Kiara Bay, UEM Sunrise's newest integrated mixed development in Kuala Lumpur adjacent to the Kepong Metropolitan Park, spanning 72.7 acres of land. Its first development component was a two-tower residential block launched in November 2019, Residensi AVA, with a GDV of RM656 million. Comprising 870 units of serviced apartments, it presents seven different layouts of 2+1, 3 and 4 bedrooms, ranging between 813 and 1,285 square feet, and priced from RM528,000. Residensi AVA is targeted at second-generation Kepong residents and is scheduled for completion in 2024.
- > In the Southern region, we rebalanced our landbank portfolio by reducing our exposure in Desaru Coast from 678.7 acres to 228.1 acres, which translates to a reduction of future GDV in Johor by RM7.6 billion. Concurrently, we increased our involvement in retail development in Puteri Harbour. We acquired 13 strata parcels together with accessory parcels at Somerset, a family entertainment centre and a double-storey open-sided pergola for RM145 million from Themed Attractions Resorts & Hotels Sdn. Bhd. (TAR&H), our joint venture (JV) partner in Desaru Coast.

**In creating and delivering
our products, services
and initiatives, we adopt
E.V.E. – Exciting, brings
Value and Easy to own**

In addition, we launched new phases in key development areas such as Serene Heights in Bangi and Gerbang Nusajaya in Johor. Despite the prevailing market conditions, we remain committed to finding the right opportunities to ensure the sustainability of our business and will continue to seek opportunities to replenish our sales funnel.

We also redeemed 123.3 million UEM Sunrise Redeemable Convertible Preference Shares (UEMS RCPS) issued to UEM Group Berhad (UEM Group), our majority shareholder, in October 2015 at a redemption value of RM150 million. The redemption was funded by internally generated funds. The balance 669.2 million UEMS RCPS are expected to be converted into new UEM Sunrise ordinary shares at RM1.60 per UEMS RCPS for one ordinary share. Upon the maturity of the UEMS RCPS in October 2020, UEM Group's shareholding in UEM Sunrise will increase to a potential 69.6%.

MD/CEO'S LETTER TO SHAREHOLDERS

Moving forward, land sales and divestment of non-strategic lands and assets will be among the tactical means we employ to pursue geographical diversification. The proceeds received will allow us the opportunity to fund the acquisition of new properties and strategic landbanks outside Johor in anticipation of rebalancing our landbank portfolio. This remains an important strategy for UEM Sunrise.

OUR VALUE CREATION STORY

To best connect with our stakeholders, we embarked on a rebranding exercise and launched a new tagline, "Find Your Happy". Developed alongside new brand values of being Caring, Honest, Involved, Enthusiastic and Fun-loving (CHIEF), our new branding was adopted by our employees through a customer-first mindset across the Group's business operations. We acknowledge that the UEM Sunrise brand must evolve along with consumer demands and marketing trends that are increasingly seeking more personal approaches, combined with consumer-centric narratives and sustainability considerations.

As a key milestone in our digital transformation journey, we launched our hUb mobile app in 2019, our latest digital customer interactive experience. We also streamlined online platforms under the UEM Sunrise brand name to strengthen brand presence and promote confidence in our products. Additionally, the Group embarked on a "Go Digital" initiative involving various collaborations with external partners to enhance customers' lifestyles. In the near future, we plan to establish a digital arm to incubate and oversee new ventures optimising technology to enable efficient operations in exploring new business models within the real estate space. Focus areas will include smart living, smart retail, home customisation and other innovative solutions for the convenience of customers.

We unveiled
Kiara Bay,
our newest integrated
mixed development
in Kuala Lumpur

At UEM Sunrise, we recognise that the right people, with the right skills and the right mindsets, are key towards achieving our business objectives. In FY2019, we implemented the New Operating Model to transform UEM Sunrise into a dynamic organisation, strengthen our market position and improve customer-centricity.



^
Some of the happy SMK Putrajaya students admiring their BukuHub

This saw the creation of profit centres that are strongly supported by key corporate centres of excellence functions. This internal restructuring sought to improve operational efficiencies, redefining roles and mapping the right talent with the right capabilities, while cultivating a high-growth culture.

In creating and delivering our products, services and initiatives, we adopt E.V.E. – Exciting, brings Value and Easy to own. As one of Malaysia's top property developers, we want our customers to find happiness through our brand. Our products are designed to fulfil customers' needs and undergo capital appreciation over time. We need to ensure that our products will always be exciting and remain desirable and relevant to the market. In line with our consumer-centricity, we offer incentives and services to ease homeownership at every customer touchpoint. We want our customers to have peace of mind and feel confident throughout the customer journey, from the moment they set foot in our sales gallery until they move into their new homes.

We aspire to become the preferred lifestyle developer, going beyond the scope of property development and evolving into a real estate player offering services and products across the property value chain. While property development will remain our core business, we seek to focus on other areas too, such as master planning and managing retail assets, while exploring digital businesses.

OUTLOOK & PROSPECTS

Globally, the business outlook is challenging. Uncertainties from trade and geopolitical tensions led to several countries cutting interest rates to stimulate growth, including Malaysia. However, before any real effect could be felt, world economies were disrupted by two major challenges in the form of low oil prices and the COVID-19 pandemic. Enforced

MD/CEO'S LETTER TO SHAREHOLDERS

lockdowns due to the pandemic have had more severe effect as governments around the world seek to control the outbreak. The lack of physical interaction in consumer activity has resulted in mass closures of traditional businesses, while online businesses flourish at a tremendous pace.

The International Monetary Fund has slashed growth forecasts for the global economy, expecting it to contract by 3% in 2020. In Malaysia, the enforcement of the MCO has led to a pause in most economic activities. With uncertainty regarding the pace of recovery post-MCO, Bank Negara Malaysia is projecting a GDP growth of between -2.0% and 0.5% in 2020. This, unfortunately, does not bode well for the property sector, with market sentiment already soft amid oversupply in some segments of the property market, in addition to the prevailing affordability issues. This creates a backdrop that is even more challenging than we had initially prepared for.

When we announced our FY2019 financial results in February, we set our sales and GDV targets at RM2.0 billion, respectively for 2020. However, with the current environment, we are aware that purchasing property may not be a priority for consumers. Furthermore, the MCO has affected our ability to sell and market our products physically. As such, we foresee that sales and project launches for 2020 are likely to be impacted by the economic uncertainty, although it is challenging to quantify the extent of the impact on our business. We are cautious about our outlook and will consider re-evaluating our sales and GDV targets as events unfold. Nevertheless, we will continue to be steadfast in executing our strategies, remain vigilant and agile and exercise sensibility in our next steps.

While we ride out the ongoing disruptions to our everyday life, our focus remains on local project deliveries through our marketing and branding campaigns. We will ensure that communications and promotions are sensitive and relevant to the current situation, undertaken primarily through digital channels to drive awareness and create leads. This is key to rebuilding our sales funnel via reservations and bookings.

Our strategic divestments and inventory monetisation programmes will continue. We have earmarked several assets for disposals, strategic and non-strategic lands alike. These include lands in Kajang, Seputeh, Iskandar Puteri and possibly tranches of our 2,400-acre land in Tapah, Perak. Proceeds from these divestments or disposals will be channelled towards new ventures and opportunities, which can be in Malaysia or abroad. However, in view of the COVID-19 pandemic and the MCO-related impact, we may need to renegotiate revised a few key terms with our prospects.

Going forward, it is crucial for any organisation to focus on its strengths, especially during these uncertain times. At UEM Sunrise, we realise the potential of our strong points and are considering multiple avenues to ensure the sustainability of our business operations into the future. Stability in our financial position provides a strong foundation for us to weather the storm ahead. Our financial discipline over the past few years, with gross gearing of 0.46x and net gearing of 0.32x as at end FY2019 along with a cash balance of RM1.1 billion, gives us sufficient liquidity during these uncertain times. Furthermore, the unutilised SUKUK of RM1.1 billion to date, provides a further avenue of funding to leverage on opportunities that will create value for the organisation.

Nevertheless, we recognise that financial strengths alone will not be adequate. We need to operate as an agile organisation, with CHIEF values emphasising a high-growth culture strongly embedded among all employees, to bring UEM Sunrise to greater heights. Innovative approaches supported by wide adoption of digital tools and Industry 4.0 technologies will be our key source of differentiation. We will continuously dedicate significant efforts towards these initiatives to ensure relevance in the new business environment.

Looking further ahead, and considering future scenarios, we seek to strengthen our core strengths of property development and explore new opportunities within the real estate space to ensure business viability, competitiveness and sustainability. Ultimately, we aim to enhance the lifestyles of our customers and achieve sustainability throughout our business operations.

Property development is part of a vast ecosystem across a myriad of industries. Growth in property sales and mortgage approvals are closely linked with consumer confidence and liquidity in the market. The sector will continue to play an important role in economic growth; thus, a vibrant property sector is critical to national development.

We are excited about this year's Report, as we share our value creation story in a holistic, balanced and transparent manner. It describes how we have utilised the six capitals of integrated reporting to create value, while managing our external environment, risks and challenges.

Thank you for your continuous support.

ANWAR SYAHRIN ABDUL AJIB

MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

Management

DISCUSSION & ANALYSIS

MARKET LANDSCAPE

The Malaysian economy faces tough global and domestic challenges, although longer-term upside could come from public sector projects.

The Malaysian economy grew 4.3% in 2019, a 10-year low since the global financial crisis in 2009, compared with 4.7% growth in 2018. This was predominantly attributed to supply disruptions, especially in the commodity sector, while growth was supported by private consumption and expansion in the manufacturing and service sectors.

For 2020, Malaysia's economic outlook faces strong headwinds and many things remain uncertain. The ongoing worldwide health crisis has significantly altered our initial expectations entering the new year. There has been a sharp slowdown in the first half of 2020, in Malaysia and at a global level. The spread of COVID-19 has necessitated unprecedented containment measures, including social distancing, which have triggered a concurrent supply and demand shock, bringing economic activities to a near standstill in many countries.

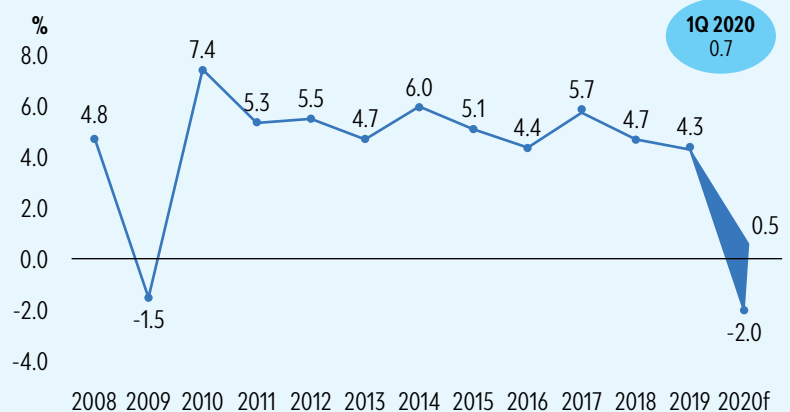
In a bid to cushion the impact of the slowdown in economic activity, our Government has introduced and continually added on to an Economic Stimulus Package, which now totals RM260.0 billion. It is aimed at strengthening healthcare resources; minimising impact on businesses, particularly SMEs; providing assistance to households and individuals in these trying times; and promoting quality investments. However, most are temporary measures targeted to aid in market continuity and maintain liquidity, rather than address a longer-term strategy moving forward.

Despite the stimulus package, as at April, Bank Negara Malaysia (BNM) projects that GDP growth in 2020 will contract to between -2.0% and 0.5%. In a further effort to

stimulate the economy, BNM lowered its Overnight Policy Rate (OPR) for the third time in 2020. The latest cut by 0.5 basis points in May 2020 brought the OPR to its lowest level since the 2008-2009 global recession, at 2.0%.

MALAYSIA'S GROSS DOMESTIC PRODUCT (GDP) GROWTH

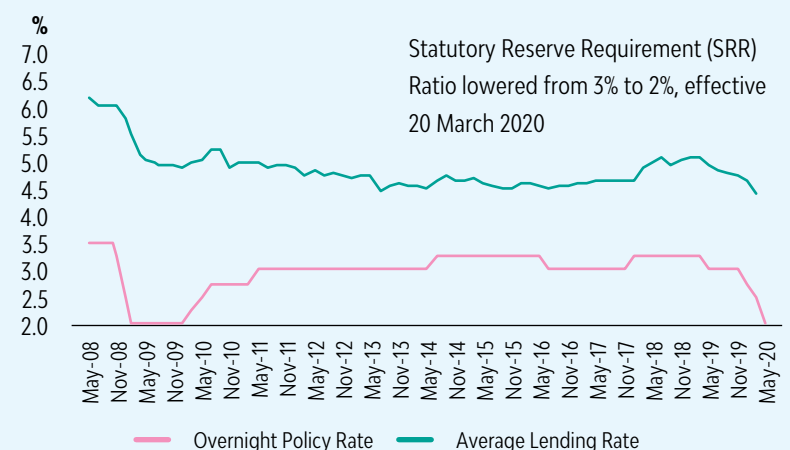
GDP is projected to drop to between -2% and 0.5% in 2020 against a highly challenging global economic outlook mainly due to the COVID-19 pandemic.



Source: Department of Statistics Malaysia (DOSM)

BNM'S OPR AND COMMERCIAL BANKS' AVERAGE LENDING RATES

To cushion the economic impact on businesses and households and spur economic activity, BNM lowered its OPR for the third time in 2020 to 2% in May 2020, alongside lowering the SRR in March 2020 to release RRM30.0 billion into the banking system.



Source: Bank Negara Malaysia (BNM)

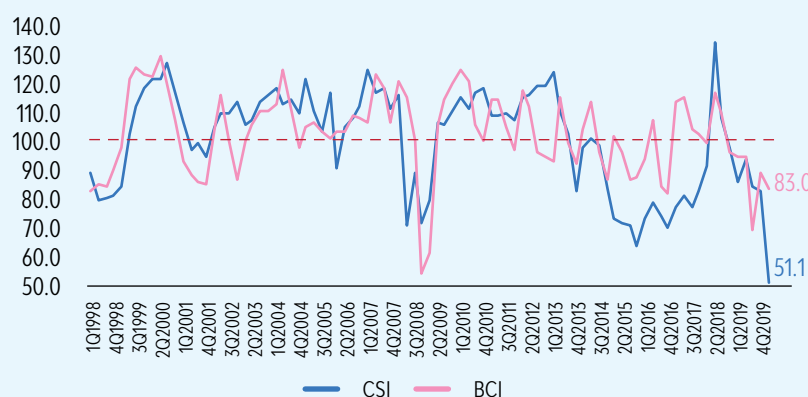
MANAGEMENT DISCUSSION & ANALYSIS MARKET LANDSCAPE

However, a recent study by Malayan Banking Berhad (Maybank) on the historical relationship between OPR, business and consumer confidence, applied and approved mortgages and property sales growth revealed that business and consumer confidence indicators have a stronger relationship with property sales (a correlation of 0.48 to 0.64) as compared to OPR (-0.1 to -0.15).

This means that while the lower OPR would enhance homebuyers' purchasing power due to lower loan instalments, it will not necessarily lead to an increase in property sales if consumer/business sentiments do not pick up. In light of the current situation, given the forecast GDP contraction, increase in unemployment and weak expectations on household incomes, consumer sentiments are expected to remain below optimistic levels this year.

CONSUMER SENTIMENT INDEX (CSI) AND BUSINESS CONDITIONS INDEX (BCI)

CSI plunged to its lowest level of 51.1 points in Q1 2020, reflecting increasingly cautious spending patterns, while BCI also remained well below the 100-point optimism threshold. Studies have shown that consumer and business sentiments have a stronger correlation to property sales than OPR.



Source: Malaysian Institute of Economic Research (MIER)

On the ground, the impact has already been felt by some, through wage cuts and even job losses. Despite policy responses, we expect that for most people, priorities will be on basic necessities, and capital purchases such as properties will likely take a backseat in the next year or two.

The timeline for recovery remains uncertain, as much will depend on how well the pandemic is contained and addressed. It is likely that recovery will be gradual, given the uncertainty around the duration and severity of the pandemic. Even when the containment is lifted and commercial activities resume, it will perhaps be with caution and certain setbacks, unless a cure or vaccine is found.

In the longer term, however, the fundamentals of the country remain strong, and we see drivers that could stimulate the economy and consequently the property market. These include a revival of mega projects, such as Bandar Malaysia, and infrastructure projects, such as the KL-Singapore High-Speed Rail (HSR), East Coast Rail Link (ECRL), Pan Borneo Highway, Johor Bahru-Singapore Rapid Transit System (RTS) and new Bus Rapid Transit (BRT) systems in Iskandar Malaysia and Kuching. The Government has given assurance that public sector projects, such as the ECRL, Klang Valley Mass Rapid Transit (KVMRT2) and National Fibreisation and Connectivity Plan (NFCP), which have been budgeted for in 2020, will continue to be implemented despite the economic contraction we are facing now, providing an additional lift to growth.

PROPERTY MARKET

Malaysia's property market is expected to be subdued. The property sector will certainly feel the repercussions of the pandemic outbreak and will continue to be affected by the amount of unsold supply, particularly in the residential¹ segment. This segment often acts as a barometer for the general health of the real estate market, as it constitutes almost 65% of total property transactions by volume and 50% by value every year.

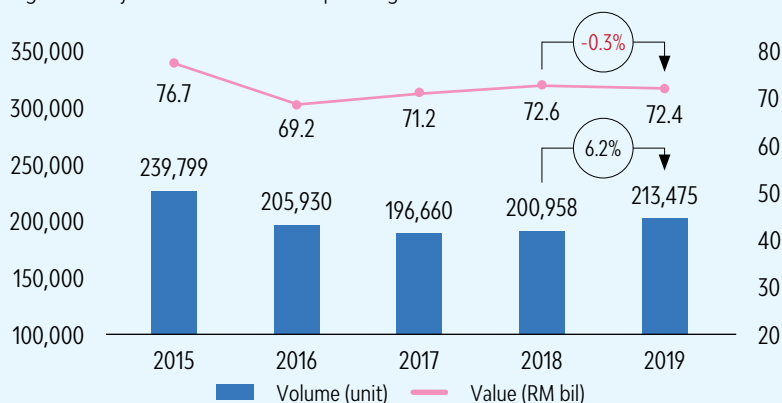
¹ "Residential" generally refers to all residential and serviced apartments.

MANAGEMENT DISCUSSION & ANALYSIS MARKET LANDSCAPE

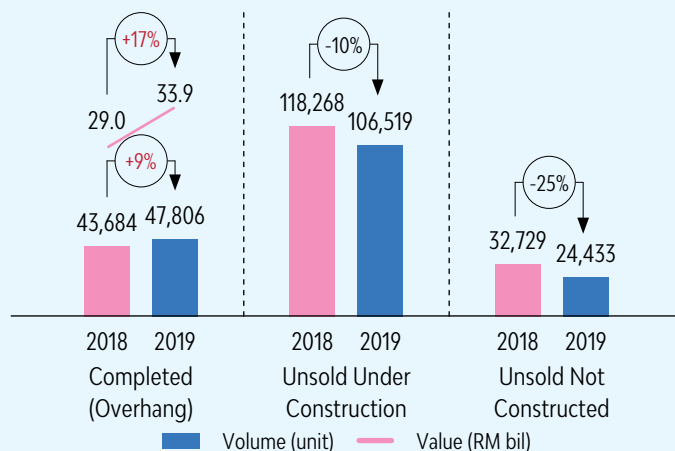
According to NAPIC's Property Market Report 2019, total unsold (completed, under construction and not yet constructed) residential and serviced apartment supply remained massive at 178,758 units (completed or "overhang" units totalled 47,806 with a value of RM34.0 billion) nationwide as at end-2019. Although affordability and access to financing issues were partly responsible for this, the oversupply was also contributed by a product mismatch, as we see the largest number of unsold units (completed, under construction and not yet constructed) in the lower price bracket of below RM300,000 (51,690 units or 29%). While affordable, some of these units fail to meet the crucial needs of the target market. In terms of location, they could be remotely located or far from workplaces or employment centres. They could also lack public transportation and amenities, or they may have been built in markets that are not so receptive to high-rise living.

MALAYSIA'S RESIDENTIAL & SERVICED APARTMENT TRANSACTION VALUE AND VOLUME

Residential and Serviced Apartment transaction Volume increased by 6.2% year-on-year, boosted by the HOC. However, the transaction Value trended lower by 0.3%, consistent with higher activity in the more affordable price segment.



MALAYSIA'S RESIDENTIAL & SERVICED APARTMENT UNSOLD SUPPLY



In Kuala Lumpur, Selangor and Johor, the reduction in total unsold units (completed, under construction and not constructed) was most significant in the RM300,000 to RM500,000 price range.

In Selangor and Johor, the largest reductions came from the "unsold under construction" category. In these two states, the reductions were 6,901 and 5,586 units (-30% and -20%) units, respectively. Kuala Lumpur registered the most significant reduction in the 'unsold not constructed' category of 4,205 units (-21%) year-on-year.

To address this issue of unsold inventory, the Government launched the Home Ownership Campaign (HOC), which ran from 1 January to 31 December 2019. The HOC reportedly secured sales of 31,415 units worth RM23.0 billion, of which Selangor and Kuala Lumpur accounted for the majority (64%) of the sales. By price, those between RM300,000 and RM599,999 recorded the highest take-up (54.8%).

The campaign, initially meant to run for six months and eventually extended until the end of 2019, successfully resulted in a net reduction of 15,924 units of the total unsold units (completed, under construction and not yet constructed) between end-2018 and end-2019. However, it did not manage to specifically address the overhang (completed inventory) situation, which continued to escalate. Nevertheless, it did spur activity, as evidenced

The HOC reportedly secured sales of
**31,415 units worth
RM23.0 billion**

MANAGEMENT DISCUSSION & ANALYSIS MARKET LANDSCAPE

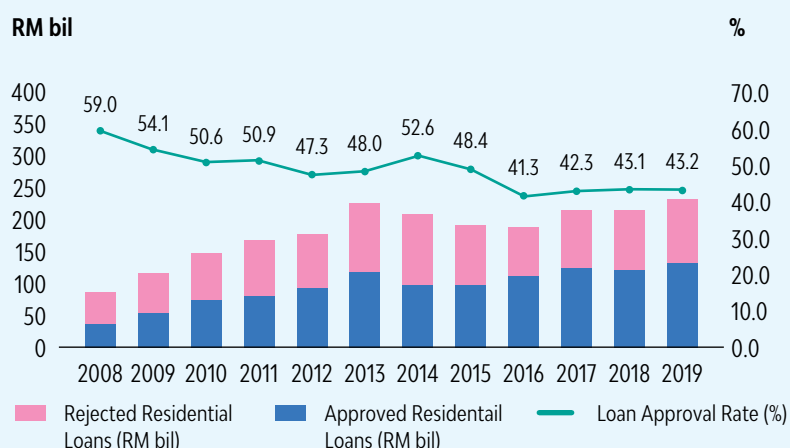
by the growth in residential and serviced apartment transaction volume of 6.2% (+12,517 units) year-on-year in 2019.

The amount of housing loans applied for and approved in 2019 also grew by 8% and 9% year-on-year, respectively, reflecting a similar trend in increase of activity. It should be noted, however, that not all the loans approved were necessarily taken up by applicants, due to the shortfall in the expected loan-to-value ratio or other reasons. This was partly the reason that the growth in approved loan amount was higher (9%) compared with the transaction value, which was quite flat in 2019 against 2018 (-0.3%).

While housing loan approval rates have been hovering around 41% and 43% in the last few years, banks are expected to continue to be cautious in lending as they are already facing a 65% exposure of their total consumer loans to end-financing for residential properties.

HOUSING LOANS APPLIED FOR AND APPROVED

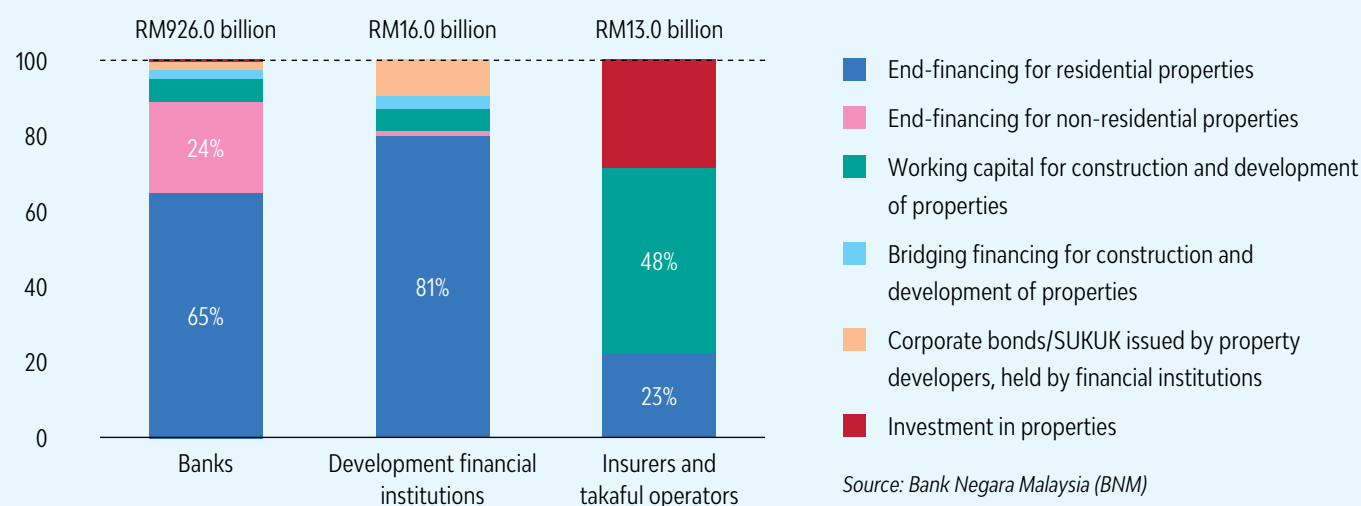
2019 loan amounts applied for and approved for purchase of residential properties increased by 8% and 9%, respectively, against 2018.



Source: Bank Negara Malaysia (BNM)

PROPERTY MARKET - FINANCIAL INSTITUTIONS' EXPOSURE TO THE PROPERTY MARKET

End-financing for residential properties continued to account for most of financial institutions' property exposure



Source: Bank Negara Malaysia (BNM)

MANAGEMENT DISCUSSION & ANALYSIS MARKET LANDSCAPE

From the buyers' perspective, we are also sensitive to the sentiment in the market in this current environment. We realise that homebuying may not take priority for now. Nevertheless, there will still be pockets of real demand, as long as there is population growth and new household formation, and those well-prepared to bargain-hunt in this buyers' market. Taking the cue from this, we will continue to monitor the situation as it unfolds, carefully planning our next steps for post-COVID 19, as we are committed to responding in an appropriate and responsible manner.

For our future launches, we will endeavour to provide attractively priced, good-quality homes that are carefully planned to meet the requirements and preferences of our target markets, both in the Central and Southern regions, where we are present. We will continue to look out for opportunities to provide more centrally located, well-connected, affordable, quality homes in the Central region, as well as pushing out to other potential locations in Malaysia.

The industrial sector is a relative bright spot in the current market. Industrial properties currently offer better opportunities, driven by the logistics segment, which is supported by the growth of e-commerce. E-commerce in Malaysia is currently valued at about USD4.0 billion² (RM17.0 billion) and is set to grow at more than 8% annually over the next five years. At such growth rates, the logistics requirements to serve this rapidly increasing market are similarly immense. With accelerated changes triggered by the pandemic and social distancing expected to be part of the new norm, the potential of the e-commerce sector may even be larger.

**We will continue to look out
for opportunities,
as well as pushing out to other
potential locations in Malaysia**

We recognise the opportunity to leverage this demand, particularly in the last mile of delivery. We have started exploring this space and are looking into managing industrial parks or multi-storey warehousing, as well as strategic partnerships for build-to-lease or build-to-suit projects in the Central, Southern and Northern regions (Penang).

Additionally, the drawn-out trade war between the US and China has diverted trade and investments to Malaysia, particularly to the electronics industry. The US and China emerged as Malaysia's largest foreign investors in 2019, with the value of approved manufacturing investments from the US rising 350% against 2018. Malaysia's reliable infrastructure, established supply chain and skilled workforce place the country at an advantage over other Southeast Asian countries as a manufacturing hub and any lingering tensions are expected to bring additional spillover benefits to Malaysia.

Commercial property remains challenging, particularly in the office and retail subsegments. Vacancy rates in Kuala Lumpur and Selangor for privately-owned purpose-built offices stood at 25% (33.6 mil square feet) as at end-2019. The vacancy rates for shopping centres averaged 17% (12.5 mil square feet) in 2019. In Johor, office vacancy rates were 34% (3.2 mil square feet) while retail space vacancy rates were 25% (6.4 mil square feet) in shopping centres. These vacancy rates continue to rise as demand remains stagnant while new supply continues to enter the market.

For office developments, location, accessibility and address are critical in determining the success of a project. While the market is generally in oversupply, we are able to establish specific areas where there is demand that is currently underserved. We are highly selective and will develop our projects in a targeted manner, being fully cognisant of the crucial need to identify and secure our end-users and not build speculatively. We also recognise that working styles are rapidly changing, from physically collaborative and flexible co-working spaces being a promising future global trend just a few months ago, to a drastic switch to a physically remote but digitally collaborative work style during this COVID-19 pandemic, which still has no firm end-date in sight.

² Source: Statista.com

MANAGEMENT DISCUSSION & ANALYSIS MARKET LANDSCAPE

In the longer term, however, the fundamentals of the country remain strong, and we see drivers that could stimulate the economy and consequently the property market.

We are currently facing a situation that is unprecedented, and while we have an idea of what the “new normal” will look like now and for the immediate future, the nature of the situation does not allow us a definite view on what the longer-term future will look like in respect of our working environment and interactions. Nevertheless, what is certain is that we will need to be more sensitive than ever in accommodating to this “new normal” and will appropriately respond in our product offerings, from the perspective of the amount of space we add into the market as well as in terms of its design and features.

Similarly in the retail segment, our long-term strategy is to create spaces that will complement and create synergies with our developments, focusing on F&B, experiential retail, wellness and placemaking. This extends from the successful model of our Publika, which has thrived by attracting creative and innovative designers and retailers. We have hosted exciting festivals, celebrations, events, exhibitions and community activities.

However, with the changing norms and the social distancing made necessary in containing the spread of COVID-19, we have had to put on hold our planned events and community activities this year and focus on keeping our communities safe. Apart from hospitality, retail is one of the most affected sectors in the face of the pandemic, and retail sales are generally expected to contract in 2020. The impact will be felt more severely by retail centres that are more dependent on tourist footfall, such as city centre malls, as well as those that are heavily dependent on tenant sales.



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International students from the University of Nottingham Malaysia on a study tour at Serene Heights, Bangi

While we are certainly not spared from the impact of the pandemic, our existing retail malls serve to mainly cater to our local and neighbourhood populations, providing essential goods and services, as well as F&B, on which the impact will be relatively less extensive. We are aware, however, that it will be a while before consumer sentiments improve and in-store retailing and dining habits return to pre-COVID-19 norms. The abundance of available and unoccupied space in the market, coupled with the weak retail sentiment, makes a highly competitive market landscape. Mall owners, including us, will face a challenging outlook in ensuring tenants are able to sustain themselves, alongside persistent pressure on rental rates in the short-term future.

Over in Australia, the country's economic growth is expected to reflect the global trend, as economists across the board now predict a recession. Prior to the pandemic, however, Australia's economy was already forecasted to slow down to 1.9% in 2020, its weakest rate since the 1990-1991 recession. Strict capital controls imposed by China, Australia's largest overseas property investor, have continued to limit incoming investments.

Following a period of contraction since 2017, the property market made a quick turnaround at the end of 2019, stimulated by three interest rate cuts by the Reserve Bank of Australia (RBA) last year. However, the initial expectation of a market recovery in 2020 was short-lived, as Australia too has not been spared the harsh impact of the COVID-19 outbreak. Federal and state governments have responded to the pandemic with massive fiscal stimulus packages and RBA's cash rates have been cut to a record low of 0.25% and are expected to remain low for the foreseeable future.

Having said that, if we are looking beyond the pandemic and at Australia's longer-term potential, Sydney and Melbourne are the two metropolises not to be overlooked. They account for 40% of the total property supply and 60% of all property transactions by value in Australia. In view of this, we continue to look out for opportunities in these markets.

MANAGEMENT DISCUSSION & ANALYSIS PROGRESSING OUR STRATEGY

At UEM Sunrise, our strategic thrusts guide us in our business operations, bringing us to where we are today. Throughout the year, we conducted aggressive sales, built a respectable sales funnel and identified new business ventures. This was supported by improvements to our operations, new developments in technology-related solutions and prudent strategies to maintain a healthy cashflow position. Our actions have enabled us to weather the storm in a market that is becoming ever more challenging, helping us to remain resilient as we evolve into the preferred lifestyle developer.

DEFENDING THE TOPLINE

- Launch Portfolio
- Sales Funnel - Inventory & New Launches
- Land Acquisition & Divestment
- Brand Enhancement

Defending the Topline involves taking a surgical approach to our launch portfolio, building a strong sales funnel and being methodical in our land acquisition and divestments. We do these while strengthening and enhancing our brand to continuously fulfil our promise to customers.



TRANSFORMING THE DELIVERY ENGINE

- Customer Experience
- Product Development
- Operational Excellence
- High-Growth Culture

Transforming the Delivery Engine entails enhancements to our customer experience, striving for operational excellence across our business operations, advancing our product development and cultivating a high-growth culture within the organisation.



PUSHING THE BOUNDARIES

- Technology & "Go Digital"
- New Ventures
- Strategic Partnerships
- Sustainability

Pushing the Boundaries sees us leveraging technology and pursuing digital initiatives, strategic partnerships and new ventures to generate future revenue streams. In these pursuits, we seek to embed sustainability practices throughout the business, ensuring we can create value for our stakeholders over the long run.



WEATHERING THE STORM

- Balance Sheet
- Cashflow Management
- Smart Spending
- Returns from JVs

Weathering the Storm is targeted at strengthening our financial position through safeguarding a healthy balance sheet, prudent cashflow management, smart spending and driving returns from our joint ventures (JVs).



MANAGEMENT DISCUSSION & ANALYSIS PROGRESSING OUR STRATEGY

OUR 5-YEAR TRANSFORMATION HORIZON



Towards achieving our goals as an organisation, we are also pursuing our five-year transformation horizon which outlines our targets and milestones. We are pleased to report that we are on track in making the next important leap in our value creation story. We have devoted the past three years to improving our internal processes, clearing our inventory and strengthening our balance sheet to enable UEM Sunrise to be resilient in what has been and continues to be a challenging operating environment.

The first phase, Fix, addressed the “hardware”, ensuring all the moving parts are working effectively. The second phase, Rebalance & Grow, is where we are right now and involves optimising our “software”, the main ingredients of the business – our people, the balance sheet and our property portfolio. Once completed, this will enable UEM Sunrise to enter the third phase, Push Boundaries, where we realise our vision of becoming the preferred lifestyle developer.



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UEM Sunrise's affordable housing project Kiara Kasih undergoing construction

ACHIEVEMENTS

PHASE 1 – FIX

- > Cleared inventory
- > Improved customer experience and go-to-market
- > Enhanced operational excellence through improved project management and procurement practices
- > Established product development function
- > Digitisation

PHASE 2 – REBALANCE & GROW

- > Strengthen organisational structure to deliver growth aspiration
- > Inculcate High-Growth Culture within the organisation
- > Execute masterplan & activate the next Mont'Kiara & Gerbang Nusajaya
- > Acquire & dispose of select land
- > Accelerate placemaking in Iskandar Puteri
- > Strengthen balance sheet
- > Enhance brand equity
- > Develop high-rise townships
- > Improve management of our JVs

PHASE 3 – PUSH BOUNDARIES

- > Pursue digitalisation
- > Establish strategic partnerships
- > Enhance new business income stream
- > Explore merger & acquisition (M&A) opportunities

MANAGEMENT DISCUSSION & ANALYSIS PROGRESSING OUR STRATEGY

DEFENDING THE TOPLINE

Our Performance, Sales and Launches in 2019

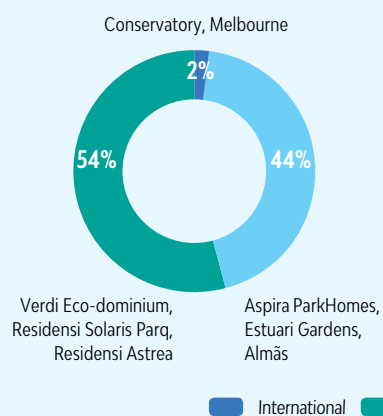
In FY2019, UEM Sunrise delivered an increase in revenue compared to FY2018 on the back of strong settlement of our Australian projects. We also continued focusing on monetising our existing inventory and aggressively promoting our ongoing developments. Given the soft market sentiment, the amount of sales achieved at RM1.1 billion in FY2019 was commendable. We also launched new properties valued at RM1.2 billion and continued to execute our landbanking and divestment strategies to ensure we remain diversified geographically.

**Completed and delivered
1,874
properties**

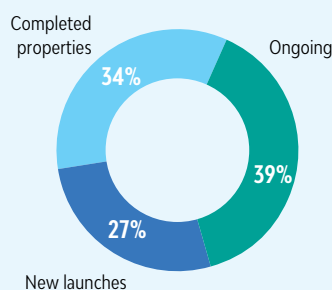
with total sales valued at RM1.1 billion

**Launched new properties
valued at
RM1.2 billion**

Sales - Contribution by Region



Sales - Composition by Product Status



Sales for the period were mainly from local developments due to the cancellation of the Mayfair in Melbourne, Australia in July 2019. Despite the exclusion of Mayfair, we managed to bring in RM1.1 billion worth of local sales, which was positive in light of the current property market sentiment. Furthermore, 35% of our total sales was from completed properties, proving that our inventory monetisation efforts have been successful, as our inventories reduced by 21% from RM695 million in FY2018 to RM547 million in FY2019.

In FY2019, UEM Sunrise delivered an increase in revenue compared to FY2018 on the back of strong settlement of our Australian projects. We also continued focusing on monetising our existing inventory and aggressively promoting our ongoing developments.

The major interest was in our high-rise residential development, Verdi Eco-dominium in Symphony Hills, Cyberjaya which saw a reduction of 51% in its inventories.

From the RM1.2 billion worth of properties launched, 26% contributed towards total sales in 2019, indicating that new project launches are important to sustain our business and operations. For 2020, depending on market conditions, in addition to product uniqueness, attractive pricing and strategic locations, 29% of this year's sales is expected to be contributed by new project launches.

The HOC, which was initiated under KPKT from January to December 2019, was also helpful as it contributed 43% towards our total sales. The initiative was apparently a boon to the local property sector in general. As such, in view of the current market environment, we hope the Government will continue with similar initiatives in 2020 and beyond.

The 1,874 properties sold in 2019 were mainly mid-market residential products with the exception of 44 retail units in Almäs at Puteri Harbour. These included: in the Central region, high-rise Residensi Sefina in Mont'Kiara and double-storey terrace homes Camellia in Serene Heights

MANAGEMENT DISCUSSION & ANALYSIS PROGRESSING OUR STRATEGY

in Bangi; and in the Southern region, double-storey terrace homes at Aspira LakeHomes phases 1 and 2, and affordable high-rise residences, Denai Nusantara, both in Iskandar Puteri. For 2020, we expect the delivery of more landed terrace homes, with the completion of Aspira LakeHomes phase 3 and Serimbun in Iskandar Puteri, together with phase 1 of Dahlia and Eugenia in Serene Heights in Bangi.

Land Acquisition and Divestment

In December 2019, UEM Sunrise completed the divestment of the Mayfair site. The decision to cease the sale of Mayfair properties was in response to the changing property market in Melbourne. This affected Mayfair's target market, who were mainly downsizers looking for a more luxurious ambience with a unique product offering. As we were unable to commence construction by the targeted date of mid-2019, we conducted an assessment and decided to abort the development and divest the site.

The contracts signed with the apartment buyers were terminated and their deposits returned with interest. The site, together with its existing structure located at St Kilda Road, was sold to ACME Co. No. 4 Pty. Ltd., a trustee for Recap V Management No. 5 Trust, under the care of SC Capital Partners Pte. Ltd., Singapore for AUD107 million and subsequently contributed RM305 million to our FY2019 revenue. The sale allowed us the opportunity to unlock the value of the site at a net disposal gain of AUD19 million and free up cash to enable the pursuit of other investments and venture prospects.

In Iskandar Puteri, we entered into a non-strategic land sale of approximately RM22 million in addition to a disposal of a plot of land in Afiat Healthpark for RM13 million. We also sold a total of five developed industrial plots in our flagship industrial park, Southern Industrial & Logistics Clusters (SiLC), amounting to RM42 million. Four of the plots were disposed of to Wilmar Greenfarm Food Industries Sdn. Bhd. (Greenfarm), a subsidiary of Wilmar International Limited of Singapore, Asia's leading agribusiness group. Greenfarm is one of the pioneer companies in the production of vegetarian food and its investments in SiLC will potentially drive Johor's agribusiness industry and create employment opportunities in Iskandar Puteri.

We also rebalanced our landbank portfolio by reducing our exposure in Desaru Coast, Johor from 678.7 acres to 228.1 acres. In addition, we increased our involvement in retail development in Puteri Harbour,

when we acquired 13 strata parcels together with accessory parcels at Somerset, a family entertainment centre and a double-storey open-sided pergola for RM145 million from TAR&H. The arrangement was inked in August 2019 and the assets were handed over to UEM Sunrise's subsidiary, UEM Sunrise Nusajaya Properties Sdn. Bhd., the following month.

Moving forward, land sales and divestment of non-strategic lands and assets will remain an important strategy for UEM Sunrise, as they provide us the opportunity to pursue other landbanks and properties to rebalance our portfolio.

Other Significant Updates

In Australia, we are pleased with the performance of both Aurora Melbourne Central and Conservatory. The 88-storey Aurora reached its structural peak on 4 April 2019, making it the tallest building in the Melbourne Central Business District - it is currently at a towering height of 289 metres AHD (Australian Height Datum) above sea level.

