

*The*



*of Living*

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Arcoris Mont Kiara, Kuala Lumpur



Melia Residences in Gerbang Nusajaya, Iskandar Puteri



Almäs in Puteri Harbour, Iskandar Puteri

## COVER RATIONALE

### THE ART OF LIVING

The centrepiece of the Art of Living is Joyfulness. At UEM Sunrise, we build homes for families to live their lives joyfully, create blissful moments and lasting memories. Homes that exude love, comfort and total acceptance. Above and beyond that, we also believe in placemaking that is illustrated in our multi-faceted approach to the planning, design and management of public spaces to promote people's health, happiness and well-being within our built environment.

## VISION

Building communities of the future with you and for you.



Aurora Melbourne Central, Melbourne

## MISSION

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

## Living Our Values

We are an **Enterprising** entity that embraces **Teamwork, Integrity** and **Passion** with a focus on **Success**.

The key elements of our Values are:

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

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting (“AGM”) of UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) will be held at Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 May 2017 at 10.00 a.m. for the purpose of transacting the following businesses:-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon.

[\[Please refer to Note B\]](#)

## As Ordinary Business

2. To re-elect the following Directors, who retire by rotation in accordance with Article 85 of the Company’s Articles of Association and, being eligible, have offered themselves for re-election:-

(i) Dato’ Izzaddin Idris

[Ordinary Resolution 1](#)

(ii) Anwar Syahrin Abdul Ajib

[Ordinary Resolution 2](#)

Tan Sri Dr. Ir. Ahmad Tajuddin Ali retires by rotation as a Director in accordance with Article 85 of the Company’s Articles of Association at the conclusion of this Ninth AGM.

[\[Please refer to Note C1\]](#)

Professor Philip Sutton Cox AO retires at the conclusion of this Ninth AGM upon the lapse of the approval from the shareholders at the Eighth AGM held on 23 May 2016.

[\[Please refer to Note C2\]](#)

3. To approve the payment of Directors’ fees for the financial year ending 31 December 2017 on a quarterly basis as follows:-

(i) Directors’ fees amounting to RM210,000 per annum for the Non-Executive Chairman and RM108,000 per annum for each Non-Executive Director;

(ii) Directors’ fees amounting to RM50,000 per annum for the Non-Executive Audit Committee Chairman and RM30,000 per annum for each Non-Executive Audit Committee member; and

(iii) Directors’ fees amounting to RM25,000 per annum for the Non-Executive Committee Chairman and RM15,000 per annum for each Non-Executive Committee member of other Committees.

[Ordinary Resolution 3](#)

## NOTICE OF ANNUAL GENERAL MEETING

- To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors based on the table of benefits and remuneration set out in Note D of the Notice of Ninth AGM for the period from 31 January 2017 until the next AGM of the Company.

Ordinary Resolution 4

[Please refer to Note D]

- To appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.

Ordinary Resolution 5

### As Special Business

To consider and, if thought fit, to pass the following resolutions, with or without modifications:-

- PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (THE "ACT")**

"**THAT** pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company as at the date of this AGM and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

Ordinary Resolution 6

- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the shareholders' mandate for the Company and/or its subsidiaries ("UEM Sunrise Group") to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Renewal of Shareholders' Mandate"), which are necessary for the day-to-day operations of UEM Sunrise Group to be entered into by UEM Sunrise Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Items 1A and 1B of Appendix I of the Circular to Shareholders of the Company dated 26 April 2017 **AND THAT** such approval conferred by the shareholders' mandate shall continue to be in force until:-

- the conclusion of the next AGM of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;
- the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

**AND FURTHER THAT** the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

**Ordinary Resolution 7**

8. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the shareholders' mandate for UEM Sunrise Group to enter into additional recurrent related party transactions of a revenue or trading nature ("Proposed New Shareholders' Mandate"), which are necessary for the day-to-day operations of UEM Sunrise Group to be entered into by UEM Sunrise Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Item 2A of Appendix I of the Circular to Shareholders of the Company dated 26 April 2017 **AND THAT** such approval conferred by the mandate shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

**AND FURTHER THAT** the Directors of the Company and/or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate."

**Ordinary Resolution 8**

9. To transact any other business for which due notice shall have been given.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this Ninth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with the provisions under Articles 58 and 59 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors ("ROD") as at 12 May 2017. Only a depositor whose name appears on the ROD as at 12 May 2017 shall be entitled to attend this Ninth AGM or appoint a proxy(ies) to attend, speak and vote on his/her behalf.

By Order of the Board

**SHARIFAH SHAFIQA SALIM** (LS No. 0008928)  
**LIEW IRENE** (MAICSA 7022609)  
Company Secretaries

Kuala Lumpur  
26 April 2017

### A. NOTES:

1. Every member is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend, speak and vote in his/her place. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. All resolutions set out in the Notice of the Meeting are to be voted by poll.
2. To be valid, the **original** form of proxy duly completed must be deposited at the Share Registrar's office, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 24 hours before the time of holding the Meeting.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of its attorney.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he/she thinks fit.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act 1991.
7. A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend, speak and vote at a general meeting who shall represent all the shares held by such member. A member holding more than one thousand (1,000) ordinary shares may appoint up to ten (10) proxies to attend, speak and vote at the same meeting and each proxy appointed shall represent a minimum of one thousand (1,000) ordinary shares. Where a member appoints one (1) or more proxies to attend, speak and vote at the same meeting, such appointments shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.

### B. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda item 1 and do not require members' approval. Hence, this item is not put forward for voting.



### C. RETIREMENT OF DIRECTORS

1. Tan Sri Dr. Ir. Ahmad Tajuddin Ali who was appointed as Chairman and Director of the Company on 15 September 2008 will retire in accordance with Article 85 of the Company's Articles of Association. He has expressed his intention not to seek re-election. Hence he will retain office until the conclusion of the Ninth AGM.
2. Professor Philip Sutton Cox AO who was appointed as Director of the Company on 14 June 2012 has expressed his intention not to seek re-appointment. Hence he will retain office until the conclusion of the Ninth AGM upon the lapse of the approval from the shareholders at the Eighth AGM held on 23 May 2016.

### D. DIRECTORS' BENEFITS (EXCLUDING DIRECTORS' FEES)

The Directors' benefits (excluding Directors' fees) comprises the allowances and other emoluments payable or accorded to the Non-Executive Chairman and Non-Executive Directors. The current benefits and remuneration are:

| Description  | Directors' remuneration/benefits   |
|--|--|
| Allowance will be paid to Directors for the following, subject to the approval of the Chairman of the Company or the Group Managing Director/Chief Executive Officer of UEM Group Berhad:<br>(i) Attending meetings with Government representatives on behalf of the Company; or<br>(ii) Handling operational issues such as visiting sites to advise the operating companies. | RM1,000 per day  |
| Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes.  | (i) Chairman of committee – RM2,000 per meeting<br>(ii) Member of committee – RM1,000 per meeting  |
| Discount for purchase of property by Directors, which is the same policy applied for employees.  | (i) 10% discount will be given once in 5 years for residential property; and<br>(ii) For subsequent purchase of residential property within 5 years' period or any non-residential property purchase, 3% discount will be given. |

### E. EXPLANATORY NOTES ON SPECIAL BUSINESS

#### Ordinary Resolution 6 on the Proposed Authority to Allot Shares Pursuant to Sections 75 and 76 of the Act

1. The proposed resolution is a renewal mandate and if passed, will enable the Directors of the Company to issue up to a maximum of 10% of the issued and paid-up share capital of the Company.
2. As at the date of this Notice, no new shares were issued pursuant to the mandate granted to the Directors at the last AGM held on 23 May 2016 and that mandate will lapse at the conclusion of the Ninth AGM to be held on 18 May 2017.
3. The renewal of the mandate is for such purposes as the Directors consider would be in the best interest of the Company, such as issuance of new shares as consideration for investments and/or acquisitions or issuance of new shares to raise fund for investment and/or working capital, and to avoid delay and cost in convening a general meeting to seek approval for such issuance of shares.
4. This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM.

#### Ordinary Resolutions 7 and 8 on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

1. The proposed Ordinary Resolutions 7 and 8, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interests of related parties, which

are of a revenue or trading nature and necessary for the UEM Sunrise Group's day-to-day operations ("Recurrent Related Party Transactions"), subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

2. Further information on the Recurrent Related Party Transactions are set out in the Circular to Shareholders of the Company dated 26 April 2017 which is dispatched together with the Company's Annual Report 2016.

### F. PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (“AGM”)

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as a Director at the Ninth AGM.

2. A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The proposed Ordinary Resolution 6 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last AGM held on 23 May 2016.

# 2016

## FINANCIAL CALENDAR

### 16 February

Signing of the:

- Joint Venture Cum Shareholders Agreement between UEM Land Berhad (“UEM Land”), Leisure Farm Corporation Sdn. Bhd. (“LFC”) and JV Axis Sdn. Bhd. (“JV Axis”); and

- Master Agreement between JV Axis, Nusajaya Seaview Sdn. Bhd., Nusajaya Rise Sdn. Bhd. and LFC;

for a mixed development project in Gerbang Nusajaya.

### 22 February

Signing of the Joint Venture Agreement between UEM Land and SUTL Marina Holdings Pte. Ltd. to develop the Private Marina and the undeveloped portion of the Public Marina in Puteri Harbour, Iskandar Puteri.

### 24 February

Announcement on the Federal Court’s decision to reject the appeal filed by Rakyat Holdings Sdn. Bhd. against Aurora Tower at KLCC Sdn. Bhd. for the Lot 149 project in Kuala Lumpur.

### 25 February

Announcement on the fourth quarter consolidated results for the financial period ended 31 December 2015.

### 20 April

Issuance of the Islamic Medium Term Notes under the Islamic Medium Term Notes Programme and Islamic Commercial Papers under the Islamic Commercial Papers Programme (“ICP Programme”), a combined aggregate limit of up to RM2.0 billion in nominal value and sub-limit of RM500.0 million in nominal value for the ICP Programme under the Shariah Principle of Murabahah via a Tawarruq arrangement.

### 28 April

Announcement on the:

- Notice of the Eighth AGM; and
- First and Final Single Tier Dividend of 1.6 sen per ordinary share of RM0.50 sen each for the financial year ended 31 December 2015.

### 23 May

UEM Sunrise held its Eighth AGM.

### 27 May

Announcement on the:

- First quarter consolidated results for the financial period ended 31 March 2016; and
- Signing of the Joint Land Development Agreement between UEM Sunrise, Telekom Malaysia Berhad and Sunrise Quality Sdn. Bhd. for the development of Lot 461 & Lot 493, Section 19, Bandar Kuala Lumpur measuring approximately 1.69 acres.

### 28 June

Signing of the Sale and Purchase Agreement between AmorePacific Malaysia Sdn. Bhd., UEM Land and Nusajaya Heights Sdn. Bhd. for the disposal of approximately 25.4 acres of land in the Southern Industrial & Logistics Cluster in Iskandar Puteri for a cash consideration of RM91.7 million.

## 2016 FINANCIAL CALENDAR

### 30 June

Announcement on the rescission of the Subscription and Shareholders Agreement dated 1 December 2015 between Sunrise Berhad, WCT Land Sdn. Bhd. and Jubilant Courtyard Sdn. Bhd. for the proposed mixed development project on 10 parcels of freehold land amounting to 608.6 acres in Bandar Serendah, Selangor.

### 30 August

Announcement on the second quarter consolidated results for the financial period ended 30 June 2016.

### 18 October

Announcement on the outcome of the litigation between the Inland Revenue Board and Bandar Nusajaya Development Sdn. Bhd. by the Malaysian Federal Court on the penalty and additional tax assessment amounting to RM73.8 million.

### 4 November

Announcement on the notice of civil claim dated 26 October 2016 filed by Magnum Projects Ltd. at the Vancouver Registry of the Supreme Court of British Columbia, Canada against UEM Sunrise (Canada) Development Ltd. and UEM Sunrise (Canada) Alderbridge Ltd. for the Alderbridge land project in Richmond, Canada.