The settlement of Aurora's final separable portions made it possible for us to settle all related loans by October 2019. In the case of Conservatory, we fully settled its related loans in March. To date, Aurora Melbourne Central, which is 100% taken up, has a 97% settlement rate, and Conservatory, which is fully sold, has a settlement rate of 90%. For Aurora Melbourne Central, in addition to the residential component, we maintain ownership of the retail component worth approximately AUD32 million.

In September 2019, both UEM Sunrise and Ascendas Australia Hotel Trust (Ascendas) decided to mutually terminate the Contract of Sale for the serviced apartment component of the Aurora Melbourne Central development. This was due to disagreements on specifications of certain aspects relating to the properties. Ascendas executed the contract in December 2015 to acquire the properties at a purchase price of AUD120 million. Fortunately for UEM Sunrise, a replacement purchaser was already interested in the properties. In November, we entered into a Contract of Sale with Scape. The purchase price was AUD125 million. The contract was originally planned for completion towards the end of April 2020, but was extended for another six months to October 2020 due to COVID-19.

MANAGEMENT DISCUSSION & ANALYSIS PROGRESSING OUR STRATEGY

AWARDS

THE EDGE PROPERTY DEVELOPMENT EXCELLENCE AWARDS (TEPEA) 2019

- Top 10 Best Developer – 5th Position

THE EDGE BILLION RINGGIT CLUB & CORPORATE AWARDS 2019

- RM3B and Above Market Capitalisation (Property) – Highest Growth in Profit After Tax Over Three Years

MSWG-ASEAN CORPORATE GOVERNANCE AWARDS 2018

- Industry Excellence Award - Property

PROPERTY INSIGHT PRESTIGIOUS DEVELOPER AWARDS

- Best Integrated Development: Radia Bukit Jelutong (Sime Darby Sunrise Berhad, a 50:50 JV project with Sime Darby Property Sdn. Bhd.)
- Best Serenity Living Development: Estuari Puteri Harbour
- Top 10 Developer: UEM Sunrise Berhad
- CEO of The Year (Anwar Syahrin Abdul Ajib, UEM Sunrise Berhad)

iPROPERTY DEVELOPMENT EXCELLENCE AWARDS (IDEA) 2019

- Top 10 Best Developer – People's Choice Award

PROPERTYGURU ASIA PROPERTY AWARDS GRAND FINAL 2019

- Best Apartment Development (Victoria): Aurora Melbourne Central
- Best Apartment Architectural Design: Conservatory
- Best High-Rise Condo Architectural Design (Asia): Conservatory

PROPERTYGURU ASIA PROPERTY AWARDS

- Highly Commended Best High End Condo (Klang Valley) Award (Residensi Solaris Parq)
- Highly Commended Best Township Development (Iskandar) Award (Gerbang Nusajaya)
- Special Recognition for Building Communities Award (UEM Sunrise Berhad)

EDGEPROP MALAYSIA'S BEST MANAGED PROPERTY AWARDS 2019

- Silver Award for Below 10 years Multiple-Owned Strata Residential Category
- Gold Winner for Above 10 years Multiple-Owned Strata Residential Category (Mont'Kiara Astana)
- Gold Winner for Above 10 years Multiple-Owned Strata Residential Category (Mont'Kiara Pelangi)

We at UEM Sunrise embarked on an extensive rebranding exercise to discover the best way to connect with all our stakeholders throughout our business operations.

Brand Enhancement

As part of our transformation journey, we at UEM Sunrise embarked on an extensive rebranding exercise to discover the best way to connect with all our stakeholders throughout our business operations. We believe that to differentiate ourselves, we need to move away from the mindset of a brick and mortar industry, to one that encapsulates emotive and consumer-centric messaging.

We started from the ground up, facilitating internal brainstorming sessions, surveys, focus groups and interviews with consumers, a key step in developing the tagline "Find Your Happy". To better understand our customers, we applied psychographics in the process of identifying our customer demographics. Subsequently, we conducted a quantitative survey, which identified five distinct audience segments, from which we tailored specific communications for each group, based on the "Find Your Happy" theme.

This theme was selected because we recognise that the pursuit of happiness is universal across all walks of life, and we seek to position ourselves as a representation of this pursuit for our customers. More importantly, it extends

beyond individuals, contributing to the happiness of others. Thus, in "Find Your Happy", we establish a mindset and a journey, and we support this further by aligning the tagline with our brand values of Caring, Honest, Involved, Enthusiastic and Fun-loving (CHIEF).

For our rebranding exercise to be sustainable, and beyond cosmetic, we cascaded, and more significantly, socialised the values across the organisation. Our branding team worked closely with all employees through various workshops and engagement sessions to propagate this new brand identity. We designated all our staff as CHIEF Happiness Officers, unifying the tagline with a customer-first mindset, to ensure all encounters are joyful and happy. When our employees embrace the values wholeheartedly, we believe it will impact our customers, and in return, reward our employees with happiness as well.

Moving forward, we acknowledge that the UEM Sunrise brand must evolve along with consumer demands and marketing trends that are increasingly seeking a more personal approach, combined with consumer-centric narratives and sustainability considerations.

MANAGEMENT DISCUSSION & ANALYSIS PROGRESSING OUR STRATEGY

TRANSFORMING THE DELIVERY ENGINE

Customer Experience

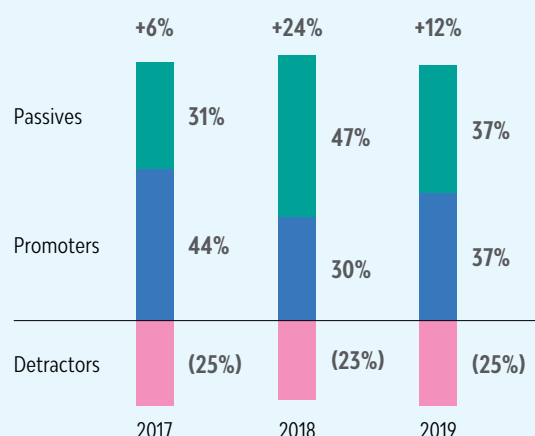
We are committed towards maintaining the highest levels in customer satisfaction and achieved an overall score of 75% in our annual Customer Satisfaction Survey for 2019, a slight drop against our performance in 2018 of 77%. The survey focused on corporate reputation, product quality and offerings and overall customers' experience. The target sample was existing UEM Sunrise customers and potential customers we interacted with throughout 2019. Additionally, we have consistently received positive Net Promoter Scores (NPS) since we began conducting these measurements in 2017. The NPS performance indicates our customers' willingness and enthusiasm in recommending UEM Sunrise to others.

In parallel and to ensure optimal customer service, our Customer Contact Centre expanded from 4 to 10 phone lines, and now offers more bandwidth for customers looking for additional features including project handover

appointments, defects management and general enquiries. We also maintain our customer care email and accounts across multiple social media platforms, in addition to receiving walk-in appointments at our Customer Lounges - One Stop Centre. Furthermore, to reward our most loyal customers, we have made enhancements to our Trésor loyalty programme, expanding the benefits package across the membership tiers.

NPS Comparison

Percentage, %



Definitions:

- Promoters: person gave a score of >8 out of 10
- Passives: person gave a score between 7 and 8 out of 10
- Detractors: person gave a score of <7 out of 10

Operational Excellence

As a key part of our transformation journey, we conducted process optimisation throughout our business operations to ensure efficient and effective employment of our capitals. In 2018, we conducted a thorough identification of our internal challenges and undertook a comprehensive review to implement robust and sustainable improvements across the organisation. Thus far, we have delivered operational enhancements within the entire business, allowing us to work faster and smarter to achieve greater results.

Area of Focus	Initiative
Performance	<ul style="list-style-type: none"> • Introduced the OpEx (Operational Excellence) Charter across selected projects to track improvements to elements of time, cost and quality • Implemented Results-Action-Review (RAR), which tracks key metrics such as sales, finance, procurement and safety - this promotes transparency and enables quicker decision-making between project team leaders and Management • Employed a standardised template to ensure all relevant information and data is captured to ensure a more efficient process when submitting documents to authorities for development projects
Procurement	<ul style="list-style-type: none"> • Revamped the overall procurement and tendering process, benchmarked against industry best practices with a focus on good governance • Established a standard timeline in the tendering process to ensure common understanding across all business units involved to reduce time wastages • Increased the robustness of our accreditation and assessment process for our vendors

MANAGEMENT DISCUSSION & ANALYSIS PROGRESSING OUR STRATEGY

Area of Focus	Initiative
Design Management	<ul style="list-style-type: none"> Defined a set of design criteria that will be adhered to by all teams before a project is approved Produced a comprehensive document that details the best practice in terms of design standardisation
Finance	<ul style="list-style-type: none"> Standardised the feasibility study template Implemented a Service-Level Agreement (SLA) for timely payment to our contractors
Quality Assurance, Safety, Health and Environment (QASHE)	<ul style="list-style-type: none"> Standardised QASHE-related key performance indicators (KPIs) for all development teams
Human Resources	<ul style="list-style-type: none"> Introduced a lean working structure called the Optimum Teaming Model to improve accountability
Governance	<ul style="list-style-type: none"> Optimised Discretionary Authority Limits (DAL) to enable more efficient decision-making

Product Development

In 2018, we established a Product Design and Development unit. The team supports our business units by project managing Building Information Modelling (BIM) implementation and conducting product research & development and design management. This includes product standardisation, product value management and technical consultation on architectural, structural, landscape, mechanical and electrical elements in our project developments. Overall, the Product Design and Development team ensures that UEM Sunrise's products are designed to meet customer demands and continuously remain exciting, desirable and relevant to the market.

Our People & High-Growth Culture

At UEM Sunrise, we recognise that the right people, with the right skills and the right mindsets, are key towards achieving our business objectives. In 2019, we implemented the New Operating Model to transform UEM Sunrise into a dynamic and lean organisation, with a view to strengthening market presence and our customer base, in addition to reducing cost and improving operational efficiencies.

This involved internal restructuring, redefining roles and mapping the right talent with the right capabilities, while cultivating a high-growth culture. Through this exercise, we sought to increase productivity by enhancing cross-functional collaborations and leveraging the use to technology and digital tools.

We maintain strong engagement with our employees through the recognition of their performance, well-being and personal and professional growth, and by providing positive work environment. This is further supported by strict compliance with human rights standards, which are

summarised in our Code of Conduct and apply to all employees, including security personnel. Our business partners are also expected to follow our standards.

In 2019, UEM Sunrise invested RM1.4 million on 86 training and development programmes, equivalent to 9,917 training hours, across face-to-face coaching and both external and internal workshops on technical, business and leadership aspects. Employees are provided corporate memberships to digital learning platforms, allowing flexible access to learning material encompassing thousands of courses across technical and functional competencies.

As part of our engagement and retention initiatives, UEM Sunrise has embarked on the expansion of flexible working hours to enhance employees' wellbeing and relaxation of the office dress code to allow a smart casual dress code, offering flexibility to employees. We also support employees' involvement in sports and recreation through the UEM Sunrise Sports & Recreation Club (UEMSSRC), and encourage corporate social responsibility (CSR) efforts through our titanSquad and the embedding of corporate citizenship in our individual scorecards.

COMMITMENT TO SAFETY

At UEM Sunrise, we are committed to upholding the highest safety standards to ensure safe, healthy working conditions and accident-free workplaces for employees and contractors. In 2019, we introduced a new Quality, Health, Safety & Environmental (QHSE) Policy, which applies to all workers, contractors, sub-contractors and all persons present at our premises. For 2019, we are proud to report we maintained our zero-fatality record.

MANAGEMENT DISCUSSION & ANALYSIS PROGRESSING OUR STRATEGY

WEATHERING THE STORM

In 2019, we raised a total of RM429 million from land disposals with a target to realise close to RM300 million in 2020.

At UEM Sunrise, we continue to manage our finances prudently and responsibly through strong balance sheet and cashflow management. Prior to the COVID-19 pandemic and ensuing MCO, the Group had set 2020 sales and GDV targets at RM2.0 billion, respectively. However, we are sensitive to the sentiment in the market in this current environment and realise that purchasing property may not be a priority for customers. Furthermore, the MCO has affected our ability to physically conduct sales and marketing activities. We anticipate sales and project launches for 2020 to be affected by the economic uncertainty and will consider re-evaluating our sales and GDV targets as events unfold.



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At 92 storeys high, Aurora Residences is one of the tallest buildings in all of Melbourne

Our stable financial position offers us a strong foundation to weather the storm ahead. Following the settlement of UEM Sunrise's projects in Australia, total borrowings declined by 28% in FY2019 compared to FY2018. As a result, our overall gearing improved. Driven by financial discipline, UEM Sunrise maintains a good credit rating and has access to unutilised SUKUK of RM1.1 billion. In keeping the balance sheet light, engagements with more strategic partners will enable us to leverage on each other's competencies for mutual benefit. This will allow the sharing of liabilities and working capital, thus weighing less on the Group's balance sheet.

A strong cash balance is necessary to ensure continual business operations for effective and timely delivery to our stakeholders. This will also empower us to seize opportunities and participate in potentially high-return projects across various property businesses. This includes investment in strategic landbanks with quick turnaround times to create the required unbilled sales funnel. In March 2019, the Group acquired a 2.9-acre plot of in Mont'Kiara and completed the deal in August 2019. We plan to launch a new development on the land, Allevia, towards the end of 2020.

Primarily driven by loans and commitments to landbanking payments, our cash balance declined in FY2019. Nevertheless, proceeds from land sales and divestments have allowed us to free up cash for other investments and should support the Group's financial position in an increasingly challenging environment. In 2019, a total of RM429 million was raised from land disposals with a target to realise close to RM300 million in 2020. Going forward, we have earmarked several assets for disposals, strategic and non-strategic alike. Cash generated from the disposal of non-strategic lands is key, as the proceeds will be utilised towards funding landbank acquisition. At UEM Sunrise, we make a point not to gear up to acquire land and use internally generated funds instead. The Company also has RM1.8 billion of unbilled sales as of FY2019 which is expected to be recognised over the next 1 to 1.5 years.

Following the success of our 2018 smart spending initiative, we continued to promote the initiative among our employees in 2019. This resulted in actual savings of 20% in general and administration as well as selling and distribution expenses, compared to our 2019 budget, amounting to approximately RM35 million in savings. We hope to continue the initiative in 2020 and create the reserves required to face the current challenging operating environment.

To drive returns from UEM Sunrise JVs, we have improved our JV management by streamlining and strengthening portfolio management, executing turnaround plans and continuing to nurture potential JVs.

THIS INCLUDES CATEGORISING OUR INVESTMENT PORTFOLIO BASED ON FOUR FOCUS AREAS:



Nurture



Turnaround



Reassess



Exit/Dispose

MANAGEMENT DISCUSSION & ANALYSIS PROGRESSING OUR STRATEGY

PUSHING THE BOUNDARIES

Technology and “Go Digital”

At UEM Sunrise, we continuously anticipate our customers’ evolving needs through our products, services and initiatives, including investments in technology and digital ventures. We embrace technological solutions and digital tools to enhance convenience for our customers and strive for operational excellence across our business operations.

To improve our end-to-end customer journey, we rolled out the hUb mobile app, our digital customer self-service channel. Launched at “The Future of Living by UEM Sunrise” event in June 2019, hUb allows users to obtain selected services and information, including information on our latest property launches and Trésor Loyalty Programme. It is a key milestone in the UEM Sunrise digital transformation journey, offering registered users a more immersive experience. Since its launch, hUb has garnered over 2,215 downloads. Moving forward, we target to expand the capacity and capability of hUb to provide additional services across the property management cycle.

Towards achieving operational excellence, we are embracing a digital transformation in our business operations, spearheaded by implementing unified sales and customer experience tools and automating our end-to-end project development life cycle. We automated our customer relationship management (CRM) system through Salesforce in December 2019, to enable a cohesive customer journey across marketing, sales processes and loyalty and after sales services. This allows us to better manage leads and conversion to sales and provides better targeting through data-driven analytics and insights. We automated our project management system through Primavera in August 2019, covering the entire project development life cycle, from land acquisition, concept and detailed design to project launch, construction and handover. This has enhanced our project management and controls by providing centralised project information which is accessible to all stakeholders. Overall, automation of our processes has improved our efficiency and effectiveness in delivering our products and services to our customers.

Our digital efforts also support customer engagement for our retail business. This was anchored by the launch of the Publika website in October 2019, which features a directory of the merchants, floor plan, events and promotions, among others. The website obtains an average of 10,000 visitors monthly and we plan to enable our rewards app in 2020 to offer an enhanced customer experience. We also marked another milestone for Publika by implementing a visitor counting system with basic AI elements which can provide insights about our customers. This basic information (gender, ethnicity and mood) will help us bring in the right merchants for our customers in the future.

In addition, we launched an Augmented Reality (AR) app, Publika Raya AR, in June 2019, conceptualised on the classic Senandung Express train that comes to life using smart devices. The app gained traction during the Hari Raya festive period, garnering over 300 users within a week. These initiatives are targeted at increasing footfall and driving revenue for Publika, a key retail asset of UEM Sunrise in the Central region.

UEM Sunrise has embarked on a “Go Digital” initiative involving various collaborations with external partners to provide solutions to enhance the convenience of customers. As a last-mile solution in improving the sales process with our customers, we collaborated with Grab to offer free ride vouchers to our sales galleries and Loanplus to enable quick loan checking. To ease parking payment at our retail assets, we piloted the implementation of the JomParking app in Arcoris Mont’Kiara, allowing for simple, secure and quick cashless payments. We plan to extend this facility to all our retail assets in the future. For home security, our products in the Southern region are equipped with smart security services, through InneoNusa Sdn. Bhd, our JV with Telekom Malaysia Berhad and Iskandar

Investment Berhad. The service enables nationwide monitoring and 24/7 support for the safety and security of all its users, as well as smart services. To provide transport solutions to visitors and tourists in Puteri Harbour, we have collaborated with the SoCar car-sharing network. This improves mobility in this new township, increasing users’ access to key facilities and tourist attractions in the surrounding areas. In addition to enhancing customer experiences, these collaborations allow us to support local start-ups to promote a vibrant start-up ecosystem in Malaysia.

Moving forward, UEM Sunrise seeks to evolve and provide services beyond the scope of property development, aimed at enhancing lifestyles and sustainability in most aspects of our customers’ lives. A digital arm will be established to incubate and oversee this new venture, where technology will be optimised to enable efficient operations and to explore new revenue streams within the real estate space. Ultimately, we strive to ensure relevance in the new business environment and safeguard our business viability, competitiveness and sustainability amid operating within the new normal.



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Embracing innovation with the launch of the hUb mobile app

Commitment to Sustainability

At UEM Sunrise, we continue to uphold our commitment to sustainability, ensuring we create broad economic value, operate in an environmentally responsible manner and undertake good corporate citizen practices. Overseen and governed by the Board Governance & Risk Committee, we strive to implement our Sustainability Policy, which is also aligned with the United Nations Sustainable Development Goals. In addition, we regularly engage with our stakeholders against a backdrop of comprehensive material issues that have been identified as having the most significant impact on our business.

In our recent launches, we have taken extra efforts to include elements of sustainability to cater to the growing demand for environmentally responsible developments. In our Aspira Gardens in Gerbang Nusajaya, Johor, the street lighting is solar-powered and all homes are solar panel ready, thus reducing overall emissions. Aurora Melbourne Central has 784 bicycle parking spaces, which is more than any other development completed in the city over the past five years.

Further details can be found in our Sustainability Statement on page 60 as well as our Sustainability Report 2019.

MANAGEMENT DISCUSSION & ANALYSIS

OUR RISKS LINKED TO STRATEGY

NO.	RELATED RISKS	MITIGATION ACTIONS	LINK TO STRATEGY
1.	COMPETITION RISK The property development market continues to be highly competitive	<ul style="list-style-type: none"> Undertake a comprehensive annual strategic plan review Formulate brand enhancement strategy and improve product value proposition Continuously identify operational improvements and strengthen the customer experience programme 	Defending the Topline Pushing the Boundaries
2.	OPERATIONAL RISK Failure to deliver key projects efficiently could result in significant increase in cost and adverse customer response	<ul style="list-style-type: none"> Strengthen project management capabilities via operational excellence initiatives Embed the use of technology and digitisation to improve efficiency and productivity Ensure that people, processes and operations are in compliance with all applicable laws and regulations 	Transforming the Delivery Engine
3.	LIQUIDITY RISK Uncertainty about current and prospective earnings as well as the inability to efficiently meet present and future funding obligations when they are due	<ul style="list-style-type: none"> Diligently monitor the sales funnel, inventory levels and development plans to ensure adequate cashflow requirements Maintain adequate buffer of liquidity throughout the year Continue to monitor borrowing and repayment maturity profiles and financial covenants 	Weathering the Storm
4.	CONCENTRATION RISK A large portion of the landbanks are in the Southern region, limiting the ability to diversify revenue base geographically	<ul style="list-style-type: none"> Continuously make a concerted effort to diversify landbanks via assessing various opportunities to acquire strategic lands in the Central region Divestment of non-strategic land plots 	Defending the Topline
5.	PEOPLE RISK Having the right talent with high-growth mindsets is vital for business sustainability and success	<ul style="list-style-type: none"> Reviewed the organisational structure to ensure that it is aligned to the business as well as operational requirements Offer comprehensive learning and development to all staff to grow and develop themselves, driven by the business strategy Implement structured leadership and talent programmes to nurture emerging leaders and employees with high potential 	Transforming the Delivery Engine
6.	CORRUPTION RISK Exposure to the Corporate Liability provision under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009	<ul style="list-style-type: none"> Established the Integrity & Governance Unit (IGU) under the Governance, Risk & Compliance Department Developed the Integrity & Anti-Corruption Plan (IACP) which outlines the commitment and structured initiatives to uphold integrity at all times Organised Integrity Day events which included the signing of the Corruption-Free Pledge, launch of a revised Code of Conduct and a brand new Code of Conduct for Business Partners 	Transforming the Delivery Engine

MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

Total revenue for the period under review increased by 42% to RM2.9 billion compared to RM2.0 billion in FY2018, mainly driven by the completion and settlement of Aurora Melbourne Central and the Conservatory, both in Melbourne, Australia which contributed a total of RM1.6 billion towards total revenue compared to RM662 million in FY2018.

Property development activities accounted for 81% of our total revenue with 70% contributed by Aurora Melbourne Central and the Conservatory, followed by 16% by the Central region, mainly Symphony Hills in Cyberjaya, Residensi Solaris Parq in Mont'Kiara and Serene Heights Bangi. The remaining 14% was from the Southern region, mainly from mid-market double-storey homes in Serimbun and Aspira LakeHomes in Iskandar Puteri, as well as the affordable high-rise residences at Denai Nusantara. The Group also recognised RM429 million from land disposals.

Other revenue, which comprised property investment, asset and facilities management and project management, improved by 14% to RM123 million from RM108 million in FY2018, partly contributed by the full operation of Hyatt House Kuala Lumpur Mont'Kiara in 2019.

PATANCI for the period under review was RM224 million. The 20% decrease from FY2018 of RM280 million was mainly due to a one-off full impairment of RM51 million from our

40% equity interest in the Bio-XCell development in Iskandar Puteri, staff separation scheme of RM26 million and unrealised foreign exchange losses, among others. The remaining 60% of Malaysian Bio-XCell Sdn. Bhd. is held by Biotechcorp Investment Holdings Corporation Sdn. Bhd. Excluding these one-off costs, PATANCI was RM303 million, which was 2% higher than FY2018.

Our unbilled sales dropped by 59% from RM4.4 billion in FY2018 to RM1.8 billion in FY2019 pursuant to the settlement of Aurora Melbourne Central

and the Conservatory. This amount will be recognised over the next 1 to 1.5 years. We will be cautious in our product launches in the year ahead in view of the prevailing challenging market conditions.

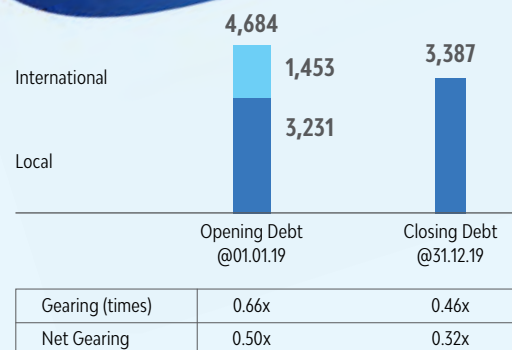
Total borrowings declined by 28% from RM4.7 billion in FY2018 to RM3.4 billion in FY2019 following full repayment of the Group's international debt amounting to RM1.5 billion, mainly due to the completion of our Australian projects. The Group's gross and net gearing ratios improved from 0.66x and 0.50x as at FY2018 to 0.46x and 0.32x as at FY2019, respectively.

The Malaysian Rating Corporation Berhad (MARC) reaffirmed our rating of MARC-1IS/AA-IS with a STABLE outlook for our Islamic Commercial Papers (ICP) and Islamic Medium-Term Notes (IMTN) programmes under the Shariah principle of Murabahah in December 2019. The Shariah-compliant bonds, otherwise known as SUKUK, have a programme limit of RM2.0 billion with a sublimit of RM500 million on the ICP issuances. The total unutilised SUKUK balance was RM1.1 billion after the ICP issuance of RM200 million on 10 April 2020 and RM235 million IMTN on 30 April and 18 May 2020. The unutilised balance should be sufficient for the Group's funding needs in the foreseeable future.

Cash balance declined from RM1.08 billion as at the end of FY2018 to RM1.06 billion as at the end of FY2019. This was mainly due to loan repayments including part payment for the 72.7-acre land acquired for Kiara Bay and the acquisition of a 2.9-acre plot of land in Mont'Kiara for Allevia.

STRENGTHENED BALANCE SHEET

Borrowings Position (RM mil)



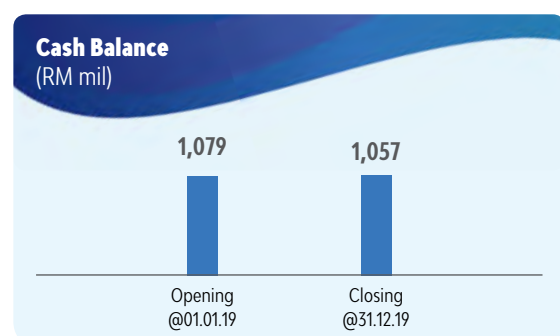
Property development
activities accounted for

81%

of our total revenue with
70% contributed by Aurora
Melbourne Central
and the Conservatory

MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

The Group continues to consolidate cash through asset divestments. In 2019, we raised a total of RM429 million from land disposals with a target to realise close to RM300 million in 2020. The significant transaction in 2019 was from the divestment of our Mayfair site in Melbourne for RM305 million (or AUD107 million), following the soft property market environment in Melbourne and the subtle interest for an unprecedented product such as Mayfair. After a thorough assessment was conducted, we decided to cease Mayfair and divest the site. This helped to free up cash for other investments and prospects.



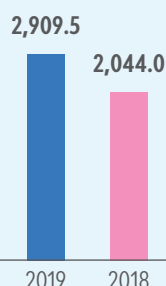
In September 2019, we terminated the Contract of Sale with Ascendas Australia Hotel Trust for the en-bloc disposal of 252 serviced apartment units, 10 car park lots and retail space for AUD120 million. We managed to subsequently sell the properties at a higher price of AUD125 million to Scape, in November 2019. The disposal, originally scheduled for completion on 30 April 2020, is now extended to 30 October 2020 through a Deed of Variation with Scape, executed on the same date. A non-refundable deposit of AUD12.5 million was received in April 2020. We expect to receive another non-refundable payment of AUD12.5 million towards the end of May 2020. Full payment is expected to be received on the extended date.

On the local front, we signed two separate agreements with two local companies for pocket lands in Iskandar Puteri. The disposal of parcel J measuring 2.8 acres in Afiat Healthpark to Super Evergreen Automobile Sdn. Bhd. for RM13 million was completed in March this year, while the disposal of PTD 206379 measuring 10.5 acres to Distinctive View Sdn. Bhd. for RM25 million is expected to be completed in the third quarter of this year. We will continue to source for buyers for our 65-acre land in Kajang and 1.7-acre land in Seputeh, Kuala Lumpur.

In April 2020, UEM Sunrise redeemed 123.3 million out of the 792.5 million UEMS RCPS issued to UEM Group at a redemption value of RM150 million or RM1.22 for each UEMS RCPS. The UEMS RCPS were issued in October 2015. The balance 669.2 million UEMS RCPS will be converted into new UEM Sunrise ordinary shares after the maturity of the UEMS RCPS on 29 October 2020 at a conversion price of RM1.60 per UEMS RCPS for one ordinary share. UEM Group has been supportive of UEM Sunrise's expansion and growth. The subscription of the UEMS RCPS in October 2015 allowed us the flexibility in terms of timing and resources to expand our business operations both locally and abroad. Our successful projects abroad in Vancouver, Canada back in 2010, and now in Melbourne, Australia are testaments to our track record as a reputable international developer.

KEY FINANCIAL HIGHLIGHTS

REVENUE (RM MIL)



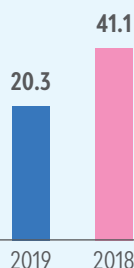
OTHER INCOME (RM MIL)



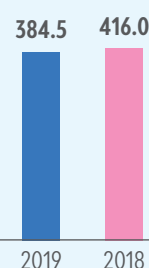
OPERATING PROFIT (RM MIL)



SHARE OF NET RESULTS OF ASSOCIATES & JOINT VENTURES (RM MIL)



PROFIT BEFORE INCOME TAX AND ZAKAT (RM MIL)



EARNINGS PER SHARE (SEN)



MANAGEMENT DISCUSSION & ANALYSIS BUSINESS REVIEW

Property Development

Central Region

Residensi AVA, Kiara Bay

The highlight of 2019 was the unveiling of Kiara Bay, UEM Sunrise's newest integrated mixed development in Kuala Lumpur, spanning 72.7 acres of land. Its first development component was a two-tower residential block launched in November 2019. Residensi AVA comprises 870 units of serviced apartments, with a GDV of RM656 million. Proudly presenting seven different layouts of 2+1, 3 and 4 bedrooms, ranging from 813 to 1,285 square feet, it is scheduled for completion in 2024. It is targeted at second-generation Kepong residents and priced from RM528,000 per unit. Residensi AVA offers various liveable features enabling urban eco-living for all ages and life stages and includes multiple recreational facilities such as a 50-metre infinity edge lap pool, half basketball court, yoga and Tai Chi deck, a wading pool with water play, kid's lawn and games room. In addition, residents have direct access to a sky deck, dining pavilion and retail spaces for neighbourhood conveniences and services.

Kiara Bay is accessible through major expressways and roads and will be in proximity to two mass rapid transit (MRT) stations on the Sungai Buloh-Serdang-Putrajaya line. We also commenced construction of a 1.3-km internal road to connect to Jalan Kepong. This will improve connectivity as the road will lead to the Kepong Baru and Jinjang MRT stations on the Sungai Buloh-Serdang-Putrajaya line, benefitting our future residents as the stations will be five minutes away from Kiara Bay. Our partner, Mega Legacy Equity Sdn. Bhd., has also informed us that plans for the first interchange from the MRR2 have been submitted and construction is targeted to commence before year-end.



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KIARA BAY is a 72.7-acre masterplan development and an awe-inspiring eco-living destination

Applying our competencies and experience as master developers for Iskandar Puteri and Mont'Kiara, we have also taken steps to create a connected ecosystem by joining forces with AEON Big (M) Sdn. Bhd., Starbucks Malaysia and four prominent 5G providers including Telekom Malaysia Berhad and Celcom Axiata Berhad, in collaboration with WeChat as the technology platform provider in Kiara Bay.

These initiatives should pave the way for Kiara Bay to be the new heartbeat of Kuala Lumpur.

Projects Still Ongoing	Description	Acreage	Total Units	Total GDV (RM mil)
Serene Heights Bangi	Mid-market residential with landed double-storey terraced, semi-detached, bungalows, condominiums and commercials in Bangi.	448.0	4,412	3,694
Residensi Solaris Parq	Two 41-storey residential towers in Dutamas.	4.7	576	765
Kondominium Kiara Kasih	40-storey affordable residential development (RUMAWIP) with condominium facilities in Mont'Kiara.	2.1	719	216
Residensi Astrea	36-storey low-density residential tower in Mont'Kiara.	2.4	240	323
Kiara Bay	Integrated mixed development in Kuala Lumpur adjacent to Kepong Metropolitan Park.	72.7	13,801	15,000
Radia Bukit Jelutong (JV with Sime Darby Property Berhad)	Mixed residential commercial with serviced apartments, retail shops and strata offices in Bukit Jelutong.	21.0	1,028	2,008
Seremban Forest Heights (JV with MCL Land Ltd. of Singapore)	Mid-market mixed residential with single- and double-storey terraced, bungalows, shop offices and retail in Seremban.	488.0	2,839	2,223
TOTAL		1,038.9	23,615	24,229

MANAGEMENT DISCUSSION & ANALYSIS BUSINESS REVIEW

Projects Recently Completed	Description	Acreage	Total Units	Total GDV (RM mil)
Residensi 22	Four 38-storey residential towers with spacious built-up units in Mont'Kiara.	6.7	534	971
Symphony Hills	Residential with terraced houses, twin villas, townhouses, condominiums and clubhouse facilities in Cyberjaya.	98.0	1,216	1,266
Residensi Sefina	35-storey low-density residential tower in Mont'Kiara.	3.0	245	307
Arcoris	High-rise mixed development with 18-storey serviced residences, Hyatt House Kuala Lumpur Mont'Kiara Hotel, SOHO and business units with retail in Mont'Kiara.	6.0	1,296	1,258
Summer Suites and Summer VOS	High-rise commercial with two 30-storey office towers and two levels of retail, swimming pool, gym, function room, landscape deck, food court and F&B outlets in Kuala Lumpur City Centre.	1.7	879	471
TOTAL		115.4	4,170	4,273

Collaborations With Strategic Partners

Radia Bukit Jelutong is a 21-acre mixed development with Sime Darby Property Berhad in Bukit Jelutong, Selangor. Boasting a unique hand fan-shaped design inspired by a fusion of Mediterranean and Asian themes, the RM2.0 billion development comprises serviced apartments, retail shops and strata offices totalling 1,028 units and retail spaces with a gross floor area of about 2.7 million square feet. We also opened up two FIFA-sized international standard football fields in January 2020, in collaboration with Arena Legacy Sdn. Bhd. (Arena Legacy) in our efforts to bring footfall to Radia Bukit Jelutong's retail and offices. The fields are located in phase 5 of Radia Bukit Jelutong. The football fields are temporary and will only be available for the next three to four years.

Seremban Forest Heights is a mixed residential township development spanning 448 acres in Seremban, Negeri Sembilan in collaboration with MCL Land Ltd., a leading property group in Singapore. Located on the outskirts of the city centre, the RM2.2 billion development is located close to many infrastructures and social amenities including Tuanku Jaafar Hospital, Seremban's largest government-owned hospital. Properties available include link houses, bungalows, shop offices and retail.

Launches in 2020

Solaris Parq is an integrated mixed development with a total estimated GDV of RM2.8 billion comprising an estimated 1,590 residential units, retail and offices on an 18.8-acre piece of land in Dutamas. There will also be a 2-acre park in the development. The first phase of Solaris Parq was Residensi Solaris Parq, which was launched in October 2017. Subject to market conditions in the near term, we plan to launch a two-tower office block in the third quarter of 2020.

Building on our strong portfolio in the Mont'Kiara area, UEM Sunrise is targeting to launch high-rise residences, named Allevia, also in the third quarter of 2020. Planned with bigger built-ups for each unit, Allevia is expected to trigger the interest of property buyers who are on the lookout for bigger high-rise units in the Mont'Kiara locality. Located next to Residensi Sefina, its estimated GDV is close to RM300 million.

We will also be launching new phases of landed mid-market residences in Serene Heights Bangi.



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Serene Heights is a 448-acre future-ready township built on freehold land in Bangi

MANAGEMENT DISCUSSION & ANALYSIS BUSINESS REVIEW

Southern Region

Gerbang Nusajaya

As our next growth catalyst, we continue to develop Gerbang Nusajaya to serve as the business and economic engine of Iskandar Puteri in Johor. With 4,551 acres of freehold land, this development features a range of residential precincts, assorted commercial and retail zones, a technology park and an integrated motorsports facility. Our aim is to leverage on the close proximity to Singapore and attract investors and high-value businesses, among others, to set up in Gerbang Nusajaya. The potential development of the HSR station in Gerbang Nusajaya, the last stop in Malaysia before the line enters Singapore via Tuas, will drive growth for housing demand and job employment opportunities. At this point in time, we have yet to receive any formal directive as to the status of the project. This does not, however, stop us from continuing to develop Gerbang Nusajaya as per our approved masterplan. Construction work for key areas is currently ongoing. This includes infrastructure developments to improve connectivity and the launch of sought-out residential precincts. These keep the development momentum going as we stand guided by the Government on the decision of the HSR development.

Since 2014, much has been spent on infrastructure with the intention of transforming Gerbang Nusajaya into a sustainable, well connected and established township. The Gerbang Nusajaya Interchange, which connects to the Linkedua Expressway and Tuas, is under construction and slated for completion before the end of 2020. We have also collaborated with Mulpha International Berhad, the developer of the adjacent Leisure Farm, to construct and upgrade roads in Gelang Patah and Gerbang Nusajaya.

In continuing the success of Aspira LakeHomes, which was launched in 2016, we continued to launch more new properties under the Aspira portfolio in 2019, starting with Aspira ParkHomes and followed by Aspira Square which is a commercial development, and another landed residential development, Aspira Gardens. Aspira ParkHomes contributed the most to total sales in 2019. Plans to launch affordable residences, Gerbang Nusantara, are also underway but will likely be in 2021 and beyond.

LAUNCH DATES & GDV			
Aspira LakeHomes April 2016	Aspira Square August 2019		
GDV RM520 million	GDV RM77 million		
Aspira ParkHomes January 2019	Aspira Gardens December 2019		
GDV RM311 million	GDV RM108 million		

Projects Still Ongoing	Description	Acreage	Total Units	Total GDV (RM mil)
East Ledang	Garden-themed luxury residential development featuring 31 landscaped gardens, link duplexes, twin villas, townhouses, bungalows, high-rise apartments, clubhouse and retail.	348.0	2,247	3,307
Nusa Idaman	Mid-market residential development with double-storey terraces, semi-detached, bungalows, high-rise condominiums and retail.	251.0	2,898	1,879
Nusa Bayu	Residential development for first-time homebuyers with mainly landed double-storey terraces.	258.0	2,927	1,192
Estuari	Premium superlinks, twin villas, villas and low-rise condominiums.	394.0	5,990	4,031
68° Avenue	Lifestyle commercial development of 2 to 3 shop offices opposite SiLC.	23.1	136	168
Aspira ParkHomes	Mid-market residential development with double-storey terrace houses in Gerbang Nusajaya.	43.1	452	311

MANAGEMENT DISCUSSION & ANALYSIS BUSINESS REVIEW

Projects Still Ongoing	Description	Acreage	Total Units	Total GDV (RM mil)
Aspira Gardens	Landed residential development with ready solar panels and solar-powered street lighting in Gerbang Nusajaya.	19.9	118	108
Aspira Square	Gerbang Nusajaya's first commercial development located in the vicinity of Aspira LakeHomes and Aspira ParkHomes.	9.6	59	77
The Maris (JV with TAR&H group)*	Landed residential development of double-storey cluster homes, semi-detached homes, bungalows and villas in Desaru Coast.	228.1	2,002	2,888
Horizon Hills (JV with Gamuda Land Berhad)	Golf-themed residential and leisure development with nine themed-residential parcels and a 200-acre 18-hole golf course.	1,227.0	6,156	7,113
Emerald Bay (JV with BRDB Development Sdn. Bhd.)	Premier waterfront residential development comprising canal housing, waterfront villas, low-rise condominiums with beaches, islands and clubhouse facilities in Puteri Harbour.	107.0	1,649	3,515
TOTAL		2,908.8	24,634	24,589

Projects Recently Completed	Description	Acreage	Total Units	Total GDV (RM mil)
Almās	High-rise mixed commercial residential development comprising a 42-storey residential tower, 42-storey residential suites, 28-storey offices and 5-storey retail/shop offices in Puteri Harbour.	12.2	1,501	2,358
Aspira LakeHomes	Mid-market residential development with double-storey terraces overlooking a lake in Gerbang Nusajaya.	73.6	522	520
Denai Nusantara	Affordable residences with five 12-storey blocks - 1,109 three-bedroom units and 108 single-storey shoplots.	40.8	1,217	189
Serimbun	Mid-market residential development with double-storey terrace houses near Bukit Indah.	23.3	358	139
Teega	High-rise mixed commercial residential development comprising three 35-storey condominiums and serviced apartments with "Sky Park" and dedicated facilities in Puteri Harbour.	10.1	1,371	1,314
TOTAL		160.0	4,969	4,520

* The above developments are all in Iskandar Puteri, Johor.

Collaborations With Strategic Partners

Horizon Hills is an exclusive gated and guarded precinct with over 1,200 acres centred around an 18-hole signature golf course and resort clubhouse flanked by the Iskandar Coastal Highway, a toll-free highway with direct connectivity to the Johor Bahru city centre and Lebuhraya Kota Iskandar. The RM7.1 billion development is jointly developed with Gamuda Berhad. Launched in April 2008, Horizon Hills boasts a variety of products: double-storey link houses, two- to three-storey semi-detached homes, bungalows, shop offices, condominiums and landed villas. As at the end of April 2020, a total of 4,864 units have been launched at an approximate value of RM5.5 billion.



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Horizon Hills is a 1,200-acre township featuring the luxury of hills, fairways, waterways, forest reserves and parks

MANAGEMENT DISCUSSION & ANALYSIS BUSINESS REVIEW

We will launch Senadi Hills, a new residential precinct near Horizon Hills within the vicinity of the Iskandar Coastal Highway featuring double-storey terrace homes with built-up sizes ranging from 2,090 to 2,400 square feet.