### 30 November

Announcement on the third quarter consolidated results for the financial period ended 30 September 2016.

# INVESTOR RELATIONS

UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) is committed to convey credible and reliable material information on the Company to its stakeholders and the investment community. The Company maintains a direct, open and timely communications to its stakeholders and investment community at all times.

## ENGAGEMENTS WITH STAKEHOLDERS AND INVESTMENT COMMUNITY

In the year 2016, the Company’s Investor Relations (“IR”) efforts include arranging regular dialogues with its stakeholders which were attended by the Chief Financial Officer (“CFO”) and/or IR team. These engagements include conferences, physical meetings as well as site visits to Iskandar Puteri and projects within the Central region. The main objectives of these engagements were to update the stakeholders on the Company’s financial results, strategic future plans as well as avenues to address any issues or concerns that they may have relating to the Company.

For the year, the Company had a total of 19 physical meetings, 10 site visit requests and attended the Invest Malaysia 2016 conference in April organised by Bursa Malaysia and Maybank Kim Eng.

Besides the regular engagements with the investment community, the Company also organised quarterly financial results briefing for the sell-side analysts. These financial briefings are usually chaired by the CFO supported by the Finance and Corporate Planning departments and will take place immediately after the announcement of each quarterly financial result at Bursa Malaysia via a closed tele-conferencing.

## UEM SUNRISE’S COVERAGE

The Company receives fair coverage and support from the local and foreign research houses in 2016. To date, 19 analysts from the following research houses provide coverage to UEM Sunrise:

- |  |   |
|--|---|
| 1. AllianceDBS Research Sdn. Bhd.                | 10. JP Morgan Securities (Malaysia) Sdn. Bhd.         |
| 2. Am Research Sdn. Bhd.                         | 11. Kenanga Investment Bank Berhad                    |
| 3. CIMB Investment Bank Berhad                   | 12. Macquarie Capital Securities (Malaysia) Sdn. Bhd. |
| 4. BIMB Securities Sdn. Bhd.                     | 13. Maybank Investment Bank Berhad                    |
| 5. CLSA Securities Malaysia Sdn. Bhd.            | 14. MIDF Amanah Investment Bank Berhad                |
| 6. Citigroup Global Markets Singapore Pte. Ltd.  | 15. Nomura Singapore Ltd.                             |
| 7. Credit Suisse Securities (Malaysia) Sdn. Bhd. | 16. Public Investment Bank Berhad                     |
| 8. Deutsche Securities Asia Limited              | 17. RHB Research Institute Sdn. Bhd.                  |
| 9. Hong Leong Investment Bank Berhad             | 18. UBS Securities Malaysia Sdn. Bhd. <sup>1</sup>    |
|  | 19. UOB Kay Hian (Malaysia) Holdings Sdn. Bhd.        |

<sup>1</sup> Dropped coverage of UEM Sunrise prior to the release of the third quarter 2016’s financial results.

## UEM SUNRISE’S IR PORTAL

As means to also disseminate relevant information on the Company to its stakeholders and the investment community, the Company has also embarked on a 24-hour IR portal at <http://www.uemsunrise.com/investor-relations/> as a point of reference.

## INVESTOR RELATIONS

### STOCK MARKET PERFORMANCE IN 2016

For the year under review, the Malaysian economy recorded a growth of 4.2% (2015: 5%) largely underpinned by domestic demand and private consumption which continued to be the main driver for the Malaysian economy as evidenced from the 4.4% expansion domestically (2015: 5.1%), although the expansion was partially offset by the decline in public expenditure.

The FTSE Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI” or “Index”) opened the year on 4 January at 1,653.4 points but decreased all the way to its lowest level for 2016 on 21 January at 1,600.9 points on the back of concerns over weaker growth prospects for the global economy, stock markets’ volatility in the People’s Republic of China (“China”), decline in Brent Crude Oil price, which hit an all-time low of USD27.10 per barrel on 20 January and the weakening of the Malaysian Ringgit. This prompted the Malaysian Government to recalibrate and restructure the 2016 National Budget on 28 January to ensure that the economy remained on a strong growth trajectory. The Index rose steadily as the market recovered on optimism over the budget recalibration, firmer Malaysian Ringgit and rebound in crude oil prices.

From February to April, the Index continued to trend upwards and peaked at 1,727.9 points on 15 April before declining slightly to 1,711.1 points on 19 April although the Malaysian Ringgit touched a high of RM3.83 against the US dollar. The market continued to be on a downward trend as profit-taking activities increased amidst the lack of fresh positive leads. The announcement by Bank Negara Malaysia (“BNM”) of the first quarter 2016 Malaysian economic growth of 4.2% did little to affect the market as there were also growing concerns on the rise of the interest rates in the United States of America (“US”) and slowing growth in China followed by the rebalancing of the MSCI’s Emerging Markets Index, as compiled by MSCI Inc, a US-based provider of equity fixed income and hedge fund stock market indexes and equity portfolio analysis.

From June to August, the Index rebounded and moved upwards despite the resolution by the United Kingdom to leave the European Union otherwise known as Brexit and BNM’s unexpected announcement to cut the Overnight Policy Rate by 25 basis points to 3.0% on 13 July. The positive sentiment continued until September but took a downturn in the second week on concerns of a rise in the US interest rate and maintained at a steady level throughout October between 1,653.7 points to 1,677.7 points despite the unveiling of the 2017 National Budget and the Malaysia Government’s forecast of 2017’s gross domestic product growth between 4-5%, on 21 October.

In early November, there was a fall in the global markets following the US presidential election results coupled with concerns of faster-than-expected increases in the US interest rates and weakened Malaysian Ringgit. The Index declined and closed at 1,616.6 points on 14 November. The outcome of the US presidential election created numerous uncertainties in the market. The Malaysian Ringgit hit a low of RM4.49 against the US dollar in line with weaker regional currencies on 5 December while the Index closed at 1,636.9 points. The Index increased slightly on 12 December following the decision by the Organization of Petroleum Exporting Countries to cut oil production which resulted in the increase of Brent Crude Oil prices to USD57.89 per barrel before gradually declining again from 15 to 23 December amidst concerns over the increase in the US interest rates by 25 basis points to 0.75% and continued weakness in the Malaysian Ringgit. The FBM KLCI closed the year at 1,641.7 points.

#### Source :

1. Bloomberg
2. BNM Quarterly Bulletin Q4 2016
3. Bursa Malaysia Annual report 2016
4. Ernst & Young’s report, Volume 4 – Issue 1 – 26 February 2016

## UEM SUNRISE BERHAD SHARE PRICE PERFORMANCE IN 2016

UEM Sunrise's share price performance for 2016 was generally stable hitting the lowest at RM0.91 on 26 January and the highest within the range of RM1.18 to RM1.22 from 29 September to 17 October. It opened on 4 January at RM1.04 and moved downwards in tandem with the Index dipping to its lowest for the year at RM0.91 on 26 January on the back of concerns of weaker growth prospects for the global economy, decline in Brent Crude Oil prices and weakening Malaysian Ringgit. It increased to RM0.97 on 29 January before falling again to RM0.93 on 15 February consistent with the movement of the Index. The share price gradually recovered following the market's optimism pursuant to the recalibration of the 2016 National Budget, rebound in crude oil prices and strengthened Malaysian Ringgit, closing at RM1.09 on 19 February.

Between March to April, the share price continued trending upwards consistent with the movement of the Index to a high of RM1.13 on 4 April before sliding down again to RM0.99 on 28 April on account of profit-taking activities amidst the lack of fresh positive leads in the market.

In the months of May to July, the Company's share price remained subdued where the closing price averaged at RM1.04 due to concerns of a rise in the US interest rates, slowing growth in China and rebalancing of MSCI's Emerging Markets Index. Other news during the period included the report on Brexit on 24 June which did not have any significant effect on the Company's share price and closed at RM1.04 on 25 June. Bank Negara Malaysia's unexpected decision to cut its Overnight Policy Rate by 25 basis points to 3.0% on 13 July saw the Company's share price closed at RM1.09. Between August and September, the share price hovered around RM1.11 before touching the highest for the year at RM1.22 on 29 September. The share price then hovered within the range of RM1.18 to RM1.22 until 17 October before gradually declining to RM1.12 on 31 October in tandem with the downward trend of the Index due to the continued concerns of the rise in the US interest rates.

The share price further declined to RM1.04 on 14 November in tandem with the continued decline in the Index following the fall in global markets due to the uncertainties on the outcome of the US presidential election results coupled with heightened concerns of faster-than-expected increases in the US interest rates as well as further weakening of the Malaysian Ringgit.

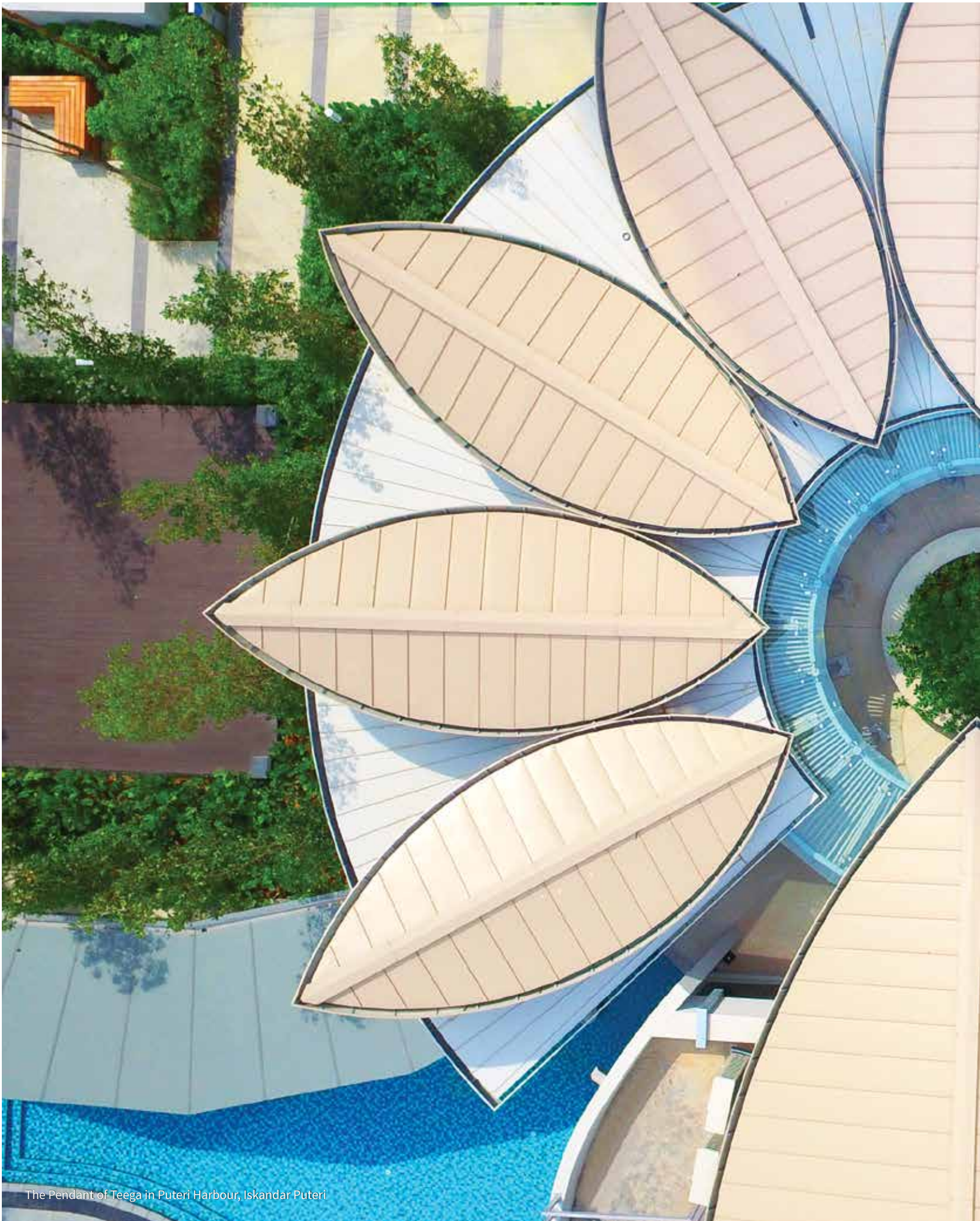
The share price then hovered around the RM1.06 mark before falling to RM1.01 on 6 December a day after the Malaysian Ringgit hit a low of RM4.49 against the US dollar in line with weaker regional currencies driven mainly by uncertainties arising from the outcome of the US presidential election. The Company's share price rebounded to RM1.10 on 13 December and remained stable between RM1.08 and RM1.06 despite the announcement of the increase in US interest rates by 25 basis points to 0.75% and the continued weakness in the Malaysian Ringgit, before closing the year at RM1.05.

### Note:

The share prices mentioned above are all the closing prices of the Company's shares on the respective mentioned dates.

### Source:

1. Bloomberg
2. Bursa Malaysia Annual Report 2016
3. Internal documents



The Pendant of Teega in Puteri Harbour, Iskandar Puteri





# *Architectural* ALCHEMY

We breathe life into space, transforming void into architectural wonders that exude comfort, style and harmony. We continuously raise the bar and set new standards, reinventing the norm as we push the boundaries of all our designs with a sense of creativity and a tinge of flair. As we set new trends, we give new meaning to enriched living.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

Although it may seem contrarian, the current property downturn has had some positive repercussions for UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) and its group of companies (the “Group”) validating for us the idiom ‘every challenge brings with it opportunities’.

After several years of intense activities and launches, the current soft market has afforded us an opportunity to review our business and where we are heading, and further build our fundamentals to ensure we have what it takes to achieve our goals and vision.



Tan Sri Dr. Ir. Ahmad Tajuddin Ali  
Chairman



Melia Residences in Gerbang Nusajaya, Iskandar Puteri

Over the years, we have acquired the expertise in developing a range of products – from landed homes to high-rise buildings, mixed developments to entire townships. This has given us the edge, one I believe that truly sets us apart – to offer products that meet changing market demands. It has allowed us to weather a number of property cycles in the past and continues to stand us in good stead now, as we currently undergo another cyclical low.

Within the soft economic landscape and stricter lending environment, there was still notable demand for mid-market landed properties. Having identified this trend, we are able to recognise the opportunity to leverage on our existing landbank to develop double-storey terrace houses in both the Southern and Central regions, and reap the benefits of their healthy take up.

Encouraging sales of these homes allowed us to exceed our sales target of RM1 billion for the year. This contributed to a relatively healthy Group revenue of RM1.8 billion which is in fact 5.2% higher than that achieved in 2015.

Although our profit after tax and non-controlling interest (“PATANCI”) dropped to RM147.3 million, mainly due to lower contribution from other income and share of results of joint ventures and associates, we ended the year on a strong financial footing, with RM4.1 billion in unrecognised revenue providing resilient earnings’ visibility at least for the next two to three years, and net gearing of 0.43x allowing us headroom for further funding activities, if required.

The Company intends to conserve its cash position to enable it to take advantage of landbanking opportunities in the near-term for future growth, and considering the current soft property market environment, it is essential for the Company to remain prudent and resilient. Towards this end, the Board of Directors is not proposing any final dividend for the period under review.

Value creation forms part of our three-pronged strategy which boils down to: diversifying our geographical base; further entrenching our reputation as a value-



Conservatory project site in Melbourne, Australia



28 Mont’Kiara, Kuala Lumpur

driven developer; and nurturing a service-oriented culture in the organisation. During the year, we have continued to build on these strategies as they serve to enhance our business and guarantee sustainable growth in the long term.

Every project we undertake is infused with innovative thinking from the master planning to the project execution, to ensure maximum security, functionality and aesthetic sensibility to enhance lives and lifestyles. The value we create with quality design has brought us much acclaim locally, regionally and internationally.

We were awarded a Silver in the Residential (High-Rise) Category for 28 Mont’Kiara at the FIABCI World Prix d’Excellence Awards 2016 held in Panama City, Panama.

Other outstanding awards include being in the Top 10 of The Edge Malaysia Top

Property Developers Award 2016 and ranked 14th out of Top 100 Companies for Good Disclosures by the Minority Shareholder Watchdog Group.

Our focus on service is yet another manifestation of stakeholder value creation, this time targeted at our customers, who truly are our de facto ambassadors. We have always placed emphasis on nurturing strong relationships with our customers, exciting them with special promotions and events while ensuring we are always there to listen to their feedback and comments.

## CHAIRMAN'S STATEMENT

The importance we place on customers is one aspect of our people-centric culture. We believe in building strong relationships with all our key stakeholders, from our customers to our employees and also our local communities. The loyalty of our employees and customers, and the goodwill of our local communities inspire us and keep us seeking to better ourselves, to keep reinventing the landscape into living spaces that add quality to life.

We are also an ardent supporter of the Government's vision to provide homes for everyone. The Group has pledged to build more than 10,000 affordable products in the Southern and Central regions, which will be built in phases depending on the demand structure.

I feel truly proud of our many contributions to the nation – the many lives we have touched through our PINTAR school adoption programme, our initiatives with children's homes as well as our efforts to empower Orang Asli communities. Our corporate social responsibility

programmes are integral to who we are, and define the values that drive us.

In terms of continuous geographical diversification, we plan to launch a new development in St Kilda Road, Melbourne in 2017. While we are naturally very excited by this development, we will continue to create a better geographic balance of our projects in Malaysia by looking at opportunities to monetise our existing landbank while also expanding our base through new acquisitions and joint collaborations.

Moving into 2017, we have planned various launches totalling an estimated gross development value ("GDV") of RM1.7 billion. These new launches are targeted to contribute to our future cash flow and strengthen our position to continue creating communities of the future. I am confident that the Company will be able to ride over the challenges of an ongoing property downturn given our unique value propositions and ability to innovate in accordance with market needs.

**“MOVING INTO 2017, WE HAVE PLANNED VARIOUS LAUNCHES TOTALLING AN ESTIMATED GDV OF RM1.7 BILLION. THESE NEW LAUNCHES ARE TARGETED TO CONTRIBUTE TO OUR FUTURE CASH FLOW AND STRENGTHEN OUR POSITION TO CONTINUE CREATING COMMUNITIES OF THE FUTURE”**



UEM Sunrise Showcase in Mont'Kiara, Kuala Lumpur



Estuari Gardens in Puteri Harbour, Iskandar Puteri



Teega in Puteri Harbour, Iskandar Puteri

Your Board remains committed to ensuring UEM Sunrise continues on its path of steady growth, and I would like to thank all my colleagues for their dedication towards this end.

I would also like to take this opportunity to record our appreciation of the contributions of Mr. Jiv Sammanthan, who for the past five-and-a-half years was a highly valued member of the Board. At the same time, we welcome Mr. Subimal Sen Gupta, who joined us as an independent non-executive director effective from 31 March 2016, as well as Puan Zaida Khalida Shaari who was appointed as a non-independent non-executive director on 8 April 2016.

Our independent non-executive director, Professor Philip Sutton Cox AO has indicated in writing that he does not wish to seek re-appointment, hence he will retire at the conclusion of the Ninth Annual General Meeting. On behalf of the Board of Directors, I would like to record our appreciation to Professor Philip for his contributions and invaluable service since 14 June 2012 as a Board member.

In addition, I would like to express my gratitude to the Management, employees and all other stakeholders for your continued support to UEM Sunrise. We fully appreciate your contributions and will continue to push ourselves to the limit, so as to build an even stronger Group that is able to reward you with the returns you expect from us, and even more going forward.

Finally, it is now my turn to say good bye. Having served as Chairman of the Group from the time we started as UEM Land Holdings Berhad on 20 August 2008, through the acquisition of Sunrise Berhad

in 2011, and becoming UEM Sunrise Berhad in 2013, I have seen the Group grow in both strength and stature. I hope, along the way, I have helped build a strong foundation that will propel the Group to greater heights.

I wish UEM Sunrise every success in the years to come.

**Tan Sri Dr. Ir. Ahmad Tajuddin Ali**  
Chairman

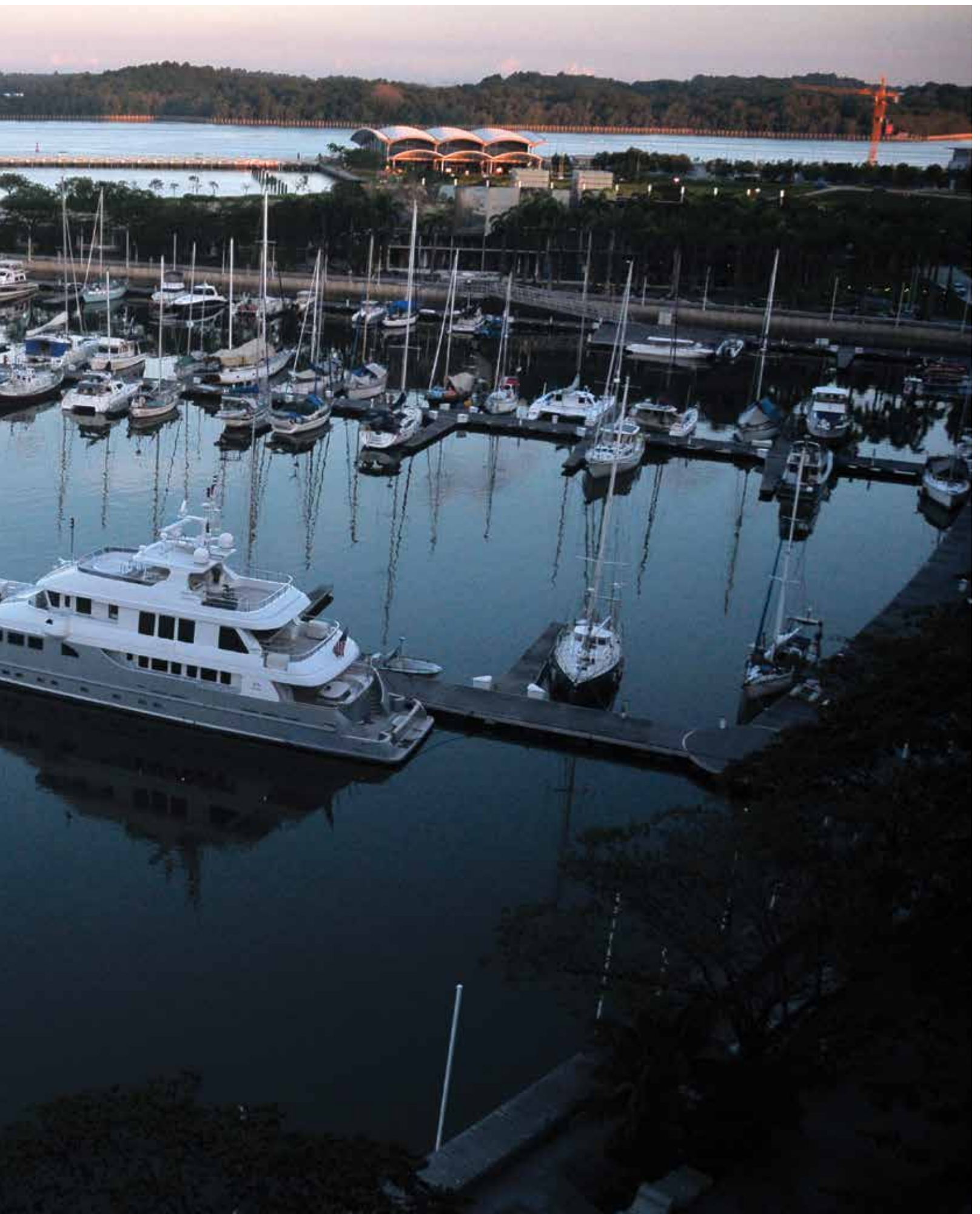


Camellia in Serene Heights, Bangi



# *Serenity,* SECURITY & STYLE

Each development has its own persona, designed with people in mind. More specifically, they were designed for comfort, convenience, security, serenity and well-being. Within our stylish living spaces are quality facilities and amenities that provide the ideal setting in living life to the fullest.