Emerald Bay in Puteri Harbour is a luxurious waterfront living space spanning 107 acres next to the Johor Straits showcasing a selection of stylish courtyard homes, elegant semi-detached units, expansive waterfront bungalows and condominiums, in addition to a three-storey clubhouse with swimming pool. These RM3.5 billion resort living residences feature contemporary architectural designs and inspiring luxurious finishes. 21% of the total development is made up of water bodies. Developed jointly with BRDB Development Sdn. Bhd., phase 1 of 82 landed homes was launched at a value of almost RM340 million.

Also in Puteri Harbour, we plan to improve the retail properties and theme park building we acquired from TAR&H group by enhancing the assets' overall design. Securing the right tenant mix will increase vibrancy and footfall in anticipation of unlocking Puteri Harbour's development potential in the long run. Through this JV with TAR&H group, we also rolled out our first residential development in Desaru Coast, The Maris, with a GDV of RM2.9 billion. The Maris has four other residential clusters, the last of which is expected to be launched in 2027. The first phase was Embun Residences which consists of double-storey cluster homes and was well received upon its launch in October 2019.

Launches in 2020

We plan to launch a series of mid-market landed residences in Iskandar Puteri in the second half of this year. We will launch Senadi Hills, a new residential precinct near Horizon Hills within the vicinity of the Iskandar Coastal Highway, featuring double-storey terrace homes with built-up sizes ranging from 2,090 to 2,400 square feet. Boasting a total GDV of RM323 million, we plan to launch close to RM215 million in value this year, primarily double-storey terrace homes, a small fraction of which will be Rumah Mampu Biaya Johor, Johor's version of affordable housing, and a commercial development. We will also continue to launch the latest instalment of Aspira ParkHomes in Gerbang Nusajaya.



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Emerald Bay in Puteri Harbour features a stylish selection of courtyard homes, elegant semi-detached units, expansive waterfront bungalows and picturesque condominiums

International

With our Aurora Melbourne Central and Conservatory projects in Australia completed and 100% sold, we look forward to our plans in Durban, South Africa.

We are planning to reactivate the development of Durban Point, located in the coastal city of Durban in South Africa, the largest and busiest port city in sub-Saharan Africa. Our land is strategically located along the Point Promenade overlooking the Indian Ocean and has the potential to transform Durban into an international business centre and tourist destination. We are also looking to firm up a new JV to develop the project and expect to finalise the JV agreement accordingly.

MANAGEMENT DISCUSSION & ANALYSIS BUSINESS REVIEW

Retail and Commercial Central

UEM Sunrise owns and operates various assets across the Central and Southern regions. Various placemaking activities and events are conducted at these sites, including festive celebrations for Raya, Chinese New Year, Deepavali and Christmas, in addition to environmental consciousness as well as health and wellness activities, allowing us to support civic engagement and community building.

A notable example of our retail assets is Publika in Solaris Dutamas, launched in 2010. Publika has established itself as a market leader in event spaces for art bazaars such as the Fuyoh Collectors Market, music festivals such as the Publika Jazz Festival and multidisciplinary discourse such as the Cooler Lumpur Festival. Publika is also renowned for the exclusively curated local brands across the retail spaces and F&B outlets, and art galleries. As part of our asset enhancement and rejuvenation initiative, we recently introduced island kiosks for vendors and urban lounges, community balconies and artrow decks for visitors. We are continuing these efforts, and have identified additional refurbishments to enhance Publika's appeal to visitors and prospective tenants.



Publika Shopping Gallery combines art and culture with retail, attracting creative urbanites and innovative entrepreneurs

Nearby in Arcoris, we maintain a beautifully landscaped courtyard, terraced with upper and lower plazas encircled by shops, cafes and restaurants, preserving the exclusivity of this Foster + Partners-designed development, while at Summer Suites, near the Kuala Lumpur city centre,, we operate WOTSO Workspace in partnership with Australia's largest collaborative workspace provider, BlackWall Limited. For Kiara Bay, we are embarking on strategic partnerships with wellness and education players, key retail tenants and e-wallet providers for our interim retail space adjacent to the sales gallery.

Southern Puteri Harbour

In our Puteri Harbour catalytic development, we are undertaking a rebranding and rejuvenation exercise to transform Puteri Harbour into an iconic waterfront tourist destination. With the recently acquired retail properties and theme park building which we branded as Marina Walk, in addition to offerings of a curated retail mix comprising entertainment, lifestyle retail, F&B and health & living outlets, as well as local bazaars, workshops and event halls, we hope Puteri Harbour will attract the necessary traffic and volumes befitting its status as an iconic tourist destination. We have also ramped up our placemaking initiatives in Puteri Harbour, in addition to hosting the annual Iskandar Puteri Jazz Festival and Iskarnival.

In our East Ledang development, we operate the Ledang Clubhouse and the Anjung Neighbourhood Centre, both built with unique designs, to cater to nearby residents. The Mall of Medini is phase 1 of a 35-acre street-style retail development jointly developed with the Iskandar Investment Berhad group managed by UEM Sunrise. Rejuvenation works for the Mall of Medini were completed in September 2019 with its major anchor tenant, Ben's Independent Grocer (BIG), officially opening its doors to the public the following month. Phase 1 mainly focuses on F&B. The remaining available land is planned for entertainment facilities, shopping malls and serviced apartments.



Puteri Harbour, the pearl of Johor, is a prestigious waterfront development located along the southern coast of Johor

MANAGEMENT DISCUSSION & ANALYSIS BUSINESS REVIEW

Industrial

Nusajaya Tech Park Updates

Nusajaya Tech Park is a 519-acre world-class integrated industrial park with eco-friendly infrastructure designs and facilities, developed together with the Ascendas group of Singapore. Nusajaya Tech Park's design objectives are for functional and efficient industries, landscaped with well-maintained facilities, secure and environmentally friendly with vibrant communities. Its main target is sustainable medium industries. Since inception, Nusajaya Tech Park Sdn. Bhd. (NTPSB), the JV vehicle for the industrial park, has, among others, developed Built-To-Suit (BTS) warehouses and factories, as well as Ready-Built-Factories (RBFs) for its buyers, and has signed VADS Berhad (VADS), a wholly owned subsidiary of Telekom Malaysia Berhad, for the development of a purpose-built data centre facility. The data centre currently serves as a regional hub for VADS' cloud and operation services.



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Nusajaya Tech Park is a world-class 519-acre integrated eco-friendly technology park

Recent transactions:

January 2019

Gan Teck Kar Investments Pte. Ltd., a privately-owned company specialising in importation and distribution of premium food products in Singapore and Malaysia with business partners around the Southeast Asian region. It is using Nusajaya Tech Park as its distribution centre for food products for the Johor market.

February 2019

Song Fa Trading Pte. Ltd., a Singaporean company specialising in wholesale trade and manufacturing of food products which expanded its manufacturing facilities in Nusajaya Tech Park to facilitate growth in Thailand and China.

August 2019

Leased a RBF to Sternmaid Asia Pacific Sdn. Bhd., a wholly owned subsidiary of German conglomerate of speciality ingredients manufacturers Stern-Wywiol Gruppe Holding and 3 RBFs to GKN Aerospace Malaysia for a repair and research facility to cater to customers in the Asia-Pacific region.

Talking to a Singapore engineering company

that manufactures metal parts to set up in Nusajaya Tech Park.

Talking to one of Asia's leading foreign

and migrant workers dormitory owner/operators in Singapore and Malaysia to set up in Nusajaya Tech Park.

SiLC

SiLC is our flagship 1,300-acre advanced technology industrial park with a total estimated GDV of RM1.3 billion. Phases 1 and 2 are sold out while Phase 3, with a net saleable area of 196 acres, was officially launched in February 2017. In 2019, five industrial lots were disposed of for a total consideration of RM42 million, including four to Greenfarm. We are currently negotiating with potential prospects to secure more sales in 2020.

MANAGEMENT DISCUSSION & ANALYSIS BUSINESS REVIEW

Hospitality and Leisure Central

Located in Arcoris is our pioneering 299-room four-star Hyatt House Kuala Lumpur Mont'Kiara hotel, an extended stay hotel and the first of its kind in Southeast Asia. It was awarded the Most Valued Extended Stay Suites at the Malaysia Property Press Awards 2018. Interest has been positive with guests liking the extended stay feature which is ideal for both short- and long-term stays, in addition to the great facilities, services and location.

Southern

As part of the ongoing revitalisation of the Puteri Harbour area, we are jointly developing a number of hospitality and leisure-related facilities to cater to the affluent demographic in Iskandar Puteri.



< Hyatt House Kuala Lumpur, Mont'Kiara offers a home-like hospitality which encourages guests to live like residents

IN PUTERI HARBOUR, WE ARE ALSO CURRENTLY DEVELOPING:

- > A private clubhouse, private marina with 207 wet berths, hotel rooms and related services and restaurants collectively identified as ONE°15 Marina Puteri Harbour, a JV development between UEM Land Berhad and ONE°15 Marina Holdings Pte. Ltd. (ONE°15), a Singapore-based group which owns the ONE°15 Marina Club in Sentosa Cove, Singapore.

Groundbreaking took place in March 2019 and the projects are expected to be completed in 2021. ONE°15 Marina Puteri Harbour is targeted at Malaysians and expatriates living in Johor. It caters to affluent families, as well as singles and millennials who enjoy the waterfront lifestyle away from the hustle and bustle of city life.
- > A sports complex identified as ONE°15 Estuari Sports Centre in Estuari. The sports centre is completed, pending official opening which has been delayed due to the COVID-19 pandemic.
- > A Puteri Harbour Yacht Centre together with ONE°15 to cater for the repair, refit, building and storage of yachts. The Centre includes recreational facilities, restaurants and accommodation for crew. It is expected to be completed in 2021.
- > Marina Walk, located a stone's throw away from ONE°15 Marina Puteri Harbour. With plans to improve overall design in addition to the right tenant mix, the rejuvenated retail properties and theme park building are expected to unlock Puteri Harbour's development potential.

Since its official opening in 2008, Horizon Hills Golf & Country Club has become a household name in the golf industry in this region. The clubhouse was designed by Argentinean Ernesto Bedmar and hosts five-star amenities and facilities including an Olympic-sized swimming pool, fully equipped gymnasium, tennis courts, pro shop, a grand ballroom and a variety of F&B outlets, while its award-winning 18-hole golf course was designed by Ross Watson. The clubhouse and golf course were jointly developed with Gamuda Berhad. Among notable golfers who have played at the course are KJ Choi of South Korea and Padraig Harrington of Ireland. Among the awards won in 2019 were First Runner Ups for Best Course in Malaysia and Best Golf Manager of the Year by Asian Golf Awards and top three for Best Clubhouse and Best Green by Pargolf People's Choice Awards.

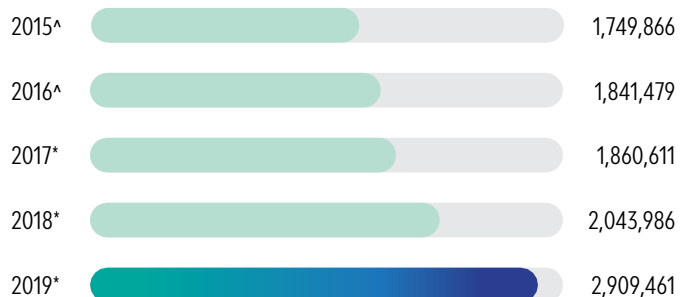
Our other JV projects in Iskandar Puteri include Fastrackcity, the 300-acre one-stop centre for all things automotive including the potential development of a 4.5-km test track designed by Hermann Tilke in Gerbang Nusajaya. This is in collaboration with Fastrack Autosports Pte. Ltd. of Singapore. Other collaborative development partners include Kuala Lumpur Kepong Berhad, Mulpha International Berhad and the Iskandar Investment Berhad group of companies. Planning for these various developments is underway.

Five-Year

FINANCIAL HIGHLIGHTS

REVENUE

(RM'000)



PROFIT BEFORE ZAKAT AND INCOME TAX

(RM'000)



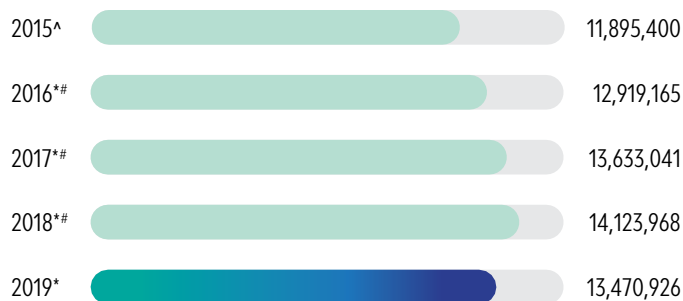
SHAREHOLDERS' EQUITY

(RM'000)



TOTAL ASSETS

(RM'000)



EARNINGS PER SHARE@

(sen)



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.

Comparative figure is restated.

@ Attributable to owners of the parent.

Five-Year

GROUP PERFORMANCE

For the financial year ended 31 December

In RM'000	2019*	2018*	2017*	2016^	2015^
		Restated	Restated		
Revenue	2,909,461	2,043,986	1,860,611	1,841,479	1,749,866
Cost of sales	(2,112,024)	(1,302,726)	(1,317,476)	(1,330,998)	(1,224,705)
Operating expenses	(402,030)	(339,652)	(350,124)	(360,739)	(349,688)
Operating profit	395,407	401,608	193,011	149,742	175,473
Other income	75,598	74,347	56,211	68,118	117,604
Finance costs	(106,801)	(100,966)	(91,146)	(75,992)	(73,868)
Share of net results of associates & joint ventures	20,324	41,060	43,609	75,780	123,830
Profit before zakat and income tax	384,528	416,049	201,685	217,648	343,039
Profit attributable to owners of the parent	223,801	279,998	113,111	147,302	257,212
Shareholders' equity	7,286,166	7,076,889	6,889,021	6,831,796	6,808,560
Earnings per share (sen)	4.9	6.0	2.5	3.0	5.7
Return on equity	3.1%	4.0%	1.7%	2.2%	3.9%

* Figures reported based on MFRS framework.

^ Figures reported based on FRS framework.

Group

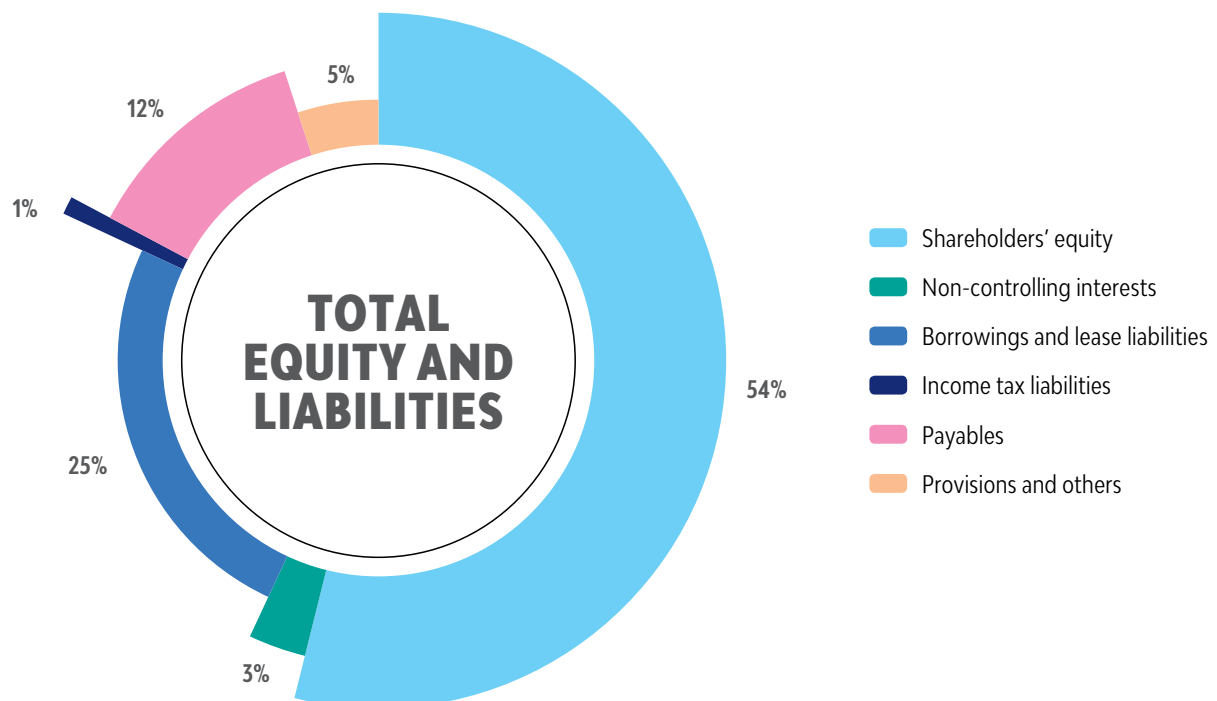
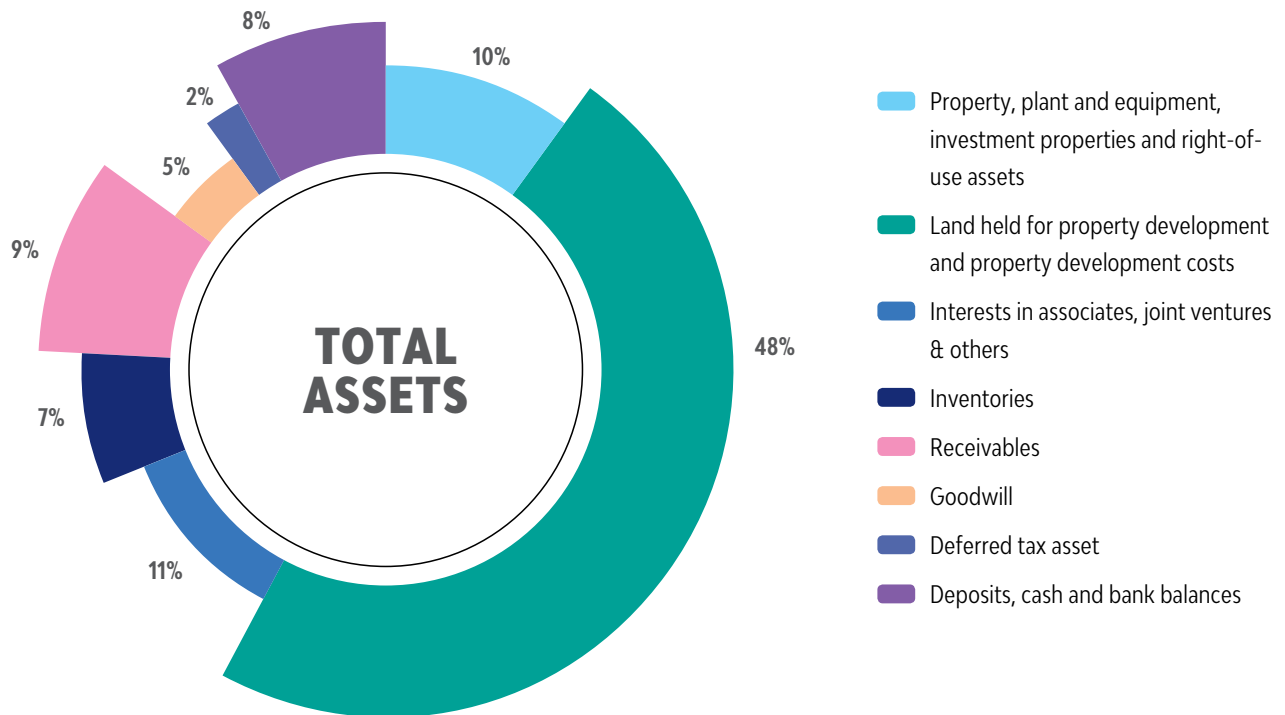
QUARTERLY PERFORMANCE

For the financial year ended 31 December 2019

In RM'000	First Quarter 31/03/2019	Second Quarter 30/06/2019	Third Quarter 30/09/2019	Fourth Quarter 31/12/2019	Year Ended 31/12/2019
Revenue	419,256	1,000,568	327,608	1,162,029	2,909,461
Cost of sales	(294,905)	(789,878)	(175,945)	(851,296)	(2,112,024)
Operating expenses	(64,114)	(107,627)	(95,577)	(134,712)	(402,030)
Operating profit	60,237	103,063	56,086	176,021	395,407
Other income	14,646	16,233	16,637	28,082	75,598
Finance costs	(25,810)	(31,290)	(27,534)	(22,167)	(106,801)
Share of net results of associates & joint ventures	(6,841)	(1,194)	4,261	24,098	20,324
Profit before zakat and income tax	42,232	86,812	49,450	206,034	384,528
Profit attributable to owners of the parent	30,097	40,361	27,098	126,245	223,801
Shareholders' equity	7,122,986	7,154,328	7,180,674	7,286,166	7,286,166
Earnings per share (sen)	0.7	0.9	0.6	2.8	4.9
Return on equity*	1.7%	2.3%	1.5%	7.1%	3.1%

* annualised

Summarised GROUP BALANCE SHEET



Five-Year

FINANCIAL REVIEW OF THE GROUP

As at 31 December

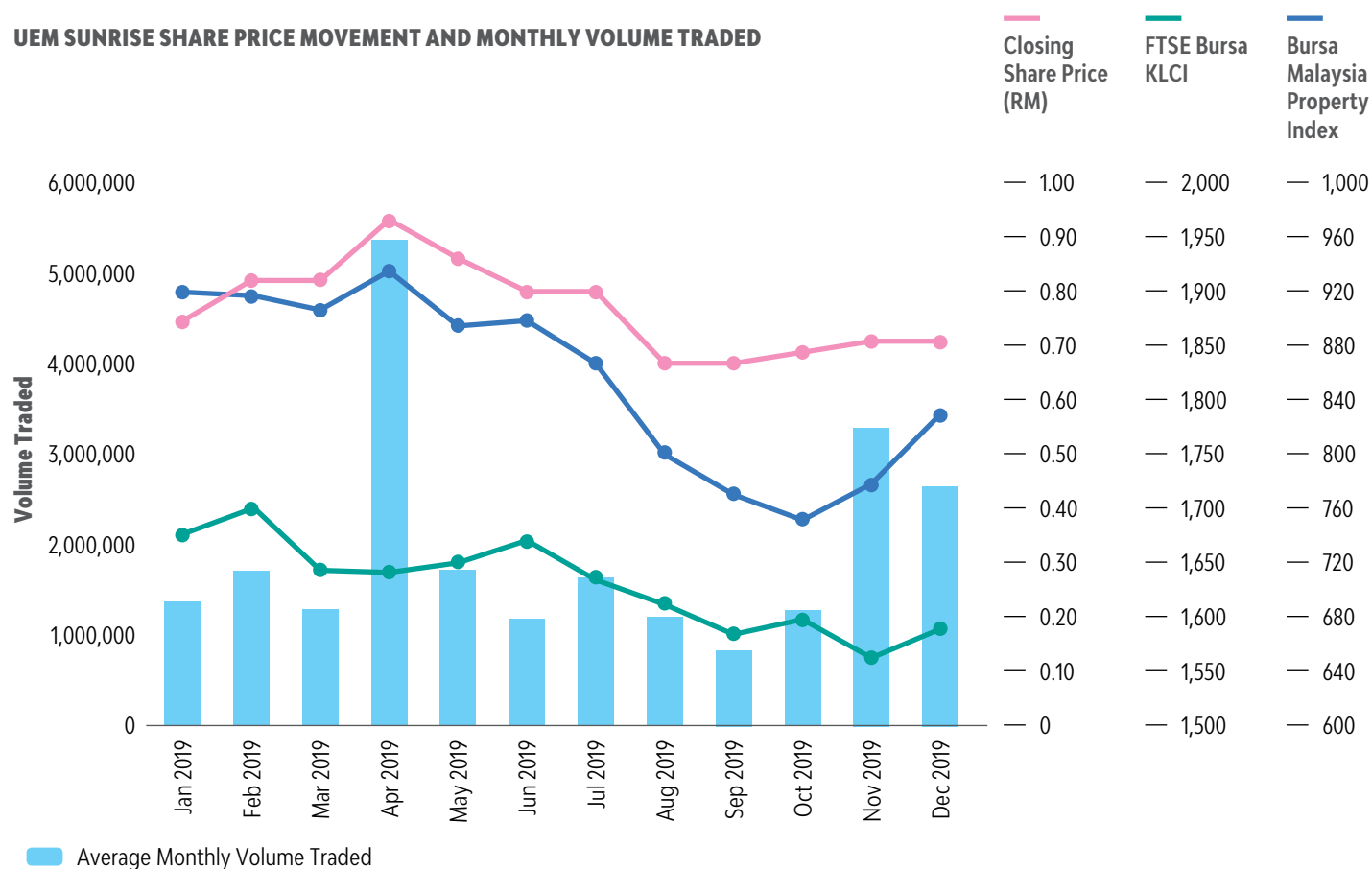
in RM'000	2019*	2018*	2017*	2016*	2015^
		Restated	Restated	Restated	
TOTAL ASSETS					
Property, plant and equipment, investment properties and right-of-use assets	1,330,196	1,174,255	1,026,806	947,561	875,042
Land held for property development and property development costs	6,496,179	6,533,511	6,973,762	6,522,464	5,550,909
Interests in associates, joint ventures & others	1,529,739	1,612,989	1,668,768	1,545,762	1,631,616
Inventories	954,831	1,302,683	609,690	585,244	403,099
Receivables	1,198,200	1,516,919	1,616,486	1,657,565	1,586,681
Goodwill	621,409	621,409	621,409	621,409	621,409
Deferred tax asset	282,926	283,601	308,116	239,388	221,044
Deposits, cash and bank balances	1,057,446	1,078,601	808,004	788,542	1,005,600
Asset held for sale	-	-	-	11,230	-
Total assets	13,470,926	14,123,968	13,633,041	12,919,165	11,895,400
TOTAL EQUITY AND LIABILITIES					
Share capital	5,110,276	5,110,276	5,110,276	2,276,643	2,276,643
Share premium	-	-	-	2,829,546	2,829,546
Merger relief reserves	34,330	34,330	34,330	34,330	34,330
Other reserves	13,671	64,216	108,082	152,046	115,439
Retained profits	2,127,889	1,868,067	1,636,333	1,519,316	1,552,602
Non-controlling interests	468,332	363,722	363,127	361,556	360,345
Total equity	7,754,498	7,440,611	7,252,148	7,173,437	7,168,905
Borrowings and lease liabilities	3,416,955	4,683,501	4,219,742	3,714,673	2,750,570
Income tax liabilities	71,760	48,880	55,074	11,781	223,904
Payables	1,579,015	1,182,508	1,322,572	1,279,402	772,205
Provisions and others	648,698	768,468	783,505	739,872	979,816
Total equity and liabilities	13,470,926	14,123,968	13,633,041	12,919,165	11,895,400
Net asset per share attributable to owners of the parent (RM)	1.61	1.56	1.52	1.51	1.50

* 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 Traded	¹ Closing Share Price (RM)	¹ FTSE Bursa KLCI	¹ Bursa Malaysia Property Index	KLCI Avg
Jan 2019	0.79	0.67	1,388,162	0.76	1,684	928	1,683
Feb 2019	0.88	0.77	1,724,147	0.82	1,708	924	1,703
Mar 2019	0.87	0.82	1,302,067	0.82	1,644	909	1,673
Apr 2019	0.98	0.82	5,414,127	0.93	1,642	938	1,633
May 2019	0.93	0.85	1,737,365	0.86	1,651	897	1,618
Jun 2019	0.87	0.80	1,192,867	0.80	1,672	901	1,660
Jul 2019	0.84	0.80	1,654,995	0.80	1,635	869	1,667
Aug 2019	0.79	0.66	1,214,586	0.67	1,612	801	1,605
Sep 2019	0.72	0.67	844,917	0.67	1,584	771	1,596
Oct 2019	0.70	0.67	1,290,727	0.69	1,598	752	1,569
Nov 2019	0.80	0.71	3,326,214	0.71	1,562	779	1,597
Dec 2019	0.77	0.71	2,674,200	0.71	1,589	831	1,583

¹ Data is at the end of each respective month

Designing HAPPY

for you to Find Your Happy



GERBANG NUSAJAYA, JOHOR



UEM SUNRISE

Monday at 11:00 AM

Gerbang Nusajaya is the business and economic engine of Iskandar Puteri, and serves as a gateway into Iskandar Malaysia. The Aspira portfolio of homes in Gerbang Nusajaya offers new ways of living in harmony with nature, with family-friendly environments created for communities to prosper and flourish. [#UEMSunrise](#) [#FindYourHappy](#)

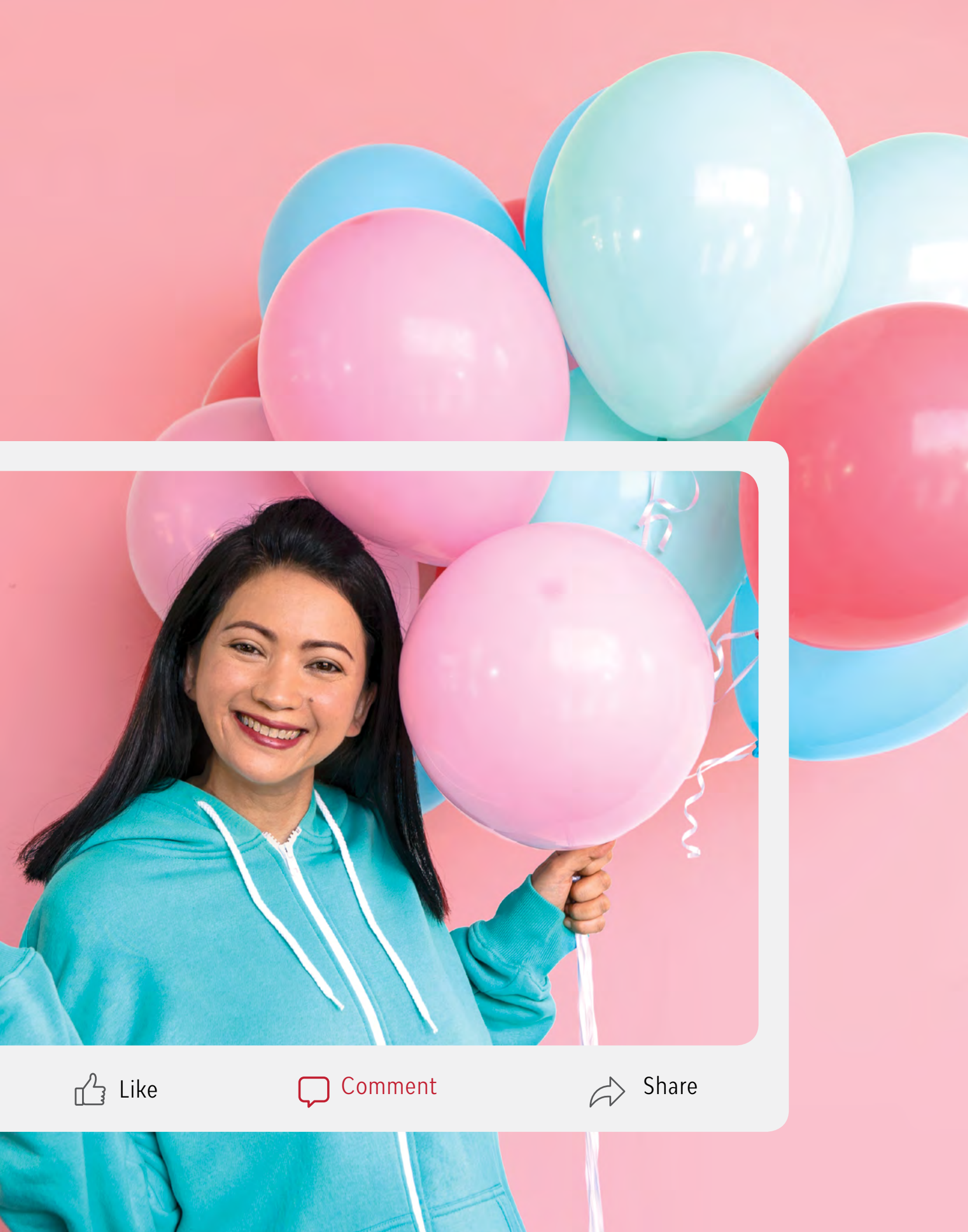


Aspira LakeHomes provides an idyllic lifestyle with beautiful outdoor spaces and a 7-acre lake. It's the perfect place to wind down and spend quality family time together.




[#UEMSunrise](#) [#HOMEasy](#) [#AspiraLakeHomes](#)

Write a comment...



 Like

 Comment

 Share

Our VALUE CREATION MODEL

CAPITALS

Financial Capital

The pool of funds available to UEM Sunrise, which we deploy to fund our business operations and add value to the other Capitals

Manufactured Capital

Our investments, including UEM Sunrise assets and infrastructure, to drive business growth and add value to Financial Capital

Human Capital

The skills and experience of our employees, enabling UEM Sunrise to deliver strategic initiatives, products and services to create value for stakeholders

Intellectual Capital

The organisational and knowledge-based intangibles that improve efficiency and effectiveness in UEM Sunrise business operations

Natural Capital

All renewable and non-renewable environmental resources and processes that support the viability of the business

Social & Relationship Capital

Intangibles, such as shared values and commitments, encompassing the relationships and partnerships with our stakeholders

INPUTS

Total Assets
RM13.5 bil

Shareholder Equity
RM7.3 bil

Remaining Landbank
12,270 acres
(RM106.9 bil GDV)

Over **20** active townships and mixed developments across Malaysia (incl. JVs)

Number of employees
1,171 employees across Malaysia, Australia & South Africa with 99% based in Malaysia

Digital team overseeing initiatives that optimise technology to improve convenience for customers and create new revenue streams

Product Design and Development team to ensure products are innovative, value creating and address customer demands

Transformation team responsible for implementing robust and sustainable improvements across the end-to-end (E2E) processes within the organisation

Corporate Policy, including Integrity & Anti-Corruption Plan (IACP), Code of Conduct (CoC) and Code of Conduct for Business Partners (CoC BP)

Electricity Usage
945,596 kWh

Water Usage
5,290 m³

Total investment of

RM8 mil for community engagement

RM1 mil for CSR

RM7 mil for community events

Ranked 7th in The Edge Top Property Developers Awards 2018

Debt Capital
RM3.4 bil

of SUKUK, RM2.6 billion drawn down

Cash Holdings
RM1.1 bil

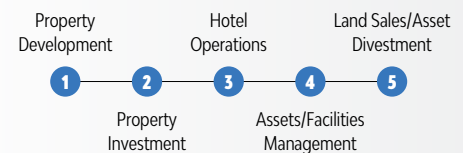
Retail Space
1.12 million sq. ft. across 10 assets in the Central and Southern regions, e.g. Publika, Arcoris, Mall of Medini
26,081 sq. ft. in Australia

Investment in training and development for 2019
RM1.4 mil on 86 programmes

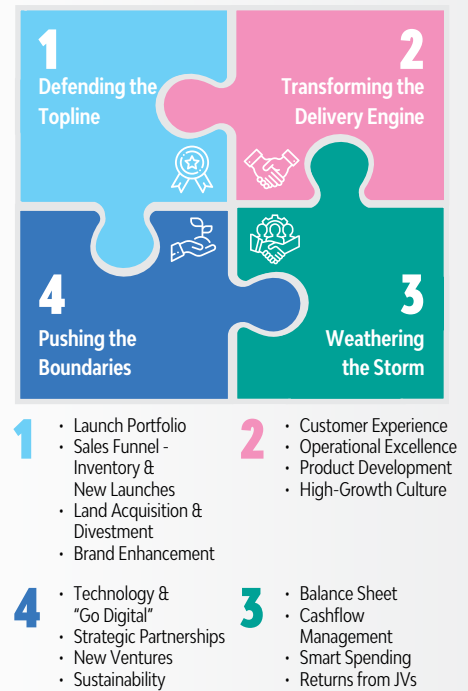
Brand Intention

Creating and delivering products, services and initiatives that are E.V.E. - Exciting, bring Value and Easy to own.

Business Activities



Strategic Thrusts



Material Risks

- > Competition within property industry
- > Operational excellence in projects delivery
- > Clarity of future earnings
- > Balance in geographical presence
- > Ability to retain and attract best talents
- > Corporate liability exposure due to new legislation

Further details can be found in our Management Report on page 112

Strong Governance Practices

We deliver sustainable economic performance underpinned by good corporate governance and high ethical standards

OUR VALUE CREATION MODEL

2019 INITIATIVES

Sales
RM1.1 bil

(participation in Home Ownership Campaign contributed 43% of sales)

Inventory monetisation
RM391 mil

(35% of sales)

Strategic divestment of assets
RM429 mil

Launched 9 new projects
RM1.2 bil GDV

Total launched
1,645 units in total

Inventory worth
RM1.2 bil
of potential unbilled sales

716 units landed residential
870 units high-rise residential
59 units commercial units

Introduced the **Enhanced Performance Management** framework

Enhanced flexibility to employees - expanded flexible working hours and relaxed dress code

Introduced a **new Quality, Health, Safety & Environmental (QHSE) Policy**

Conducted internal restructuring towards achieving our **New Operating Model**

Provided corporate memberships to **digital learning platforms**

Launched **hUb mobile app**, UEM Sunrise's digital customer self-service channel

Further enhancement in integration of Building Information Modelling (BIM) into project workflow and processes

Completed **Operational Excellence** process optimisation throughout our business operations to ensure efficient and effective employment of our Capitals

Conducted **comprehensive environmental and traffic impact** assessments

Regular monitoring of discharge, noise and vibrations

Installed 45 units of air conditioner timers at Imperia Office Tower, Iskandar Puteri

Efficient resource management in offices

Launched "Find Your Happy" brand tagline & **CHIEF** values

Committed to close any legitimate defects within 30 days as per SLA

Launched 11 BukuHubs in selected sales galleries, shopping malls, schools and affordable housing across the Central and Southern regions

Adopted 21 underperforming schools through PINTAR School Adoption Programme

Regular customer and community engagement through Trésor Loyalty Programme, Fun Zone Community Centre, community activities and public events

OUTCOMES

Revenue
RM2.9 bil

PATANCI
RM224 mil

Earnings per share
4.93 sen

Net gearing
0.32x

Handed over
1,874 properties

Launched **Kiara Bay**, 72.7-acre masterplan development adjacent to Kepong Metropolitan Park

Delivered **Aurora Melbourne Central** mixed-use development in Melbourne, Australia with **97%** settlement rate as at April 2020

Training hours
9,917 hours

Diversity of workforce:

Attrition rate
12%

52%
men

48%
women

Zero fatalities
in 2019 and one LTI

hUb usage:
2,215 downloads
3,002 reports

Establishment of digital arm to incubate new ventures

Vendor selection based on BIM capability led to improved project quality, effective execution and risk mitigation

Revised Code of Conduct to strengthen the standard of behaviour and ethical conduct

Improved project performance tracking through **Results-Action-Review implementation, streamlined tender process and optimised DAL**

GHG Emissions (MT)

Scope 1
1,077 CO₂e

Scope 2
656 CO₂e

Scope 3
275 CO₂e

40% decline in water usage

in 2019 as a result of our water-saving initiatives

CSR events impacted over **2,200 stakeholders** through **32 programmes**

Ranked 5th in The Edge Top Property Developers Awards 2019

Achieved SLA target for resolution for **89.8%** of defects lodged

Overall score of **75%** in annual Customer Satisfaction Survey

Listening

TO OUR STAKEHOLDERS

Stakeholders are defined as the key individuals, groups or organisations who matter and have interest in what we do – those who can either be affected by our activities or are capable of creating an impact on our business. In line with our enterprising and competitive spirit, we are committed to delivering the best possible outcomes and creating greater value for all our stakeholders. Nurturing strong relationships with these groups enables us to build trust among the communities we have built.

In all our interactions, we strive to maintain direct and open communication with our stakeholders. This ensures the market is informed of all information which may have or could be expected to have a material impact on the value of our shares. Regular engagements allow us to gauge their perspectives and insights on emerging issues that are important to both our stakeholders and the business.

At UEM Sunrise, we greatly value the opinions and feedback of our stakeholders. By continuously addressing their needs and expectations,

we have successfully earned their trust and confidence to be their property developer of choice. As a public listed company, we regularly engage with our stakeholders through structured mechanisms in a timely, effective and transparent manner, to ensure a fair representation of voices.