## MANAGEMENT DISCUSSION & ANALYSIS



**Anwar Syahrin Abdul Ajib**  
Managing Director/Chief Executive Officer

Dear Shareholders,

The year 2016 continued to be challenging for property developers in Malaysia as a result of various factors including a generally soft economy, strict loan requirements and weak consumer sentiment. Within this environment, however, UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) and its group of companies (the “Group”) were still able to capitalise on pockets of demand.



Melia Residences in Gerbang Nusajaya, Iskandar Puteri



This, together with ongoing efforts to build our reputation as a value-driven developer and to enhance our internal capabilities and capacity, led to an encouraging performance both operationally and financially, which we are pleased to share with you.

According to Bank Negara Malaysia, only 42% of the total value of loan applications for the purchase of residential properties in 2016 was approved, as compared to 50% in 2015. In line with weaker sentiment, softer labour market, high level of household indebtedness, coupled with tighter loan approvals, the Malaysian property industry saw fewer launches. The volume of residential transactions for the first nine months of 2016 dropped by 14% compared to the same period in 2015, while the value of transactions reduced by 11% in the same time frame.

Swept in a prevailing wave of caution, a number of developers reduced their

original sales targets for the year. After careful consideration of the market, and a strategic decision to postpone a few launches, we at UEM Sunrise too lowered our sales target of RM1.5 billion, as announced in February 2016, to RM1.0 billion in August 2016.

We decided to hold back certain launches given the weaker market sentiment. We also deferred the launch of our international high-rise project on St Kilda Road, Melbourne, Australia in order to revamp the entire development plan, collaborating with world-renowned Zaha Hadid Architects to generate higher value.

Focusing on affordable and mid-market developments which remained the most popular choice of local buyers in Malaysia, we were able to introduce close to RM560 million worth of such properties during the year. And we have been validated in our go-to-market strategy by the healthy take-up seen for these.



Almã's in Puteri Harbour, Iskandar Puteri

## MANAGEMENT DISCUSSION & ANALYSIS



In the Southern region, we launched 1,217 units within the affordable housing development Denai Nusantara in January 2016. Expected to be completed in June 2018, Denai Nusantara in Iskandar Puteri comprises five 12-storey blocks with a total of 1,109 residential units, each with three bedrooms and measuring 1,000 square feet, priced at RM150,000; as well as 108 single-storey shop lots with a built-up area of 1,200 square feet, priced at RM200,000 each.

We also launched our first landed mid-market residential development in Gerbang Nusajaya, Melia Residences. As of end March 2017, the sales take-up for Phase 1 and Phase 2 inclusive of bookings stood at 92% and 78% respectively. Phase 3 was subsequently launched following the strong demand due to attractive price point considering that it is a landed development strategically located within the proximity of the planned High-Speed Rail station. This gated and guarded picturesque lakeside enclave is within the commercial and business hub of Iskandar Puteri and only five kilometres away from the Malaysia-Singapore Second Crossing. In addition to connectivity, Melia Residences offers a holistic, nature-inspired lifestyle amid designer-landscaped environs.

In July 2016, we launched another mid-market residential development, this time in the Central region – Phase 1 of Camellia in Serene Heights Bangi comprising 109 units of double-storey terrace homes. The encouraging response inspired us to bring forward the launch of Phase 2 comprising 53 units of similar homes in August 2016. The sales take-up for Camellia as of end March 2017 was 85%.

We also brought to market a total of 1,151 units under new phases of two ongoing projects. This includes the completion of 321 double-storey terrace homes and 30 single-storey shops in Bayu Nusantara, Iskandar Puteri, our landed affordable development in June 2016 as well as 800 residential units in Verdi, our high-rise project in Symphony Hills, Cyberjaya in December 2016.

**“WE ALSO LAUNCHED OUR FIRST LANDED MID-MARKET RESIDENTIAL DEVELOPMENT IN GERBANG NUSAJAYA, MELIA RESIDENCES. AS OF END MARCH 2017, THE SALES TAKE-UP FOR PHASE 1 AND PHASE 2 INCLUSIVE OF BOOKINGS STOOD AT 92% AND 78% RESPECTIVELY.”**



We were also very pleased with the take-up of Almās Suites, part of the Almās development in Puteri Harbour. About 88% of the 546 suites as well as its retail blocks were sold as of end December 2016. Located between Kota Iskandar and the recently-completed Teega, interest in Almās signals the market’s confidence in high-rise developments in Iskandar Puteri.

Following the successful inaugural Signature Selection campaign in 2015, we launched the second edition named Signature Selection - Rendezvous in France, which ran from 1 April to 25 May 2016. During the two-month campaign, a total of 153 units were sold from selected projects in the Southern and Central regions worth RM154.3 million.

In terms of landbank expansion, our wholly-owned subsidiary, UEM Land Berhad (“UEM Land”) entered into a Joint Venture cum Shareholders’ Agreement with Leisure Farm Corporation Sdn. Bhd., a wholly-owned subsidiary of Mulpha International Berhad (“Mulpha”), to collaborate in a ‘back-to-back’ development of two plots of land measuring a total of 227.5 acres with an estimated gross development value (“GDV”) in excess of RM5 billion in Gerbang Nusajaya, Iskandar Puteri. UEM Land and Mulpha are currently working to satisfy the related conditions precedent of the agreement while deliberating on design elements for both developments.



## MANAGEMENT DISCUSSION & ANALYSIS



Conservatory, Melbourne

Meanwhile, our joint venture company with Sime Darby Property Berhad, Sime Darby Sunrise Development Sdn. Bhd., introduced a new block of residences in Radia in Bukit Jelutong, Shah Alam. Block E, comprising 168 units with built-ups ranging from 695 square feet to 2,100 square feet, was launched in September 2016, priced at a minimum of RM500,000 per unit.



In Melbourne, which has been named by The Economist as the most liveable city in the world six years running, from 2011 to 2016, we are developing Aurora Melbourne Central and Conservatory, and plan to launch St Kilda Road in 2017. The residences and serviced apartments in Aurora Melbourne Central have been fully taken up. We also sold 11 office units valued at RM59.7 million as of end March 2017, leaving a balance of five more units which we target to dispose of in the remaining months of 2017.

Adding to Conservatory's unique proposition of being nestled between the UNESCO World Heritage-listed Royal Exhibition Building and Carlton Gardens, the project has gained greater prominence following an archaeological excavation

on site which uncovered over 250,000 fragments of artefacts from Melbourne's Gold Rush era such as gold nuggets and early silver coins, reflecting a time in Melbourne's past of great wealth and plentiful opportunity. Construction works on Conservatory's 42-storey apartment tower commenced in October 2016 upon completion of the excavation.

On 29 June 2016, we signed a Sales & Purchase Agreement with AMOREPACIFIC Corporation ("AMOREPACIFIC"), a South Korea-based cosmetics company, for the sale of 25.4 acres of land in the Southern Industrial & Logistics Clusters ("SILC").

As part of its global expansion strategy, AMOREPACIFIC plans to invest approximately RM691 million in Malaysia and purchased the land for the purpose of developing an integrated centre for research and development, manufacturing and logistics.

AMOREPACIFIC, established in 1945, is South Korea's number one cosmetics company with multiple household brands including Annick Goutal, Laneige and Primera. With the establishment of the new facility, about 300 to 500 jobs are expected to be created. It will also spark a 'Queen Bee' effect, attracting both upstream and downstream industries into the region, spurring population growth in Iskandar Puteri.



Verdi in Symphony Hills, Cyberjaya



We further expanded our landbank by entering into a Joint Land Development Agreement with Telekom Malaysia Berhad (“TM”) in May 2016 to develop 1.7 acres on Jalan Raja Chulan, Kuala Lumpur. The project comprises a high-rise mixed development with serviced apartments and retail elements.

We also completed the acquisition of the remaining 38% stake in Ibarat Duta Sdn. Bhd. from Melavest Sdn. Bhd., giving us 100% ownership of Solaris 3, located between Publika and Masjid Wilayah Persekutuan, in Kuala Lumpur. The land has been earmarked for another exciting mixed development which we expect to launch in 2017 with an estimated GDV of RM735 million.

We had also intended to develop 10 parcels of freehold land measuring 608.6 acres near Serendah in Rawang into a township

together with WCT Holdings Berhad. However, in view of the soft property market, both parties decided to rescind the agreement in June 2016.

The attention to detail that we invest in all our projects, from conceptualising the master plans right through to project completion, is reflected in the quality of our end products, many of which have gone on to win awards. We were particularly proud of 28 Mont’Kiara being recognised as a Silver Winner at the FIABCI Prix d’Excellence Awards 2016 for the Residential (High-Rise) Category, in Panama City, Panama, marking our second win in the FIABCI world competition following the Gold Award won for Nusajaya (the former name of Iskandar Puteri) in the Master Plan Category in 2012.

The award validates our vision of transforming Mont’Kiara into a world-class address, one we have achieved by

continually pushing the boundaries. We feel truly honoured that the project has been deemed by an international panel of judges to be one of the world’s best in terms of architecture, development, environmental impact, financials and marketing.

In addition, we were honoured by being among the top 10 in The Edge Malaysia’s prestigious Top Property Developers Awards. We were also the recipient of All Star – Top 10 Ranked Developers Award presented by Starproperty.my. The quality of our landscaping in Symphony Hills, Cyberjaya was recognised with two Honour Awards at the Malaysia Landscape Architecture Awards, presented by the Institute of Landscape Malaysia – one for Elevated Gardens @Mozart and the other for the Opera House.



28 Mont’Kiara, Kuala Lumpur



## MANAGEMENT DISCUSSION & ANALYSIS

# FINANCIAL PERFORMANCE



Puteri Harbour, Iskandar Puteri

| INDICATOR [RM mil]                              | 2016      | 2015      |
|---|-----------|-----------|
| Revenue   | 1,841.5   | 1,749.9   |
| Cost Of Sales                                   | (1,331.0) | (1,224.7) |
| Operating Expenses                              | (360.7)   | (349.7)   |
| Operating Profit                                | 149.8     | 175.5     |
| Other Income                                    | 68.1      | 117.6     |
| Finance Costs                                   | (76.0)    | (73.9)    |
| Share Of Results Of Associates & Joint Ventures | 75.8      | 123.8     |
| Profit Before Zakat And Income Tax              | 217.7     | 343.0     |
| PATANCI   | 147.3     | 257.2     |
| Return On Equity                                | 2.2%      | 3.9%      |

Although our total revenue for the financial year ended 31 December 2016 (“FY2016”) grew by 5% compared to the financial year 2015 (“FY2015”), contribution from property development dropped slightly, representing 88% of total revenue compared to 93% in FY2015. This drop was minimal considering there were fewer launches and slower construction progress, as our new mid-market launches attracted good take-up.

Some 45% of the property development revenue was derived from projects in the Central region, the bulk of which was from Residensi22 and Arcoris, both in Mont’Kiara, as well as Symphony Hills in Cyberjaya. Another 34% was from the Southern region, generally from Teega and Estuari Gardens at Puteri Harbour, and Denai Nusantara. The remaining 21% was from International projects, mainly Aurora Melbourne Central and Conservatory, Australia as well as Quintet in Vancouver, Canada.

The slight drop in property development revenue was offset by higher land sale contribution from the disposal of land in SILC to AMOREPACIFIC and land in Afiat Healthpark to Columbia Asia Hospital in Iskandar Puteri. In FY2016, land disposal made up 6% of our total revenue, compared to only 1% in FY2015.