IDENTIFYING	Distinguished stakeholders who have direct interest in our business operations
MAPPING	Associate stakeholders against their respective needs and expectations
ENGAGING	Instituting identified engagement initiatives in ensuring stakeholders' needs are successfully achieved

STAKEHOLDER GROUPS	HOW WE IMPACT EACH OTHER	THEIR EXPECTATIONS	HOW WE ENGAGE & RESPOND
CUSTOMERS	The viability and sustainability of our business are a direct result of providing strong customer satisfaction through unique and sustainable value propositions. In creating and delivering products, services and initiatives, we adopt our E.V.E. approach – Exciting, brings Value and Easy to own – to allow our customers to find happiness through our brand, and in return drive our revenue and business performance.	<ul style="list-style-type: none"> • Exceptional customer experience throughout their homeownership journey • A trusted and reputable developer that fulfils customers' needs • A developer that continuously engages its customers and communities 	<ul style="list-style-type: none"> • Identify potential customers through property exhibitions, property events and advertisements • Customer and community engagement, through Trésor Loyalty Programme and Fun Zone Community Centre • Customer interaction through One Stop Centres, Customer Contact Centre, hUb mobile app, website and social media platforms • Annual Customer Satisfaction and Net Promoter Score (NPS) surveys • Focus Group Discussions (FGD) with identified customers
COMMUNITY	Building trust with our local communities and NGOs essentially gives us the social licence to operate. Our activities may negatively impact the environment, thus we must ensure we do all we can to mitigate this.	<ul style="list-style-type: none"> • Responsible marketing • Waste management • Energy management • Community care and charitable involvements • Corporate citizenship and good governance 	<ul style="list-style-type: none"> • Various placemaking and civic engagement initiatives • Corporate social responsibility (CSR) initiatives across education enhancement, community engagement and environmental conservation
EMPLOYEES	Providing our employees with a safe and conducive working environment, with a strong respect for ethics and a high-performance culture will help drive our business. Employees who are engaged and motivated will be more productive, resulting in a win-win outcome, as the Group benefits from better performance, and our employees find fulfilment and develop their careers. We strive to instil our CHIEF brand values in everything we do, by being Caring, Honest, Involved, Enthusiastic and Fun-loving.	<ul style="list-style-type: none"> • Sense of pride and ownership in the Group • Transparent communication from senior leadership team • Career development and promotion opportunities • Fair and competitive benefits and remuneration packages 	<ul style="list-style-type: none"> • Internal newsletters, quarterly townhalls and Titans portal for UEM Sunrise employees • Competitive benefits and remuneration packages • Implementation of flexible working hours and casual dress code • Corporate subscriptions to e-learning platforms • Organise team building, sports and recreation activities

LISTENING TO OUR STAKEHOLDERS

STAKEHOLDER GROUPS	HOW WE IMPACT EACH OTHER	THEIR EXPECTATIONS	HOW WE ENGAGE & RESPOND
INVESTMENT-RELATED* <i>*Includes shareholders, analysts, investors and fund providers</i>	Maintaining the trust and confidence of providers of financial capital is a key factor in supporting business growth, as it will lead to a rise in the value of our business, as reflected through the Group's performance as a whole. In return, our sustained focus on enabling strong value creation outcomes from each project will yield good returns to investors.	<ul style="list-style-type: none"> • An experienced and solid senior management team • Healthy profit and social impact depending on business verticals • Value appreciation of shares • Consistent dividend payout 	<ul style="list-style-type: none"> • Annual General Meeting (AGM) • Financial results quarterly briefings • Bursa Malaysia announcements and press releases • Engagement through analyst briefings, meetings, site visits and conferences
CONTRACTORS & SUPPLIERS	Ensuring a strong partnership and collaboration approach with our contractors and suppliers that upholds the principles of integrity will help us maintain a transparent and cost-effective procurement process. Together with good safety practices that protect workers, this will lead to more sustainable outcomes and better-quality products.	<ul style="list-style-type: none"> • Professional and transparent procurement processes • Competent management of vendors and timely payment of fees • Safe and conducive working environments 	<ul style="list-style-type: none"> • Provide full disclosure of the Group's procurement policies on corporate website • Require all vendors to submit a Letter of Declaration pledging commitment to adhere to UEM Sunrise's Code of Conduct for Business Partners • Require all suppliers, contractors and subcontractors to provide details of their approach in keeping with the Group's Standard Operating Procedures on QSHE requirements
STRATEGIC PARTNERS	Collaboration with strategic partners enables us to make quick entries into areas that would have taken longer to break into. In return, our partners can benefit from working with our large and exciting portfolio.	<ul style="list-style-type: none"> • Fair investment opportunities in all UEM Sunrise business verticals • High Return on Investment (ROI) throughout partnership period 	<ul style="list-style-type: none"> • Proactive prospecting of business partners for existing and pipeline projects • Active sales and marketing initiatives
GOVERNMENT/REGULATORY AUTHORITIES	Conforming to laws and regulations while abiding by best practices will help strengthen our reputation as a responsible property developer. This in turn allows us to support Government agendas that concern stimulating economic growth, contributing to nation-building, providing housing and creating job opportunities.	<ul style="list-style-type: none"> • Compliance with relevant laws and regulations • Contribute to industry best practices and development of new policies and regulations • Support Government initiatives 	<ul style="list-style-type: none"> • Ensure full compliance regardless of business operation sector • Active engagements with relevant ministries, regulators and authorities
MEDIA	The media is an important partner that can help to strengthen our reputation and credibility. We will continue to provide the media with access to timely, reliable and accurate information about our operations.	<ul style="list-style-type: none"> • Thought leadership in property market and industry 	<ul style="list-style-type: none"> • Consistent engagement through press releases, networking sessions, press conferences and interviews
INDUSTRY PEERS	Collaboration with industry peers in terms of knowledge sharing and through association meetings and industry conferences will help to promote sustainable growth of the property industry.	<ul style="list-style-type: none"> • Improve ease of doing business within the property industry • Share industry best practices and developments • Promote nation-building and sustainable growth of the property industry 	<ul style="list-style-type: none"> • Contribute in influencing overall industry policy • Participate in industry-wide organisations and conferences • Support Government initiatives in industry development

Our

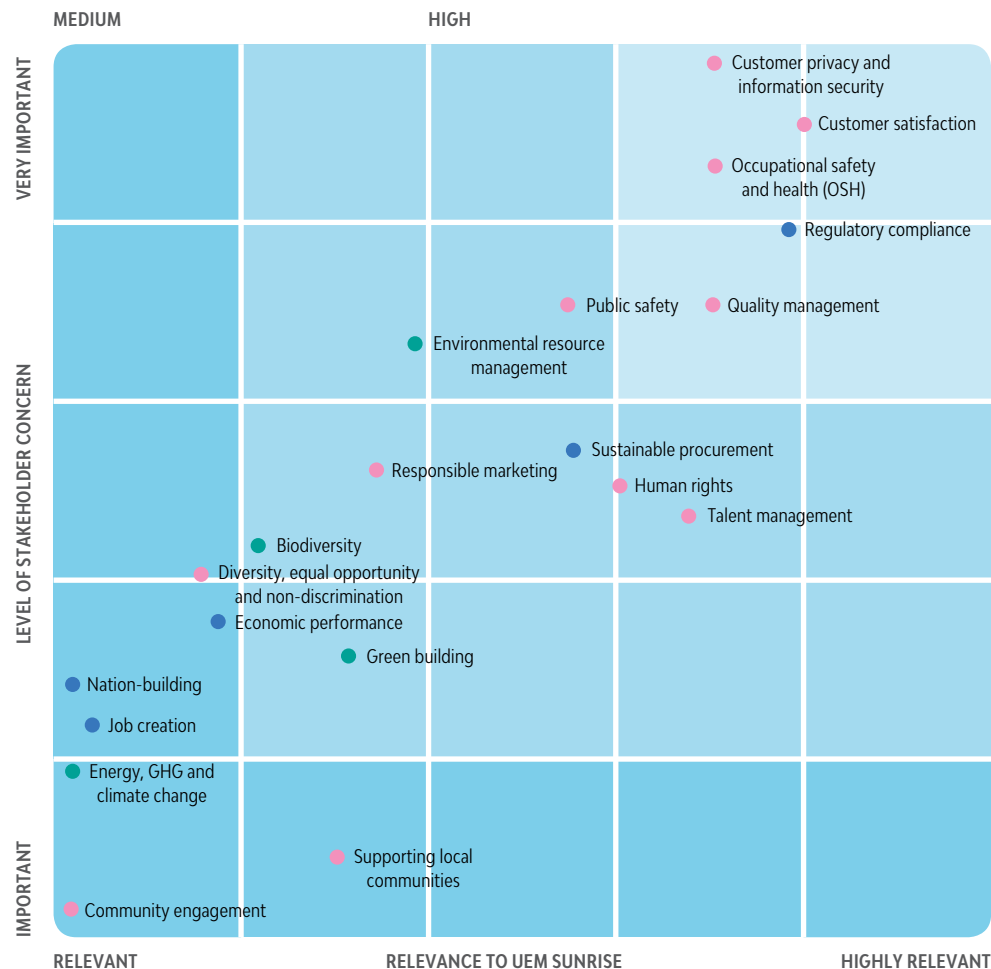
MATERIALITY

As part of UEM Sunrise's promise to operate as a responsible brand, we commit to refining our corporate strategy through continuous stakeholder engagements to understand their expectations.

Our first materiality assessment was conducted in 2017, which identified 32 material Economic, Environmental, Social (EES) aspects that could affect our business and stakeholders. The survey was performed by an external agency to maintain impartiality and secure the anonymity of the respondents.

For FY2019, we revised the materiality assessment, emphasising 20 material issues so as to further refine our strategy with regard to the sustainability of our business operations. To do this, we conducted an online survey across nine identified stakeholder groups, over a two-week period, and collected 499 complete responses. Using a weighted-ranking process, our assessment defined the priorities and focus areas for the forthcoming period, which were considered to be integral to our efforts to create short-, medium- and long-term stakeholder value.

PRIORITISATION OF MATERIAL ISSUES



We have mapped the most material issues to our stakeholders against our adopted United Nations Sustainable Development Goals (UN SDGs) to prioritise our efforts and achieve meaningful impacts. At UEM Sunrise, we are committed to ensuring we meet the expectations of our stakeholders to maintain their trust in our brand.

- Economic
- Environment
- Social

Most material issues:

1. Customer privacy and information security
2. Customer satisfaction
3. Occupational safety and health (OSH)
4. Regulatory compliance
5. Quality management
6. Public safety

OUR MATERIALITY

The issues identified will allow us at UEM Sunrise to address the sustainability areas of interest as prioritised by our stakeholders. We do this by ensuring that decision-making, strategy formulation and target-setting are informed by sustainability practices. We have mapped the most material issues to our stakeholders against UN SDGs that we have adopted, so as to prioritise efforts and achieve meaningful impact. At UEM Sunrise, we are committed to ensuring we meet the expectations of our stakeholders to maintain their trust in our brand.



MATERIAL ISSUES	OUR ACTIONS	RELEVANT SDGS
Customer privacy and information security	Continue our commitment to stringent data protection practices that respect customers' privacy and safeguard their data, to maintain customer trust	12 16
Customer satisfaction	Deliver products that meet or exceed customer expectations to enhance customer satisfaction	12
Occupational safety and health (OSH)	Nurture a preventive workplace culture and encourage involvement in OSH activities to efficiently manage safety risks	3 4
Regulatory compliance	Improve compliance awareness and training throughout the organisation	4 12 16
Quality management	Continue to be guided by rigorous internal audit processes and various internationally recognised management systems, represented by the ISO and Malaysian standards	11 12
Public safety	Continue to take all precautionary measures to ensure the safety and security of all tenants, residents, communities and visitors to UEM Sunrise premises	11 12 16
Environmental resource management	Manage the interaction and impact our activities have on the environment by conserving natural resources and maintaining balanced ecosystems	13
Sustainable procurement	Ensure the sustainability of products, materials sustainability and supplier practices	12
Human rights	Support the Universal Declaration of Human Rights and share this responsibility in respecting human rights within our operations and through business relationships	10 16
Talent management	Implement a consistent talent management strategy throughout the employee life cycle, from recruitment to hiring, retention and development of employees	4 8
Responsible marketing	Provide balanced, informative and transparent information that helps customers make informed decisions	12
Biodiversity	Reduce energy consumption, waste to landfills and demand for potable water	15 16
Diversity, equal opportunity and non-discrimination	Commit to workforce diversity to drive innovative and sustainable business	10
Economic performance	Deliver sustainable economic growth by implementing strategic initiatives that generate long-term value	8
Green building	Offer customers and tenants eco-friendly solutions by incorporating green features in our projects	12 13
Nation-building	Ease homeownership for Malaysians and contribute to infrastructure development	8
Job creation	Offer employment opportunities including internships, as well as training programmes and initiatives for skills development	8
Energy, GHG and climate change	Maximise energy efficiency at each stage of a building's life cycle	13
Supporting local communities	Commit to the economic and social advancement of local communities	4 10 11
Community engagement	Conduct regular engagement with our residents, customers and wider society to enhance their wellbeing and strengthen relationships	3 11

Our

APPROACH TO SUSTAINABILITY

Our sustainability philosophy at UEM Sunrise is driven by our promise to create economic value and operate as a responsible brand, while upholding our commitment to corporate citizenship. This is embedded in our strategy, targets and operations, as we journey towards creating shared value over the long run for all our stakeholders.

UN SDGS THAT WE ARE ALIGNED WITH:



ECONOMIC

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



ENVIRONMENT

We manage our energy and water consumption and waste to minimise our impact on the environment. We incorporate innovative designs and features in our developments to reduce use of materials and find avenues to conserve 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 the communities where we operate, to bridge socio-economic gaps.



GOVERNANCE

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



Our sustainability strategy encompasses Economic, Environmental and Social (EES) aspects of the Group's business activities. We map 11 of the 17 United Nations Sustainable Development Goals (SDGs) to our corporate strategy and business operations.

We believe a sustainable business is one that strikes the right balance between stakeholder expectations and the needs of the business. To ensure our sustainability practices are both effective and practical, we have engaged our stakeholders in a comprehensive manner and conducted a materiality assessment and prioritisation of matters. More information on how we engage our stakeholders can be found on page 56 while details about our material matters can be found on page 58.

OUR APPROACH TO SUSTAINABILITY



<

Award-winning
Verdi Eco-dominium,
Symphony Hills in
Cyberjaya is attuned to
the natural surroundings

UEM SUNRISE'S SUSTAINABILITY POLICY

This Sustainability Policy aims to integrate a philosophy of sustainable development into all of UEM Sunrise's activities, in order to contribute to a better society; establish and promote sound environmental practices and minimise harm; and deliver sustainable development throughout our operations.

- > Providing a healthy, safe, conducive and empowering workplace;
- > Being an environmentally responsible leader and partner in our communities;
- > Conserving natural resources by optimising reuse and recycling wherever possible;
- > Ensuring the efficient and responsible use of water and energy;
- > Utilising operational processes that do not adversely affect the environment;
- > Conducting rigorous audits, evaluations and self-assessments on the implementation of this policy;
- > Working with our stakeholders to enhance awareness, and incorporating, practising and promoting sound environmental practices, using our resources to provide leadership, guidance and motivation where necessary; and
- > Taking steps to continually develop and provide environmentally supportive performance and advances including embedding sustainability into our decision-making, planning and investment processes to create sustainable value for our shareholders.

SUSTAINABILITY FOCUS AREAS

PLACES

We transform places in which we invest, to create value and enhance the lives of local communities

SOCIO- ENVIRONMENTAL PERFORMANCE

We develop high-quality societies while improving our social and environmental performance

PEOPLE

Our employees are our most valuable assets and their contributions are critical to our success

ECONOMIC PERFORMANCE

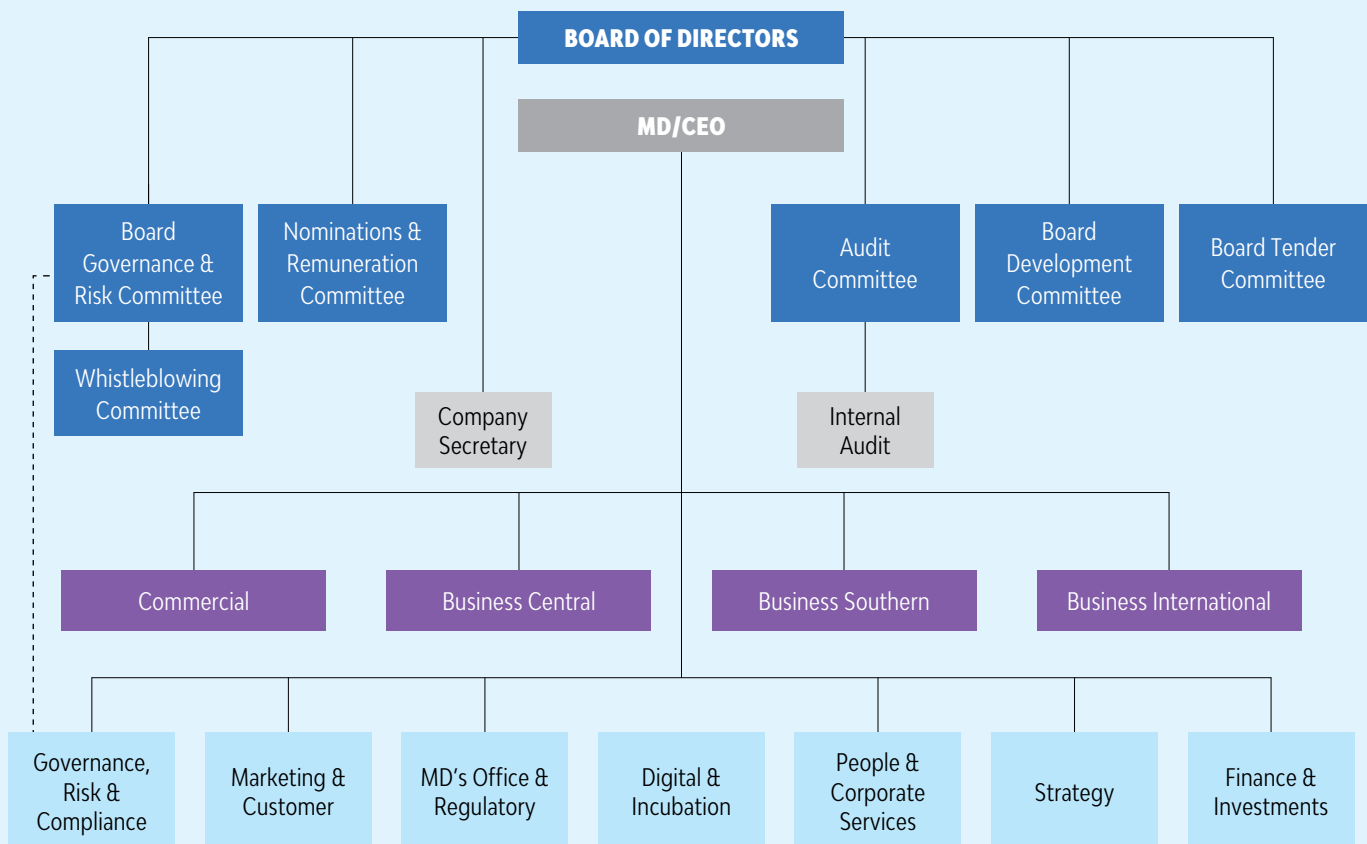
We deliver sustainable economic performance that is underpinned by good corporate citizenship

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

Our sustainability governance model provides a sound foundation for developing and anchoring the Group's sustainability strategy and targets. At UEM Sunrise, sustainability is an important part of the business oversight of our Board of Directors and integrated into the business strategy. Matters pertaining to sustainability are overseen by the Board Governance Risk Committee (BGRC). The Board of Directors appoints some of its members to serve on the BGRC, which is responsible for overseeing sustainability efforts to ensure alignment with the Group's business strategy. In parallel, the Board of Directors formalises and reviews the key sustainability initiatives, including recommendations for improvements, which also encompass environmental, ethical, social and governance aspects of the business.

SUSTAINABILITY GOVERNANCE STRUCTURE



Our senior leadership team at UEM Sunrise is accountable for embedding sustainability initiatives and targets throughout our business operations and overseeing their execution. Sustainability principles are widely practised throughout the Group, including in business conduct, product design and project developments, talent management and engagements with the community and wider society.

OUR APPROACH TO SUSTAINABILITY

In 2019, UEM Sunrise participated in the Home Ownership Campaign jointly organised by the Ministry of Housing and Local Government (KPKT) and the Real Estate and Housing Developers' Association (REHDA), where we helped hundreds of Malaysians obtain their first homes.

In 2019, we
**launched
1,645
units**

As of 31 December 2019,
**99.9% of our
contractors
and 95% of our
consultants
are local***

*For our Malaysian projects



^
Serimbun provides a communal ambience without compromising privacy and exclusivity

CREATING ECONOMIC VALUE

UEM Sunrise is one of Malaysia's top property developers, reputed for quality and value-for-money properties. We have achieved numerous successful endeavours, establishing a presence across the Central and Southern regions of Peninsular Malaysia, Vancouver in Canada, Melbourne in Australia and Durban in South Africa. Wherever we operate, we seek to create economic value for the benefit of all our stakeholders.

During FY2019, UEM Sunrise achieved RM2.9 billion in revenue and RM224 million in PATANCI.

Through our E.V.E approach of Exciting, brings Value and Easy to own, we launched RM1.2 billion worth of properties, comprising a total of 1,645 units in 2019. Our products are designed with the customers' needs in mind, in the hope of creating homes that fulfil their daily and long-term needs, as well as bringing value to their investments.

OUR APPROACH TO SUSTAINABILITY

Moving forward, UEM Sunrise seeks to evolve beyond the scope of property development to enhance the lifestyles of every facet of our customers' lives while improving our sustainability practices. A digital arm will be established to incubate and oversee this new venture, where technology will be optimised to enable efficient operations and to explore new revenue streams within the real estate space. Focus areas include smart living, smart retail, home customisation and other innovative solutions for the convenience of customers.

Thus far, UEM Sunrise continues to contribute broad economic value in multiple ways:

Improving Accessibility to Home Ownership

In 2019, UEM Sunrise participated in the Home Ownership Campaign jointly organised by the Ministry of Housing and Local Government (KPKT) and the Real Estate and Housing Developers' Association (REHDA), where we helped hundreds of Malaysians obtain their first homes. We also completed and conducted the handover of 1,109 units of affordable housing, Rumah Mampu Biaya Johor (RMBJ), and 108 units of affordable shops (Kedai Kos Sederhana, KKS) in Denai Nusantara, Iskandar Puteri, Johor. We are currently developing 4,868 RMBJ terraced houses and apartments, as well as commercial units in Gerbang Nusajaya, Iskandar Puteri, Johor.

Transit Oriented Development

We embrace transit oriented development (TOD) to maximise the usage of transit infrastructure. Our developments in Gerbang Nusajaya leverage on the transport connectivity surrounding the area, given its proximity to the Second Link Highway and the proposed Iskandar Puteri station under the KL-Singapore HSR.

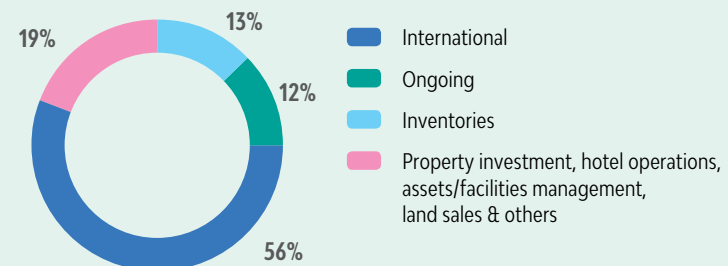
Developing the Industry Supply Chain

At UEM Sunrise, we fully support local suppliers and businesses as we believe they are key to driving economic growth and creating value for the economy. As of 31 December 2019, 99.9% of our contractors and 95% of our consultants are local (for our Malaysian projects). We are also committed to building the capability of our local vendors in developing a robust ecosystem of supply chain partners. We have stringent procurement policies and rigorous quality assurance and safety assessments.

REVENUE

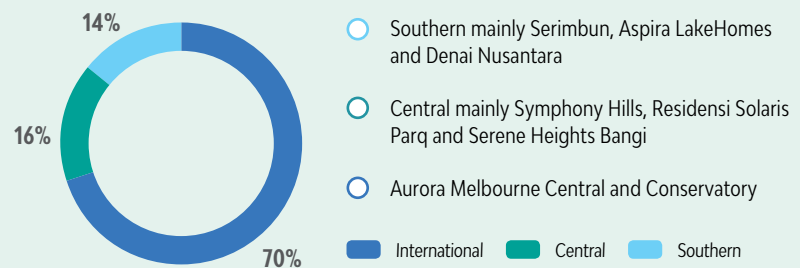
RM2.9 billion

42% increase compared to FY2018



CONTRIBUTION BY REGION

Property Development Revenue



We choose partners that can provide the best possible value and deliver products that meet the specified quality and other requirements on time.

Commitment to Integrity

UEM Sunrise is committed to upholding the highest standards of integrity, with zero tolerance against corruption, including bribery and fraud, while maintaining a high standard of accountability. We communicate this through our Integrity & Anti-Corruption Plan (IACP), Code of Conduct (CoC) and Code of Conduct for Business Partners (CoC BP). We are pleased to report that our efforts, supported by a robust Whistleblowing Policy, have led to no known incident of corruption in 2019. In parallel, we have not been imposed with any fines or penalties by any authorities in 2019 or in recent years.

Local Hiring

Our preference is to hire locals, and as of 31 December 2019, 100% of our employees are Malaysians. We are also committed to tackling youth unemployment and offer internships and graduate trainee programmes to fresh graduates seeking industry experience.

OUR APPROACH TO SUSTAINABILITY

OPERATING AS AN ENVIRONMENTALLY RESPONSIBLE BRAND

At UEM Sunrise, we seek to operate as a responsible brand towards all our stakeholders while being committed to environmental responsibility through mitigating our impact on the natural environment. We do this by incorporating environmental considerations into our project life cycle and adopting sustainability features in our products. We are also concerned with biodiversity conservation of our surroundings, the efficient management of our resources, as well as how we respond to climate change.

Environmental Considerations in the Project Life Cycle

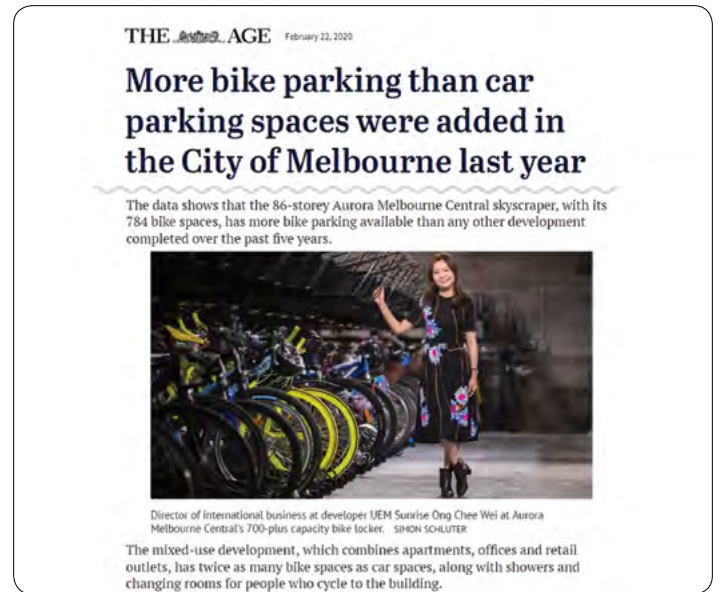
At every stage of a project's life cycle, our stakeholders' interests and building design are key factors for consideration. We strive to reduce environmental impact at every stage of the project – from land acquisition, planning and design to procurement, construction, transportation and operation and maintenance. We incorporate environmental concerns into our design elements to manage our environmental footprint such as reducing consumption of water, energy and raw material.

The Group adheres to regulatory compliance and when required by authorities, we conduct an Environmental Impact Assessment (EIA) on our projects to identify environmental risks and opportunities. We have completed EIAs for the Gerbang Nusajaya township, The Maris @ Desaru, Estuari and Residential South in the Southern region, and EIAs are in progress for our recently launched projects in the Central region. There have been no incidents of non-compliance concerning the health and safety of our products during this reporting period.

Sustainability Features in Our Products

As a responsible brand, UEM Sunrise aims to deliver products that improve customers' quality of life while minimising environmental footprint and promoting efficiency. Our mixed-use development at Aurora Melbourne Central in Australia is a prime example, where we provide 784 bicycle spaces – the largest number of bicycle spaces among all recent developments in the City of Melbourne.

In Gerbang Nusajaya, residents of Aspira LakeHomes and Aspira Gardens will benefit from planned features such as water-saving fittings, rainwater harvesting systems, Electric Vehicle (EV) charging stations at strategic spots and solar panel ready homes (exclusive to Aspira Gardens owners).



Biodiversity Conservation

In our project developments, we are committed to conserving the natural habitat of the area, by protecting biodiversity and preserving the surrounding landscape. Prior to the commencement of our developments, we conduct biodiversity studies as part of the EIA to mitigate biodiversity loss.

In addition, green public spaces are set aside in our townships, as exemplified in our 343-acre SIREH Park in Iskandar Puteri, Johor. UEM Sunrise provided seed funding and developed the park with the aim of conserving, documenting and promoting the plants that have grown in the area for hundreds of years. Another example is our newly launched 72.7-acre masterplan development, Kiara Bay. We will leverage the natural landscape of the adjacent Kepong Metropolitan Park by embracing the lake and park to promote green outdoor spaces.



^
SIREH Park is a sustainable, world-class natural heritage park that conserves the naturally existing plant biodiversity in Iskandar Puteri

OUR APPROACH TO SUSTAINABILITY

Management of Resources

At UEM Sunrise, we have policies and systems in place to ensure optimum management of resources to mitigate and reduce pollution throughout the life cycle of a project. Over the past two years, we have reduced our water consumption by almost 40%. As part of ensuring smooth daily operations in our project developments, we also manage pollution, materials selection, energy usage, waste and effluents and noise and vibration.

Water Usage (m³)

2017	<div></div>	8,405.90
2018	<div></div>	9,027.24
2019	<div></div>	5,290.00

Climate Change Management

We recognise the importance of climate change and environmental conservation as potential risks and opportunities to our business. Our climate change strategy was formulated at senior leadership level to include adaptation, research into renewable energy and a complete climate change risk assessment. We track our Greenhouse Gas (GHG) emissions based on the internationally-recognised GHG Protocol classification of direct and indirect emissions, where we measure emissions of company-owned vehicles, electricity consumption and air travel by UEM Sunrise staff.

In 2019, we reduced our direct GHG emissions (from company-owned vehicles) by 18% as compared to 2017. We also reduced our other indirect GHG emissions (from air travel) by 20% as compared to the previous year. In addition, we have taken proactive measures such as replacing our shuttle buses with multi-purpose vehicles (MPV) and limiting air travel among employees to reduce our overall carbon emissions.

Emissions Scope	Category	Indicators Measured
Scope 1	Direct GHG Emissions	Company-owned vehicles
Scope 2	Indirect GHG Emissions	Electricity
Scope 3	Other Indirect GHG Emissions	Air travel

Awareness & Compliance

In our aspiration to be a leader in the property development industry with regard to promoting green practices, we have implemented various initiatives to reduce our environmental footprint. At UEM Sunrise sales galleries, customer touchpoints and offices, we promote environmentally friendly practices such as no single-use plastic, no print material at meetings and trainings and encouraging efficient use of resources. We also promote green practices among our community through social media and corporate social responsibility (CSR) events. In addition, we create awareness among supply chain partners by ensuring they comply with our set of rules and guidelines.



^
Helping teachers replant trees at SMK Kiaramas in Kuala Lumpur

COMMITTING TO CORPORATE CITIZENSHIP

At UEM Sunrise, we are committed to being a good corporate citizen to our employees, customers and the wider community.

Our People & High-Growth Culture

Our workforce is diverse across gender, age group and ethnicity, where women make up 48% of the 1,171 total employees and 49% of our management. We uphold human rights and ensure equal opportunities for our people, especially in terms of hiring, salary, training and development, promotions and other terms of employment. We comply with all employment and human rights regulations, where our human rights policy is laid out in the UEM Sunrise Code of Conduct.

At UEM Sunrise, we recognise that the right people, with the right skills and the right mindsets, are key towards achieving our New Operating Model. In 2019, we underwent an internal restructuring to transform UEM Sunrise into a dynamic organisation, with a view to strengthening market presence and customer base, in addition to reducing cost and improving operational

OUR APPROACH TO SUSTAINABILITY

efficiencies. This involved redefining roles and mapping the right talent with the right capabilities, while cultivating a high-growth culture. We ensure employees stay motivated through the recognition of their performance, wellbeing and personal and professional growth, and by providing a positive work environment.

Our work benefits include flexible working hours, maternity and paternity leave and talent mobility, where employees get the opportunity to work on cross functional assignments, and in other companies within the UEM Sunrise group of companies locally and overseas. We regularly upskill and equip our employees with the relevant skills and tools to realise their potential and achieve their professional and personal aspirations. This includes digital learning, face-to-face coaching and both external and internal workshops on technical, business and leadership aspects. Through these channels, our employees were able to undertake a total of 9,917 training hours in 2019. Our development tools are also designed to help employees transition to new career paths upon retirement or cessation of employment.

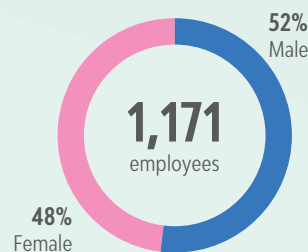
UEM Sunrise practises a robust performance management system based on a balanced scorecard approach. Our KPIs and targets are consistent with the Group's business strategy and objectives. Appraisal evaluations are deliberated at calibration panels facilitated by the Performance Management & Rewards team for all confirmed full-time employees. We also regularly engage our employees, connecting talents and successors with the senior leadership team through various platforms, such as townhall sessions, emails, internal newsletters and mentoring sessions.

We recently introduced our CHIEF brand values of Caring, Honest, Involved, Enthusiastic and Fun-loving, conceptualised through a bottom-up approach, to instil the norm of creating excitement and bringing value to everything we do. We also unveiled a new tagline, "Find Your Happy", to embody a mindset of helping our customers and all our stakeholders in their journey to happiness. CHIEF represents UEM Sunrise's efforts to design, create and curate spaces for our customers, partners and stakeholders so that they can prosper, grow and find happiness.

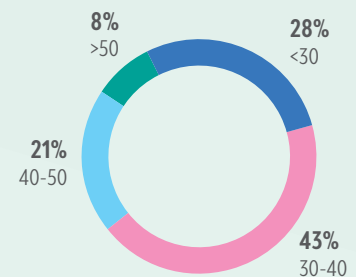
OUR WORKFORCE IN 2019

EMPLOYEE TURNOVER RATE: 12%

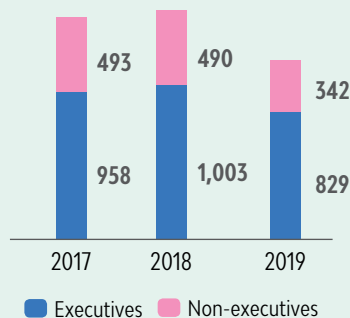
New Hires: 159



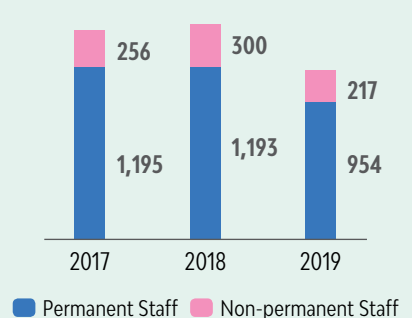
DISTRIBUTION OF EMPLOYEES BY AGE GROUP



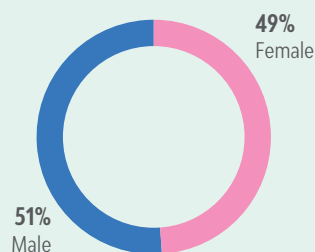
WORKFORCE BREAKDOWN BY TYPE



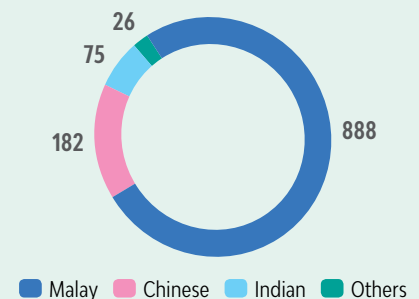
WORKFORCE BREAKDOWN BY CATEGORY



WOMEN IN MANAGEMENT



WORKFORCE BREAKDOWN BY ETHNICITY



OUR APPROACH TO SUSTAINABILITY

Commitment to Safety

At UEM Sunrise, we uphold high safety standards to provide a safe and healthy working environment for employees and contractors. In 2019, we rolled out the Quality, Health and Safety & Environmental (QHSE) Policy and set a QHSE Performance Target for every project. Periodic Health, Safety & Environment (HSE) inspections and audits are also conducted to ensure compliance with ISO 14001:2015, OHSAS 18001:2007 and MS 1722:2011. Other initiatives included UCUX, "You See You Act!", to increase safety standards, Workplace Accident-Free Week to instil the culture of preventing accidents in the workplace and the signing of the National Occupational Safety and Health Policy by employees as part of the Government's Occupational Safety and Health Plan 2016-2020. In 2019, there were zero fatalities and one Lost Time Injury recorded at project sites.

UEM Sunrise Safety Statistics

Safety Indicator	2017	2018	2019
Number of minor injuries	12	6	5
Number of lost time injuries	0	1	1
Number of property damage	0	0	1
Number of fatal accidents	0	0	0
Total days of project operations	365	365	365
Man-hours worked without Lost Time Incident (LTI)	7,524,816	4,062,544	3,635,840
Total man-hours worked without Lost Time Incident (LTI)	19,775,776	23,838,320*	3,943,792

* Up until 26 Nov 2018 - data was reset to zero following a reported accident

Product Quality

UEM Sunrise has in place a holistic quality control system and conducts internal monthly assessments which comply with the Quality Assessment System in Construction (QLASSIC) as outlined by the Construction Industry Development Board (CIDB). QLASSIC assures workmanship quality of a building's construction based on the Construction Industry Standard (CIS7:2014). We met our QLASSIC target for all projects audited in 2019, which was 75 and above for mid-range developments and 77 and above for high-end projects. There were no incidences of non-compliance concerning our products, services and business operations.

Our QASHE team ensures all projects are developed in accordance with contract specifications and internal guidelines as well as regulatory compliance. Through our Integrated Management System (IMS), we have improved our Service Level Agreement (SLA) for handling defects while meeting customer satisfaction and international standards. In 2019, 89.8% of defects lodged met the SLA of closure of any legitimate defects within 30 days, an improvement from 78.4% in 2018.



hUb, UEM Sunrise's first-ever app, marks an important milestone in the Group's digital transformation journey

Customer Satisfaction

Customer satisfaction is crucial for the sustainable growth of UEM Sunrise and we manage this through various channels. To deliver exceptional customer service, we expanded our Customer Contact Centre to provide additional services and manage customers more efficiently. Our Customer Contact Centre currently serves customers' needs seven days a week, addressing queries on billing and sales, fielding complaints, as well as scheduling appointments for handover of property. We have also established five One Stop Centres (OSCs) at our development areas, in Mont'Kiara, Serene Heights Bangi, Symphony Hills, Puteri Harbour and Gerbang Nusajaya. These OSCs enable customers to engage with our staff on a walk-in basis.

In addition, we leverage technology in our engagement with customers, notably through our hUb mobile app, our digital customer self-service channel. hUb enables users to lodge defect reports, as well as obtain information on properties and latest launches. In 2019, we made enhancements to our Trésor loyalty programme to reward our most loyal customers. Our Trésorians are offered exclusive benefits and privileges, such as discounts on purchases and invitations to special events. We constantly ensure responsible marketing by providing balanced and transparent information. There have been no incidents of non-compliance concerning marketing communications and the provision of information of our projects.

We also conduct an annual Customer Satisfaction Survey to gauge our customers' overall satisfaction with our products and service. In 2019, we received an overall score of 75%, which covered our corporate reputation, product quality and offerings and overall customer experience. Since we began conducting Net Promoter Score (NPS) measurements in 2017, we have received positive scores, which indicates the willingness of our

OUR APPROACH TO SUSTAINABILITY

customers to recommend the UEM Sunrise brand. Recognising the importance to our business, our customer excellence scores are embedded in the corporate scorecard.

We also ensure our customers' rights to privacy are protected by adhering to the Personal Data Protection Act 2010 (PDPA). We issue a PDPA notice to all customers to obtain their consent before using their data for commercial transactions. Throughout our years of operation, we have not received any complaints concerning breaches of customer privacy and loss of customer data.

Placemaking and Civic Engagement

At UEM Sunrise, we go beyond property development, staying true to our vision of building communities of the future. We regularly reach out to the communities in our residential and commercial developments through our common spaces, such as Publika and Arcoris in Mont'Kiara, and the Mall of Medini in Iskandar Puteri. We also offer value-added services, regular engagements with residents, community activities and public events. We invest in auxiliary police and security guards to ensure a safe and secure environment for our residents, tenants, customers and members of the public. In 2019, we employed 98 auxiliary police officers in the Central and Southern regions. We will continue to work closely with external stakeholders on crime prevention and to improve our security measures.

Contribution to Wider Society

The Group fosters employee volunteerism by including it in individual performance scorecards. We strongly believe volunteerism promotes our brand image as well as inculcates teamwork and corporate citizenship among UEM Sunrise staff. We also have a volunteer team, known as titanSquad. We contribute to the wider society through our CSR strategy, which has three pillars as follows:

Education Enhancement

We set up BukuHub, comprising mini-libraries and reading areas in public spaces, to improve access to books to inculcate the reading habit among members of the public. Throughout the year, we organised a book collection drive in Publika, BukuDrive, which collected over 10,000 books. In 2019, we launched 11 BukuHubs across the Central and Southern regions, in selected sales galleries, shopping malls, schools and affordable housing.



^
The students of SMK Putrajaya excitedly reading books in their BukuHub

We have adopted 21 underperforming schools through PINTAR Foundation's School Adoption Programme to improve student' academic results through tuition classes, examination clinics, seminars and motivational talks. Over the years, 14 out of 21 of our adopted schools have been upgraded from a Band 5 to a Band 2 or 1 ranking. We have also rolled out a Highly Immersive Programme (HIP) in several of these schools, involving an English speech and drama club workshop programme designed and run by Enfinity Academy.



^
Students of SMK Kiaromas thank artiste and motivator Caprice for his motivational talk

Community Engagement

We engaged with local communities by organising events and programmes that included sports, an entrepreneurial development programme for children, delivery of a religious school, gotong-royong and study tours for international students and Yayasan Khazanah Scholars.



^
Iskarnival Eko is Iskandar Puteri's platform for local initiatives and talents to showcase and share ideas on working, playing and living green

Environmental Conservation

(Please turn to *Operating as an Environmentally Responsible Brand* on page 37 in UEM Sunrise's Sustainability Report to read about UEM Sunrise's initiatives in Environmental Conservation).

E.V.E.

Exciting, Bringing Value,
Easy to Own



KUALA LUMPUR, MALAYSIA



UEM SUNRISE

Monday at 11:00 AM

UEM Sunrise embraces innovation and digital technology, making everything easy for homeowners with the launch of the hUb mobile app on 21 June 2019.

#UEMSunrise #UEMShub

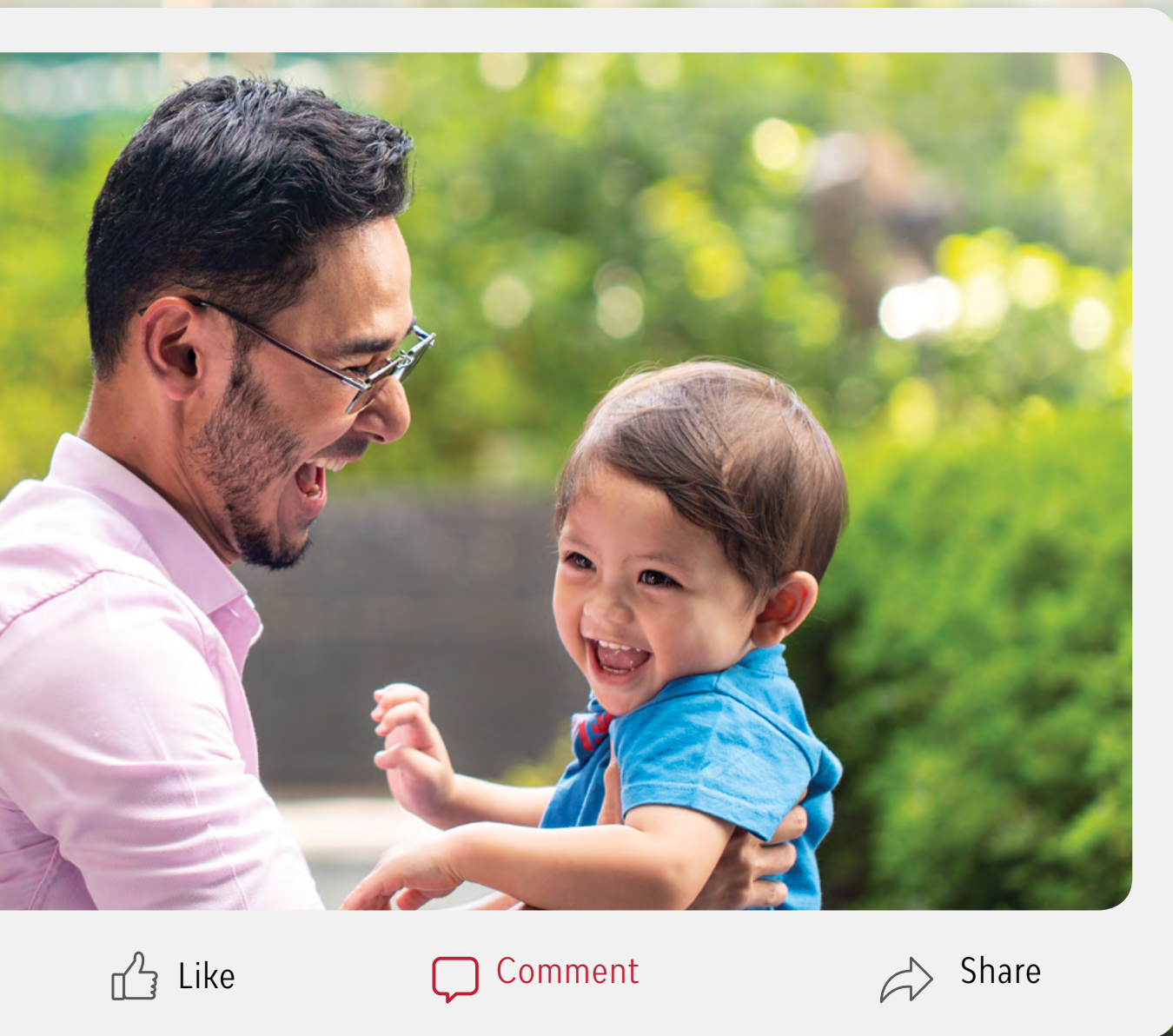


hUb users will have access to a more immersive and improved customer journey during all stages of the property acquisition process. With a swipe of a finger, hUb makes it easy and convenient for users to view UEM Sunrise's upcoming properties, promotions, project launches and more.




#FindYourHappy #UEMShub

Write a comment...



 Like

 Comment

 Share

Board of Directors' PROFILE



**TAN SRI DATO' SRI
ZAMZAMAIRANI
MOHD ISA**

*Independent Non-Executive
Chairman*



Like



Comment



Share

#Nationality**Malaysian** #Age**59** #Gender**Male**

DATE OF APPOINTMENT

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

BOARD COMMITTEE MEMBERSHIPS

Nil

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 AND 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.
- He is the Chairman of the Board of Trustees of The Nusajaya Natural Heritage Trust and Chairman of the Board of Hijrah Biru Sdn. Bhd., a wholly-owned subsidiary of Malaysia Aviation Group Berhad.

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.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Malaysia Airlines Berhad
- Malaysia Aviation Group Berhad

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

13/13

BOARD OF DIRECTORS' PROFILE



**ANWAR SYAHRIN
ABDUL AJIB**

*Managing Director/
Chief Executive Officer*



Like



Comment



Share

#Nationality**Malaysian** #Age**47** #Gender**Male**

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

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

SKILLS AND 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).
- CEO of the Year, Property Insight Prestigious Developer Awards 2019.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- UEM Land Berhad
- Sunrise Berhad
- ONE15 Marina Development Berhad
- Horizon Hills Resort Berhad

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

11/13

BOARD OF DIRECTORS' PROFILE



**SUBIMAL
SEN GUPTA**

*Senior Independent
Non-Executive Director*



Like



Comment



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#Nationality **Malaysian** #Age **72** #Gender **Male**

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 Whistleblowing Committee, a Subcommittee 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 AND EXPERIENCE

- He 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.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

13/13

BOARD OF DIRECTORS' PROFILE



**DATO' NOORAZMAN
ABD AZIZ**

*Non-Independent
Non-Executive Director*



Like



Comment



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#Nationality **Malaysian** #Age **64** #Gender **Male**

DATE OF APPOINTMENT

- 1 October 2018

BOARD COMMITTEE MEMBERSHIPS

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

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

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

SKILLS AND EXPERIENCE

- He has over 37 years of experience in banking and finance, investments and capital markets after having served as Executive Director, Investments in Khazanah Nasional Berhad (Khazanah), Managing Director of Fajr Capital Ltd, a Khazanah investee company and held key positions in Citigroup, Bank Islam Malaysia Berhad, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA), to name a few.
- He currently serves as Chairman of the Board of Trustees of Yayasan UEM, the philanthropic arm of UEM Group Berhad, and Chairman of Board of Trustees of International Centre for Education in Islamic Finance (INCEIF).
- He is also a member of the Investment Panel of Kumpulan Wang Persaraan (Diperbadankan) and sits on the Advisory Boards of Ancora Fund Management Co. in Indonesia and Creador Sdn. Bhd..

ACHIEVEMENTS/AWARDS

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

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- UEM Edgenta Berhad
- PLUS Malaysia Berhad
- Kumpulan Perangsang Selangor Berhad
- Hong Leong Financial Group Berhad
- Yayasan UEM
- International Centre for Education in Islamic Finance (INCEIF)

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

13/13

BOARD OF DIRECTORS' PROFILE



**DATO'
MOHD IZANI GHANI**

*Non-Independent
Non-Executive Director*



Like



Comment



Share

#Nationality**Malaysian** #Age**52** #Gender**Male**

DATE OF APPOINTMENT

- 1 June 2019

BOARD COMMITTEE MEMBERSHIPS

- Chairman of Board Tender Committee
- Member of Nominations & Remuneration Committee

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

- Bachelor of Science (Economics) specialising in Accounting and Finance from the London School of Economics and Political Science, UK
- Fellow of the Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Accountants
- Member of the Chartered Institute of Islamic Finance Professionals

SKILLS AND EXPERIENCE

- He was appointed as an Executive Director of UEM Group Berhad (UEM Group) on 1 January 2019 and subsequently re-designated as the Managing Director on 1 August 2019.
- He has over 27 years of investment and management experience. Prior to joining UEM Group, he was the Executive Director, Investments at Khazanah Nasional Berhad (Khazanah) where he oversaw its Turkey Regional Office.
- He was formerly Khazanah's Chief Financial Officer where under his leadership, the Government's strategic investment arm issued many landmark SUKUK transactions including exchangeable and Social Impact SUKUK.
- He had also previously served at Putrajaya Holdings Sdn. Bhd. and Renong Group.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- UEM Group Berhad
- UEM Edgenta Berhad
- UEM Builders Berhad
- PLUS Malaysia Berhad
- Projek Lebuhraya Usahasama Berhad
- PLUS Expressways International Berhad
- Cement Industries of Malaysia Berhad
- Yayasan UEM

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

7/7

BOARD OF DIRECTORS' PROFILE



**ZAIDA
KHALIDA SHAARI**

*Non-Independent
Non-Executive Director*



Like



Comment



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#Nationality **Malaysian** #Age **52** #Gender **Female**

DATE OF APPOINTMENT

- 8 April 2016

BOARD COMMITTEE MEMBERSHIPS

- 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 AND 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.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Cement Industries of Malaysia Berhad
- MNRB Holdings Berhad

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

12/13

BOARD OF DIRECTORS' PROFILE



**EFFIZAL
FAIZ ZULKIFLY**

*Non-Independent
Non-Executive Director*



Like



Comment



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#Nationality**Malaysian** #Age**40** #Gender**Male**

DATE OF APPOINTMENT

- 24 February 2020

BOARD COMMITTEE MEMBERSHIPS

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

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

- Master of Business Administration, MIT Sloan Fellows Program, Massachusetts Institute of Technology
- Master of Commerce, Finance and Business Information System, University of Sydney
- Bachelor of Commerce, Accounting, University of Queensland

SKILLS AND EXPERIENCE

- He is currently a Director of Investments at Khazanah Nasional Berhad (Khazanah), the strategic investment fund for the Government of Malaysia, overseeing assets within the SEA Private Equity space.
- He joined Khazanah in 2007, covering the infrastructure and property sector with a specific focus on UEM Group Berhad and its group of companies.
- He had spent a year on secondment with Khazanah Americas incorporated in San Francisco in 2016 and following that continued his exposure within the infrastructure sector through his coverage of Malaysia Airports Holdings Berhad. More recently, he had led the Internet & Technology sector and the Innovation & Entrepreneurship sector coverage up until 2018.
- Prior to Khazanah, he spent 4 years as a business analyst with Citibank Berhad.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Biotropics Malaysia Berhad
- Blue Archipelago Berhad

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

Not applicable as he was appointed subsequent to the financial year end 2019

BOARD OF DIRECTORS' PROFILE



**LIM
TIAN HUAT**

*Independent
Non-Executive Director*



Like



Comment



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#Nationality **Malaysian** #Age **65** #Gender **Male**

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 the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Bachelor of Economics (Honours)

SKILLS AND 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.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Malaysia Building Society Berhad
- PLUS Malaysia Berhad
- Pacific & Orient Insurance Co. Berhad
- Anglo-Eastern Plantations PLC, a company publicly quoted on the London Stock Exchange

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

13/13

BOARD OF DIRECTORS' PROFILE



UNGKU SUSEELAWATI : UNGKU OMAR

Independent

Non-Executive Director



Like



Comment



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#Nationality **Malaysian** #Age **62** #Gender **Female**

DATE OF APPOINTMENT

- 19 March 2013

BOARD COMMITTEE MEMBERSHIPS

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

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

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

SKILLS AND EXPERIENCE

- She is the Executive Director, Retail of Nawawi Tie Leung Group (formerly known as DTZ Nawawi Tie Leung Group). She is also Regional Head for Retail South East Asia.
- 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 was previously a Director of Suria KLCC Sdn. Bhd. from 2007 to 2011 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.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

13/13

BOARD OF DIRECTORS' PROFILE



**TAN SRI DR AZMIL
KHALILI DATO' KHALID**

Independent

Non-Executive Director



Like



Comment



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#Nationality **Malaysian** #Age **59** #Gender **Male**

DATE OF APPOINTMENT

- 13 December 2017

BOARD COMMITTEE MEMBERSHIPS

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

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

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

SKILLS AND EXPERIENCE

- He began his career with a United Kingdom company, Tarmac National Construction. Upon his return to Malaysia, he worked for Trust International Insurance and Citibank NA.
- 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.
- He is the Chairman of the Board of UEM Edgenta Berhad, Reach Energy Berhad and Cenviro Sdn. Bhd..

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- UEM Edgenta Berhad
- Reach Energy Berhad

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

12/13

BOARD OF DIRECTORS' PROFILE



**DATIN TEH IJA
MOHD JALIL**

*Independent
Non-Executive Director*



Like



Comment



Share

#Nationality**Malaysian** #Age**67** #Gender**Female**

DATE OF APPOINTMENT

- 1 March 2018

BOARD COMMITTEE MEMBERSHIPS

- Chairperson of Nominations & Remuneration Committee
- Member of Audit Committee
- Member of Board Governance & Risk Committee (BGRC)
- Chairperson of Whistleblowing Committee, a Subcommittee of BGRC

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

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

SKILLS AND 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.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Finance Accreditation Agency Berhad, an affiliate of Bank Negara Malaysia and the SC
- HSBC Bank Malaysia Berhad
- Securities Industry Development Corporation

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

13/13

BOARD OF DIRECTORS' PROFILE



**CHRISTINA
FOO**

*Independent
Non-Executive Director*



Like



Comment



Share

#Nationality**Malaysian** #Age**58** #Gender**Female**

DATE OF APPOINTMENT

- 23 November 2018

BOARD COMMITTEE MEMBERSHIPS

- Chairperson of Board Governance & Risk Committee (BGRC)
- Member of Board Tender Committee
- Member of Whistleblowing Committee, a Subcommittee of BGRC

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

- 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
- Bachelor of Business Studies (Accounting) from Deakin University, Australia

SKILLS AND EXPERIENCE

- She is the Co-founder and Managing Director of Priority One Consultancy Services Sdn. Bhd. that provides strategic business advisory services since 2001.
- 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. Her last held position was Director, Business Development, EY Malaysia.
- From 2018 to 2019, she was appointed a Senior Practice Fellow of Sunway Business School, Sunway University, Malaysia.
- She currently sits on the Board of KPJ Healthcare Berhad and Malaysian Technology Development Corporation Sdn. Bhd.. She also chairs the Industry Advisory Board, Sunway Business School, Sunway University and the Liaison Committee of The Mines Resort & Golf Club.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- KPJ Healthcare Berhad

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

12/13

Notes:

- None of the Directors have any family relationship with any other Director and/or major shareholder of UEM Sunrise.
- None of the Directors have any conflict of interest with UEM Sunrise.
- None of the Directors have been convicted of any offence within the past 5 years, other than traffic offences, if any, nor have been imposed any penalty or public sanction by the relevant regulatory bodies during the year ended 31 December 2019.
- All Directors have attended more than 50% of the total board meetings held in 2019 or since their appointment respectively.
- Other than Anwar Syahrin Abdul Ajib who holds 100,000 Ordinary Shares in UEM Sunrise as at 31 December 2019, none of the other directors have any interest in the securities in the Company.

Joint SECRETARIES

LIEW IRENE



Joint Company Secretary



Like

Comment

Share

Liew Irene is the Joint Company Secretary of UEM Sunrise Berhad (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 Company Secretarial Services department.

WONG LEE LOO



Joint Company Secretary



Like

Comment

Share

Wong Lee Loo is the Joint Company Secretary of UEM Sunrise and its subsidiaries. She is a Fellow Member of 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 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.

Senior MANAGEMENT TEAM'S PROFILE

ANWAR SYAHRIN ABDUL AJIB

Managing Director/Chief Executive Officer



Like Comment Share

#NationalityMalaysian #Age47 #GenderMale

Date of Appointment: 1 September 2014

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

As expressed on page 73 of the Board of Directors' Profile.

SIEW CHEE SENG

Chief Financial Officer



Like Comment Share

#NationalityMalaysian #Age55 #GenderMale

Date of Appointment: 16 March 2020

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

- Certified Public Accountant Malaysia, Malaysian Institute of Certified Public Accountants
- Chartered Accountant Malaysia, Malaysian Institute of Accountants
- Certified Practising Accountant Australia, CPA Australia
- Masters of Business Administration, Heriot Watt University, UK

SKILLS & EXPERIENCE

- He has more than 30 years of experience in the field of finance, accounting and general management in which he has held various positions, including senior management positions in several companies. He has also undertaken various fundraising exercises in Malaysia and abroad, structuring & restructuring of companies, tax planning, land acquisitions and disposals and joint development ventures
- Prior to joining UEM Sunrise, he was the Director, Operations at Edgeprop Sdn. Bhd., a company licensed by the Securities Commission to operate a property crowdfunding platform
- He was previously the Chief Financial Officer of Skyworld Development Sdn. Bhd. from November 2015 to December 2017
- He was appointed Senior General Manager, Finance of the enlarged entity, UEM Sunrise Bhd following the merger between UEM Land Bhd with Sunrise Berhad in 2010
- He joined Sunrise Berhad in 1995 and rose the ranks to become its Chief Financial Officer
- He began his career with Price Waterhouse (now known as PricewaterhouseCoopers), Kuala Lumpur in 1985 under an articleship program where he gained considerable experience in the field of audit, taxation, fund raising and various corporate exercises

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

KENNY WONG KOON KENG

Chief Marketing Officer



Like Comment Share

#NationalityMalaysian #Age56 #GenderMale

Date of Appointment: 2 July 2018

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

- Bachelor's Degree in Economics, majoring in Statistics Mathematics and Econometrics from Universiti Kebangsaan Malaysia
- Certified Master Trainer from Human Resources Development Fund

SKILLS & EXPERIENCE

- He has more than 33 years of professional experience in various sectors including FMCG, telecommunications, motion pictures and film exhibition, aviation, property development and people development
- He has held senior marketing and leadership roles across ASEAN in his career, covering diverse markets such as Thailand, Singapore, the Philippines, Cambodia, Myanmar and Malaysia
- Prior to joining UEM Sunrise, Kenny was freelancing as a consultant coach and trainer and prior to that he was Head of Marketing & Sales at Guocoland Malaysia
- His responsibilities include leading the development and execution of branding, sales and marketing strategies. Additionally, he spearheads the development and implementation of customer experience strategies. He also oversees internal and external communications' needs and strategies to upkeep UEM Sunrise's reputation as well as relationships with stakeholders and the government

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- ONE15 Marina Development Berhad
- UEM Land Berhad
- Sunrise Berhad
- Horizon Hills Resort Berhad

ACHIEVEMENTS/AWARDS

- Best Marketer in Data and Technology Marketing, Malaysian CMO Awards 2019

SENIOR MANAGEMENT TEAM'S PROFILE

LIONG KOK KIT

Chief Operations Officer, Central



Like Comment Share

#NationalityMalaysian #Age43 #GenderMale

Date of Appointment: 1 January 2020

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

- Bachelor's Degree in Building Surveying from University of Malaya

SKILLS & EXPERIENCE

- He has more than 20 years of professional experience in the property industry
- He possesses experience and leadership skills covering the entire spectrum of the multifaceted property industry, from identification of land for development or joint-venture, inception and feasibility of analysis through project management, sales and marketing to completion and property management
- He oversees the Central Business Unit of UEM Sunrise including sitting in the Committee of several key JV projects such as Kiara Bay, Radia and Forest Heights
- Prior to being appointed as Chief Operations Officer, Liong was the Director – Central 2 for UEM Sunrise
- His responsibilities include financing and risk evaluation, strategic planning and marketing, human resource and operations, construction management, procurement and property-related legal and strata matters

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Sunrise Berhad

ZAMRI YUSOF

Chief Operations Officer, Southern



Like Comment Share

#NationalityMalaysian #Age50 #GenderMale

Date of Appointment: 1 January 2020

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

- Bachelor of Civil Engineering from Universiti Teknologi Mara (UiTM)

SKILLS & EXPERIENCE

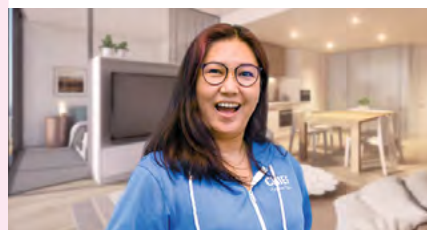
- He has more than 25 years of professional experience in the property development sector
- He has held leadership roles in Malaysia Gerbang Nusajaya, DRB-HICOM Bhd, Glenmarie Properties Sdn. Bhd., Proton City Development Corporation Sdn. Bhd., HICOM Facility Management Bhd
- Prior to being appointed as Chief Operations Officer, Zamri was the Director – Southern 2 for UEM Sunrise
- He has been entrusted by UEM Sunrise to deliver the Company's financial targets for the Southern Region with over RM70 billion GDV portfolios, encompassing 8,500 acres of development land. Among the key portfolios include the Gerbang Nusajaya Township, an integrated mixed development with the future Iskandar Puteri HSR Station and Transit-Oriented Development (TOD); Puteri Harbour, the jewel of Iskandar Puteri with waterfront developments; Fraser Metropolis, Kulai which is poised to become the future mixed-development Central Business District of Kulai, Johor and the premier East Ledang, Nusa Bayu & Nusa Idaman developments with its high-end residential, residential, high-rise and commercial developments

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- UEM Land Berhad

ZULFA ASHIDA ZULKIFLI

Chief People Officer



Like Comment Share

#NationalityMalaysian #Age50 #GenderFemale

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 more than 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

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

Notes:

- None of the Senior Management have any family relationship with any Director and/or major shareholder of UEM Sunrise.
- None of the Senior Management have any conflict of interest with UEM Sunrise.
- None of the Senior Management 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 2019.

Senior LEADERSHIP TEAM

FREDERICK LEE HENG MENG
Director, Commercial

HASNIZA MOHAMED
Director, Digital & Incubation

ZADIL HANIEF MOHAMAD ZAIDI
Director, Managing Director's Office

ALICIA LIM CHWEE MUEI
Head, Governance, Risk & Compliance

MOHAMAD FAIZAL MOHAMAD
Director, Strategy

MAZMEEN MOHAMED RAZALI
Head, Internal Audit

ONG CHEE WEI
Head, Australia

**BEVARAH SOBAN BAABU A/L
GANGARAJU**
Head, South Africa


Corporate

GOVERNANCE OVERVIEW STATEMENT



The Board will continue to strengthen the Group's governance processes to ensure that the business as a whole is aligned with best practices and that our approach to disclosure remains understandable and transparent.

I am pleased to present UEM Sunrise Berhad's (UEM Sunrise or the Company) Corporate Governance Overview Statement for the financial year ended 31 December 2019.

This section provides a description of how the Company has applied the main principles and complied with the relevant provisions of the Malaysian Code on Corporate Governance (MCCG). We remain committed to achieving high standards of corporate governance both in the boardroom and throughout the Group, which are critical to business integrity and to maintaining investors' and stakeholders' trust in the Company. We have used the core principles of the MCCG as the framework within which we explain our governance practices in this report.

Our Board remains committed to presenting a clear assessment of the Company's position and prospects through the information provided in this report and through our financial statements and other narrative and financial reports as required. Please note that this statement is to be read along with the Corporate Governance Report which can be found at www.uemsunrise.com/corporate/about/information-downloads.

A CLEAR AND COMPELLING STRATEGY

During the year, the Board regularly reviewed aspects of the strategy and how it was being implemented. In addition to receiving regular reports from Management on progress made with our strategy, the Board approved the Group's organisational structure to align it with the business strategy as well as operational requirements (New Operating Model).

A new well-defined Profit and Loss organisation structure was put in place with clear lines of accountability and responsibility, in line with the Group's cost rationalisation and workforce planning strategy initiatives.

AUTHORITY LIMITS

The Board as well as Management conducted a review of the Discretionary Authority Limits (DAL), one of the critical elements of corporate governance. This was to provide improved transparency and clearer roles, responsibilities and accountabilities throughout the organisation. Numerous engagement sessions with functional departments as well as the Managing Director/Chief Executive Officer (MD/CEO) and the Directors were conducted. Their feedback contributed to the proposed revisions. The revised DAL was approved and enacted in September 2019, delineating authority limits for financial and non-financial transactions which are cascaded to certain individuals or a set of personnel to approve or carry out transactions in order to effect timely decision making. Additionally, the revised DAL ensures the appropriate checks and balances on the commitments that the Management undertakes on behalf of the Group. Management will continually review and assess the effectiveness of the DAL under the New Operating Model.

CULTURE AND GOOD GOVERNANCE

At UEM Sunrise, we are committed to fostering an effective governance framework, through our policies and procedures, in support of the Company's core values that underpins our ability to set the overall

Details relating to our Board Charter, Code of Conduct and Whistleblowing Policy are set out in the Corporate Governance Report, which are available for reference on the Company's website www.uemsunrise.com/corporate/investor-relations/corporate-governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORE PRINCIPLES



LEADERSHIP AND EFFECTIVENESS

Continued focus on strategy and its execution and a strong, open and effective Board.



ACCOUNTABILITY

Close scrutiny of risks and controls.



REMUNERATION

Prudent oversight of executive remuneration.



RELATIONS WITH STAKEHOLDER

Open engagement with shareholders.

strategic direction of the Group. During the year, the inaugural UEM Sunrise Integrity Day themed "Living with Integrity" was held for both Central and Southern regions for UEM Sunrise's Board and employees and business partners of the Group. The event involved talks on corruption by officers from the Malaysian Anti-Corruption Commission, with the highlight of the event being the corruption-free pledge and the signing ceremony by the Board members, Management, employees and business partners. This was witnessed by senior officers from the Malaysian Anti-Corruption Commission, and served to uphold the organisation's ethical behaviour standards. A revised Code of Conduct and a brand new Code of Conduct for Business Partners were also launched to further strengthen control measures.

The Board approved UEM Sunrise's Integrity and Anti-Corruption Plan (Plan) that outlines the overall elements of the Company's integrity and anti-corruption initiatives with measures implemented throughout 2019. To effect the Plan, an Integrity and Governance Unit was established to drive execution of the Group's integrity, governance and anti-corruption initiatives. These initiatives are in line with the Prime Minister's directive and the expected

enforcement of Section 17A, Malaysian Anti-Corruption Commission (MACC) (Amendment) Act 2018 on 1 June 2020 for adequate procedures.

LOOKING AHEAD

I believe that the detailed information included in the following sections demonstrates our commitment to ongoing excellence in corporate governance. The Board will continue to strengthen the Group's governance processes to ensure that the business as a whole is aligned with best practices and that our approach to disclosure remains understandable and transparent.

Further details pertaining to the Board Charter, Code of Conduct and Whistleblowing 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.

**TAN SRI DATO' SRI
ZAMZAMZAIRANI MOHD ISA**
Chairman

COMPLIANCE WITH THE CODE

This statement takes guidance from the key corporate governance principles as set out in the MCCG.

During the financial year ended 31 December 2019, UEM Sunrise complied in all material aspects with the principles set out in the MCCG. The Company adopted 30 out of the total 36 recommended practices in the MCCG, including the three (3) step-up practices. One (1) practice was not applicable and the Company has not adopted Practice 7.2, step-up Practice 7.3 and Practices 11.2, 12.2 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, all directors attend General Meeting and leveraging on technology to facilitate remote shareholders' participation and voting in absentia, respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP AND EFFECTIVENESS

The Board is primarily responsible for the Group's strategic and annual 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. The Board approves the Corporate Governance Model adopted by the Company to embed best practices within the organisation, including where specific authorities of the Board are delegated to the relevant Board Committees, as well as to the MD/CEO. The Board has established five Committees and a Board Subcommittee, all of which comply with the provisions of the MCCG and play an important governance role through the detailed work they carry out to fulfil the responsibilities delegated to them. Briefing papers are prepared and circulated to Committee members in advance of each meeting. 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.

VISION & MISSION

The Company's Core Values and Mission are reminders for employees to embrace the highest standards of integrity, honesty and trust which have become the hallmark of the Company's corporate culture.

BOARD CHARTER

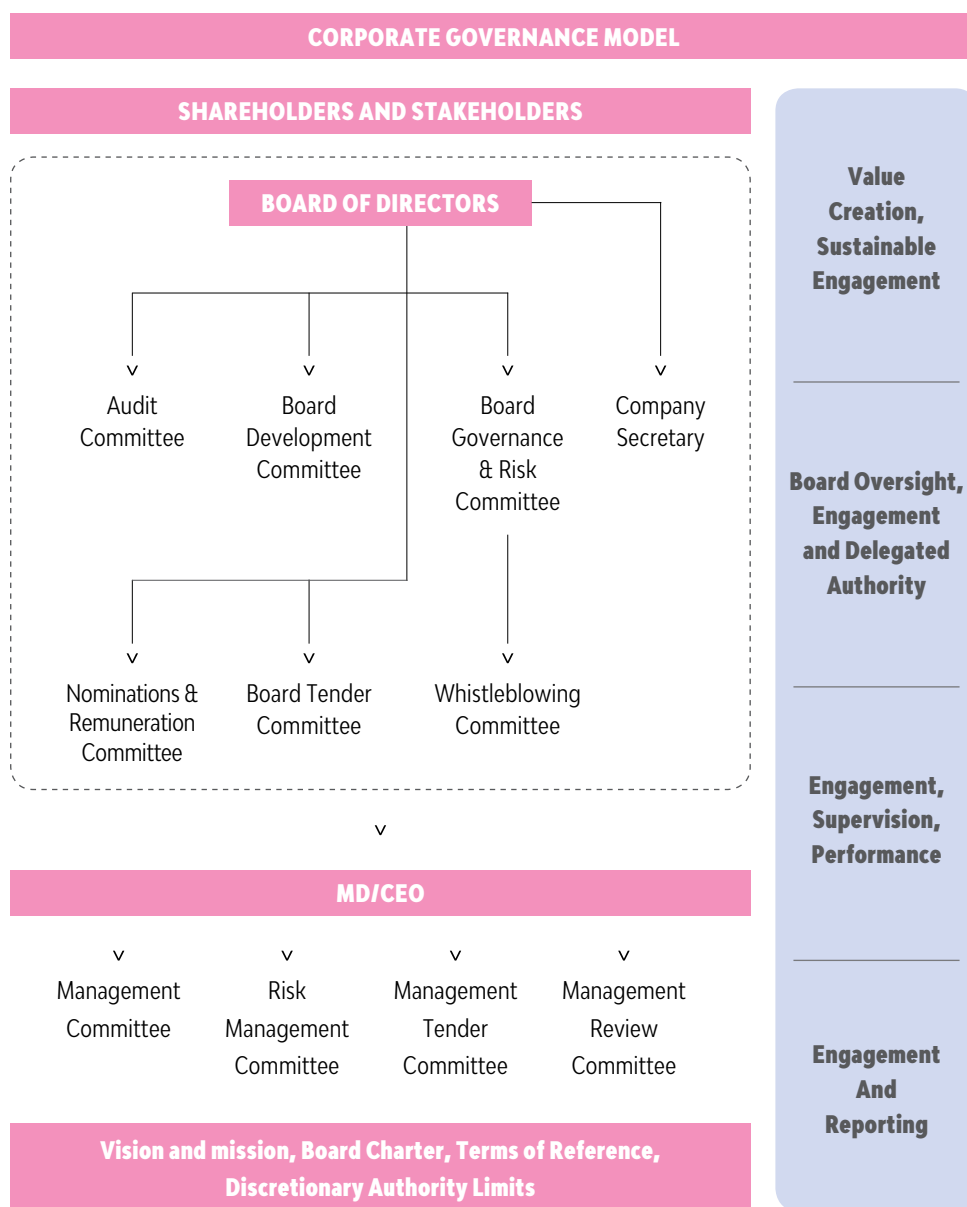
The Board Charter is a comprehensive reference document for Directors on matters relating to the Board and its processes, as well as the roles and responsibilities of the Board, the individual Directors and the Senior Independent Director. It outlines high level duties of the Board, matters that are specifically reserved for the Board, as well as those which the Board may delegate to the Board Committees, the MD/CEO and Management. It is reviewed as and when required to align with best practices.

TERMS OF REFERENCE

Committee Terms of Reference describes the purpose, scope and authority of the Committee. They are reviewed regularly to align with best practices.

DISCRETIONARY AUTHORITY LIMITS

The Board extends the adoption of the DAL to its wholly-owned subsidiaries whereby authority limits are delegated by the Board to the Senior Management for daily operations. DAL is reviewed as and when required, to ensure an optimum structure for efficient and effective decision-making within the Group.



CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP AND EFFECTIVENESS

The Board roles and responsibilities, amongst others, are as follows:

- Review and adopt strategic and annual plans and directions for the Group.
- Review 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 recommending improvements, which include environmental, ethical, social and governance aspects of the business.

KEY ROLES ON THE BOARD

ROLE	KEY RESPONSIBILITIES
Chairman	Preside over meetings of Directors and ensure efficient organisation and conduct of the meeting 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.
Company Secretary	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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP AND EFFECTIVENESS

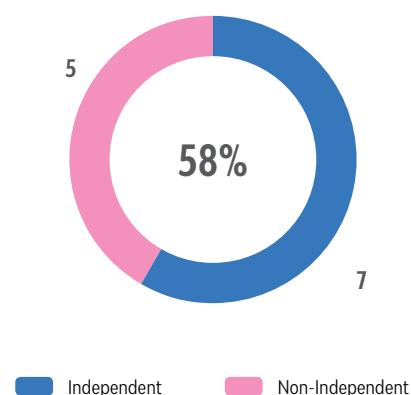
The roles and responsibilities of the Chairman and MD/CEO are clearly separated and distinct to ensure that there is a balance of power and authority. The Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness by focusing on strategy, governance and compliance.

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. During the financial year ended 31 December 2019, the Board met thirteen (13) times comprising seven (7) scheduled Board Meetings and six (6) 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 at the date of this statement, the Board increased its membership from eleven (11) as at 31 December 2019 to twelve (12) members. They comprise the Independent Non-Executive Chairman, the MD/CEO, the Senior Independent Non-Executive Director, four (4) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors. Independent Non-Executive Directors account for a majority of the Board to ensure a balance of power and authority within the Board. The Board composition complies with the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities) which state that at least two (2) Directors or one-third of the Board, whichever is higher, must comprise Independent Directors.

MCCG PRACTICE 4.1 - MAJORITY OF THE BOARD MUST BE INDEPENDENT DIRECTOR

(AS AT 12 MAY 2020)



DIRECTOR	BOARD MEETING		AC MEETING		NRC MEETING	
	ATTENDANCE	%	ATTENDANCE	%	ATTENDANCE	%
1 Tan Sri Dato' Sri Zamzamzairani Mohd Isa	13/13	100				
2 Anwar Syahrin Abdul Ajib	11/13	85				
3 Subimal Sen Gupta	13/13	100	5/5	100		
4 Dato' Noorazman Abd Aziz	13/13	100			2/3 (a)(c)(o)	67
5 Dato' Mohd Izani Ghani ⁽¹⁾	7/7 (a)	100	1/1 (a)(e)	100	1/2 (a)(n)	50
6 Zaida Khalida Shaari	12/13	92			8/9	89
7 Lim Tian Huat	13/13	100	5/5	100	7/9	78
8 Ungku Suseelawati Ungku Omar	13/13	100			9/9 (g)	100
9 Tan Sri Dr Azmil Khalili Dato' Khalid	12/13	92				
10 Datin Teh Ija Mohd Jalil	13/13	100	5/5	100	9/9 (i)	100
11 Christina Foo	12/13	92				
12 Ms Wong Shu Hsien ⁽²⁾	- (p)	-				
Total number of meetings for FY2019	13		5		9	

Legend:

AC - Audit Committee
NRC - Nominations & Remuneration Committee
BTC - Board Tender Committee
BDC - Board Development Committee
BGRC - Board Governance & Risk Committee
WBC - Whistleblowing Committee
 (a Subcommittee of BGRC)

⁽¹⁾ Appointed as Non-Independent Non-Executive Director with effect 1 June 2019.

⁽²⁾ Resigned as alternate to Dato' Noorazman Abd Aziz on 1 March 2019.

^(a) Reflects the number of Meetings attended and held during his/her tenure of appointments.

^(b) Ceased as BTC member following her resignation as alternate director on 1 March 2019.

^(c) Appointed as NRC member with effect from 1 June 2019 and relinquished as NRC member with effect from 18 October 2019.

^(d) Appointed as BGRC member with effect from 1 June 2019.

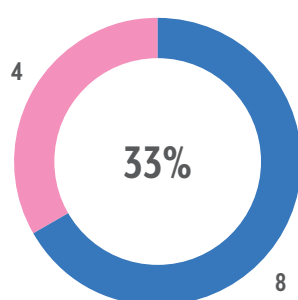
^(e) Appointed as AC member with effect from 1 June 2019 and relinquished as AC member with effect from 18 October 2019.

^(f) Appointed as BTC Chairman with effect from 1 June 2019.

^(g) Redesignated from NRC Chairman to NRC member with effect from 1 June 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP AND EFFECTIVENESS

MCCG PRACTICE 4.5 – 30% OF THE BOARD MUST BE WOMEN (AS AT 12 MAY 2020)

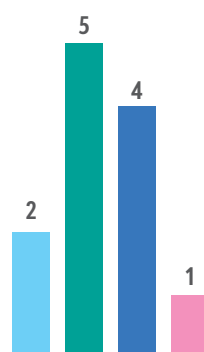


Male Female

AGE

(AS AT 12 MAY 2020)

Average age of the Board = 58

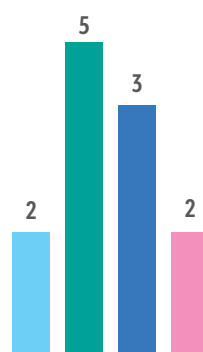


Below 50 years old
50 to 60 years old
61 to 70 years old
71 to 80 years old

TENURE ON BOARD

(AS AT 12 MAY 2020)

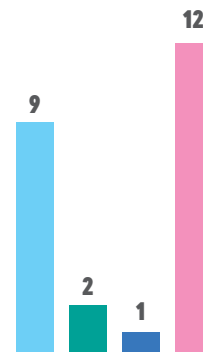
None of the Independent Directors
are above 9 years of service



Up to 1 year
More than 1 year and up to 3 years
More than 3 years and up to 6 years
More than 6 years and up to 9 years

ETHNICITY/NATIONALITY

(AS AT 12 MAY 2020)



Malay
Chinese
Indian
Malaysian

BTC MEETING			BDC MEETING			BGRC MEETING			WBC MEETING		
ATTENDANCE		%	ATTENDANCE		%	ATTENDANCE		%	ATTENDANCE		%
7/8		88	8/10		80	6/6		100			
7/8		88				5/6		83	4/4		100
			1/1 ^{(a)(m)}		100	2/3 ^{(a)(d)}		67			
5/5 ^{(a)(f)}		100									
			8/10		80						
			4/4 ^{(a)(h)}		100						
6/8 ⁽ⁱ⁾		75	10/10		100						
						6/6 ^(j)		100	4/4		100
5/5 ^{(a)(l)}		100				6/6 ^(k)		100	4/4		100
- ^{(a)(b)}		-									
8			10			5			4		

^(h) Appointed as BDC member with effect from 1 June 2019.

⁽ⁱ⁾ Redesignated from BTC Chairman to BTC member with effect from 1 June 2019.

^(j) Redesignated from BGRC Chairman to BGRC member and from NRC member to NRC Chairman with effect from 1 June 2019.

^(k) Redesignated from BGRC member to BGRC Chairman with effect from 1 June 2019.

^(l) Appointed as BTC member with effect from 1 June 2019.

^(m) Appointed as BDC member with effect from 18 October 2019.

⁽ⁿ⁾ Appointed as NRC member with effect from 18 October 2019.

^(o) Recused from an NRC Meeting.

^(p) Not applicable as alternate director.

Chairman
Member
Non-Member

CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP AND EFFECTIVENESS

CODE OF CONDUCT

The conduct of the Board and employees is governed by the revised Code of Conduct, approved by the Board on 26 November 2019, and is aligned with the Company's vision, mission and values. The Code covers the workplace, regulations as well as working with external stakeholders.

DIVERSITY

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 2019 at 36% as well as at the date of this statement at 33%.

WHISTLEBLOWING POLICY

The Company has in place a Whistleblowing Policy to enable reporting of improper conduct or wrongdoing within the Group. In 2018, a Whistleblowing Committee comprising Board members, formed as a Subcommittee of the Board Governance & Risk Committee, took over the whistleblowing responsibility previously undertaken by the Audit Committee. The Company's Whistleblowing Policy and procedures provide an avenue for legitimate concerns to be objectively investigated and addressed. The Whistleblowing Policy makes it clear that individuals can raise concerns about illegal, unethical or questionable practices in confidence and without risk of reprisal.

TENURE

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 he/she is re-designated as a Non-Independent Director. The Company shall therefore not retain an independent director for a period of more than nine (9) years.

NOMINATIONS & REMUNERATION COMMITTEE (NRC)

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.

PROFESSIONAL TRAINING

As at 31 December 2019, all Directors appointed to the Board have attended the Mandatory Accreditation Programme accredited by Bursa Securities. Directors continue to attend 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 2019 are set out in the Corporate Governance Report.

APPOINTMENTS

The Board and the 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. The Board is committed in ensuring that its composition not only reflects the diversity as recommended by the MCCG, but also has the right mix of skills and balance to contribute to the achievement of the Company's goals. A Board Skills Matrix has also been developed and used as reference for the Board's refresh and succession planning.

In selecting potential candidates for Senior Management roles, the Board and the NRC consider candidates who demonstrate, among others, the key competencies and behaviours required at top management level. In addition to technical capabilities, experience and professional qualifications outlined in the job description of the respective position, the leadership competencies of the candidates are also considered vital for senior positions.



For more details refer to Corporate Governance Report on our website www.uemsunrise.com

CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP AND EFFECTIVENESS

The table below illustrates the procedures for the appointment of a new Director:

Step 1

Candidate identified

Candidates identified arising from the recommendation of 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

Assessments are 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 also takes into consideration the size and composition of the Board to facilitate the making of informed and critical decisions as well as be guided by the MCCG and be in compliance with Listing Requirements.

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.

In January 2020, the NRC and the Chairman of Audit Committee jointly conducted interviews with candidates for the Chief Financial Officer position, which was vacant following the resignation of the former Chief Financial Officer on 31 December 2019.

The Board through the NRC, conducts the annual Board Effectiveness Assessment on the overall effectiveness of the Board, its Committees and the contribution and performance of each Director. In 2019, 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. Based on the feedback from the Board Effectiveness Assessment conducted, the Board as part of its succession planning efforts, endeavours to identify candidates with relevant industry experience to bring in fresh perspective with regard to the business. In line with the guidance from the NRC, Management will source for external consultant to conduct the board evaluation for financial year 2020. This is in anticipation that the evaluation by the independent experts would provide a more in-depth feedback from all directors who have served a minimum tenure of 6 months.

CORPORATE GOVERNANCE OVERVIEW STATEMENT REMUNERATION

The objective of Directors' Remuneration Policy 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.