Despite the challenging market environment, we exceeded our revised sales target of RM1.0 billion achieving RM1.4 billion. Even more significantly, 50% of our sales was in the Southern region, mainly from Almäs, Melia Residences and Denai Nusantara, in contrast with just 12% in 2015. The Central region and International projects both contributed around 25% each with the former backed by Serene Heights Bangi, followed by Sefina Residences in Mont’Kiara and Symphony Hills in Cyberjaya while our International sales came mainly from Conservatory.

**“DESPITE THE CHALLENGING  
MARKET ENVIRONMENT, WE  
EXCEEDED OUR REVISED SALES  
TARGET OF RM1.0 BILLION  
ACHIEVING RM1.4 BILLION.”**

This, to us marks an important milestone as it reflects the market’s renewed confidence and a more positive attitude towards high-rise and premium properties in the Southern region, especially in Iskandar Malaysia.

Puteri Harbour’s strategic location as well as its uniqueness as the first integrated urban waterfront development in southern Johor will always be a key attraction for buyers looking for distinctive waterfront products. With only Imperia office tower completed towards end of 2015, Almäs’ five-storey retail blocks are an attractive offering for those who prefer low-density offices near a marine vista. Almäs Suites, the 34-storey apartment on the other hand, offers waterfront lifestyle living.

The delivery of Vacant Possession (“VP”) for Teega at Puteri Harbour commenced on 28 February 2017 for the Office Tower,

followed by the VP for the residential component. Teega, a mixed development launched in 2012, comprises Teega Residences, Teega Suites, Teega Tower and Teega Walk. The residences and office components were 95% sold as of end March 2017. The remaining residential units left for sale have built-ups ranging from 485 square feet to 4,457 square feet priced from RM490,000. Meanwhile, Teega Walk is currently open for lease. It is worth noting that early buyers for Teega would have seen a capital appreciation of about 40% from the launch price back in 2012 of approximately RM700 per square foot (“psf”) to about RM1,000 psf currently.

Revenue from property investment, project management, asset and facilities management and other activities remained flat at 6% of our total. The decline in unrecognised revenue of RM4.1 billion in FY2016 compared to RM4.7 billion in FY2015 reflects the construction progress of our Australian projects which are coming along positively, giving us earnings visibility for at least another two to three years.

The soft market was experienced across the board by all property developers, including our partners, leading to a lower share of results of associates and joint ventures by 39% compared to FY2015. For other income, a few one-off items recorded in FY2015 such as Liquidated Ascertained Damages received from contractors for Imperia and East Ledang as well as dividend distribution from Project Usahasama Transit Ringan Automatik Sdn. Bhd. were absent in FY2016. These affected UEM Sunrise’s overall profitability, resulting in a 43% decline in our profit after tax and non-controlling interest (“PATANCI”).

To facilitate progress of our projects in Australia, which are receiving positive market response, we drew down on a new financing facility. This led to a slight increase in our gross gearing to 0.54x from 0.40x at end 2015, which is still healthy, leaving us sufficient headroom to raise future financing, if required, to fund our development and expansion plans. We expect our cashflow to improve significantly with the completion of the early stages of the residential component in Aurora Melbourne Central, targeted for 2018.



Sky Deck of Teega in Puteri Harbour, Iskandar Puteri



Estuari Gardens in Puteri Harbour, Iskandar Puteri

## MANAGEMENT DISCUSSION & ANALYSIS

### BUSINESS & OPERATIONS REVIEW

## SOUTHERN REGION

The Southern region remains a key property development area for UEM Sunrise as this is where our landbank is predominantly located. Approximately 9,100 acres including joint venture development lands are available for development in Iskandar Puteri, Desaru, Kulai and Mersing. This comprises land for pipeline projects, remaining developed lands i.e. Puteri Harbour, SILC and Afiat Healthpark, as well as lands for which we have no immediate development plans. The remaining estimated GDV to be launched including phases of ongoing property developments is approximately RM93 billion.

During the year, we launched 1,583 units in Iskandar Puteri with a total GDV of RM451.3 million. This includes 1,217 units in Denai Nusantara and 366 units in Melia Residences. We also completed 351 units in Bayu Nusantara in June 2016. Developments in Desaru and Kulai are undertaken jointly with Desaru Development Corporation Sdn. Bhd. and KLK Land Sdn. Bhd., respectively with planning currently in progress.

Details of ongoing property developments in the Southern region, which are predominantly in Iskandar Puteri, are as follows:

| Project  | Description   | Land Area (acres) | Total Units | Total GDV (RM mil) | Project Launch Date | Launched GDV (RM mil) | Take-up as of end March 2017 |
|--|---|-------------------|-------------|--------------------|---------------------|-----------------------|------------------------------|
| Nusa Idaman  | Mixed mid-market residential development comprising double-storey terrace, semi-detached houses, bungalows, high-rise condominiums and shops  | 251.0             | 2,897       | 1,879.2            | March 2006          | 945.9                 | 96%                          |
| Horizon Hills – Joint Venture with Gamuda Land Sdn. Bhd. | Integrated golf themed residential and leisure development comprising landed and high-rise, with nine residential parcels and a 200-acre 18-hole golf course  | 1,227.0           | 4,035       | 7,220.0            | March 2007          | 4,389.5               | 87%                          |
| East Ledang  | Garden themed luxury development featuring 31 gardens and residences comprising link duplexes, twin villas, townhouses, bungalows and high-rise apartments, in addition to a clubhouse and retail units | 348.0             | 3,677       | 4,273.9            | February 2008       | 1,842.1               | 91%                          |



| Project   | Description  | Land Area (acres) | Total Units        | Total GDV (RM mil) | Project Launch Date | Launched GDV (RM mil) | Take-up as of end March 2017 |
|---|--|-------------------|--------------------|--------------------|---------------------|-----------------------|------------------------------|
| Nusa Bayu   | Residential development catering for first-time home buyers with earlier components mainly landed double-storey terrace houses   | 258.0             | 2,877              | 1,159.9            | October 2010        | 749.9                 | 88%                          |
| Teega, Puteri Harbour   | High-rise mixed commercial-residential development comprising a 35-storey condominium, a 35-storey tower of serviced apartments, each with its own Sky Park, a 25-storey office tower, a retail component and dedicated facilities | 10.1              | 1,371              | 1,347.3            | November 2012       | 1,297.5               | 95%                          |
| Emerald Bay, Puteri Harbour – Joint Venture with Bandar Raya Development Berhad | Premier waterfront residential development comprising canal housing, waterfront villas and low-rise condominiums with beaches, islands and a clubhouse   | 110.0             | 1,649              | 3,176.0            | October 2013        | 338.0                 | 82%                          |
| Almã, Puteri Harbour  | High-rise mixed commercial-residential development comprising a 42-storey residential tower, a 42-storey residential suites, a 28-storey office tower and a 5-storey retail/shop offices   | 12.2              | 1,513              | 1,562.2            | January 2014        | 558.0                 | 88%                          |
| Estuari, Puteri Harbour   | Premium residential development ranging from landed to low-rise condominiums comprising superlinks, twin villas, villas and condominiums   | 394.0             | 3,826              | 6,521.5            | August 2015         | 572.2                 | 18%                          |
| Denai Nusantara   | Affordable development comprising five 12-storey residential towers and single-storey landed shops   | 40.8              | 1,217 <sup>1</sup> | 188.5              | January 2016        | 188.5                 | 35%                          |
| Melia Residences  | Mixed mid-market strata residential development comprising double-storey terrace houses  | 73.6              | 625                | 508.6              | April 2016          | 262.8                 | 58% <sup>2</sup>             |

<sup>1</sup> Include 108 shop units.

<sup>2</sup> Confirmed sales as reflected from signed sale and purchase agreements for all three phases.

We are planning to unveil a new landed mid-market residential development comprising mainly double-storey terrace houses called Serimbun in the Southern region in 2017. This is based on the positive response gained for the mid-market properties launched in 2016 namely Melia Residences in Gerbang Nusajaya and Camellia in Serene Heights Bangi in the Central region. Given that the economy and consumer sentiment in 2017 are expected to be similar to 2016, we expect demand for landed mid-market properties to remain dominant.

Other than conventional property development, UEM Sunrise takes pride in our catalytic projects which serve to turn Iskandar Puteri into a thriving business, living and leisure destination.

## MANAGEMENT DISCUSSION & ANALYSIS



### CATALYTIC DEVELOPMENTS

**Puteri Harbour** is being developed as a luxurious waterfront tourist hub, boasting a marina, harbour, world-class hotels and serviced apartments fully complemented by quayside fine dining, al fresco cafes as well as lifestyle retail stores.

Much of the waterfront infrastructure is already completed, including the public marina, the Puteri Harbour International Ferry Terminal and retail precinct.

The retail precinct is wholly-owned and operated by subsidiaries of Themed Attractions Resorts & Hotels Sdn. Bhd. and features the 4-star Hotel Jen Puteri Harbour, an indoor entertainment theme park, fine dining and alfresco cafes.

In 2016, the retail precinct launched a “time.together” campaign aimed at showcasing family-friendly activities. One of the main highlights was the debut of 12 Hello Kitty-themed rooms in Hotel Jen Puteri Harbour. This collaboration between global lifestyle brand Sanrio, SANRIO HELLO KITTY TOWN and Hello Kitty Red Bow Café aimed at providing a 360 degree Hello Kitty experience to



Sanrio Hello Kitty Town and Thomas Town in Puteri Harbour, Iskandar Puteri

guests staying at the waterfront hotel. The themed rooms are available in three series namely the Sailor, Hello Kitty in Oz and Pink Series.

Among the other key events held were Dinner in the Sky, for which more than 1,200 tickets were sold and the Thomas Town Mini and Mighty Roadshow, which recorded more than 18,000 visitors.

On 22 February 2016, we signed a joint venture agreement with SUTL Marina Holdings Pte. Ltd., a subsidiary of SUTL

Enterprise Limited of Singapore to upgrade the existing marina and develop a mega yacht marina, private marina and new clubhouse. This will allow us to create synergies with the ONE°15 brand which operates the ONE°15 Marina Club in Sentosa, Singapore. The world-class marina in Puteri Harbour will add to the vibrancy and attractiveness of Iskandar Puteri, and contribute towards transforming Iskandar Puteri into a truly sustainable community.



Aside from our developments in Puteri Harbour, our strategic partners have also commenced developments of their own – Encorp Marina by Encorp Berhad, Pinetree Residences by Terminal Perintis Sdn. Bhd., Puteri Cove Residences by Tropical Sunrise Development Inc. and Southern Marina Residences by Southern Marina Development Sdn. Bhd.

Puteri Harbour is fast gaining recognition and renown as the place-to-be and the destination for international events. It was the venue sponsor for the opening and closing ceremony of the Monsoon Cup Championship 2015/2016, a sailing event with participants from Australia, New Zealand, Singapore, Great Britain, United States of America, Denmark, Sweden and Malaysia. It also witnessed the inaugural Challenge Iskandar Puteri which attracted more than 1,500 professional triathletes from Indonesia, Singapore, Australia, New Zealand, Slovakia, Japan, China and Malaysia; and Malaysia’s biggest night run series – Men’s Health Women’s Health Night Run – that saw 5,000 participants. In addition, it was the host venue for the Demi Johor D.U.A, a prestigious three-day event featuring activities revolving around the three elements of Land, Air and Water attended by more than 100,000 people.

These events underline UEM Sunrise’s long-term commitment to incorporating sports and healthy living into the blueprint of Iskandar Puteri and form a part of our placemaking approach. They also serve to bring Iskandar Puteri to the eyes of the world and showcase what it has to offer - among others, world class developments, sustainable living, attractive investment opportunities and a multi-faceted approach to the planning, design and optimum management of public spaces.

Growth in the number of visitors to Puteri Harbour is matched by a corresponding increase in use of the ferry terminal. Passenger volume increased to 109,117 pax for the year 2016, nearly double the 65,309 pax in 2015. Currently, ferries from the terminal ply two routes – to and from Batam and Tanjung Balai, Karimun in Indonesia.