With the revised Directors' Remuneration Framework in place since 2012, the Company has on 26 November 2019 formalised a remuneration policy for Non-Executive Directors which is available on the Company's website at www.uemsunrise.com/corporate/investor-relations/corporate-governance. The policy reflects the Company's commitment to attract and retain talented and well-qualified Directors needed to enhance long-term value creation for the shareholders; to provide remuneration that would reasonably reflect the time commitment and risks and, to commensurate with the duties and responsibilities of the Directors; and to build sustainable shareholder value by aligning the interests of the Directors with the long-term interests of shareholders by not linking fees to the results of the Company.

The Company's 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. The fees and benefits are tabled to the shareholders for 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 the 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 the 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	AMOUNT/DESCRIPTION
1	Directors' Fees	At the 11 th AGM held on 30 May 2019, the Directors' fees as follows approved by the shareholders are payable on a quarterly basis:
2	Allowance	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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT REMUNERATION

NO.	FEES/BENEFITS	AMOUNT/DESCRIPTION
3	Meeting Allowance	<p>Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes:</p> <ul style="list-style-type: none"> i. Chairman of committee – RM2,000 per meeting ii. Member of committee – RM1,000 per meeting <p>For the financial year 2019, no ad-hoc or temporary Board Committee meeting was held.</p>
4	Chairman's Benefits	<p>The benefits payable and accorded to the Non-Executive Chairman comprised the following, as approved at the 11th AGM held on 30 May 2019:</p> <ul style="list-style-type: none"> i. Car Allowance RM3,400 per month ii. Other reimbursables comprising: <ul style="list-style-type: none"> • Car-related benefits including maintenance, fuel and other permissible items/claims Up to RM36,300 per annum • Home guard security services RM6,300 per month iii. Provision of Driver
5	Property Discount (which is the same policy applied for employees)	<p>Discount for purchase of property as follows:</p> <ul style="list-style-type: none"> 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. <p>For the year 2019, none of the Directors availed themselves to this benefit.</p>
6	Medical Benefits for Directors	<p>The medical benefits for Directors are as follows:</p> <ul style="list-style-type: none"> 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. <p>Where a Director sits on several boards, he will only be entitled to claim medical benefits from one (1) company only.</p>
7	Training and Development of Directors	<p>A training budget is allocated for Directors to attend relevant training programmes and seminars to enhance their knowledge and skills in discharging their duties.</p>
8	Directors' & Officers' Liability Insurance	<p>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 2019.</p>

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 above table.

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 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT ACCOUNTABILITY

AUDIT COMMITTEE

As at the financial year ended 31 December 2019, the Audit Committee comprises three (3) members who are Independent Non-Executive Directors. The Audit Committee is chaired by Mr Subimal Sen Gupta, the Senior Independent Non-Executive Director. He is not the Chairman of the Board.

The Audit Committee Report including its membership, composition and summary of work carried out by the Audit Committee during financial year 2019 is presented on pages 103 to 107 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. Additionally, 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. In the year under review, the Board has confirmed its satisfaction with the performance of the Audit Committee in discharging its duties and responsibilities in accordance with its Terms of Reference.

Risk Management And Internal Control Framework

The Board fulfills its risk governance and oversight functions through the Board Governance & Risk Committee who oversees risk management matters and reviews the effectiveness of risk management framework in order to manage the overall risk exposure to the Group.

The Board Governance & Risk Committee takes responsibility for assessing and monitoring 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 Independent Non-Executive Directors. For the year under review, the Board has confirmed its satisfaction with the performance of the Board Governance & Risk Committee in discharging its duties and responsibilities in accordance with its Terms of Reference.

In 2019, an external quality assurance review was performed on the Internal Audit function of UEM Sunrise. The consultant commended the Internal Audit on its roles and practices, its key position within the organisation including its input at management committee meetings to partner in the journey to embed governance, risk and strong controls. The external assessor also complimented the ability of the Internal Audit Department to recruit team members with the requisite technical and engineering qualification and experiences. It was further noted by the external assessor that the Audit Committee continually engages the Head of Internal Audit, in the absence of MD/CEO and Management.

The Board concluded in its annual assessment that the risk management and internal control system of the Company are generally adequate and effective for the financial year under review. Details on 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT RELATIONS WITH STAKEHOLDER

COMMUNICATION WITH STAKEHOLDERS

The Company continues to be transparent and accountable to its shareholders and investors recognising 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 with information communicated 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.

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's Investor Relations and Communication Policy is available for reference on the Company's website www.uemsunrise.com/corporate/investor-relations/corporate-governance.

UEM Sunrise aims to transition to integrated reporting based on the International Integrated Reporting (<IR>) Framework in stages over the next few years.

Conduct Of General Meetings

The AGM of the Company is the primary platform for two-way interaction between the shareholders and the Board and Management of the Group. In fostering effective participation of and engagement with shareholders at the 11th AGM of the Company which was held on 30 May 2019, all the Directors (including the Chairmen of Audit Committee, NRC, Board Tender Committee, Board Development Committee and Board Governance &

Risk Committee), save for MD/CEO who was on medical leave and had conveyed apologies for his absence, were present in person to engage directly with the shareholders, and be accountable for their stewardship of the Company.

In line with MCCG Practice 12.1, the notice of the 11th AGM was issued at least 28 days prior to the meeting enabling the shareholders ample time in making necessary preparations to attend and participate in person or by corporate representative, proxy or attorney. More importantly, it enables the shareholders to consider the resolutions and make informed decisions in exercising their voting rights at the AGM.

At the 2019 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. Management of UEM Sunrise was represented by the then Chief Financial Officer and Chief Marketing Officer. They jointly 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 by the Minority Shareholders Watch Group.

The voting at the 11th 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 11th AGM was also made available on the Company's website within a reasonable timeframe, after tabling at the 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 future general meetings of the Company.

Moving forward, the Company aims to leverage on technology to broaden its channel of dissemination of information, to enhance the quality of engagement with the shareholders including exploring the feasibility of providing facilities that can allow remote shareholders' participation and voting at the Company's AGMs.

This Statement is made in accordance with the resolution of the Board dated 12 May 2020.

Investor RELATIONS

At UEM Sunrise, we value the relationships we have with our shareholders, equity and fixed income analysts, fund managers of respective fields and the financial and/or investment community as a whole (collectively referred to as the Stakeholders). Consistent with the recommendations of the Malaysian Code of Corporate Governance and other relevant regulatory bodies, we engage frequently with our Stakeholders be it physically virtually, via emails or through other modes of communication. We strive to provide credible and reliable material information on the Company to the Stakeholders.

We are guided by the following principles when communicating with our Stakeholders:

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

We seek 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, and to do so in a timely manner.

INVESTOR RELATIONS ENGAGEMENTS & ACTIVITIES

The Investor Relations (IR) team plays an important role in engaging with the Stakeholders. Usually headed by the Chief Financial Officer (CFO) and/or the IR team, our engagements include mass conferences, physical meetings, conference calls, virtual online 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 on the Company's financial results, business directions as well as strategies 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 FY2019	A total of 27 meetings, including site visits, were held in 2019. Meetings and site visits are frequently requested by analysts and fund managers. They are hosted, arranged and organised by the IR team.
Quarterly financial results briefings	February (4Q 2018 and full year financial results), May (1Q 2019), August (2Q 2019), November (3Q 2019)	Financial results briefings are held quarterly via tele-conferencing or face-to-face briefings immediately after the results are released to Bursa Malaysia. The Managing Director/Chief Executive Officer will take the lead in the face-to-face briefings while the CFO, in tele-conferencing, together with the IR team and Head of Finance.
Investor Conferences	January	Participated in Alliance Investment Bank Corporate Day in Kuala Lumpur.
	March	Participated in Invest Malaysia organised by Maybank and Bursa Malaysia in Kuala Lumpur.
Annual General Meeting	May	Held UEM Sunrise's 11th AGM at Menara Korporat, Persada Plus, Selangor.

A total of 34 engagements were held with our Stakeholders in 2019.

UEM SUNRISE'S COVERAGE

The Company received fair coverage and support from local and foreign research houses in 2019. To date, 12 analysts from the following research houses provide coverage on UEM Sunrise.

1. AllianceDBS Research Sdn Bhd
2. AmInvestment Bank Berhad
3. CGS-CIMB Securities Sdn Bhd
4. Citigroup Global Markets Malaysia Sdn Bhd
5. Hong Leong Investment Bank Berhad
6. KAF Equities Sdn Bhd
7. Kenanga Investment Bank Berhad
8. Maybank Investment Bank Berhad
9. MIDF Amanah Investment Bank Berhad
10. Public Investment Bank Berhad
11. RHB Investment Bank Berhad
12. UOB Kay Hian Securities (M) Sdn Bhd

UEM SUNRISE'S IR PORTAL

To disseminate timely information on UEM Sunrise to our Stakeholders and the public, we have set up an online IR portal at <https://uemsunrise.com/corporate/investor-relations/investors-home>.

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 (ICP) 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, the Company had in 2019 issued the following IMTNs:

Date of Issuance	Type	Tenure	Utilisation of Proceeds
22 March 2019	RM300.0 million in nominal value of IMTN under the IMTN Programme established in 2012	Five (5) years, which will mature on 22 March 2024	The proceeds were utilised for UEMS' Shariah-compliant general corporate purpose

MATERIAL CONTRACTS

Other than the following and those disclosed in the financial statements and the recurrent related party transactions section on pages 276 to 279 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:

Date	Parties	General Nature	Consideration	Mode of Satisfaction for the Consideration	Relationship of Interested Parties
30 August 2019	UEM Sunrise Group: UEM Sunrise Berhad and UEM Sunrise Nusajaya Properties Sdn. Bhd. Khazanah Group: Themed Attractions Resorts & Hotels Sdn. Bhd. and its subsidiaries TAR PH Sdn. Bhd., PH Marina Boulevard Sdn. Bhd., TAR PH Family Entertainment Sdn. Bhd. (TAR&H group)	Restructure and vary existing agreements relating to a joint development of a residential resort in Desaru (Proposed Variation) by cancelling part of the original intended land acquisition where the resulting refunds for the cancelled lands were utilised for part settlement of the acquisition of a 2-level retail mall and 247 car park bays, 4-storey purpose-built indoor family theme park and 63 parking bays, a double-storey open sided pergola and 13 strata parcels forming a retail component all located in Puteri Harbour, Iskandar Puteri (Retail Properties).	Consideration for the Retail Properties is RM145 million of which RM107 million was settled via refunds from the Proposed Variation while the balance RM38 million will be paid to the TAR&H group over 5 years from the date of the agreement in 5 equal settlements of RM7.6 million each year.	RM107 million was settled via refunds from the Proposed Variation. RM38 million will be funded via internally generated funds.	Khazanah and its wholly owned subsidiary, UEM Group Berhad are major shareholders of UEM Sunrise. Khazanah is also a major shareholder of TAR&H group. As at 30 August 2019, Dato' Noorazman Abd Aziz and Dato' Mohd Izani Ghani are directors of both UEM Sunrise and UEM Group. Both are nominees of Khazanah on the Board of UEM Group and nominees of UEM Group on the Board of UEM Sunrise. As at 30 August 2019, Zaida Khalida binti Shaari is a nominee of Khazanah on the Board of UEM Sunrise.

Note: Settlement of the part payment of the consideration via the utilisation of the RM107 million refunds arising from the Proposed Variation and the handover of the Retail Properties were effected on 1 September 2019. The proposal was deemed completed, with the balance RM38 million to be paid in accordance with the terms of the sale and purchase agreements signed on 30 August 2019.

ADDITIONAL COMPLIANCE INFORMATION

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

Please refer to pages 276 to 279 of this Annual Report on the disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2019 pursuant to the shareholders' mandate approved at the previous Annual General Meeting.

EMPLOYEE SHARE OPTION SCHEME (ESOS)

The Company's ESOS, which 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 7 years from the implementation date on 9 April 2012, had expired on 8 April 2019. As at 8 April 2019, 84,587,850 ESOS options that remained unexercised had lapsed upon the expiry of the ESOS pursuant to Clause 14.1 of the ESOS By-Laws.

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 (UEM Sunrise or the Company) and its subsidiaries (the Group). The Audit Committee reviews and monitors the integrity and adequacy of the Group's internal control systems and management information systems, related party transactions and conflict of interest situations that may arise within the Group, including compliance with applicable laws, rules, directives and guidelines through the Internal Audit function.

The Terms of Reference (TOR) of the Audit Committee are available for reference at the Company's website at www.uemsunrise.com/corporate/investor-relations/corporate-governance.

2. COMPOSITION

As at the end of the financial year ended 31 December 2019, 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 the Bursa Malaysia Securities Berhad (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. As at 31 December 2019, the Company has adhered to the step-up practice set out in the Malaysian Code on Corporate Governance (MCCG) for having solely Independent Directors on its Audit Committee.

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

NAME	DESIGNATION	DIRECTORSHIP	QUALIFICATION
Subimal Sen Gupta	Chairman	Senior Independent Non-Executive Director	<ul style="list-style-type: none"> Fellow of the Institute of Chartered Accountants in England and Wales Past President of Malaysian Institute of Certified Public Accountants (MICPA)
Lim Tian Huat	Member	Independent Non-Executive Director	<ul style="list-style-type: none"> Founding President of Insolvency Practitioners Association of Malaysia Fellow of the Association of Chartered Certified Accountants Member of Malaysian Institute of Accountants Member of MICPA Bachelor of Economics (Honours)
Datin Teh Ija Mohd Jalil	Member	Independent Non-Executive Director	<ul style="list-style-type: none"> Bachelor of Arts (Honours), Universiti Malaya Master of Business Administration, Southern New Hampshire University, USA
Dato' Mohd Izani Ghani (Appointed on 1 June 2019, relinquished his membership on 18 October 2019)	Member	Non-Independent Non-Executive Director	<ul style="list-style-type: none"> Bachelor of Science (Economics), London School of Economics and Political Science Fellow of the Association of Chartered Certified Accountants Member of Malaysian Institute of Accountants Member of Chartered Institute of Islamic Finance Professionals

AUDIT COMMITTEE REPORT

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

The term of office and performance of the Audit Committee and each of its members were reviewed and assessed annually by the Nominations & Remuneration Committee in accordance with 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. In the year under review, the Board has confirmed its satisfaction that the Audit Committee and each of its members have effectively discharged their duties in accordance with the TOR.

3. MEETINGS

Five (5) meetings were held during the financial year ended 31 December 2019, with attendance details as follows:

NAME OF AUDIT COMMITTEE MEMBER	NO. OF MEETINGS ATTENDED/HELD	PERCENTAGE OF ATTENDANCE (%)
Subimal Sen Gupta	5/5	100
Lim Tian Huat	5/5	100
Datin Teh Ija Mohd Jalil	5/5	100
Dato' Mohd Izani Ghani	1/1 [@]	100

[@] Reflects the number of meeting attended and held during his tenure.

The Managing Director/Chief Executive Officer (MD/CEO), relevant Senior Management that is responsible for the pertinent areas 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 the significant matters identified during such review before the quarterly financial statements were presented to the Audit Committee for review and recommendation for the Board's approval prior to release to Bursa Securities.

The External Auditors as well as the Internal Auditors were invited to the first Audit Committee meeting in 2019 to report on the statutory audit in respect of the financial statements for the financial year 2018 as well as on the progress of the audit plan for years 2018 and 2019, 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 obtaining their views on any 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.

In 2019, an external quality assurance review was performed on the Internal Audit function of UEM Sunrise. The consultant commended the Internal Audit on its roles and practices, its key position within the organisation including its input at management committee meetings to partner in the journey to embed governance, risk and strong controls. The external assessor also complimented the ability of the Internal Audit Department to recruit team members with the requisite technical and engineering qualification and experiences. It was further noted by the external assessor that the Audit Committee continually engages the Head of Internal Audit, in the absence of MD/CEO and Management.

In January 2020, the Chairman of the Audit Committee participated in the joint interview with the Nominations & Remuneration Committee with candidates for the Chief Financial Officer (CFO) position, which was vacant following the resignation of the former CFO on 31 December 2019.

AUDIT COMMITTEE REPORT

4. SUMMARY OF KEY ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 the internal audit reports on the adequacy, effectiveness and efficiency of operational, compliance and governance processes across the Company and its Group. The Audit Committee advised Management to rectify and improve the control systems based on Internal Audit's recommendations and suggestions for improvements. Where appropriate, the Audit Committee recommends to Human Resources to take appropriate action against the staff. The reports reviewed and deliberated during the year include planned and ad-hoc audits on:
 - Procurement and contracts management
 - Project management, Health, Safety, Security and Environment
 - Sales and marketing process
 - Lease management
 - Carpark operations
 - Human resources - staff management and retention as well as the consequence management process
 - Finance process over the period end financial closing
 - Ferry Terminal operations
 - Recurrent related party transactions
 - Whistle-blower cases
 - Follow-up on corrective actions
- iii. Monitored the implementation of recommendations by Management on outstanding issues to ensure that all key risks and control weaknesses are adequately addressed as well as the timeliness of responses received and actions taken. Met with auditees on updates of selected key outstanding audit findings.
- iv. Reviewed the performance, adequacy, scope, resources and competency of the Internal Auditors as well as the training needs of Internal Audit function.
- v. Approved the key performance indicators (KPI), resource requirements and training budget of the Internal Audit function for 2020.

- vi. Approved the 2018 KPI scorecard achievements of the Internal Audit function.
- vii. Reviewed the Audit Reports issued and status of 2019 audit plan.
- viii. Reviewed and approved the revised Internal Audit Charter which reflected the actual work performed by Internal Audit as well as to align with the best practices as per the revised International Professional Practices Framework that came into effect on 1 January 2017.
- ix. Reviewed the outcome of the quality assurance review performed by an external consultant which opined that the Internal Audit function of UEM Sunrise generally conforms to the International Standards for the Professional Practice of Internal Auditing and discussed on the areas for improvement with agreed action plans and implementation target dates.

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 the 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 March 2019 and 19 November 2019 without the presence of the MD/CEO and Management staff, to enquire 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 had recommended to the Board for approval, the appointment of EY as External Auditors of the Group for the financial year ended 31 December 2019.

AUDIT COMMITTEE REPORT

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 2019 based on the 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 2020 and recommended the same for the Board's approval. The appointment of the External Auditors is subject to the shareholders' approval being sought at the forthcoming Twelfth 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 2019 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.

The details of the nature of non-audit services rendered by the External Auditors and/or its affiliates for the financial year ended 31 December 2019 are set out as follows:

	COMPANY RM'000	%	GROUP RM'000	%
Fees paid or payable to EY and its affiliates				
• Audit services				
- EY	203.0	72%	1,462.0	77%
• Non-audit services				
- EY	72.0	26%	72.0	4%
- Affiliates of EY	6.3	2%	352.9	19%
Total	281.3	100%	1,886.9	100%

Notes:

- (a) The non-audit services fees paid or payable to EY were for the quarterly review of the unaudited consolidated results.
- (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 with Management and the External Auditors for recommendation to the Board for approval and release to Bursa Securities.
- ii. Reviewed and recommended the Corporate Governance Overview Statement, Audit Committee Report and Statement on Internal Control and Risk Management for Annual Report 2018 of the Company and Corporate Governance Report in respect of Principle B of the MCCG to the Board for approval.

AUDIT COMMITTEE REPORT

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 Eleventh Annual General Meeting of the Company on 30 May 2019.

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;
 - risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company; and
 - regulatory and legislative requirements are met and complied with by the Company.

Others

- i. The Chairman of the Audit Committee had regularly engaged 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.

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 2019, the total cost incurred for the audit function was RM2,187,885.00 (2018: RM1,817,525.00).

- 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 ongoing 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 in the preparation of the annual internal audit plan from the formulation of 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 and arranged for the Audit Committee to meet the auditees and be briefed on progress of selected outstanding audit issues. The internal audit reports are submitted 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. Follow-up reviews are conducted subsequently to ascertain that improvement measures are implemented. In this respect, the Internal Audit strives to achieve sustainable control processes within the Group and to improve areas with weak controls.
- vii. The Internal Audit reported to the Audit Committee on the internal audit findings and recommended action plans to close the gaps from the investigations carried out in respect of the whistleblower reports.

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. Mandated by the Internal Audit Charter, Internal Audit undertakes its activities independently and

Statement

ON INTERNAL CONTROL AND RISK MANAGEMENT

Paragraph 15.26(b) of the Main Market Listing Requirements (LR) of Bursa Malaysia Securities Berhad (Bursa Securities) requires the Board of Directors of Listed Companies to include in their annual report, a 'statement about the state of risk management and internal controls of the listed issuer as a group'. The following statement outlines the nature and scope of risk management and internal controls within UEM Sunrise Berhad (UEM Sunrise or the Company) and its subsidiaries (Group) during the financial year under review.

BOARD'S RESPONSIBILITIES

The Board of Directors (Board) of UEM Sunrise is responsible and accountable for maintaining sound risk management and internal control systems and processes to safeguard shareholders' investments and the Group's assets, including 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 completely, the Group has in place, a system of internal control and risk management designed to manage risks within tolerable levels and to 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 utilisation. 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 incorporating processes to identify, evaluate and monitor principal risks; and to implement appropriate internal control processes and procedures to manage these risks across the Group.

Board Governance & Risk Committee (BGRC)

The main responsibility of the BGRC is to support the Board in overseeing the Group's adherence to 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 respect of risk management, the BGRC assists the Board in ensuring a sound, robust Risk Management Framework and overseeing the implementation of appropriate systems and processes to enhance the Group's corporate governance practices with focus on risk issues and its mitigations. The BGRC also provides oversight on the Group's integrity, governance and anti-corruption initiatives in line with the introduction of Section 17A under the Malaysian Anti-Corruption Commission (MACC) Act 2009.

Audit Committee (AC)

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 and non-financial reporting. The AC also reviews the adequacy and integrity of the Group's internal control systems, financial and non-financial reporting processes and management information systems, including compliance with applicable laws, rules, directives and guidelines through the Internal Audit function.

RISK MANAGEMENT

The Group Risk Management Framework (Framework) is principally aligned to ISO31000:2009 and UEM Group Risk Management Framework. The Framework outlines the objectives, lines of responsibilities and accountabilities as well as 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 between risk and reward in making business decisions and ensuring sound corporate governance and compliance with all the relevant statutory and regulatory requirements. It serves as a tool in managing both existing and potential risks with the aim to enhance and protect key stakeholders' interests at the same time 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 defines the risks into four distinct categories, i.e. industry and market, financial, operations, compliance and people in relation to the Group's business activities.

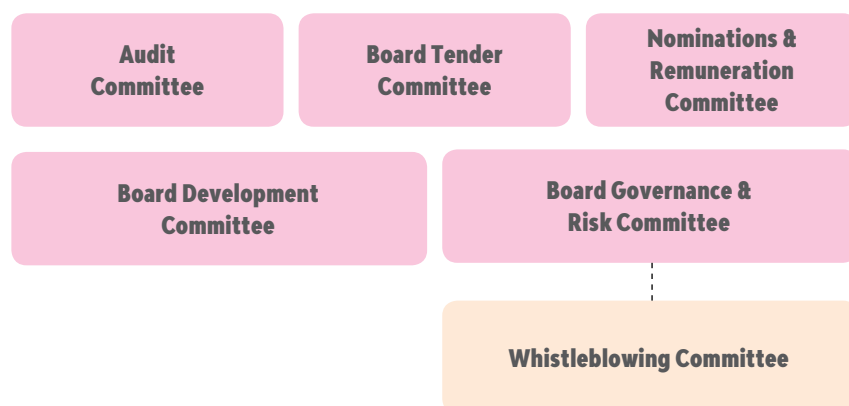
STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

CONTROL STRUCTURE & MONITORING 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 undertaking its oversight function, the Board is supported by five Board Committees and a Subcommittee 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 Managing Director/Chief Executive Officer (MD/CEO), decides the agenda for the meetings. Board papers are distributed at least five business days prior to the Board meetings and Board members are provided 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

In line with the strategic direction of the Board, the Group's organisational structure has been revised accordingly in alignment with the business as well as operational requirements. As part of the Group's cost rationalisation and right-sizing initiatives, a new well-defined Profit and Loss (P&L) organisation structure has been put in place whilst 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, whereby the Board pays particular attention to significant variances of key performance indicators against plans and budget to monitor performance. Key variances are highlighted and followed up by Management through the appropriate mitigation plans.

The quarterly financial results released to the public are prepared by the Management and reviewed by the Audit Committee and the external auditors prior to recommendation to the Board for approval. This allows 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. In line with the operationalisation of the P&L organisation structure, the Group has revisited the existing Discretionary Authority Limits (DAL) and put in place the revised DAL effective 17 September 2019. The DAL delineates 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 ensuring checks and balances on the commitments that the Management undertakes on behalf of the Group.

The Board has also approved the Group's financial and operating policies, which are developed to comply with laws and regulations where applicable, as well as to instil discipline in 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 is responsible to oversee the Group's processes and procedures including monitoring the projects and its supporting

STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

departments in terms of adherence to the Integrated Standard Operating Procedures and best practices to ensure that the products and services are delivered to the satisfaction of our customers. The QASHE team is also responsible to ensure that our business units are comply with legal and other requirement relating to quality, occupational health, safety and environmental regimes.

The Group was awarded with the ISO 9001:2015 standards in June 2018. The Group's OHSAS 18001:2007 Occupational Health and Safety Management System certification was renewed in June 2018 and will be upgraded to the latest ISO 45001:2018 standard by 2021. Certification to MS 1722:2011 Malaysia Occupational Health and Safety Management System was also renewed in June 2018. Additionally, the Group has also implemented a comprehensive Environment Management System and has successfully migrated to the ISO 14001:2015 standard in June 2018 and was certified with ISO 20000-1:2011 Service Management System in December 2017. Each certification is valid for a period of 3 years from the date of issuance. All the existing certifications are valid until 2021, except for ISO 20000-1:2011, which is due for renewal in December 2020. The Group will remain compliant with the requirements of the respective standards at all times.

Insurance on Key Assets

The Group undertakes insurance coverage for major assets and resources to cover against any mishap that could result in financial or material losses to the Group. The Group's insurance coverage is reviewed and renewed annually.

Management Information System

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

Information and Communication Technology (ICT)

The 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 Group.

Cyber Security Management

With the introduction of new digital businesses and the advancement of cyber security threats, one of Digital IT immediate focuses will be continuous control and management of Cyber Security. Several dedicated layers of external & internal protections are in place such as Firewall with advance network protection, Email protection from Spam & Malware, Multi-factor authentication to strengthen user access and End Points Protection to protect the user's devices. The corporate IT perimeters will also be strengthened with 24/7 Proactive Network & Security monitoring, detection, advisory & remedial by ISO/IEC 27000 Information Security Management certified Operation Centre provider. Besides, a Security Posture Assessment (SPA) i.e. White Hacker is scheduled bi-yearly to continuously test and strengthen security perimeters in addition to reviewing the technology deployed in the Group to mitigate potential exposure to cyber threats.

Human Resources Policies and Procedures

The Human Resources (HR) Policies and Procedures provide clarity for the organisation in all aspects of human resource management of the Group. UEM Sunrise's People Division 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 People Division 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.

UEM Sunrise offers comprehensive learning and development for all staff to grow and develop themselves. Their development needs are driven by our business strategy, future-skill requirements and individual development plans. These needs are delivered through holistic approach of on-the-job learning, coaching, mentoring, classroom and digital learnings to enhance their knowledge, skills and abilities.

Structured leadership and talent programmes are put in place as per business requirements to 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 sufficient bench strength and a robust leadership pipeline to meet future challenges and for succession planning.

Integrity and Anti-Corruption

The Integrity and Governance Unit (IGU) has been established under the Governance, Risk and Compliance Department to drive the execution of the Group's integrity, governance and anti-corruption initiatives outlined by the Group's Integrity and Anti-Corruption Plan (IACP). The Group's Code of Conduct has been revised to strengthen the standard of behaviour and

STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

ethical conduct of the Board members, Management and Employees of the Group. The Group also introduced the Code of Conduct for Business Partners as a guide for all the Group's Business Partners. These two documents were launched during the Group's Integrity Day 2019 which also involved talks on corruption by the Malaysian Anti-Corruption Commission (MACC) officers and the Corruption-Free Pledge oath and signing ceremony by Board members, Management, Employees and Business Partners, witnessed by senior officers from the MACC.

Internal Audit

The internal audit function is undertaken by UEM Sunrise'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 advises on a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes for the Group.

The key role of Internal Audit is to undertake regular and systematic reviews to provide reasonable assurance to the Audit Committee 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 Audit Committee 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 Audit Committee 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 impact of disruptions to business operations is minimised and recovered in a timely manner following a disruption.

The Group's Business Continuity Management Policy (Policy) outlines the objectives, establishes proper oversight structure in response to a disruption, sets out clear roles and responsibilities, and is supported by a robust Business Continuity Plan (BCP). This is achieved through the identification of all critical functions and their interdependencies in determining the recovery priorities.

Based on ISO 22301, the Policy is aligned with respective plans within the Group including, but not limited to, Disaster Recovery Plan, Human Capital Plan and Communication and Media Plan to ensure a holistic management of disruption.

The Group has put in place the 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 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 joint ventures and/or associates, the Group ensures that its interests and investments are protected by having Board representation at 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 put 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 General Manager, Finance that the Group's internal control and risk management systems are operating adequately and effectively in all material aspects. In order to keep abreast with any changes in the business environment and an increasingly complex economic environment, the Group is committed to continuously review and strengthen the internal control and risk management system to ensure its adequacy and robustness. 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 subsidiaries (Group) undertake various residential, commercial and mixed-use developments in the Southern and Central regions in Peninsula Malaysia. The Group also has an international presence primarily in Australia and South Africa. The Group's business activities also extend to retail management as well as property management. Hence, a robust 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.

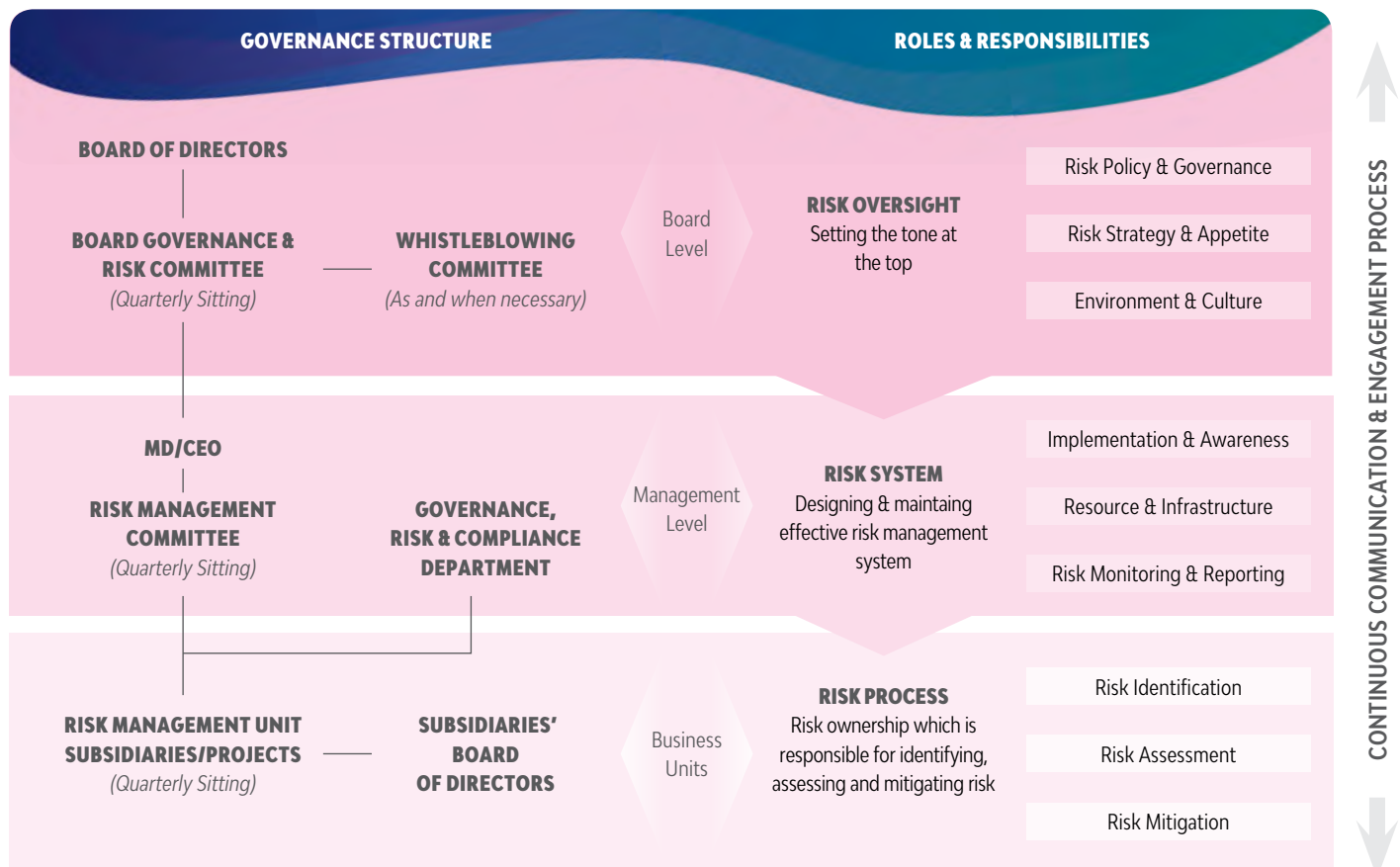
The Group Risk Management Framework (Framework) comprises the risk management policy, risk assessment methodology, lines of responsibility and accountability. The Framework is guided and principally aligned to

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 business environment.

RISK GOVERNANCE STRUCTURE AND RESPONSIBILITIES

A strong governance structure is important to ensure an effective and consistent implementation of the Framework. The Board of Directors (Board), assisted by the Board Governance and Risk Committee (BGRC), is ultimately responsible for the Group's risk management activities and sets the strategic directions, 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.

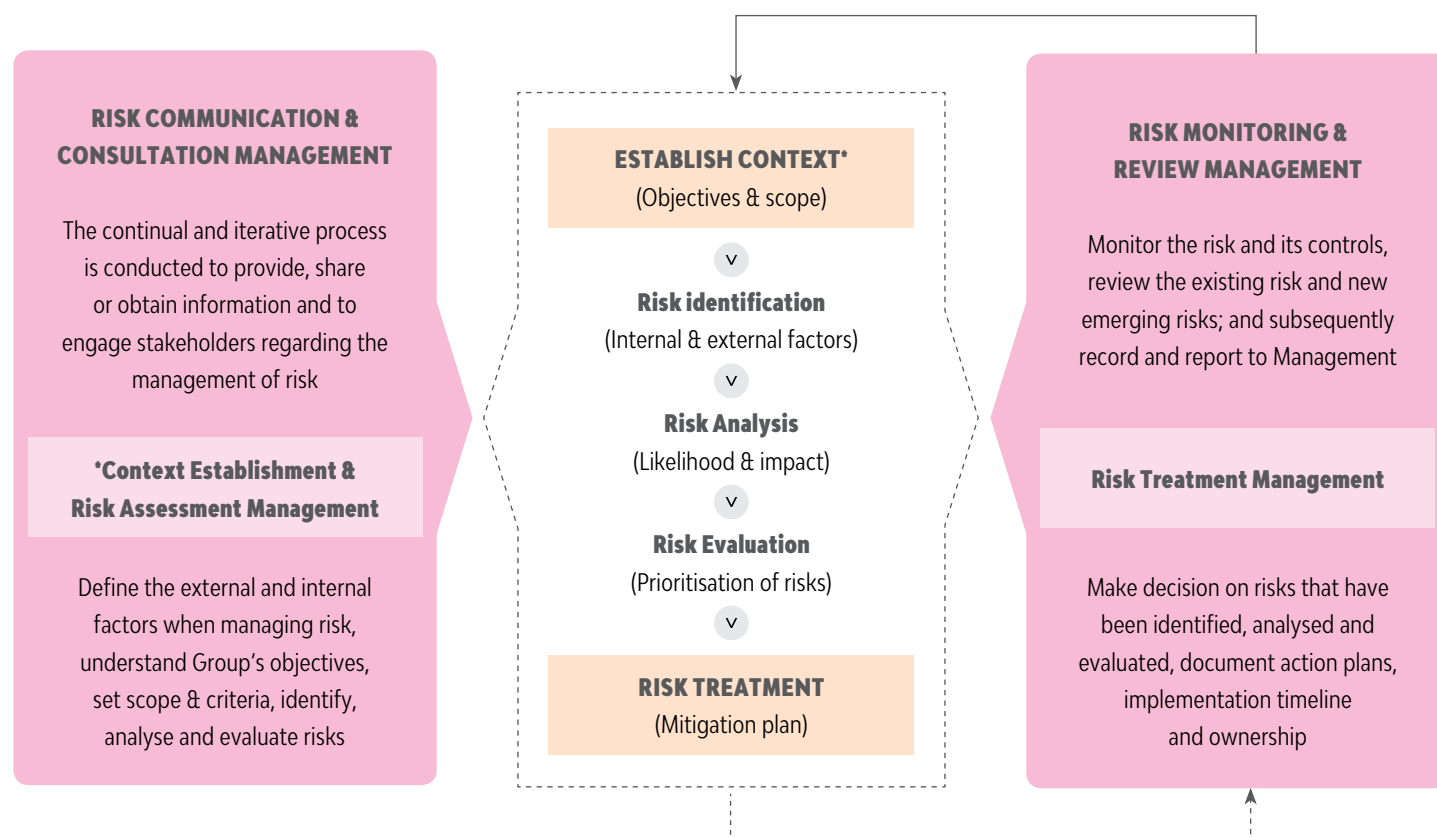
The following outlines the risk governance structure of the Group and the respective roles and responsibilities:



RISK MANAGEMENT REPORT

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, senior staff, supply of raw materials and labour and selling prices of property. To sharpen its competitive edge, the Group undertakes a comprehensive annual strategic plan review to evaluate the Group's development plans, formulate its brand enhancement strategy and product value proposition, continuously identify operational improvements, enhance project management and delivery as well as strengthen the Group's customer experience programme.

RISK MANAGEMENT REPORT

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, tender management and embedding the use of technology and digitisation to improve overall efficiency. 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 (e.g. gearing ratios are below the required thresholds).

Concentration Risk

In order to maintain and grow UEM Sunrise's business in the future, the Group needs to replenish its landbank with suitably-sized land 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, limiting the ability of the Group to diversify its revenue base geographically. The Group has outlined its landbanking strategy and is making a concerted effort to diversify its landbanks via assessing various opportunities to acquire strategic located land in the Central region as well as divestment on non-strategic land plots.

People Risk

One of the pillars of success is having the right talent with high growth mindset within the organisation. The Group has a well-defined organisational structure which has been reviewed accordingly to ensure that it is aligned to the business as well as operational requirements. The Group's Performance Management Framework ensures the alignment between business objectives and deliverables through the Key Performance Indicators (KPI) monitoring and review. The Group offers comprehensive learning and development for all staff to grow and develop themselves driven by our business strategy, future-skill requirements and individual development plans. Structured leadership and talent programmes are put in place to nurture emerging leaders and employees with high potential, as well as to enhance the leadership skills of existing leaders to ensure that the Group has sufficient bench strength and a robust leadership pipeline to meet future challenges and for succession planning.

Corruption Risk

The Group is committed to the highest standards of integrity and takes a zero-tolerance approach to all forms of corrupt acts in its business conduct and operations. The Group recognises integrity as one of the core values in doing business and delivering the Group's promises. In line with the introduction of the Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009, the Group established the Integrity and Governance Unit under the Governance, Risk and Compliance Department. The Group developed the Integrity and Anti-Corruption Plan (IACP) which outlines the Group's commitment and structured initiatives to safeguard the Group's reputation and interest as well as ensuring that the Group's business conduct and process are free from corruption. The Group, including its Board members, Management, employees and business partners took the oath and signed the Corruption-free Pledge witnessed by MACC Officers during the Group's Integrity Day events. A revised Code of Conduct and a brand new Code of Conduct for Business Partners were also launched to further strengthen its control measures.

CONCLUSION

The Board has received assurance from the Managing Director/Chief Executive Officer (MD/CEO) that the Group's risk management framework is 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 is committed to continuously review and strengthen the risk management process to ensure adequacy and robustness of the system is in line with the changes in 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 2019, 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 117 to 124 and the Audited Financial Statements from pages 132 to 271 of this Annual Report.



Financial STATEMENTS

FINANCIAL STATEMENTS

Directors' Report	117
Statement by Directors	125
Statutory Declaration	125
Independent Auditors' Report	126
Statements of Profit or Loss	132
Statements of Comprehensive Income	133
Statements of Financial Position	134
Statements of Changes in Equity	138
Statements of Cash Flows	140
Notes to the Financial Statements	142

Directors'

REPORT

DIRECTORS' REPORT

The directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

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

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

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

Other information relating to the subsidiaries is disclosed in Note 45 to the financial statements.

RESULTS

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

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.

DIRECTORS' REPORT

DIVIDENDS

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

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

DIRECTORS

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

Tan Sri Dato' Sri Zamzamzairani Mohd Isa

Anwar Syahrin Abdul Ajib **

Subimal Sen Gupta

Dato' Noorazman Abd Aziz

Dato' Mohd Izani Ghani

(appointed on 1 June 2019)

Zaida Khalida Shaari **

Effizal Faiz Zulkifly

(appointed on 24 February 2020)

Lim Tian Huat

YM Ungku Suseelawati Ungku Omar

Tan Sri Dr Azmil Khalili Dato' Khalid **

Datin Teh Ija Mohd Jalil

Christina Foo

Wong Shu Hsien

(resigned as alternate to Dato' Noorazman Abd Aziz on 1 March 2019)

** Also directors of certain subsidiaries of the Company.

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:

Wong Koon Keng	
Zulfa Ashida Zulkifli	(appointed on 15 January 2019)
Kutbuddin Asgar Ali	(appointed on 15 January 2019)
Tahirah Mohd Nor	(appointed on 15 January 2019 and resigned on 1 July 2019)
Zulkifly Garib	(appointed on 15 January 2019 and resigned on 1 November 2019)
Saw Seong Keat	(appointed on 15 January 2019)
Lee Heng Meng	(appointed on 15 January 2019)
Yaw Choon Yee	(appointed on 15 January 2019)
Teo Ling Ling, Sharon	(appointed on 15 January 2019 and resigned on 1 July 2019)
Sophia Lim Siew Fay	
Prakash Prasannan	(resigned on 30 June 2019)
Mohamed Rastam Shahrom	(resigned on 2 January 2020)
Azmy Mahbot	(resigned on 2 January 2020)
Zadil Hanief Mohamad Zaidi	
Dato' Tan Thean Thye	
Zamri Yusof	
Liong Kok Kit	
Ong Chee Wei	
Nor Din Abdullah	
Mohamad Faizal Mohamad	
Paul Sandanasamy Richard	
Devamanokaran Poonagasu	(resigned on 1 November 2019)
Hazurin Harun	(resigned on 18 November 2019)
Caroline Goergen	
Marouf Moutairou	(resigned on 1 August 2019)
Lee Wen Ling	
Victor John Zacharias	
Dumisani Blessing Mnganga	
Amalanathan Thomas	
Aminah Othman	
Professor Philip Sutton Cox	

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: (cont'd.)