Leveraging on its strategic location – near Singapore and within a growing regional tourist, commercial and industrial hub – we aim to set up an international convention centre in Puteri Harbour and are looking for a suitable partner to undertake this venture. The convention centre is envisioned to be a catalyst for sustainable, technologically-advanced, purpose built facility to cater for international, regional and local large-scale events and functions as a driving force for job creation, sustainable tourism and economic growth.

**Kota Iskandar** serves as the administrative centre of the Johor State Government, complete with the Chief Minister and State Secretary Complex, State Legislative Assembly, Ceremonial Plaza, government offices and mosque. Currently accommodating about 2,250 civil servants, Kota Iskandar is expected to have a population of about 6,000 civil servants once it is fully completed. Extension works being undertaken at the Chief Minister and State Secretary Complex are expected to be completed by August 2018.

**SILC** is Iskandar Puteri’s flagship industrial park for advanced technologies, biotechnology and integrated logistics targeted at light to medium industries. The first two phases of this three-phase 1,300-acre development are fully sold, with 312 units comprising 120 factories and 192 commercial units completed as of end December 2016, of which 46 factories and 110 commercial units are already in operation. Another 321 units are currently under construction consisting of 261 factories and 60 commercial units. For SILC Phase 3, on 7 February 2017, we signed up with Hong Kong-based Crown Worldwide Group, an information management, mobility, relocation and logistics expert, for the disposal of 4.1 acres of industrial land for the development of a document storing facility, an investment value of approximately RM37 million. We also formally launched Phase 3 on even date. Infrastructure works for Phase 3 are ongoing.



SILC, Iskandar Puteri

## MANAGEMENT DISCUSSION & ANALYSIS

**Afiat Healthpark** took off as a healthcare destination with the opening of the 81-bed Columbia Asia Hospital (“Columbia”) in 2010. Due to its proximity to mature residential developments such as Nusa Idaman and Bukit Indah, the hospital operates at near-full occupancy at all times. This prompted Columbia to purchase an adjacent three-acre parcel to expand the hospital. The sale and purchase agreement was completed in November 2016. DB Hartanah Sdn. Bhd. also has a presence in Afiat Healthpark via DB Medical & Wellness Centre, comprising medical and office suites; and a 4-star boutique hotel, Millesime Hotel, featuring 161 rooms. Plans are ongoing for Parcel E, which it acquired in September 2014.

**Bio-XCell** Malaysia, developed in collaboration with Malaysian Bioeconomy Development Corporation Sdn. Bhd. (formerly known as Malaysian Biotechnology Corporation Sdn. Bhd.), is Malaysia’s first dedicated biotechnology park. The park houses a one-of-its-kind purpose built Central Utilities Facility (“CUF”), which is currently in operations supplying industrial steam and chilled water to our industrial clients while also managing their wastewater treatment. Key clients include Biocon Ltd. of India,

the largest biotechnology firm in Asia specialising in biopharmaceuticals; Verdezyne Inc. from San Diego, California, USA, an industrial biotechnology company; and WH Distripark, a Malaysian warehouse and logistics company.

**Pinewood Iskandar Malaysia Studios** is a world-class film and television studio facility for the Asia-Pacific region offering film stages, television studios, production accommodation water tanks and post-production facilities (provided by Imagica Southeast Asia). It has hosted the filming of Netflix and The Weinstein Company’s epic television series Marco Polo Seasons 1 and 2, Vincent Zhou’s sci-fi thriller Lost in the Pacific and many more. In 2016, the Studios also hosted the unveiling of Fastrackcity’s design.

“AS UEM SUNRISE AND OUR STRATEGIC PARTNERS CONTINUE TO MAKE GOOD PROGRESS ON THESE DEVELOPMENTS, THE COMPANY IS NOW FOCUSING ON ISKANDAR PUTERI’S NEXT GROWTH CATALYST, GERBANG NUSAJAYA.”



**Somerset Medini Iskandar Puteri** was opened on 1 February 2016. The 310-room serviced apartment project was developed by Nusajaya Consolidated Sdn. Bhd., a 50:50 joint venture with United Malayan Land Berhad and is currently managed by The Ascott.

As UEM Sunrise and our strategic partners continue to make good progress on these developments, the Company is now focusing on Iskandar Puteri's next growth catalyst, Gerbang Nusajaya. To be rolled out over a period of 25 years, Gerbang Nusajaya is slated to become the commercial and industrial engine of Iskandar Puteri, complete with lifestyle and retail parks, campus offices, industrial parks and residential precincts.

### SPOTLIGHT ON GERBANG NUSAJAYA

**Gerbang Nusajaya**, a sprawling 4,551-acre township, is set to draw large numbers of Malaysians and expatriates for work purposes as well as leisure. Because of its strategic location, it enjoys excellent connectivity and is touted as the gateway to Iskandar Malaysia. From Gerbang Nusajaya, residents and businesses have easy access to two airports (Senai International Airport in Johor and Singapore's Changi International Airport), four ports (Port of Tanjung Pelepas, Tanjung Langsat Port, Pasir Gudang Port and Port of Singapore) and the Malaysia-Singapore Second Crossing.

Gerbang Nusajaya's total estimated GDV of RM42 billion encompasses residential precincts, of which Melia Residences is the first to be developed.

Another key development in Gerbang Nusajaya during the year was the 'back-to-back' collaboration with Mulpha to jointly develop 136.3 acres of our land and 91.2 acres of Mulpha's land into landed and high-rise residences, as well as commercial and retail components. The proposed development, near Leisure Farm Resort, has an estimated GDV of over RM5 billion and is expected to be rolled out over a period of 12 years following its launch. Agreements to that effect were signed in February 2016. Gerbang Nusajaya is also ready to capitalise on the High-Speed Rail station slated to be located in Iskandar Puteri as announced by the Government of Malaysia.



Gerbang Nusajaya, Iskandar Puteri

## MANAGEMENT DISCUSSION & ANALYSIS



On 6 December 2016, we unveiled the design of **Fastrackcity**, another catalytic development in Iskandar Puteri being undertaken by Fastrack Iskandar Sdn. Bhd. (“FASTRack Iskandar”), our joint venture company with FASTrack Autosports (Iskandar) Pte. Ltd. The event was officiated by YAB Dato’ Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia, while HRH The Crown Prince of Johor, Tunku Ismail Ibni Sultan Ibrahim, who is the Chairman of FASTrack Iskandar, witnessed the proceedings. The ceremony was also attended by the YAB Dato’ Mohamed Khaled Nordin, Chief Minister of Johor. Fastrackcity is designed to become the ultimate automotive lifestyle hub for enthusiasts of all ages in Malaysia, Singapore and beyond. The development, expected to be completed in 2019, features a state of the art 4.45-km Grade 1 Federation Internationale Automobile and Grade A Fédération Internationale de Motocyclisme international circuit. The terrain hugging track takes advantage of the natural 60-metre elevation differential of the site and provides a racing experience like no other in Asia.

**Nusajaya Tech Park**, located in Gerbang Nusajaya, is being developed with the Ascendas Singbridge Pte. Ltd. of Singapore as an integrated industrial park with eco-friendly infrastructure, design and facilities. Construction of TM’s data centre is ongoing with target completion in the second quarter of 2017. Meanwhile, 21 units in Phase 1 of the Ready-Built-Factories (“RBF”) were completed in February 2016. Having obtained the Certificate of Practical Completion for the remaining 22 RBF, we are now awaiting the Certificate of Completion and Compliance. Take-up of Phase 1 as of end March 2017 stood at 42%.



Verdi in Symphony Hills, Cyberjaya



Opera House in Symphony Hills, Cyberjaya

## CENTRAL REGION

Our developments in the Central region are concentrated in Mont’Kiara, with others located in Cyberjaya, Bangi, Shah Alam, Kajang and Seremban. We still have 130 acres of landbank in the region that have yet to be developed – encompassing projects in the pipeline and lands with no immediate development plans. Together, these hold an estimated GDV of RM13 billion.

During the year, we launched 162 units in the region with a corresponding GDV of RM107.1 million. This comprised double-storey terrace houses in Phase 1 of Camellia within Serene Heights Bangi.

The delivery of VP for Verdi at Symphony Hills, Cyberjaya commenced on 15 December 2016. Located on a 9.2 acre land, Verdi is presented in two residential towers standing at 44 and 45-storeys, respectively. Encapsulating 800 units of apartments in total, the units are offered in various configurations including built-ups that range between 700 square feet and 1,453 square feet with an average of 10 units on each floor. Verdi was launched in October 2012.

We also signed a development agreement with the Malay College Old Boys Association (“MCOBA”) on 21 February 2017 to undertake a mixed development project on MCOBA’s 2.65-acre land located along Jalan Syed Putra in Seputeh, Kuala Lumpur. With a GDV in excess of RM750 million, we are planning to develop and sell two blocks of serviced apartments and for MCOBA, to deliver a new office building and a banquet hall with a capacity of 1,200 pax. The products and unique location of this development will make it a win-win venture for both parties. Planning is currently underway.

Details of the ongoing property developments in the Central region are provided in the table below:

| Project   | Description  | Land Area (acres) | Total Units | Total GDV (RM mil) | Project Launch Date | Launched GDV (RM mil) | Take-up as of end March 2017 |
|---|--|-------------------|-------------|--------------------|---------------------|-----------------------|------------------------------|
| Forest Heights, Seremban - JV with MCL Land Ltd. of Singapore | Mid-market mixed residential development comprising single and double-storey terraced houses, bungalows, shop offices and retail units   | 488.0             | 2,839       | 2,017.0            | 2004                | 404.7                 | 85%                          |
| Symphony Hills, Cyberjaya                                     | Residential development consisting of terraced houses, twin villas, townhouses and condominiums with clubhouse facilities  | 98.0              | 2,500       | 1,262.5            | July 2010           | 1,105.5               | 64%                          |
| Arcoris Mont’Kiara, Kuala Lumpur                              | High-rise mixed development comprising 18-storey serviced residence tower, 35-storey hotel to be operated by Hyatt Hotels Corporation, SOHO and business units with retail outlets | 6.0               | 1,257       | 1,257.9            | October 2011        | 734.5                 | 100%                         |

## MANAGEMENT DISCUSSION & ANALYSIS

| Project  | Description  | Land Area (acres) | Total Units | Total GDV (RM mil) | Project Launch Date | Launched GDV (RM mil) | Take-up as of end March 2017 |
|--|--|-------------------|-------------|--------------------|---------------------|-----------------------|------------------------------|
| Residensi22 Mont' Kiara, Kuala Lumpur                                      | High-rise development comprising four 38-storey residential towers each with spacious built-up units   | 6.7               | 534         | 971.3              | September 2013      | 971.3                 | 99%                          |
| Radia in Bukit Jelutong, Shah Alam – JV with Sime Darby Property Sdn. Bhd. | Mixed residential-commercial development comprising serviced apartments, retail shops and strata offices   | 21.0              | 1,064       | 2,021.0            | November 2013       | 795.6                 | 48%                          |
| Serene Heights Bangi, Selangor   | Mid-market residential development comprising landed double-storey terraced and semi-detached houses, bungalows, condominiums and commercial units | 448.0             | 4,977       | 3,435.9            | June 2015           | 268.5                 | 85%                          |
| Sefina Residences Mont'Kiara, Kuala Lumpur                                 | Low-density 35-storey residential tower  | 3.0               | 245         | 307.3              | August 2015         | 307.3                 | 95%                          |

We plan to launch a few more phases of Serene Heights Bangi comprising double-storey terrace houses in 2017 as well as the long-awaited mixed integrated commercial, retail and residential development, Solaris 3 in Mont'Kiara.





## INTERNATIONAL PRESENCE



We have approximately 36 acres of landbank internationally, representing 0.3% of our total, with most of it concentrated in Durban, South Africa. We are currently active in Melbourne, Australia while winding down our presence in Vancouver in British Columbia, Canada and commencing the process of maximising our asset in Durban, South Africa.