Shamsudin Yusof	(resigned on 15 January 2019)
Raja Norasikin Tengku Aziz	(resigned on 15 January 2019)
Siti Emilia Mamat	(appointed on 1 July 2019)
Lee Jia Zheng	(appointed on 30 October 2019)
Stewart Tew Peng Eng	(appointed on 18 November 2019)
Tuan Hj Hidzir Yahya	(resigned on 26 June 2019)
Puan Sri Datin Teng Siew Kean	(resigned on 26 June 2019)
Radzulai Yahaya	(resigned on 26 June 2019)
Lim Tong Hee	(appointed on 26 June 2019)
Olivier Richaud	(appointed on 1 August 2019)
Cheah Jit Peng	(appointed on 26 June 2019)
Chan Chee Yean	(appointed on 26 June 2019)
Tan Sri Dato' Yap Suan Chee	
Virgine Guillaume	(appointed on 1 August 2019)
Karine Pereira	(resigned on 1 August 2019)
Lim Chwee Muei	(appointed on 3 January 2020)
Siew Chee Seng	(appointed on 20 April 2020)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 5(i) to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 39 to the financial statements.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number of ordinary shares			As at 31.12.2019
	As at 1.1.2019	During the year Acquired	Sold	
The Company				
Direct interest				
Anwar Syahrin Abdul Ajib	100,000	-	-	100,000

EMPLOYEE SHARE OPTION SCHEME

	Number of ordinary shares each of the Company under the option pursuant to the ESOS				As at 31.12.2019
	As at 1.1.2019	Granted	During the year Exercised	Lapsed	
The Company					
Direct interest					
Anwar Syahrin Abdul Ajib	2,782,000	-	-	(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 RM41,862.

EMPLOYEE SHARE OPTION SCHEME

UEM Sunrise Berhad's ESOS is governed by the by-laws which were approved by the shareholders at the Extraordinary General Meeting held on 7 March 2012. The scheme has been in force for a period of 7 years since the implementation date on 9 April 2012 and expired on 8 April 2019.

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

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

DIRECTORS' REPORT

EMPLOYEE SHARE OPTION SCHEME (CONT'D.)

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

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

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

DIRECTORS' REPORT

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.

DIRECTORS' REPORT

SIGNIFICANT AND SUBSEQUENT EVENTS

There are no items, transactions or events of a material and unusual nature which have arisen during the financial year and since 31 December 2019 which would substantially affect the performance and financial position of the Group and the Company, other than disclosed in Note 50 to the financial statements.

AUDITORS

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

Auditors' remuneration is as follows:

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

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 May 2020.

Tan Sri Dato' Sri Zamzamzairani Mohd Isa

Anwar Syahrin Abdul Ajib

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 132 to 271 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 May 2020.

Tan Sri Dato' Sri Zamzamzairani Mohd Isa

Anwar Syahrin Abdul Ajib

Statutory DECLARATION

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

I, Anwar Syahrin Abdul Ajib, being the director primarily responsible for the financial management of UEM Sunrise Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 132 to 271 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Anwar Syahrin Abdul Ajib
at Kuala Lumpur in the Federal Territory
on 12 May 2020

Anwar Syahrin Abdul Ajib
(MIA Membership No. 25802)

Before me,

Haji Abdul Azizni bin Abu Bakar (No. W502)
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 2019 of the Group and of the Company, and the statements of profit or loss and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 132 to 271.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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

1. Impairment of goodwill

As at 31 December 2019, the carrying amount of goodwill recognised by the Group stood at RM621,409,000 which represents 6.4% and 4.6% of the Group's total non-current assets and total assets respectively. Management's annual impairment assessment of goodwill is considered to be an area of audit focus because the assessment process is complex, involves significant management judgement and is based on assumptions that are affected by expected future market and economic conditions.

INDEPENDENT AUDITORS' REPORT

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

Key audit matters (cont'd.)

1. Impairment of goodwill (cont'd.)

Our procedures include:

- (i) obtaining an understanding of the relevant internal controls over estimating the recoverable amount of the cash-generating units ("CGU") or groups of CGUs;
- (ii) assessing and testing the key assumptions to which the recoverable amount of the CGUs are most sensitive such as estimated selling price, budgeted gross margin, market value of identifiable assets, the weighted average cost of capital, by comparing them to external research analysts' reports, external valuers' report, transactions from National Property Information Centre and external market outlook report;
- (iii) evaluating the assumptions applied in estimating the expected take up rate for each development phase by comparing to the actual take up rate of similar completed development phases in previous years; and
- (iv) considering the historical accuracy of management's estimates of profits for similar completed property development activities; and also assessed whether the future cash flows used were based on the Annual Operating Plan 2020 – 2024 approved by the Board of Directors.

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

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

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

We have also focused on the adequacy of the Group's disclosures in the audited financial statements concerning the key assumptions mentioned above. The disclosure on goodwill, key assumptions and sensitivities of these assumptions are included in Note 19 to the financial statements.

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

A significant proportion of the Group's revenues and profits is derived from property development contracts which span more than one accounting period. For the financial year ended 31 December 2019, property development revenue of RM527,338,000 and cost of sales of RM354,357,000 accounted for approximately 18.1% and 16.8% of the Group's revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for these property development contracts.

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

INDEPENDENT AUDITORS' REPORT

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

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 22 to the financial statements.

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

As at 31 December 2019, the carrying amount of completed property units of RM546,527,000 represents 14.5% and 4.1% of the Group's total current assets and total assets respectively. The current economic outlook and property market environment posed challenges to the sale of these inventories. We considered the net realisable value of completed units to be an area of audit focus as such assessment includes estimates made by management and is influenced by assumptions concerning future market and economic conditions.

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

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

The Group's disclosure on completed property units is included in Note 23(a) to the financial statements.

INDEPENDENT AUDITORS' REPORT

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

Key audit matters (cont'd.)

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.

INDEPENDENT AUDITORS' REPORT

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

Key audit matters (cont'd.)

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.

INDEPENDENT AUDITORS' REPORT

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

Key audit matters (cont'd.)

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

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

Kuala Lumpur, Malaysia
12 May 2020

Statements

OF PROFIT OR LOSS

For the financial year ended 31 December 2019

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

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

Statements

OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

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

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

Statements

OF FINANCIAL POSITION

As at 31 December 2019

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019 (cont'd.)

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

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019 (cont'd.)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019 (cont'd.)

	Note	2019 RM'000	2018 RM'000
Company			
Non-current liabilities			
Borrowings	34	2,250,000	2,300,000
Amounts due to subsidiaries	26	144,165	-
Lease liabilities	13	13,069	-
		2,407,234	2,300,000
Current liabilities			
Payables	36	60,814	65,760
Amounts due to subsidiaries	26	4,702	7,452
Borrowings	34	670,000	562,000
Lease liabilities	13	4,739	-
		740,255	635,212
Total liabilities		3,147,489	2,935,212
Total equity and liabilities		8,400,011	8,175,544

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

Statements

OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Attributable to owners of the parent					Non-controlling interests (Note 33) RM'000	Total equity RM'000
	Non-distributable		Distributable				
	Share capital (Note 28) RM'000	Merger relief reserves (Note 28) RM'000	Other reserves (Note 29) RM'000	Retained profits (Note 29) RM'000	Total RM'000		
Group							
At 1 January 2019	5,110,276	34,330	64,216	1,868,067	7,076,889	363,722	7,440,611
Total comprehensive income for the year	-	-	(14,524)	223,801	209,277	(1,153)	208,124
Business combination (Note 48(b))	-	-	-	-	-	105,763	105,763
ESOS - expiry of vested employee share options	-	-	(36,021)	36,021	-	-	-
At 31 December 2019	5,110,276	34,330	13,671	2,127,889	7,286,166	468,332	7,754,498
At 1 January 2018	5,110,276	34,330	108,082	1,649,543	6,902,231	363,127	7,265,358
Effect of MFRS 15 restatement	-	-	-	(13,210)	(13,210)	-	(13,210)
At 1 January 2018 (restated)	5,110,276	34,330	108,082	1,636,333	6,889,021	363,127	7,252,148
Total comprehensive income for the year	-	-	(38,831)	279,998	241,167	595	241,762
ESOS - expiry of vested employee share options	-	-	(5,035)	5,035	-	-	-
Dividend paid (Note 9)	-	-	-	(53,299)	(53,299)	-	(53,299)
At 31 December 2018	5,110,276	34,330	64,216	1,868,067	7,076,889	363,722	7,440,611

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

STATEMENTS OF CHANGES IN EQUITY

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

	Non-distributable		Distributable		
	Share capital (Note 28) RM'000	Merger relief reserves (Note 28) RM'000	Other reserve (Note 29) RM'000	Retained profits (Note 29) RM'000	Total equity RM'000
Company					
At 1 January 2019	5,110,276	34,330	36,021	59,705	5,240,332
Total comprehensive income for the year	-	-	-	12,190	12,190
ESOS - expiry of vested employee share options	-	-	(36,021)	36,021	-
At 31 December 2019	5,110,276	34,330	-	107,916	5,252,522
At 1 January 2018	5,110,276	34,330	41,056	101,235	5,286,897
Total comprehensive income for the year	-	-	-	6,734	6,734
ESOS - expiry of vested employee share options	-	-	(5,035)	5,035	-
Dividend paid (Note 9)	-	-	-	(53,299)	(53,299)
At 31 December 2018	5,110,276	34,330	36,021	59,705	5,240,332

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 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Cash receipts from customers	3,057,907	2,141,834	2,774	445
Cash receipts from subsidiary companies	-	-	106,370	80,156
Receipts from other related parties	24,374	29,943	6,982	270
Cash receipts for refund of deposits	-	22,000	-	-
Cash payments to suppliers	(148,010)	(165,830)	-	-
Cash payments to contractors	(584,413)	(1,395,115)	-	-
Cash payments for land and development related costs	(115,838)	(134,441)	-	-
Cash payments to other related parties	(16,493)	(4,203)	-	-
Cash payments to employees, for selling and distribution and for general expenses	(476,085)	(340,633)	(178,445)	(214,738)
Cash generated from/(used in) operations	1,741,442	153,555	(62,319)	(133,867)
Zakat paid	(2,006)	(5,210)	-	-
Net income tax (paid)/refund	(101,062)	(43,551)	1,163	(98)
Interest received	21,859	27,976	458	9,070
Net cash generated from/(used in) operating activities	1,660,233	132,770	(60,698)	(124,895)
Cash flows from investing activities				
Dividend received from a joint venture	30,000	50,000	-	-
Dividend received from subsidiaries	-	-	84,280	106,100
Proceeds from disposals of:				
- investment properties	2,810	-	-	-
- property, plant and equipment	5	-	-	-
Purchase of:				
- property, plant and equipment (Note (a))	(37,871)	(57,960)	(16,850)	(12,127)
Advances to subsidiaries	-	-	(510,815)	(360,027)
Advances to joint ventures	(18,861)	(9,194)	(6,621)	(29)
Business combination (Note 48(b))	(214,074)	-	-	-
Deposit paid for subscription of shares	-	(50,000)	-	-
Deposit refund for development rights of a land	10,000	-	-	-
Repayment from subsidiaries	-	-	498,787	520,981
Repayment from joint ventures	2,000	2,001	-	-
Investment in land held for property development	(45,000)	(133,500)	-	-

STATEMENTS OF CASH FLOWS

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities (cont'd.)				
Investment in joint ventures	-	(300)	-	-
Redemption of RPS of a subsidiary	-	-	-	208,463
Investment in a subsidiary	-	-	-	(2,201)
Redemption of short term investments	51,300	75,000	51,300	75,000
Net cash (used in)/generated from investing activities	(219,691)	(123,953)	100,081	536,160
Cash flows from financing activities				
Drawdown of term loans	167,543	560,242	-	-
Drawdown of Commodity Murabahah Finance	44,659	395,129	-	-
Drawdown of Islamic Medium Term Notes ("IMTN")	300,000	800,000	300,000	800,000
Drawdown of structured commodity	140,000	-	140,000	-
Drawdown of revolving credits	638,300	143,000	450,000	143,000
Repayment of term loans	(505,242)	(304,466)	-	-
Repayment of Commodity Murabahah Finance	(1,125,873)	(4,634)	-	-
Repayment of IMTN	(300,000)	(800,000)	(300,000)	(800,000)
Repayment of structured commodity	(70,000)	(100,000)	(70,000)	(100,000)
Repayment of revolving credits	(551,000)	(154,000)	(462,000)	(138,000)
Repayment of lease liabilities	(4,507)	-	(2,949)	-
Interest paid	(195,188)	(195,639)	(141,846)	(147,108)
Dividend paid	-	(53,299)	-	(53,299)
Net cash (used in)/generated from financing activities	(1,461,308)	286,333	(86,795)	(295,407)
Net (decrease)/increase in cash and cash equivalents	(20,766)	295,150	(47,412)	115,858
Effects of foreign exchange rate changes	556	(23,938)	2,970	(1,162)
Cash and cash equivalents at beginning of year	1,076,943	805,731	121,219	6,523
Cash and cash equivalents at end of year (Note 20)	1,056,733	1,076,943	76,777	121,219
Note (a):				
Additions of property, plant and equipment (Note 11)	44,856	71,410	17,860	12,657
Interest capitalised (Note 6)	(438)	(7,141)	-	-
Accruals	(6,547)	(6,309)	(1,010)	(530)
Cash outflow for acquisition of property, plant and equipment	37,871	57,960	16,850	12,127

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

Notes to

THE FINANCIAL STATEMENTS

- 31 December 2019

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level U6, Block C5, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur and the principal place of business is at Level U2, Block C5, Solaris Dutamas, No 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 May 2020.

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

2.2 Changes in accounting policies

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

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

**Effective for the
financial period
beginning on or after**

Annual Improvements to MFRSs 2015-2017 Cycle:

-Amendments to MFRS 3 : Business Combinations	1 January 2019
-Amendments to MFRS 11 : Joint Arrangements	1 January 2019
-Amendments to MFRS 112 : Income Taxes	1 January 2019
-Amendments to MFRS 123 : Borrowing Costs	1 January 2019

Amendments to MFRS 9 : Prepayment Features with Negative Compensation 1 January 2019

MFRS 16 : Leases 1 January 2019

Amendments to MFRS 119 : Plan Amendment, Curtailment or Settlement 1 January 2019

Amendments to MFRS 128 : Long-term Interests in Associates and Joint Ventures 1 January 2019

IC Interpretation 23 : Uncertainty over Income Tax Treatments 1 January 2019

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

MFRS 16 : Leases

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

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

Amendments to MFRS 3 : Business Combinations

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

2.3 Standards and interpretations issued but not yet effective

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

	Effective for the financial period beginning on or after
Amendments to MFRS 101 : Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 17 : Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Interpretation to MFRS 123: Borrowing cost relating to over time transfer of constructed good	1 July 2020

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

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

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

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

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

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

The amendments clarify that:

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies

(a) Basis of consolidation

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

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

The consolidated financial statements comprise the financial statements of the Company and subsidiaries under its control as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

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

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

(i) Subsidiaries

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

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

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

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

If the business combination is achieved in stages, any previously held equity interest is remeasured 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

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

(i) Subsidiaries (cont'd.)

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

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

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

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

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

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

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

(ii) Associates and joint ventures

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

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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.)

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.

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

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

(b) Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(b) Goodwill (cont'd.)

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

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

(c) Property, plant and equipment and depreciation

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(d) Investment properties

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

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

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

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

(e) Cash and cash equivalents

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(f) Inventories (cont'd.)

(ii) Property development costs

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

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

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

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

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(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.

(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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(h) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

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

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

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

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

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

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

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

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

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

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(j) Zakat

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

(k) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(l) Foreign currencies (cont'd.)

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.

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

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

(m) Revenue recognition

Revenue recognition from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(i) Property development and strategic land sale

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(m) Revenue recognition (cont'd.)

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

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

This is generally established when: (cont'd.)

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

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

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

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

(ii) Completed properties and properties under contract of sale

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

(iii) Assets and facilities management

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

(iv) Project management

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

(v) Car park collections

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(m) Revenue recognition (cont'd.)

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

(vi) Hotel operations

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

(vii) Management fees

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

Revenue from other sources

(i) Property investment

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

(ii) Dividends

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(n) Impairment of non-financial assets (cont'd.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

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

(i) Financial assets (cont'd.)

Subsequent measurement

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

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

(i) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

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

(i) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

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

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

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

Derecognition

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

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

(ii) Financial liabilities (cont'd.)

Subsequent measurement

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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.)

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

Current financial year

(i) Definition of a lease

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(q) Leases (cont'd.)

Current financial year (cont'd.)

(i) Definition of a lease (cont'd.)

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

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

(ii) Recognition and initial measurement

As a lessee

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(q) Leases (cont'd.)

Current financial year (cont'd.)

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

As a lessor

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

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

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

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

(iii) Subsequent measurement

As a lessee

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

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

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

As a lessor

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(q) Leases (cont'd.)

Previous financial year

(i) As lessee

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

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

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

(ii) As lessor

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(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.

(w) Fair value measurements

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

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

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

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

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

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

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

All assets and liabilities for which fair values are measured or disclosed in the financial statements is 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

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

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

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

(x) Borrowing costs

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

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

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

(y) Deferred income

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

(z) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 44, including the factors used to identify the reportable segments and the measurement basis of segment information.

(aa) Asset held for sale

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

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

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

Fair value hedges

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

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

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

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

Cash flow hedges

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

(ac) Contract assets and contract liabilities

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

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

(ad) Contract cost assets

(i) Incremental costs of obtaining a contract

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

(ii) Costs to fulfil a contract

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

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

(ii) Costs to fulfil a contract (cont'd.)

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

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

2.5 Critical judgements and accounting estimates

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

Key sources of estimation uncertainty

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

(i) Tax recoverable for BND legal case

As disclosed in Note 40(a), Bandar Nusajaya Development Sdn. Bhd. ("BND") received an additional assessment from the Inland Revenue Board ("IRB") for additional tax payable and tax penalty in respect of year of assessment 2006 totalling to RM73.8 million which has been paid in full. As the Group is disputing the additional assessment, the amount paid is recorded as receivable instead of tax expense in the financial statements. The collectability of the receivable of RM73.8 million is dependent on the ultimate outcome of the legal proceedings.

(ii) Income tax and deferred tax assets

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

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

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax as at reporting date is disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

Key sources of estimation uncertainty (cont'd.)

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and at other times when such indication exist. This requires an estimation of the fair value less cost to sell and value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill are disclosed in Note 19.

(iv) Property development costs

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

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

Details of the property development costs are disclosed in Note 22.

(v) Provision for construction costs

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

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

The carrying amount of the Group's provision for construction costs as at reporting date is disclosed in Note 35.

(vi) Provision for foreseeable losses for low cost housing

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

2. Significant accounting policies (cont'd.)

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

Key sources of estimation uncertainty (cont'd.)

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

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

The carrying amount of the Group's provision for foreseeable losses for low cost housing as at reporting date is disclosed in Note 35.

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

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

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

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

The carrying amount of the Group's inventories held for sale as at 31 December 2019 is disclosed in Note 23(a).

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

3. Revenue

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

Revenue from contract with customers

Property development:

- Sales of development properties
- Sales of developed lands

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

Geographical market

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

Timing of revenue

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

4. Cost of sales

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

5. Operating profit

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Allowance for doubtful debts				
- receivables (Note 24(vii))	1,909	6,961	-	-
Rental expenses of:				
- land and building	-	10,677	-	3,652
- equipment	-	652	-	288
- short-term leases	748	-	206	-
- low-value assets	478	-	403	-
Auditors' remuneration:				
EY and its affiliate:				
- statutory audit for the year:				
- Malaysian operations	860	838	203	202
- overseas operations	602	666	-	-
- non-statutory audit	72	114	72	114
- EY affiliate	353	292	6	-
Other auditors	12	12	-	-

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

5. Operating profit (cont'd.)

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Depreciation of property, plant and equipment (Note 11)	20,163	10,988	2,845	484
Depreciation of investment properties (Note 12)	16,037	15,991	-	-
Depreciation of right-of-use assets (Note 13)	10,949	-	6,748	-
Directors' remuneration (Note (ii))	3,161	3,516	3,161	3,516
Staff costs (Note (iii))	153,781	123,071	83,373	77,747
Remeasurement of long-term receivables (Note 24(v))	(1,922)	801	-	-
Write back of allowance for impairment:				
- receivables (Note 24(vii))	(2,043)	(1,560)	-	-
Net inventories written down	4,921	27,558	-	-
Loss/(gain) on foreign exchange:				
- unrealised	9,036	16,540	(1,720)	-
- realised	(483)	(9,835)	(1,297)	(465)
Direct operating expenses arising from investment properties that are:				
- generating rental income	21,190	20,216	-	-
- not generating rental income	2,550	2,063	-	-
Dividend income from short-term investments	(1,573)	(3,249)	(1,573)	(3,249)
Interest income:				
- deposits with licensed banks	(16,372)	(19,891)	(1,369)	(2,795)
- accretion of interest on long-term receivables (Note 24(v))	(8,967)	(2,488)	-	-
- subsidiaries	-	-	(130,671)	(130,612)
- joint ventures	(7,729)	(11,823)	(5,079)	(7,952)
- an associate	(38)	-	-	-
- others	(5,487)	(8,104)	-	-
Provision for impairment of interests in subsidiaries (Note 15)	-	-	-	2,341
Provision for impairment of interests in joint ventures (Note 17a)	51,113	10,207	70,417	69,992
Provision for impairment of amounts due from subsidiaries (Note 26)	-	-	-	308
(Gain)/loss on disposal of:				
- investment property	(2,048)	-	-	-
- property, plant and equipment	167	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

5. Operating profit (cont'd.)

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

(i) Directors' remuneration

	Group/Company			
	2019		2018	
	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	1,347	120	1,661	355
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	Group/Company			
	2019		2018	
	Director fees ⁸ RM'000	Other emoluments ⁸ RM'000	Director fees ⁸ RM'000	Other emoluments ⁸ RM'000

Non-executive directors:

Tan Sri Dato' Sri Zamzamzairani Mohd Isa	210	117 ¹	210	82 ¹
Subimal Sen Gupta	203	-	187	-
Dato' Noorazman Abd Aziz	126 ³	-	27 ⁴	-
Dato' Mohd Izani Ghani ⁴	92	-	-	-
Zaida Khalida Shaari ⁵	142	-	141	5 ²
Lim Tian Huat	153	-	182	-
YM Ungku Suseelawati Ungku Omar	140	-	148	35 ⁷
Tan Sri Dr Azmil Khalili Dato' Khalid	152	-	133	-
Datin Teh Ija Mohd Jalil	203	-	130	-
Christina Foo	153	-	15	-
Dato' Srikandan Kanagaintiram	-	-	80	-
Dato' Mohd Izzaddin Idris ⁶	-	-	122	-
Wong Shu Hsien ⁴	3	-	3	-

1,577 117 1,378 122

2,924 237 3,039 477

Total directors' remuneration 3,161 3,516

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

5. Operating profit (cont'd.)

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

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

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

(ii) Staff costs

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

6. Finance costs

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

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

7. Zakat

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

8. Income tax expense/(benefit)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

9. Dividends

	Company	
	2019 RM'000	2018 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

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

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

10. Earnings per share

(a) Basic

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

	Group	
	2019	2018 Restated
Profit for the year attributable to owners of the parent (RM'000)	223,801	279,998
Dividend for RCPS (RM'000) (Note 9)	-	(7,925)
Profit for the year attributable to owners of the parent (net of dividend for RCPS) (RM'000)	223,801	272,073
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,537,436
Basic earnings per share (sen)	4.9	6.0

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

10. Earnings per share (cont'd.)

(b) Diluted

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

	Group 2019	2018 Restated
Profit for the year attributable to owners of the parent (RM'000)	223,801	279,998
Dividend for RCPS (RM'000) (Note 9)	-	(7,925)
Profit for the year attributable to owners of the parent (net of dividend for RCPS) (RM'000)	223,801	272,073
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,537,436
Effects of dilution from RCPS ('000)	617,077	617,077
	5,154,513	5,154,513
Diluted earnings per share (sen)	4.3	5.3

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

11. Property, plant and equipment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

Group	Freehold land RM'000	Building RM'000	Capital work-in- progress RM'000	Plant and machinery RM'000	Floating pontoons RM'000	Motor vehicles RM'000	Others RM'000	Total RM'000
At 31 December 2018								
Net carrying amount at 1 January 2018	11,693	66,019	242,295	34,515	1,883	723	20,008	377,136
Additions	3,189	74	55,969	70	-	-	12,108	71,410
Foreign currency translation	-	-	(650)	-	-	-	(2)	(652)
Transfer to property development cost (Note 22)	-	8,646	-	-	-	-	-	8,646
Reclassification	-	223,139	(223,139)	-	-	-	-	-
Depreciation charge (Note 5)	-	(2,238)	-	(2,775)	(962)	(393)	(4,620)	(10,988)
Net carrying amount at 31 December 2018	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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

12. Investment properties

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

12. Investment properties (cont'd.)

Group	Completed investment properties RM'000
Cost	
At 1 January 2018	716,463
Adjustment to cost estimates	(1,654)
Transfer from property development costs (Note 22)	96,678
At 31 December 2018	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 42)*	1,023,228

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

13. Right-of-use assets

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

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

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

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

Analysed into:

Non-current	19,656	58	19,714
Current	10,332	48	10,380
	29,988	106	30,094

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

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

The maturity analysis of lease liabilities are disclosed as below:

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

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

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

Sale and leaseback

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

14. Land held for property development

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

14. Land held for property development (cont'd.)

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

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

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

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

15. Interests in subsidiaries

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

Details of the subsidiaries are disclosed in Note 45.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

15. Interests in subsidiaries (cont'd.)

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

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

(ii) Impairment losses in interests in subsidiaries

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

The review gave rise to the recognition of impairment losses in interests in subsidiaries of RMNil (2018: RM2,341,000).

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

16a. Interests in associates

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

	Company	
	2019 RM'000	2018 RM'000
Investment in an associate, unquoted shares	1,170	1,170

Details of associates are disclosed in Note 46.

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

Summarised statement of comprehensive income

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

(cont'd.)

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

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

Aggregate information of associates that are not individually material

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

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

16b. Amounts due from associates

Group

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

Company

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

17a. Interests in joint ventures

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

(i) Acquisition of investment in joint ventures

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

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

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

In May 2018, the customer notified MBX of its intention to cease business. This has resulted in material uncertainty surrounding MBX. The Group has assessed the carrying value of its interests in MBX and in the financial year ended 31 December 2018, recorded impairment losses of RM10,207,000 and RM69,992,000 in the consolidated financial statements and separate financial statements of the Company, respectively.

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

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

Summarised statements of financial position

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

(v) (cont'd.)

Summarised statements of comprehensive income

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

(v) (cont'd.)

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

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

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

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

Aggregate information of joint ventures that are not individually material

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

17b. Amounts due from joint ventures

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

Group

- (i) Amounts due from joint ventures are unsecured, no fixed repayment term and bear interest at average rates of 6.5% to 7.6% (2018: 6.8% to 7.8%) per annum.
- (ii) Amounts due from these joint ventures are unsecured, non-interest bearing and repayable on demand except for an amount of RM6,049,000 (2018: RM5,427,000) which bears interest at an average rate of 7.4% (2018: 7.8%) per annum.

Company

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

18. Other investments

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

19. Goodwill

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

	Group	
	2019	2018
	RM'000	RM'000
At 1 January/31 December	621,409	621,409

Assumptions and approach used

The recoverable amounts of the CGU have been determined based on fair value less cost to sell and value-in-use calculations using cash flow projections from financial budgets approved by the management covering a five-year period. The management has applied a pre-tax discount rate of 13% (2018: 13%).

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

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

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

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

Impact of possible changes in key assumptions

The sensitivity tests indicated that with an increase in the discount rate by 3% or a reduction in the market value of identifiable assets by 20% or a reduction in the net development value of property sales by 5%, there will be no impairment loss required where other realistic variations remained the same.

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

20. Cash, bank balances and deposits

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

21. Deferred taxation

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

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

Deferred tax liabilities of the Group:

	Fair value adjustment of land and building RM'000	Interest capitalised RM'000	Others RM'000	Total RM'000
At 1 January 2019	157,739	109,639	47,225	314,603
Recognised in profit or loss	(1,862)	(703)	6,554	3,989
At 31 December 2019	155,877	108,936	53,779	318,592
At 1 January 2018	159,601	110,004	19,333	288,938
Recognised in profit or loss	(1,862)	(365)	27,892	25,665
At 31 December 2018	157,739	109,639	47,225	314,603

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

21. Deferred taxation (cont'd.)**Deferred tax assets of the Group:**

	Provisions RM'000	Tax losses and capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2019	(186,564)	(123,782)	(53,096)	(363,442)
Recognised in profit or loss	(1,025)	1,168	(805)	(662)
Foreign currency translation	-	1,012	-	1,012
At 31 December 2019	(187,589)	(121,602)	(53,901)	(363,092)
At 1 January 2018	(189,147)	(120,352)	(57,436)	(366,935)
Recognised in profit or loss	2,583	(3,097)	4,340	3,826
Foreign currency translation	-	(333)	-	(333)
At 31 December 2018	(186,564)	(123,782)	(53,096)	(363,442)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

22. Property development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

22. Property development costs (cont'd.)

Included in costs incurred during the financial year are:

	Group 2019 RM'000	2018 RM'000
Interest capitalised (Note 6)	48,810	77,615
Staff costs (Note 5(ii))	8,946	10,189

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

23. Inventories

(a) Inventories held for sale

	Group 2019 RM'000	2018 RM'000
At cost		
Completed properties	366,717	452,011
Consumables	404	439
	367,121	452,450
At net realisable value		
Completed properties	151,205	214,215
Golf memberships*	28,201	28,606
	546,527	695,271

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

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

(b) Inventories under contract of sale

	Group 2019 RM'000	2018 RM'000
At cost		
Completed properties	408,304	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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

24. Receivables

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

- (i) Included in the trade receivables is an amount of RM32,281,000 (2018: RM32,781,000) owing from a joint venture entity arising from a sale of land in the prior years which bears interest at 6% (2018: 6%) per annum.
- (ii) Related parties refer to those as specified in Note 39. Amounts due from related parties are unsecured, non-interest bearing and repayable on demand.
- (iii) Other receivables

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

- (a) (i) Included in the tax recoverable and sundry debtors are amounts of RM50.9 million and RM22.9 million respectively representing additional tax and penalty paid under protest and subject to appeal to Inland Revenue Board (Note 40(a)).
- (ii) Included in the sundry debtors and prepayments are amounts representing GST claimable from the Australian Taxation Office amounting RM4.0 million (2018: RM65.3 million) and the Royal Malaysian Customs Department amounting RM9.6 million (2018: RM12.1 million).

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

24. Receivables (cont'd.)

(iii) Other receivables (cont'd.)

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

- (i) RM50.0 millions representing a deposit paid by a subsidiary for the subscription of shares in Mega Legacy (M) Sdn. Bhd.. Details of the acquisition of shares are disclosed in Note 48(b).
- (ii) RM10.0 million representing a deposit paid by a subsidiary for the acquisition of development right for 2.65 acres of land at Jalan Syed Putra, Seputeh, Kuala Lumpur. The transaction has been aborted during the financial year.

(iv) Allowance for impairment

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

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

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

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

(vi) The Group's normal trade credit terms range from 30 to 90 days (2018: 30 to 90 days). For strategic land sales and sales of developed land, credit terms are negotiated and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

24. Receivables (cont'd.)

(vii) Ageing analysis

Ageing analysis of trade receivables

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

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

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

24. Receivables (cont'd.)

(vii) Ageing analysis (cont'd.)

Receivables that are impaired

The movement in allowance account for receivables is as follows:

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

25. Contract Assets and Contract Liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

25. Contract Assets and Contract Liabilities (cont'd.)

(a) Contract assets and contract liabilities from property development

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

25. Contract Assets and Contract Liabilities (cont'd.)**(c) Unsatisfied performance obligations**

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

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

26. Amounts due from/(to) subsidiaries

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

26. Amounts due from/(to) subsidiaries (cont'd.)

- (iii) Amounts due to subsidiaries mainly comprise advances, interest receivable and payment on behalf which are unsecured, repayable on demand and bear interest rate at 5.02% (2018: Nil%).
- (iv) Amounts due to subsidiaries mainly comprise advances, interest payable and payment on behalf which are unsecured, repayable on demand and non-interest bearing.

27. Short term investments

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
In Malaysia:				
Financial assets at fair value through other comprehensive income				
- quoted shares	7	7	-	-
Financial assets at fair value through profit or loss				
- unquoted unit trust [#]	322	49,734	322	49,734
	329	49,741	322	49,734

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

28. Share capital, share premium and merger relief reserves

(i) Share capital

Issued and fully paid up

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

(ii) Merger relief reserves

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

29. Other reserves and retained profits

(a) Other reserves

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

(b) Retained profits

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

30. Redeemable Convertible Preference Shares ("RCPS")

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

The salient terms of the RCPS are as follows:

- (a) Conversion price of RM1.60 per RCPS.
- (b) The RCPS matures on 29 October 2020.
- (c) The RCPS can be converted at any time after the 54th month from the Issuance Date at the option of the Subscriber at the Conversion Price into Conversion Shares. Any remaining RCPS that are not converted or redeemed by the expiry of the tenure of the RCPS shall be automatically converted into Conversion Shares at the Conversion Price.
- (d) The RCPS can be redeemed at the option of the issuer at the Redemption Price at any time after the 48th month from the Issuance Date for a period of 6 months (up to the 54th month from the Issuance Date).
- (e) The Redemption Price is equivalent to the Redemption Value in respect of each RCPS to be redeemed.
- (f) The RCPS shall be converted or redeemed, at the value of each outstanding RCPS on the Conversion Date (as defined below) or Redemption Date (as defined below) (as the case may be) based on the following calculation:

Redemption Value = [Carrying Value 4 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

31. Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 32). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the equity-settled share options and is reduced by the expiry or exercise of the share options.

32. Employee benefits

Employee share option scheme ("ESOS")

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

The salient features of the ESOS are as follows:

- (i) The scheme shall be in force for a period of 7 years from 9 April 2012 being the date of implementation.
- (ii) The total number of ESOS shares which may be offered and issued under the ESOS shall not exceed 7.5% of the issued and paid-up ordinary share capital of the Company at any time during the duration of the ESOS.
- (iii) If the Company undertakes a share buy-back exercise or any other corporate proposal resulting in the total number of ESOS shares made available under the ESOS to exceed 15% of the Company's issued and paid-up ordinary share capital (excluding treasury shares), no further options shall be offered until the total number of ESOS shares to be made available under the ESOS falls below 15% of the Company's issued and paid-up ordinary share capital (excluding treasury shares). Any option granted prior to the adjustments of the Company's issued and paid-up ordinary share capital (excluding treasury shares) shall remain valid and exercisable (if applicable) in accordance with the provisions of the by-laws.
- (iv) Even if the maximum number of ESOS shares stipulated is allocated to Eligible Employees, the actual number of ESOS shares to be issued will be lesser in view of the Company's adoption of Performance Vesting Criteria, whereby only Eligible Employees who are consistently "Excellent" performers for the whole duration of the ESOS would be entitled to the full vesting of their ESOS share allocation.
- (v) The total number of ESOS shares which may be allocated to any one Eligible Employee under the ESOS shall be at the absolute discretion of the Company's Board/ESOS Committee, after taking into consideration, amongst others, the seniority (denoted by employee grade) of the Eligible Employees and such other criteria as the Board/ESOS Committee may deem relevant. Notwithstanding the foregoing, not more than 10% of ESOS shares made available under the ESOS shall be allocated to any Eligible Employee who, either individually or collectively through persons connected with the said Eligible Employee, holds 20% or more of the Company's issued and paid-up share capital (excluding treasury shares).
- (vi) Not more than 30% of the ESOS shares shall be made available to the Company's Executive Director(s) and senior management.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

32. Employee benefits (cont'd.)

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

- (vii) Any employee (including Executive Director(s)) of the Group (other than the subsidiaries which are dormant) who fulfils the following as at the Offer Date shall be eligible to participate in the ESOS:
- a) has attained the age of 18 years;
 - b) has entered into a full-time or fixed-term contract with, and is on the payroll of the Group (other than the subsidiaries which are dormant) and whose service has been confirmed (where applicable);
 - c) has been in continuous employment with the Group (other than with the subsidiaries which are dormant) for a period of at least 1 year prior to and up to the Offer Date, whereby the renewal of any fixed term employment contract(s) would be deemed as continuous employment and take into account of the employment period of the previous expired contract(s);
 - d) is not a non-executive or independent director of the Company; and
 - e) has fulfilled any other eligibility criteria as may be set by the Board/ESOS Committee at any time and from time to time at its absolute discretion.
- (viii) The Option Price shall be at the higher of the equivalent option tranche for the previous offers and the 5-day volume weighted average market price immediately preceding the date of offer. The exercise price for the subsequent option tranches is fixed by applying an annual escalation factor corresponding to the scheduled vesting.

Movement of share options during the financial year

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

33. Non-controlling interests

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

(i) Summarised statement of financial position

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

(ii) Summarised statement of comprehensive income

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

* Acquired during the financial year

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

33. Non-controlling interests (cont'd.)

The financial information of subsidiaries that have material non-controlling interest is as follows: (cont'd.)

(iii) Summarised statement of cash flows

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

* Acquired during the financial year

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

34. Borrowings

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

34. Borrowings (cont'd.)

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

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

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

- (ii) On 31 March 2017, UEM Sunrise (La Trobe Street Development) Pty. Ltd. ("UEMS LSD"), a wholly-owned subsidiary of the Company via UEM Sunrise (Australia) Sdn. Bhd. ("AUSSB"), entered into term loan ("the Construction Facility") with a limit of up to AUD227.0 million to part-finance the development cost of Aurora Melbourne Central project, in Australia ("Aurora project").

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

34. Borrowings (cont'd.)

- (c) On 21 March 2018, Ibarat Duta Sdn. Bhd. ("IDSB"), a wholly-owned subsidiary of the Company via Sunrise Berhad, obtained the following:
- Commodity Murabahah Term Financing-i 1 ("CMTF-i 1") of up to RM60.0 million, to fully redeem the existing banking facility of up to RM60.0 million for the purpose of land acquisition.
 - Commodity Murabahah Term Financing-i 2 ("CMTF-i 2") of up to RM140.0 million, to part-finance the development of Residensi Solaris Parq project in Mont'Kiara ("Residensi Solaris Parq project").

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

- Registered third party first legal mortgage over the land and building as disclosed in Note 22;
- Corporate Guarantee from Sunrise Berhad;
- Debenture over IDSB's present and future fixed and floating assets;
- Legal charge over Designated Accounts (except Housing Development Account);
- Assignment of rights, title, interest and benefits under all performance bonds, warranty and maintenance bonds (if any) in relation to Residensi Solaris Parq project;
- Assignment of IDSB's rights and benefits arising from all material contracts (including but not limited to the building agreement, design and construction contracts and Project Management and Marketing Contracts in relation to Residensi Solaris Parq project); and
- Assignment of rights, title, interest and benefits under all applicable takaful/insurance policies taken/ to be taken up by IDSB in relation to Residensi Solaris Parq project with the Bank where the bank is to be endorsed as Loss Payee.

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

- (d) (i) In 2012, the Company established its Islamic Commercial Paper Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") with a combined nominal value of RM2.0 billion and a sublimit 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	31 December RM'million
30 June 2014	5	4.72%	200	-	(200)	-
30 June 2014	7	4.90%	200	-	-	200
10 April 2015	5	4.58%	150	-	-	150
10 April 2015	7	4.80%	150	-	-	150
			700			500

- (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 sublimit 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

34. Borrowings (cont'd.)

(d) (ii) (cont'd.)

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	31 December RM'million
20 May 2016	7	5.00%	500	-	-	500
11 December 2017	3	4.80%	200	-	-	200
11 December 2017	4	5.06%	300	-	-	300
11 December 2017	7	5.32%	100	-	-	100
23 May 2018	1	4.62%	100	-	(100)	-
31 October 2018	3	4.85%	350	-	-	350
31 October 2018	5	4.98%	100	-	-	100
31 October 2018	7	5.15%	250	-	-	250
22 March 2019	5	4.75%	-	300	-	300
			1,900			2,100

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

34. Borrowings (cont'd.)

- (f) The loan from immediate holding company bears interest of 4.85% (2018: 4.75% to 4.85%) per annum and is secured by land titles of approximately 78 acres (2018: 114 acres) of freehold land which are deposited with the immediate holding company.
- (g) The bank overdraft taken by Sunrise Berhad, bears interest rates of 7.71% to 7.73% (2018: 7.49% to 7.73%) per annum.
- (h) The Structured Commodity Financing-i facility ("SCF-i") of RM50 million was obtained by the Company in 2013. In 2015, the Company entered into an additional SCF-i Facility of RM50 million.