In the Melbourne Central Business District (“CBD”), construction of Aurora Melbourne Central and Conservatory are underway, with stage completions for the residential components starting in the fourth quarter of 2018. The substructure works for both projects have been completed and structural works are progressing well. As of end March 2017, sales of the residential apartment in Aurora Melbourne Central was almost 100% while that of its office suites stood at 69%, enjoying record sales rate of approximately AUD10,350 per square metre as demand intensifies for the niche investment class. Conservatory’s take up was 89% as of end March 2017. Our luxurious residential project on St Kilda Road, designed by the renowned London-based Zaha Hadid Architects, will be launched in the later part of 2017.

We are also planning to develop our landbank in Durban, South Africa which has been in our possession since early 2000. The development will be designed to maximise views of Durban Harbour and the Indian Ocean.

In Vancouver, our mixed residential and commercial project Quintet has been completed and fully sold. With the handover of its second, and final phase in December 2015, we are wrapping up our operations in the country. We feel it is expedient to dispose of our Alderbridge landbank to be able to better focus the energies on projects in Melbourne.

Details of ongoing International property developments are provided in the table below:

| Project                                 | Description   | Land Area (acres) | Total Units | Total GDV (RM mil) | Project Launch Date | Launched GDV (RM mil) | Take-up as of end March 2017 |
|---|---|-------------------|-------------|--------------------|---------------------|-----------------------|------------------------------|
| Aurora Melbourne Central, Melbourne CBD | Premier integrated high-rise development comprising 92-storey residential tower, serviced apartments/ hotel, retail and office space on La Trobe Street | 0.8               | 975         | 2,390.4            | October 2014        | 2,218.1               | 99%                          |
| Conservatory, Melbourne CBD             | Premier 42-storey residential tower on Mackenzie Street   | 0.5               | 446         | 990.6              | September 2015      | 990.6                 | 89%                          |

Both Aurora Melbourne Central and Conservatory are high-end products and have been well received by the market. Their success validates our belief in demand for luxury condominiums in Melbourne, especially among downsizers, namely more senior residents relocating from large suburb homes into smaller units in the Melbourne CBD, high net-worth professionals, and international investors who are attracted by steadily increasing rental yields in Melbourne, along with concomitant capital appreciation.

## MANAGEMENT DISCUSSION & ANALYSIS



Conservatory, Melbourne

These buyers, however, are very discerning about design quality as well as services provided. We recognise their expectations and are committed to meeting them, engaging award-winning architects to develop aesthetically and functionally superior products in prime locations, and providing innovative features that enhance residents' lifestyles. In Conservatory, for example, we are offering pools, patios, entertainment rooms and a sky deck that overlooks the National Heritage-listed Royal Exhibition Building and Carlton Gardens. The Carlton Skydeck will feature an observation deck, a private Jacuzzi, social Jacuzzi and sky pods.



Aurora Melbourne Central, Melbourne

## AFFORDABLE HOUSING IMPROVES THE SOCIAL ECONOMY OF THE RAKYAT

As a socially responsible developer, we are committed to building affordable housing so that all Malaysians can enjoy the security of home ownership. Most of our affordable projects are in Johor, where we are collaborating with the state government on marketing efforts to heighten awareness of the homes. To further encourage sales, we go the extra mile to help potential buyers with their loan applications, leveraging on various schemes that have been made available for low-cost housing.

Our first affordable development in Iskandar Puteri, Taman Nusantara, is being undertaken in collaboration with Denia Development Sdn. Bhd. To date, we have

completed 3,824 units of double-storey terrace houses and shop offices, with 345 more units currently under construction. Within Taman Nusantara, we are also developing various phases of Nusantara Prima, comprising 1,003 units of double-storey terrace houses and cluster homes, which are slated for staggered completion in 2017.

On our own, we completed 351 double-storey terrace houses in Bayu Nusantara comprising 80 units of Perumahan Komuniti Johor with built-ups of 850 square feet priced at RM80,000 each, 241 units of Rumah Mampu Milik Johor with built-ups of 1,000 square feet priced at RM150,000 each, and 30 shop units priced at RM200,000 each. The handover ceremony to the eligible buyers was

held on 5 June 2016 and was officiated by the Chief Minister of Johor, YAB Dato' Mohamed Khaled Nordin.

The high-rise Denai Nusantara is still under construction, with target completion in June 2018. We are also in the midst of planning a new affordable development, Laman Nusantara (previously known as Gerbang Nusantara), which we aim to launch in 2018.

In addition, we have plans to develop a total of 810 type A, B and C affordable homes in Serene Heights Bangi in the Central region under the Rumah SelangorKu scheme.



## MANAGEMENT DISCUSSION & ANALYSIS

### ASSETS UNDER PROPERTY INVESTMENT

Our revenue is enhanced by the management of assets in the Southern and Central regions. Although this makes up a small percentage of our total revenue, it forms a steady and valuable stream of income.

In the Southern region, we manage Puteri Harbour International Ferry Terminal and the Puteri Harbour Marina Clubhouse, as well as the Ledang Urban Retreat in East Ledang and two malls – Anjung Neighbourhood Centre in East Ledang and Mall of Medini in Medini, the CBD of Iskandar Puteri. At the MAP@Mall of Medini, space is available for rent, for private and social events.

In the Central region, our portfolio of assets includes Publika and MAP@Publika in Solaris Dutamas as well as Opera House, the exclusive floating clubhouse in Symphony Hills.

Publika continues to entice KL-ites with its eclectic collection of artsy shops, restaurants and cafes as well as Ben's Independent Grocer which offers an extensive range of local and imported foodstuff including gourmet items in addition to fresh produce. The event space at MAP@Publika, meanwhile, has become a social hub for residents of the Mont'Kiara enclave and Solaris Dutamas neighbourhood and beyond featuring film viewings, concerts, art exhibitions, talks, workshops and more.

### STRATEGIC DIRECTION

Although in the short term our actions are influenced by ongoing macro-economic and operational factors, we continue to be guided by the same strategic thrusts that define our long-term vision for UEM Sunrise to 'build communities of the future' and determine how we intend to get there.

In essence, we focus on three key areas: to build the UEM Sunrise brand as a reputable, value-driven developer of signature properties; expand our geographical base and adjacent business; and nurture a service-oriented culture.

In terms of brand building, we seek to develop thriving townships where residents have access to holistic and integrated facilities enhanced by quality living spaces.

We understand that key to luxurious high-rise living is to offer unique experiences such as spectacular views, communal activities and personalised services that enhance quality of life. This we have created in many of our existing projects and will continue to feature in future developments.

At the same time, we look to diversify our product offerings by venturing into both mid-market as well as more exclusive landed property. The former is enjoying high demand currently while the latter offers the potential for an altogether different kind of luxurious lifestyle ensconced in serenity and privacy within its environment.

Location plays a key role in each development, and indeed is one of several decisive factors in our land acquisitions. The location either has to already have developed value or have the potential to be developed into premier addresses. In developing a premier destination, we enter into strategic partnerships to create the necessary infrastructure, facilities and amenities for sustainable communities.

To further build on our 'placemaking' aspiration, we collaborate with Khazanah Nasional Berhad ("Khazanah") and Iskandar Investment Berhad to undertake vibrant community activities such as the annual ISKARNIVAL. In conjunction with the tenth anniversary of Iskandar Malaysia, ISKARNIVAL was held on a larger scale, entailing three weekends of thematic events in September, October and November 2016. Together, ISKARNIVAL KREATIF, ISKARNIVAL NARATIF and ISKARNIVAL SAMA-SAMA provided platforms to showcase the artistic, creative and cultural talent we have in the south with the aim of fostering community ties and socio-economic inclusiveness in Iskandar Puteri. In a similar vein, for the





ISKARNIVAL Naratif in Mall of Medini, Iskandar Puteri

first time in August 2016, we hosted the inaugural Challenge Iskandar Puteri, part of an international triathlon that is held in various countries around the world. The event has put Johor, and Iskandar Puteri in particular, on the global triathlon map.

In order to create a more balanced portfolio, we seek not only to diversify our products but also their geographical location. Geographical diversity will help to reduce our market risk while strengthening our revenue profile. Within Malaysia, we believe there is scope for much greater expansion beyond Iskandar Puteri. We are actively looking to increase our landbank in the Central region with a focus on hot spots which carry high potential for growth.

In the international market, while we hope to wrap up our operations in Vancouver we are pleased with our performance in Melbourne and will be open to acquiring more landbanks in this city as well as others in Australia and elsewhere in the international space that fit our brand profile.

Supporting these strategies, we will continue to place increasing emphasis on operational efficiencies and keep our costs low as we can reasonably expect profit margins to continue to narrow along with rising cost of materials and labour.

Finally, we recognise that customer experience is critical to building our brand value, and are placing more emphasis on creating a customer-centric mindset within the organisation. Not only do we design our projects with customer convenience, comfort and enhanced lifestyle in mind, we always strive to ensure customer satisfaction at every point of our interaction with them.

We undertake an annual customer satisfaction survey which serves as a formal barometer of how well we are doing on this front, while numerous events are organised throughout the year – including golf competitions and festivity celebrations – to enable us to engage with our customers on a casual and fun basis. These are in addition to the sophisticated soirees and other events we line up for the benefit of our loyal Trésorians.



ISKARNIVAL Kreatif in Mall of Medini, Iskandar Puteri

## DEVELOPING CAPABILITIES

To ensure our strategies are translated into actionable plans and carried out efficiently, we require a high calibre workforce with the right skills and knowledge. Towards this end, we make a conscious effort to recruit quality talent into the organisation and then invest in their continued professional development.

Our Talent Acquisition team is tasked with identifying competency gaps within the Group and developing programmes to address these. We believe that with a strong leadership, we will be able to cultivate the kind of high-performance, service-oriented organisation that we aspire to. Hence much emphasis is placed on building a leadership pipeline, and various programmes have been organised to help realise the leadership potential of employees at different levels in UEM Sunrise.

At the same time, we offer functional training to build competencies in areas that are critical to our business such as project management, quality control, customer service and sales & marketing. We also positively encourage the development of soft skills such as effective communication and creative thinking, which go a long way towards building a dynamic culture that would, in turn, drive our business success.



ISKARNIVAL Sama-Sama in Puteri Harbour, Iskandar Puteri

## MANAGEMENT DISCUSSION & ANALYSIS



### CORPORATE SOCIAL RESPONSIBILITY

UEM Sunrise plays a significant role in the communities where we operate, and makes a continuous effort to give back to society for the simple reason that we believe it is the right thing to do. Our corporate citizenry revolves around two pillars - education enhancement and community development.

In terms of the former, we have adopted 21 schools in Peninsular Malaysia under the Khazanah-inspired PINTAR programme, where we encourage the children to strive for excellence in everything they do. As part of our involvement in these schools, we run Examination Seminars, Motivational Camps and High Order Thinking Skills' programmes to enhance examination outcomes.

Our community outreach programmes take the form of donations as well as active volunteerism at various homes for the underprivileged. This year, we organised a CSR programme with the Agathians Shelter just before Deepavali and a pre-Christmas presentation to the Shelter Home for Children. We also contributed zakat (tithes) to various homes, schools and charitable organisations in conjunction with Ramadan.

For the first time, additionally, we undertook a community event in Melbourne, where we are growing our presence – as a symbol of our long-term commitment to the city. In March 2016, we brought together several world-renowned architects at a symposium themed Luxury: Allusion.Illusion.Elusion. Their presentations and masterclasses benefited more than 250 architecture practitioners, designers, industry players, students, media representatives and others interested in the topic.





Conservatory, Melbourne

## OUTLOOK & PROSPECTS

The sluggish market we have experienced from 2015 is likely to continue in 2017 as there is no sign of a let-up on stiff loan requirements while the economy remains soft. Consumers are expected to adopt a wait-and-see attitude with regard to big-ticket purchases including homes. Although demand for property overall will be dampened, as in 2016, there will be certain bright spots especially in mid-market and affordable home segments as first-time buyers continue to fulfil their dreams of becoming proud homeowners.