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

- (i) Reconciliation of liabilities arising from financing activities:

Group	2019	2018	Movement			
			Cash flows		Non-cash changes	
			Principal movement	Interest paid	Interest cost and fair value movements	Foreign exchange movement
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loan from immediate holding company	55,916	74,405	-	(21,175)	2,686	-
IMTN	2,600,000	2,600,000	-	(127,747)	127,747	-
Term loans	99,727	432,344	(337,699)	(7,279)	17,247	(4,886)
Commodity Murabahah Finance (including derivative asset and liability)	105,525	1,190,048	(1,081,214)	(20,091)	35,136	(18,354)
Revolving credits	454,980	370,000	87,300	(17,886)	15,566	-
Bank overdraft	713	1,658	-	(138)	(807) [^]	-
Structured commodity	70,000	-	70,000	(872)	872	-
	3,386,861	4,668,455	(1,261,613)	(195,188)	198,447	(23,240)

Presented in statements of financial position

	2019	2018
	RM'000	RM'000
Non-current	2,337,883	2,394,812
Current	1,048,978	2,288,689
Derivative asset (Note 38(c))	-	(15,956)
Derivative liability (Note 38(c))	-	910
	3,386,861	4,668,455

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

34. Borrowings (cont'd.)

(i) Reconciliation of liabilities arising from financing activities: (cont'd.)

Group	2018	2017	Movement			
			Cash flows		Non-cash changes	
			Principal movement	Interest paid	Interest cost and fair value movements	Foreign exchange movement
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loan from immediate holding company	74,405	75,065	-	(2,646)	1,986	-
IMTN	2,600,000	2,600,000	-	(127,630)	127,630	-
Term loans	432,344	178,753	255,776	(8,861)	8,778	(2,102)
Commodity Murabahah Finance (including derivative asset and liabilities)	1,190,048	887,302	390,495	(32,978)	13,318	(68,089)
Revolving credits	370,000	381,000	(11,000)	(17,984)	17,984	-
Bank overdraft	1,658	2,273	-	(260)	(355) ^a	-
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 38(c))	(15,956)	-
Derivative liabilities (Note 38(c))	910	4,651
	4,668,455	4,224,393

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

34. Borrowings (cont'd.)

(i) Reconciliation of liabilities arising from financing activities: (cont'd.)

Company	2019 RM'000	2018 RM'000	← Movement →		
			← Cash flows →		
			Principal movement RM'000	Interest paid RM'000	Interest cost and others RM'000
IMTN	2,600,000	2,600,000	-	(127,747)	127,747
Revolving credits	250,000	262,000	(12,000)	(13,299)	13,299
Structured commodity	70,000	-	70,000	(800)	800
	2,920,000	2,862,000	58,000	(141,846)	141,846

Presented in statements of financial position

	2019 RM'000	2018 RM'000
Non-current	2,250,000	2,300,000
Current	670,000	562,000
	2,920,000	2,862,000

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

Presented in statements of financial position

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

35. Provisions

Group	Provision for public infrastructure RM'000 (Note a)	Provision for construction costs RM'000 (Note b)	Provision for foreseeable losses RM'000 (Note c)	Other provisions RM'000 (Note d)	Total RM'000
2019					
Non-current					
At 1 January	19,953	-	65,909	-	85,862
Adjustment to cost estimates	-	-	(17,458)	-	(17,458)
At 31 December	19,953	-	48,451	-	68,404
Current					
At 1 January	22,557	250,354	15,516	6,643	295,070
Additions	2,739	138,432	1,692	-	142,863
Utilisation	(7,646)	(179,278)	-	(4,138)	(191,062)
Reversal	-	(54,447)	-	(24)	(54,471)
Reclassification	-	(14,725)	-	-	(14,725)
At 31 December	17,650	140,336	17,208	2,481	177,675
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

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

35. Provisions (cont'd.)

(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.

36. Payables

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

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

- (i) Included in trade payables and accruals is an amount of RM69.9 million (2018: RM72.6 million) representing accrued project development cost.
- (ii) Amounts due to immediate holding company and related parties are unsecured and non-interest bearing with credit terms of 30 days (2018: 30 days).
- (iii) Amount due to a director of minority shareholder of a subsidiary is unsecured and non-interest bearing with repayable of demand.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

36. Payables (cont'd.)

(iv) Other payables and accruals

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

* Included in the current financial year:

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

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

37. Deferred income

Unrealised profit

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

During the current financial year, the Group completed a land sale to an associate. The profit recognised from the sales of land by the Group to the associates and a joint venture to-date is eliminated to the extent of the Group's interests in the companies.

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

38. Financial risk management objectives and policies

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

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

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

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

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

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

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

(a) Credit risk

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

Generally, the Group does not require collateral in respect of its financial assets. The Group is not duly exposed to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument except as disclosed in Note 24. Furthermore, for property development in Malaysia, the developer has the option to terminate the sale and purchase agreement in the event of default by the purchaser.

The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statements of financial position. The Group's main financial assets are its receivables. Ageing analysis is disclosed in Note 24(vii).

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or group of receivables except for the dividend receivable from subsidiaries representing 94% (2018: 95%) of the total gross receivables and amount owing by a subsidiary representing 46% (2018: 54%) of the total gross amounts due from subsidiaries as disclosed in Note 24 and Note 26 respectively.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

(a) Credit risk (cont'd.)

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Receivables				
- Non-current (Note 24)	166,052	113,434	-	-
- Current*	548,782	825,734	141,619	125,308
Amounts due from subsidiaries				
- Non-current (Note 26)	-	-	2,503,305	2,311,808
- Current (Note 26)	-	-	937,273	722,096
Amounts due from associates (Note 16(b))	14,938	1,537	221	970
Interests in joint ventures				
- Amounts due from joint ventures (Note 17(a))	163,889	165,889	-	-
Amounts due from joint ventures				
- Non-current (Note 17(b))	158,464	257,149	-	97,066
- Current (Note 17(b))	38,265	79,144	29,328	32,323
Derivative asset	-	15,956	-	-
Short term investments (Note 27)	329	49,741	322	49,734
Cash, bank balances and deposits (Note 20)	1,057,446	1,078,601	76,777	121,219
	2,148,165	2,587,185	3,688,845	3,460,524

* Trade and other receivables excluding prepayment and tax recoverable.

(b) Foreign currency risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

	Functional currency of Group		Functional currency of Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Canadian Dollar ("CAD")	79,643	113,734	70,573	104,953
Singapore Dollar ("SGD")	7	6	-	-
South African Rand ("ZAR")	24,800	24,459	-	-
Australian Dollar ("AUD")	(30,718)	-	(30,718)	-
United States Dollar ("USD")	16,277	16,448	-	-
Canadian Dollar ("CAD")*	(69,014)	-	-	-
Ringgit Malaysia ("RM")*	(345,522)	(390,256)	-	-
	(324,527)	(235,609)	39,855	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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CAD / RM (strengthened 5%)	3,026	4,322	2,682	3,988
ZAR / RM (strengthened 5%)	942	929	-	-
USD / RM (strengthened 5%)	619	625	-	-
AUD / RM (strengthened 5%)	(1,167)	-	(1,167)	-
CAD / AUD (strengthened 5%)*	(2,465)	-	-	-
RM / AUD (strengthened 5%)*	(12,505)	(14,124)	-	-

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

(c) Liquidity and cash flow risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

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

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade and other payables (Note 36)	1,254,129	851,870	60,814	65,760
Borrowings (Note 34)	3,386,861	4,683,501	2,920,000	2,862,000
Lease liabilities (Note 13)	30,094	-	17,808	-
Amounts due to subsidiaries (Note 26)	-	-	148,867	7,452
	4,671,084	5,535,371	3,147,489	2,935,212

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

	2019			
	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	1,083,888	170,241	-	1,254,129
Loans and borrowings	1,185,785	2,317,705	286,579	3,790,069
Lease liabilities (Note 13)	11,586	20,534	-	32,120
Corporate guarantee **	30,843	-	-	30,843
	2,312,102	2,508,480	286,579	5,107,161
Company				
Trade and other payables	60,814	-	-	60,814
Loans and borrowings	795,073	2,224,357	286,579	3,306,009
Lease liabilities (Note 13)	5,439	13,552	-	18,991
Corporate guarantee **	183,916	-	-	183,916
Amounts due to subsidiaries	148,867	-	-	148,867
	1,194,109	2,237,909	286,579	3,718,597

** 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

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

The analysis of financial liabilities maturity profile of the Group and of the Company, based on undiscounted amounts is disclosed as follows: (cont'd.)

	2018			Total RM'000
	Within 1 year RM'000	2 to 5 years RM'000	5 years and above 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

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

Hedging activities

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

- (i) The Group entered into a profit rate swap to hedge the cash flow risk in relation to the floating interest rate of a borrowing denominated in AUD as disclosed in Note 34(e)(ii). The profit rate swap has the same nominal value of RMNil (2018: RM438,405,000) and is settled every quarter, consistent with the interest repayment schedule of the borrowings.
- (ii) The Group entered into Cross Currency Swap-i, a currency rate swap contract together with CMF-3 to hedge the foreign currency risk in relation to the drawdown of USD45 million, which shall not exceed cash received from drawdown of AUD55 million. Details of CMF-3 are disclosed in Note 34(e)(iv).

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

38. 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 2019		
Profit rate swap	-	-
Currency swap	-	-
	-	-
At 31 December 2018		
Profit rate swap	438,405	(910)
Currency swap	160,749	15,956
	599,154	15,046

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

(d) Interest rate risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

38. 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: (cont'd.)

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

At the reporting date, if the interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit after tax will be higher/lower by approximately RM583,000 (2018: RM1,191,000) as a result of lower/higher interest expense on borrowings.

(e) Market risk

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

39. Significant related party transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

(a) (cont'd.)

	Group	
	2019 RM'000	2018 RM'000
Rental income from a joint venture:		
- UEM Sunrise WOTSO Malaysia Sdn. Bhd.	197	-
Management fees received/receivable from joint ventures:		
- Nusajaya Tech Park Sdn. Bhd.	102	275
- Cahaya Jauhar Sdn. Bhd.	420	420
- Nusajaya Premier Sdn. Bhd.	158	919
- Desaru North Course Residences Sdn. Bhd.	334	-
- Nusajaya Lifestyle Sdn. Bhd.	192	-
Management fees received/receivable from a Khazanah Group's joint venture:		
- M+S Pte. Ltd.	-	3,796
Rental expenses paid/payable to Khazanah Group's joint venture company		
- M+S Pte. Ltd.	(631)	(107)
Professional services rendered by firms related to directors of the Company:		
- Nawawi Tie Leung group of companies	(501)	(272)
- KPK Quantity Surveyors (Semenanjung) Sdn. Bhd.	-	(114)
Sales of properties to:		
- Directors of the Company	-	2,640
- Directors of subsidiaries of the Company	2,425	8,194

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

(a) (cont'd.)

	Company	
	2019 RM'000	2018 RM'000
Dividend from subsidiaries	98,000	128,400
Management fees from subsidiaries	110,986	72,233
Interest income from subsidiaries	130,671	130,612
Interest income from joint ventures	5,079	7,952
Paid/payable to UEM:		
- Information technology shared cost	(3,527)	(5,834)
- Management fees payable	(570)	(3,258)
- Training fees	(81)	(34)
Rental paid/payable to a subsidiary	(3,687)	(1,270)
Paid/payable to UEM Sunrise Edgenta TMS Sdn. Bhd., an associate:		
- Facility and maintenance fees	-	(414)
Rental paid/payable to a subsidiary of UEM:		
- First Impact Sdn. Bhd.	-	(416)

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

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

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

40. Contingent liabilities and financial guarantees

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

(a) Income tax assessment

On 3 October 2011, Bandar Nusajaya Development Sdn Bhd ("BND"), an indirect wholly-owned subsidiary of the Company, received a notice of additional assessment ("Form JA") from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively, totalling to RM73.8 million in respect of the year of assessment 2006.

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

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

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

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

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

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

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

The Claim seeks, amongst others, for:

- (i) a declaration that the 2nd to 9th Defendants respectively had managed and conducted the affairs of the 1st Defendant and/or exercised their powers oppressively and/or disregarded and/or acted in a manner unfairly prejudicial to the interest of the Plaintiffs as members of Setia Haruman pursuant to Section 346 of the Companies Act 2016; and
- (ii) an order that the 2nd to 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impressive Circuit Sdn Bhd ("Impressive Circuit") defined at such price and on such terms as shall be determined by the Honourable Court.

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

(b) (cont'd.)

On 23 May 2018, Datuk Kasi and the 2nd to 6th Defendants have respectively filed their appeal to the Court of Appeal against the High Court's ("HC") decision on 25 April 2018. Datuk Kasi is appealing against the HC's decision in allowing the 7th to 9th Defendants Striking Out and Misjoinder application, striking Datuk Kasi out as a party ("Datuk Kasi's Appeals"). The 2nd to 6th Defendants appealed against the dismissal of their application to strike themselves out as parties to the action by the HC ("2nd to 6th Defendants' Appeals"). On 18 September 2019, Datuk Kasi's Appeals were withdrawn, whereas the 2nd to 6th Defendants' Appeals were dismissed by the Court of Appeal.

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

41. Capital commitments

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

42. Fair values

The following are fair value of financial instruments by classes:

	2019		2018	
	Carrying amount	Fair values	Carrying amount	Fair values
	RM'000	(Level 3)	RM'000	(Level 3)
	RM'000	RM'000	RM'000	RM'000
Group				
Borrowings (non-current portion)	2,337,883	2,248,053	2,394,812	2,376,419
Company				
Borrowings (non-current portion)	2,250,000	2,160,170	2,300,000	2,281,607

As stipulated in Amendments to 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).

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

42. Fair values (cont'd.)

The following table presents the Group's and the Company's other financial assets and financial liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2019:				
Assets				
Group				
Short term investments:				
Financial assets at fair value through other comprehensive income	7	-	-	7
Financial asset at fair value through profit or loss	-	322	-	322
	7	322	-	329
Company				
Short term investment:				
Financial asset at fair value through profit or loss	-	322	-	322
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	49,734	-	49,741
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)

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

42. Fair values (cont'd.)

Determination of fair values

The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximations of fair values:

Receivables (Note 24)

Payables (Note 36)

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair values due to their short-term nature.

(a) Borrowings (current)

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(b) Unquoted debt securities and corporate bonds

Fair values are estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses, market rates of interest, prepayment rates and assumptions regarding market liquidity.

(c) Long-term receivables/payables

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

(d) Corporate guarantees

Fair value of all unexpired corporate guarantees given to bank for credit facilities granted to subsidiaries was assessed to be RMNil (2018: RMNil) at the inception of issuance of the guarantees due to the likelihood of the guaranteed party defaulting is nil within the guaranteed period.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

42. Fair values (cont'd.)

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 2019:				
Assets for which fair value are disclosed:				
Investment properties (Note 12)	-	-	1,165,895 [#]	1,165,895
At 31 December 2018:				
Assets for which fair value are disclosed:				
Investment properties (Note 12)	-	-	1,023,228 [^]	1,023,228

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

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

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

As at 31 December 2019, accredited independent valuers have been engaged to perform a valuation of the Group's properties. Depending on the types of properties, the independent valuers applied various valuation techniques.

Description of valuation techniques used and key inputs:

Properties	Valuation technique
Offices	Income approach
Car parks	Income and comparison approaches
Retail	Income and comparison approaches
Ferry terminal	Comparison and cost approaches

The income approach uses valuation techniques to convert estimated future amounts of cash flows or income to a single present value (discounted) amount. To this estimated future amounts of cash flows or income, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The comparison method seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of its depreciation and obsolescence to arrive at the depreciated building value.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

43. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

There are no externally imposed capital requirements.

44. Segment information

(a) Business unit segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

- | | |
|--|--|
| (i) Property development | - development and sales of residential and commercial properties, as well as sales of lands; |
| (ii) Property investment and hotel operation | - holds to earn rental income and/or capital appreciation including hotel operation; and |
| (iii) Others | - investment holding, assets and facilities management, project management, harvesting, land leasing, other income, and other dormant companies. |

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments have been entered into a normal course of business and have been established on mutually agreed terms and conditions. The reported segment revenue, segment results and eliminations exclude intercompany dividends.

(b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in four geographical areas:

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

44. Segment information (cont'd.)

Business segment information

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

44. Segment information (cont'd.)

Business segment information (cont'd.)

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

44. Segment information (cont'd.)

Business segment information (cont'd.)

Restated

At 31 December 2018	Property development RM'000	Property investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	1,935,840	60,972	47,174	-	2,043,986
Inter-segment revenue	-	1,513	85,913	(87,426)	-
Total revenue	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	50,207	(1,790)	(11,130)	-	37,287
Profit/(loss) before zakat and income tax	509,461	(35,754)	(57,658)	-	416,049
Zakat	(5,210)	-	-	-	(5,210)
Tax expense	(129,083)	(45)	(1,228)	-	(130,356)
Profit/(loss) for the year	375,168	(35,799)	(58,886)	-	280,483
Attributable to:					
Owners of the parent	375,168	(35,799)	(59,371)	-	279,998
Non-controlling interests	-	-	485	-	485
Profit/(loss) for the year	375,168	(35,799)	(58,886)	-	280,483

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

44. Segment information (cont'd.)

Business segment information (cont'd.)

Restated

At 31 December 2018	Property development RM'000	Property investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segment assets	11,846,449	899,860	324,942	(611,807)	12,459,444
Interests in:					
- associates	494,429	-	6,206	-	500,635
- joint ventures	879,009	114,232	53,416	-	1,046,657
Income tax assets	113,102	1,629	2,501	-	117,232
Total assets	13,332,989	1,015,721	387,065	(611,807)	14,123,968
Liabilities					
Segment liabilities	6,391,739	711,082	143,463	(611,807)	6,634,477
Income tax liabilities	48,646	-	234	-	48,880
Total liabilities	6,440,385	711,082	143,697	(611,807)	6,683,357
Other information					
Additions to non-current assets	306,586	71,588	20,373	-	398,547
Depreciation and amortisation	(7,342)	(15,898)	(3,739)	-	(26,979)

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

44. Segment information (cont'd.)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively is as follows:

	Revenue	
	2019 RM'000	2018 RM'000
Malaysia	965,516	1,377,583
Australia	1,942,022	661,840
Singapore	1,923	4,563
	2,909,461	2,043,986

	Non-current assets	
	2019 RM'000	2018 RM'000 Restated
Malaysia	9,557,494	8,497,118
Australia	134,822	149,969
South Africa	15,141	16,930
Singapore	2,546	1,971
	9,710,003	8,665,988

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

45. Subsidiaries

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
Nusajaya Five O Sdn. Bhd.	Provision of security services	Malaysia	100	100
Nusajaya Resort Sdn. Bhd.	Operator of clubhouse and restaurant	Malaysia	100	100
Sunrise Berhad	Property development and investment holding	Malaysia	100	100
UEM Land Berhad	Property development, property investment, project procurement and management, and strategic investment holding	Malaysia	100	100
UEM Sunrise (Australia) Sdn. Bhd.	Investment holding	Malaysia	100	100
UEM Sunrise (Canada) Sdn. Bhd.	Investment holding, property development and general trading	Malaysia	100	100
UEM Sunrise Management Services Sdn. Bhd.	Investment holding	Malaysia	100	100
UEM Sunrise Properties Sdn. Bhd.	Investment holding, property development and general trading	Malaysia	100	100
Subsidiaries of Sunrise Berhad				
Arcoris Sdn. Bhd.	Property investment and development	Malaysia	100	100
Ascot Assets Sdn. Bhd.	Property development	Malaysia	100	100
Allevia Sdn. Bhd. (formerly known as Aston Star Sdn. Bhd.)	Property investment, development and construction	Malaysia	100	100
Aurora Tower at KLCC Sdn. Bhd.	Property development	Malaysia	100	100
Ibarat Duta Sdn. Bhd.	Property development	Malaysia	100	100
Laser Tower Sdn. Bhd.	Property development	Malaysia	100	100
Lembah Suria Sdn. Bhd.	Property development	Malaysia	100	100
Lucky Bright Star Sdn. Bhd.	Property investment and development	Malaysia	100	100
** Mega Legacy (M) Sdn. Bhd.	Property development	Malaysia	50	-
Milik Harta Sdn. Bhd.	Property development	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

45. Subsidiaries (cont'd.)

			Effective interest	
Name of subsidiaries	Principal activities	Country of incorporation	2019 %	2018 %
Subsidiaries of Sunrise Berhad (cont'd.)				
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
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.	Property development and investment holding	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

45. Subsidiaries (cont'd.)

			Effective interest	
Name of subsidiaries	Principal activities	Country of incorporation	2019 %	2018 %
Subsidiaries of Sunrise Berhad (cont'd.)				
Sun Victory Sdn. Bhd.	Property investment and development, and hotel operation	Malaysia	100	100
Sunrise MS Pte. Ltd.	Provision of consultancy, advisory and technical services in relation to project development	Singapore	100	100
Sunrise Overseas (S) Pte. Ltd.	Promotion and management services relating to the Group's properties in Malaysia	Singapore	100	100
* Sunrise Hospitality and Leisure Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	100	100
*@ Saga Centennial Sdn. Bhd.	Dissolved	Malaysia	-	100
Subsidiary of Sunrise Oscar Sdn. Bhd.				
Sunrise DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	100	100
Subsidiary of Sunrise International Development Ltd.				
* Sunrise Holdings S.à.r.l.	Investment holding	The Grand Duchy of Luxembourg	100	100
Subsidiary of Sunrise Holdings S.à.r.l.				
* Canada Sunrise Development Corp.	Property investment and development	Canada	100	100
Subsidiaries of Canada Sunrise Development Corp.				
* Canada Sunrise Developments (Richmond) Ltd.	Property investment and development	Canada	100	100

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

45. Subsidiaries (cont'd.)

			Effective interest	
Name of subsidiaries	Principal activities	Country of incorporation	2019 %	2018 %
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
Marina Management Sdn. Bhd.	Marina management and property management	Malaysia	100	100
Nusajaya Development Sdn. Bhd.	Property development	Malaysia	100	100
@ Nusajaya Business Park Sdn. Bhd.	Dissolved	Malaysia	-	100
* Nusajaya Medical Park Sdn. Bhd.	Construct, manage and/or operate specialised buildings for long-term lease and property development	Malaysia	100	100
UEM Sunrise Overseas Corportion Sdn. Bhd.	Investment holding	Malaysia	100	100
@ UEM Sunrise Pacific Sdn. Bhd.	Dissolved	Malaysia	-	100
* Hatibudi Nominees (Tempatan) Sdn. Bhd.	In Member’s Voluntary Winding Up	Malaysia	100	100
* UEM Sunrise Nusantara Sdn. Bhd.	In Member’s Voluntary Winding Up	Malaysia	100	100
* ^ UEM Sunrise Ventures Sdn. Bhd.	Dissolved	Malaysia	-	100
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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

45. Subsidiaries (cont'd.)

			Effective interest	
Name of subsidiaries	Principal activities	Country of incorporation	2019 %	2018 %
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, investment holding and money lending activity	Malaysia	100	100
Nusajaya Seaview Sdn. Bhd.	Land trading and investment holding	Malaysia	100	100
Symphony Hills Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
* ^ Preferred Resources Sdn. Bhd.	Dissolved	Malaysia	-	70
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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

45. Subsidiaries (cont'd.)

			Effective interest		
Name of subsidiaries		Principal activities	Country of incorporation	2019 %	2018 %
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	100
	UEM Sunrise (Conservatory Melbourne Property Management) Pty. Ltd.	Property management services	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

45. Subsidiaries (cont'd.)

			Effective interest	
Name of subsidiaries	Principal activities	Country of incorporation	2019 %	2018 %
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
Rise Digital Sdn. Bhd. (formerly known as UEM Sunrise Nusajaya Property Services Sdn. Bhd.)	Provision of digital services	Malaysia	100	100
Subsidiaries of UEM Sunrise Properties Sdn. Bhd.				
UEM Sunrise Nusajaya Properties Sdn. Bhd.	Property investment	Malaysia	100	100
Nusajaya DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	100	100
Opera Retreat Sdn. Bhd.	Property investment	Malaysia	100	100
Puteri Harbour Convention Centre Sdn. Bhd.	Own and operate a convention centre	Malaysia	100	100

Note:

- * Subsidiaries not audited by Ernst & Young PLT or Ernst & Young.
- # The financial statements of these subsidiary companies are audited for consolidation purposes.
- ^ Dissolved pursuant to Section 459(5) of the Companies Act 2016.
- @ The subsidiaries have been struck off from register and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the Companies Act 2016.
- ** On 15 April 2019, Sunrise Berhad, a wholly-owned subsidiary of the Company, completed the subscription of 500,001 new ordinary shares representing 50% + 1 share of the equity interest in Mega Legacy (M) Sdn. Bhd. as disclosed in Note 48(b).

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

46. Associates

Name of associates	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
UEM Sunrise Edgenta TMS Sdn. Bhd.	Investment holding	Malaysia	30	30
Associates of UEM Land Berhad				
* Inneonusa Sdn. Bhd.	Provision of smart building infrastructure, smart safety and security system, smart in-building services and smart wide services including smart tenant services for building owners, operators, residents and visitors	Malaysia	39	39
* Setia Haruman Sdn. Bhd.	Township development, property development, project development and sale of land	Malaysia	25	25
* Scope Energy Sdn. Bhd.	Property development	Malaysia	40	40
Sarandra Malaysia Sdn. Bhd.	Investment holding company, constructing, managing and developing of marina club	Malaysia	40	40
Associate of Rocpoint (Proprietary) Ltd.				
* Durban Point Development Company (Proprietary) Ltd.	Property development	South Africa	40.2	40.2

Note:

- * Associates not audited by Ernst & Young PLT or Ernst & Young.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

47. Joint ventures

Name of joint ventures	Principal activities	Country of incorporation	Effective interest	
			2019 %	2018 %
Desaru North Course Residences Sdn. Bhd.	Property development	Malaysia	51	51
Desaru South Course Land Sdn. Bhd.	Property development	Malaysia	51	51
Desaru South Course Residences Sdn. Bhd.	Property development	Malaysia	51	51
Nusajaya Premier Sdn. Bhd.	Property development and investment holding	Malaysia	80	80
Nusajaya Lifestyle Sdn. Bhd.	Property and real estate development, management and property management	Malaysia	55	55
* Malaysian Bio-XCell Sdn. Bhd.	Development and operation of a biotechnology park in the Southern Industrial Logistics Cluster in Iskandar Puteri, Iskandar Malaysia, Johor (In receivership and in liquidation)	Malaysia	40	40
Joint ventures of UEM Land Berhad				
Cahaya Jauhar Sdn. Bhd.	Undertake the turnkey design and build contract for the development of the Johor State New Administrative Centre (now known as Kota Iskandar) and State Government staff housing in Iskandar Puteri Johor and provision of facilities maintenance and management services	Malaysia	60	60
* Gerbang Leisure Park Sdn. Bhd.	Property development	Malaysia	50	50
Horizon Hills Development Sdn. Bhd.	Property development	Malaysia	50	50
Nusajaya Tech Park Sdn. Bhd.	Property development	Malaysia	40	40
* Nusajaya Consolidated Sdn. Bhd.	Property development and related activities	Malaysia	50	50
* Haute Property Sdn. Bhd.	Property development and property marketing	Malaysia	40	40
FASTrack Iskandar Sdn. Bhd.	Property development and to develop, construct, operate and manage motorsport city with related facilities and services	Malaysia	30	30

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

47. Joint ventures (cont'd.)

			Effective interest	
Name of joint ventures	Principal activities	Country of incorporation	2019 %	2018 %
Joint ventures of Sunrise Berhad				
* Sime Darby Sunrise Development Sdn. Bhd.	Property development	Malaysia	50	50
* Sunrise MCL Land Sdn. Bhd.	Property development and property investment	Malaysia	50	50
Joint venture of UEM Sunrise Properties Sdn. Bhd.				
* UEM Sunrise WOTSO Malaysia Sdn. Bhd.	Provision of co-working, office and event space	Malaysia	50	50

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

48. Significant changes in accounting policies

(a) MFRS 16 : Leases

Definition of a lease

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

As a lessee

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

(a) MFRS 16 : Leases

(cont'd.)

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

49. Restatement of comparatives

Restatement of MFRS 15 : Revenue from Contracts with Customers

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

49. Restatement of comparatives (cont'd.)

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

(cont'd.)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2019

50. Subsequent events

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

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

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

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

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

Analysis

OF SHAREHOLDINGS

(As at 30 April 2020)

SHARE CAPITAL

- Total number of Issued and Paid-up Shares : 5,206,611,372 shares comprising
1. 4,537,436,037 ordinary shares
 2. 669,175,335 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 30 April 2020)

Size of Holdings	No. of shareholders	% Total shareholdings	%
Less than 100	2,974	9.08	100,373
100 to 1,000	9,427	28.79	4,989,183
1,001 to 10,000	14,307	43.69	63,866,687
10,001 to 100,000	5,174	15.80	163,294,089
100,001 to 226,871,800 (less than 5% of issued shares)	862	2.63	958,822,426
226,871,801 (5% of issued shares) and above	2	0.01	3,346,363,279
Total	32,746	100.00	4,537,436,037

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

(As at 30 April 2020)

No.	Name of Shareholder	No. of Shares held	% of Issued shares
1.	UEM GROUP BERHAD	2,997,491,779	66.06
2.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. URUSHARTA JAMAAH SDN. BHD. (1)	348,871,500	7.69
3.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	202,113,137	4.45
4.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	53,985,500	1.19
5.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR THE NATIONAL FARMERS UNION MUTUAL INSURANCE SOCIETY LTD.	39,671,909	0.87
6.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	26,801,900	0.59
7.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR NORGE BANK (FI 17)	23,618,700	0.52
8.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	22,714,300	0.50
9.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	20,092,955	0.44

ANALYSIS OF SHAREHOLDINGS

(As at 30 April 2020)

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONT'D.)

(As at 30 April 2020)

No.	Name of Shareholder	No. of Shares held	% of Issued shares
10.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC.	19,126,845	0.42
11.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD.	18,478,200	0.41
12.	LIEW SWEE MIO @ LIEW HOI FOO	17,300,000	0.38
13.	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
14.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	16,753,445	0.37
15.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	15,100,800	0.33
16.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	12,835,400	0.28
17.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBLDN FOR POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC	10,659,934	0.24
18.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	10,376,500	0.23
19.	AMANAHRAYA TRUSTEES BERHAD PUBLIC SAVINGS FUND	9,090,300	0.20
20.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	8,793,100	0.19
21.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	8,599,800	0.19
22.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	8,361,365	0.18
23.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	7,900,000	0.17
24.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	7,639,600	0.17
25.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. BNYM SA/NV FOR NFU MUTUAL GLOBAL GROWTH FUND	7,500,000	0.17
26.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UOB KAY HIAN PTE. LTD. (A/C CLIENTS)	6,508,747	0.14
27.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. SSBT FUND ZYEF FOR VANGUARD GLOBAL EX-U.S. REAL ESTATE INDEX FUND	6,492,365	0.14
28.	CARTABAN NOMINEES (ASING) SDN. BHD. STATE STREET LONDON FUND OD75 FOR ISHARES PUBLIC LIMITED COMPANY	4,825,300	0.11
29.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. THE BANK OF NEW YORK MELLON FOR DELAWARE VIP TRUST DELAWARE VIP EMERGING MARKETS SERIES	4,748,132	0.11
30.	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT FUND J724 FOR SPDR S&P EMERGING MARKETS ETF	4,739,288	0.11
TOTAL		3,958,190,801	87.23

ANALYSIS OF SHAREHOLDINGS

(As at 30 April 2020)

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

As at 30 April 2020

No.	Name	No. of shares			
		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 30 April 2020

No.	Name	No. of preference shares	%
1.	UEM Group Berhad	669,175,335	100.00

STATEMENT OF DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

As at 30 April 2020

DIRECTORS' INTERESTS IN THE SECURITIES OF UEM SUNRISE BERHAD

No.	Name	No. of ordinary shares			
		Direct	%	Indirect	%
1.	Tan Sri Dato' Sri Zamzamzairani Mohd Isa	-	-	-	-
2.	Anwar Syahrin Abdul Ajib	100,000	@	-	-
3.	Subimal Sen Gupta	-	-	-	-
4.	Dato' Noorazman Abd Aziz	-	-	-	-
5.	Dato' Mohd Izani Ghani	-	-	-	-
6.	Zaida Khalida Shaari	-	-	-	-
7.	Effizal Faiz Zulkifly	-	-	-	-
8.	Lim Tian Huat	-	-	-	-
9.	Ungku Suseelawati Ungku Omar	-	-	-	-
10.	Tan Sri Dr Azmil Khalili Dato' Khalid	-	-	-	-
11.	Datin Teh Ija Mohd Jalil	-	-	-	-
12.	Christina Foo	-	-	-	-

Note:

@ Less than 0.01%.

Material Properties

OF UEM SUNRISE BERHAD GROUP

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 31/12/2019 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	20,351,272	Freehold	-	2,344,627	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	-	901,031	6-Oct-15
PTD 26684-26689 26691-22693 Mukim Batu Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Land held for property development	269,237	Leasehold expiring on 29-Dec-2112	-	770,775	02-Apr-19
PTD 43305-43350, 43361-43437 44290-44505, 44520, 44533 Mukim Semenyih Daerah Ulu Langat Selangor Darul Ehsan	Land held for property development	1,269,223	Freehold	-	392,076	29-Sep-11
Solaris Dutamas 1 Jalan Dutamas 1 50480 Kuala Lumpur	Building - Retail and Carpark	150,187	Freehold	9	391,100	25-Jul-11*
GM 4733 Lot 149 Seksyen 58 Bandar of Kuala Lumpur Daerah Kuala Lumpur	Land held for property development	6,434	Freehold	-	324,221	4-Jun-11*
Arcoris GM 9305 Lot 80199 Mukim Batu Daerah Kuala Lumpur	Hotel, Retail and Carpark	66,397	Freehold	2 (Hotel), 3 (Retail and Carpark)	313,647	20-Mar-12
PN 102216 Lot 93720 Mukim Petaling Daerah Petaling Selangor Darul Ehsan	Land held for property development	77,864	Leasehold expiring on 18-Sep-2093	-	119,269	03-Feb-18
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	-	99,663	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	2	88,574	24-Aug-18

* Revaluation date

Recurrent

RELATED PARTY TRANSACTIONS

The shareholders of UEM Sunrise Berhad (UEM Sunrise or the Company) had at the 11th Annual General Meeting held on 30 May 2019 granted their approval for the Company and/or its subsidiary companies (UEM Sunrise Group) to enter into recurrent related party transactions (Recurrent Transactions) of a revenue or trading nature, which are necessary for the day-to-day operations of UEM Sunrise Group and are in the ordinary course of business in accordance with Paragraph 10.09, Chapter 10 of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities).

In compliance with Practice Note 12 of the Listing Requirements of Bursa Securities, the details of aggregated value of the Recurrent Transactions of UEM Sunrise Group entered into with the related parties during the financial year ended 31 December 2019 are set out in the table below.

The Company will not be seeking the approval of its shareholders for the renewal of shareholders' mandate and new shareholders' mandate for Recurrent Transactions at the forthcoming Annual General Meeting, as the estimated aggregated transaction amount for the related parties is below the applicable percentage ratio stipulated under Paragraph 10.09(1), Chapter 10 of the Listing Requirements of Bursa Securities. The Company will continue to monitor its Recurrent Transactions and make appropriate announcement(s) to Bursa Securities of such transaction(s) where required in accordance with the requirements under Chapter 10 of the Listing Requirements.

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 FY2019 ¹	Nature of Transaction	Transacted Amount (RM)
1.	UEM Sunrise Group	UEM Group Berhad (UEM Group) and/or its subsidiaries (UEMG Group)	Khazanah Nasional Berhad (Khazanah), UEM Group, Dato' Noorazman Abd Aziz ² , Zaida Khalida Shaari ³ and Dato' Mohd Izani Ghani ⁴	UEM Sunrise is a 66.06% subsidiary of UEM Group which in turn is a wholly-owned subsidiary of Khazanah	Receipt of group wide ICT shared services Receipt of training and corporate advisory services Renting of office space, meeting rooms and other facilities Renting of parking space	3,526,637 570,000 6,500,000 190
Total						10,596,827
2.	UEM Sunrise Group	UEM Edgenta Berhad (UEM Edgenta) and/or its subsidiaries (UEM Edgenta Group)	Khazanah, UEM Group, Dato' Noorazman Abd Aziz ² , Zaida Khalida Shaari ³ , Dato' Mohd Izani Ghani ⁴ and Tan Sri Dr Azmil Khalili Dato' Khalid ⁵	UEM Edgenta is a 69.14% subsidiary of UEM Group. UEM Sunrise is a 66.06% subsidiary of UEM Group	Receipt of consultation, facilities management and maintenance services	4,044,561
Total						4,044,561

¹ Disclosed as per Circular to Shareholders dated 30 April 2019.

² Dato' Noorazman Abd Aziz ceased to be the nominee of UEM Group on 18 October 2019.

³ Zaida Khalida Shaari ceased to be the nominee of Khazanah on 24 February 2020.

⁴ Dato' Mohd Izani Ghani was appointed on the Board of UEM Sunrise as a nominee of UEM Group on 1 June 2019.

⁵ Tan Sri Dr Azmil Khalili Dato' Khalid was appointed on the Board of UEM Edgenta on 24 May 2019.

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 FY2019 ¹	Nature of Transaction	Transacted Amount (RM)
3.	UEM Sunrise Group	Khazanah and/or its subsidiaries (Khazanah Group)	UEMG Group, Dato' Noorazman Abd Aziz ² , Zaida Khalida Shaari ³ and Dato' Mohd Izani Ghani ⁴	UEM Sunrise is a 66.06% subsidiary of UEM Group 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	Khazanah, UEMG Group, Dato' Noorazman Abd Aziz ² , Zaida Khalida Shaari ³ and Dato' Mohd Izani Ghani ⁴	UEM Sunrise is a 66.06% subsidiary of UEM Group which in turn is a wholly-owned subsidiary of Khazanah	Renting of flagship property gallery Renting of space for events	688,448 -
Total						688,448
5.	UEM Sunrise Group	Telekom Malaysia Berhad (TM) and/or its subsidiaries (TM Group)	Khazanah, Dato' Noorazman Abd Aziz ² , Zaida Khalida Shaari ³ and Dato' Mohd Izani Ghani ⁴	TM is a 26.21% associate company of Khazanah which in turn is a holding company of UEM Group. UEM Sunrise is a 66.06% subsidiary of UEM Group	Receipt of UniFi bundling services Receipt of smart building services Receipt of ICT support services	965,937 4,023,561 -
Total						4,989,498
6.	UEM Sunrise Group	Nawawi Tie Leung Group (NTL Group)	YM Ungku Suseelawati Ungku Umar	YM 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	500,623
Total						500,623

¹ Disclosed as per Circular to Shareholders dated 30 April 2019.

² Dato' Noorazman Abd Aziz ceased to be the nominee of UEM Group on 18 October 2019.

³ Zaida Khalida Shaari ceased to be the nominee of Khazanah on 24 February 2020.

⁴ Dato' Mohd Izani Ghani was appointed on the Board of UEM Sunrise as a nominee of UEM Group on 1 June 2019.

RECURRENT RELATED PARTY TRANSACTIONS

B) UEM Sunrise and its subsidiaries 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 FY2019 ¹	Nature of Transaction	Value (RM)
1.	UEM Sunrise Group	UEMG Group	Khazanah, UEM Group, Dato' Noorazman Abd Aziz ² , Zaida Khalida Shaari ³ and Dato' Mohd Izani Ghani ⁴	UEM Sunrise is a 66.06% subsidiary of UEM Group which in turn is a wholly-owned subsidiary of Khazanah	Provision for tenancy of land for batching plant, casting yard and workers' quarters	88,000 ⁵
Total						88,000
2.	UEM Sunrise Group	Khazanah Group	UEMG Group, Dato' Noorazman Abd Aziz ² , Zaida Khalida Shaari ³ and Dato' Mohd Izani Ghani ⁴	UEMS is a 66.06% subsidiary of UEMG which in turn is a wholly-owned subsidiary of Khazanah	Disposal of land or land-based properties in the ordinary course of business to Khazanah Group	-
Total						-
3.	UEM Sunrise Group	Khazanah Group Joint Venture Companies	UEMG Group, Dato' Noorazman Abd Aziz ² , Zaida Khalida Shaari ³ and Dato' Mohd Izani Ghani ⁴	UEM Sunrise is a 66.06% subsidiary of UEM Group which in turn is a wholly-owned subsidiary of Khazanah	Provision of development and management services	1,706,638
Total						1,706,638
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	2,421,400
Total						2,421,400

¹ Disclosed as per Circular to Shareholders dated 30 April 2019.

² Dato' Noorazman Abd Aziz ceased to be the nominee of UEM Group on 18 October 2019.

³ Zaida Khalida Shaari ceased to be the nominee of Khazanah on 24 February 2020.

⁴ Dato' Mohd Izani Ghani was appointed on the Board of UEM Sunrise as a nominee of UEM Group on 1 June 2019.

⁵ Transacted amount was from January to April 2019 only following the expiration of the contracts.

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 FY2019 ¹	Nature of Transaction	Value (RM)
5.	UEM Sunrise Group	edotco Malaysia Sdn Bhd (edotco)	Khazanah, Dato' Noorazman Abd Aziz ² , Zaida Khalida Shaari ³ and Dato' Mohd Izani Ghani ⁴	edotco is a wholly-owned subsidiary of edotco Group Sdn Bhd, which in turn is a 69.88% subsidiary of Axiata. Khazanah also holds directly a minority equity stake in edotco Group Sdn Bhd	Provision of land tenancy for mobile network infrastructure	6,000 ⁵
Total						6,000
6.	UEM Sunrise Group	Southern Marina Development Sdn Bhd (Southern Marina)	Khazanah, Dato' Noorazman Abd Aziz ² , Zaida Khalida Shaari ³ and Dato' Mohd Izani Ghani ⁴	Southern Marina is a 30.00% associate company of Tanjung Bidara Ventures Sdn Bhd, which in turn is a wholly-owned subsidiary of Khazanah. UEM Sunrise is a 66.06% subsidiary of UEM Group which in turn is a wholly-owned subsidiary of Khazanah	Provision of land tenancy for show gallery/site-office	114,816
Total						114,816

¹ Disclosed as per Circular to Shareholders dated 30 April 2019.

² Dato' Noorazman Abd Aziz ceased to be the nominee of UEM Group on 18 October 2019.

³ Zaida Khalida Shaari ceased to be the nominee of Khazanah on 24 February 2020.

⁴ Dato' Mohd Izani Ghani was appointed on the Board on UEM Sunrise as a nominee of UEM Group on 1 June 2019.

⁵ Transacted amount was from January to April 2019 only following the expiration of the contracts.

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