Following the success of Melia Residences and Camellia in Serene Heights Bangi in 2016, we aim to launch a number of similar mid-market landed projects in 2017, both in the Southern and Central regions.

At the same time, we will focus on our catalytic projects in the Southern region to drive critical mass which, once reached, will see Iskandar Puteri truly take off. Commencement of the High-Speed Rail project between Kuala Lumpur and Singapore will serve as an added boon in this regard, and we plan to capitalise on the business activities generated to support its development.

We believe in the potential for quick turnarounds in the Klang Valley, where demand for property is still strong in certain segments and will leverage on this. We still have undeveloped lands in Mont'Kiara, Seputeh and Klang; and, through our partnerships with TM and MCOBA, we are privileged to have the opportunity to develop and have a presence in Jalan Raja Chulan and Jalan Syed Putra, both in the centre of Kuala Lumpur city.

Our team will be working on the master plans for these sites, and we hope to be able to launch them in the near future. We are also looking for opportunities to develop an integrated township in the Klang Valley, and continuously approach potential strategic partners to explore possible collaborations for win-win outcomes.

2017 holds a very exciting prospect in the international space, in view of the totally revamped and more exciting plan for St Kilda Road, Melbourne. Although the Victoria State has increased the duty surcharge for foreign purchasers from 3% to 7% effective 1 July 2016, we are confident that demand for our project in St Kilda Road will not be affected given the

very strong value proposition Melbourne presents for property investment.

Financially, we are entering the year with approximately RM4.1 billion in unrecognised revenue, which provides us near-term earnings visibility from progress billings of units that have been sold.

Altogether, we are positive that with our landbank expansion and diversification, continued release of market-relevant and quality products, and our placemaking activities to create dynamic and vibrant communities in all our built environments, we will be able to overcome whatever challenges the market faces in 2017.

Our undertakings in 2016 and the many learnings we have gained, have further strengthened the Company at our core. This makes us much fitter and places us in a more advantageous position to participate fully in the next market upswing. We will continue to build communities of the future with you and for you... creating greater stakeholder value as we do.

**Anwar Syahrin Abdul Ajib**

Managing Director/Chief Executive Officer

## 2017 OUTLOOK

**Lacklustre global trade, subdued investment and heightened policy uncertainty marked another challenging year for the world economy in 2016, during which Gross Domestic Product is estimated to have reached 3.1%<sup>1</sup>. Although economic activity is expected to pick up in 2017, the outlook is rather fluid with global growth projected to maintain at 3.1%<sup>2</sup>, given uncertainties concerning the new United States of America's ("US") administration and its policy stance. With positive policy stimulus in the US or The People's Republic of China ("China"), global activity could exceed current projections. Key negative risks include: a possible shift towards inward-looking policy platforms and protectionism; sharper than expected tightening in global financial conditions that may result in balance sheet weaknesses in parts of the Euro Area and some emerging markets; a more drastic slowdown in China; and increased geopolitical tensions.**

After a year of relatively weak exports and investment, and despite policy uncertainties, the economic outlook for the US in 2017 is improving. Along with increased confidence, the US Dollar has been strengthening against the Chinese Yuan, British Pound, Euro and Japanese Yen since third quarter 2016. Growth is expected to regain momentum, supported by some near-term fiscal stimulus and normalisation of monetary policy, among others.

Meanwhile, uncertainty about the Brexit process is likely to weigh on growth in the United Kingdom and to a lesser extent in the Euro Area. Growth in the Euro Area in general is projected to remain subdued, after coming in at 1.7%<sup>3</sup> in 2016. Despite supportive monetary conditions, investment weakness is expected to persist due to low demand, banking sector concerns and uncertainties about European integration.

In China, growth slowed slightly in 2016 to 6.7%<sup>4</sup> as the government continued to shift the balance of the economy from industry to services. Investment growth continued to decline from post-crisis peaks, with its drivers shifting to policy-induced infrastructure investment.

The Malaysian economy is forecast to grow marginally at 4.3%<sup>5</sup> in 2017 (4.2%<sup>6</sup> in 2016) as major transportation infrastructure projects and affordable housing programmes shore up investments in the construction sector. High-profile urban rail projects such as the MRT2 and LRT3 in Kuala Lumpur and the Pan Borneo Highway, as well as airport and port upgrades, will underpin growth.

Moreover, the biggest drag from lower commodity prices is likely to be behind us, as reflected in the increase in both oil and crude palm oil prices in 2H2016. This should help boost rural incomes as well as increase the government's revenue. Any increase in oil price above the government's assumption of USD45/barrel for 2017 will give it room to increase spending.

However, 2017 is expected to be another challenging year for the property sector. Headwinds include weak consumer sentiment, rising cost of living, low income growth, high household debt and a relatively high loan rejection rate by banks. Home price growth has eased to single digits in recent times and may continue to trend slightly downwards before the market recovers, especially in the high-rise segment where there are pockets of oversupply.

Still, certain property segments will achieve good take-up rates due to demand from genuine homebuyers, particularly landed homes in accessible and good locations. We will also see more rent-to-own offerings, targeted at the younger market who have to defer their first-home purchases due to affordability issues and the inability to qualify for home loans.





Transit Oriented Developments (“TODs”) have also been identified as a boon to Malaysia’s property sector. The TOD concept will become more important, with Prasarana building seven TOD projects in Selangor over the next four years. In fact, any development targeted at the middle-income segment will most likely need to adopt a TOD concept to sustain buying interest.

GDP in Australia is projected to maintain at 2.4%<sup>7</sup> in 2017 against the same percentage growth in 2016. Exports and household consumption are expected to support growth, with dwelling investment higher in the near term. However, the property

scene is showing signs of cooling amid increased warnings from the central bank of a looming oversupply of inner-city apartments, moderated increase in property prices, more difficult lending environment for developers as well as tighter lending standards for property investors and foreign buyers. Nevertheless, demand will continue to be strong in the big metropolitan areas due to wealth and immigration (the points-based immigration system favours younger, skilled migrants), underpinning UEM Sunrise’s plan to launch our third development, a high-end residential project on St Kilda Road, Melbourne, catering to a niche market.

In South Africa, after a slowdown in 2016, economic growth is expected to trend slightly higher. In general, private consumption is expected to improve gradually, with inflationary pressures and high unemployment weighing down on consumer spending, compounded by subdued investment growth, and other domestic as well as external challenges. Durban and the KwaZulu-Natal province more generally presents itself as a safe and stable location for property investment, given the industrial and logistics-based economic and demand drivers. It is here that UEM Sunrise is planning a launch debut of a high-rise development in the near future.

<sup>1</sup> Based on International Monetary Fund’s World Economic Outlook Update @16 January 2017.

<sup>2</sup> Based on Bloomberg’s weighted average of 42 research contributors.

<sup>3</sup> Based on Eurostat’s press release issued on 31 January 2017.

<sup>4</sup> Based on National Bureau of Statistics of China’s press release issued on 28 February 2017.

<sup>5</sup> Based on Department of Statistics Malaysia’s press release issued on 16 February 2017.

<sup>6</sup> Based on Bloomberg’s weighted average of 33 research contributors.

<sup>7</sup> Based on Bloomberg’s weighted average of 35 research contributors.

Other Sources: World Bank Group, Australian Bureau of Statistics, Ministry of Finance Malaysia and Bloomberg.



## 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 holding fund of the Government of Malaysia.

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

In Malaysia, UEM Sunrise is the master developer of Iskandar Puteri, one of the five flagship zones of Iskandar Malaysia and is currently undertaking the development of the area into a regional city like no other. Upon completion, Iskandar Puteri

will become the largest fully integrated urban development in Southeast Asia that will provide significant investment, financial and business opportunities to the economic growth and development of the region.

Gerbang Nusajaya, the second phase development of Iskandar Puteri is a 4,551-acre project which features various key developments including Nusajaya Tech Park, Melia Residences, Fastrackcity and the affordable housing project - Laman Nusantara.



Estuari Gardens in Puteri Harbour, Iskandar Puteri



Verdi in Symphony Hills, Cyberjaya

Gerbang Nusajaya will be developed over a period of 25 years and will include components such as lifestyle & retail parks, campus offices & industrial parks as well as residential precincts. It is also within easy access of future Transit Oriented Development sites and the High-Speed Rail Station in Iskandar Puteri, connecting Singapore and Kuala Lumpur.

In the Central region of Malaysia, UEM Sunrise is renowned for its award-winning and up-market high-rise residential, commercial and mixed-use developments largely in the affluent Mont’Kiara international enclave, featuring projects such as 28 Mont’Kiara, Arcoris Mont’Kiara, Residensi22, Residensi Sefina and many more. The Company is responsible for introducing the concept of creative retails in Solaris Dutamas, known as Publika.

UEM Sunrise is also developing the 448-acre integrated township of Serene Heights Bangi that offers life simple pleasures within a nature-inspired environment. This is in addition to Symphony Hills, an exclusive residential development equipped with the country’s first Connected Intelligent Community (“CIC”) services. Other projects in the Central region by UEM Sunrise are located in the Kuala Lumpur City Centre, Shah Alam and Seremban.

Internationally, UEM Sunrise’s presence extends into Vancouver, Canada via its 4.8-acre mixed-use development, Quintet at Minoru Boulevard City. In Melbourne, Australia, its 92-storey Aurora Melbourne

Central is the tallest development in the Central Business District, while the inspiring 42-storey Conservatory located on Mackenzie Street boasts panoramic views over the historic UNESCO World Heritage-listed Royal Exhibition Building and Carlton Gardens. UEM Sunrise also acquired the third land site on the prestigious St Kilda Road that is slated for a luxurious development.

The Company retains a landbank in Durban, South Africa that is poised to be developed into a mixed-use project.

UEM Sunrise is the appointed Project Manager, responsible for development and marketing management of the mega mixed-use developments of Marina One and DUO in Singapore, developed by M+S Pte. Ltd. (“M+S”). M+S is jointly owned by Khazanah and Temasek Holdings Pte. Ltd.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### TAN SRI DR. IR. AHMAD TAJUDDIN ALI

Non-Independent Non-Executive  
Chairman

### ANWAR SYAHRIN ABDUL AJIB

Managing Director/  
Chief Executive Officer

### DATO' IZZADDIN IDRIS

Non-Independent  
Non-Executive Director

### ZAIDA KHALIDA SHAARI

Non-Independent  
Non-Executive Director

### PROFESSOR PHILIP SUTTON COX AO

Independent  
Non-Executive Director

### LIM TIAN HUAT

Independent  
Non-Executive Director

### DATO' SRIKANDAN KANAGAINTHIRAM

Senior Independent  
Non-Executive Director

### UNGKU SUSEELAWATI UNGKU OMAR

Independent  
Non-Executive Director

### SUBIMAL SEN GUPTA

Independent  
Non-Executive Director

## AUDIT COMMITTEE

### LIM TIAN HUAT

Chairman

### DATO' SRIKANDAN KANAGAINTHIRAM

Member

### SUBIMAL SEN GUPTA

Member

## NOMINATIONS & REMUNERATION COMMITTEE

### UNGKU SUSEELAWATI UNGKU OMAR

Chairperson

### LIM TIAN HUAT

Member

### ZAIDA KHALIDA SHAARI

Member

## BOARD TENDER COMMITTEE

### DATO' SRIKANDAN KANAGAINTHIRAM

Chairman

### DATO' IZZADDIN IDRIS

Member

### LIM TIAN HUAT

Member

## ESOS COMMITTEE

### TAN SRI DR. IR. AHMAD TAJUDDIN ALI

Chairman

### ANWAR SYAHRIN ABDUL AJIB

Member

### DATO' IZZADDIN IDRIS

Member

### PROFESSOR PHILIP SUTTON COX AO

Member

### UNGKU SUSEELAWATI UNGKU OMAR

Member

## SECRETARIES

### SHARIFAH SHAFIQA SALIM

LS 0008928

### LIEW IRENE

MAICSA 7022609

## PRINCIPAL SOLICITORS

### KADIR ANDRI & PARTNERS

Level 10 Menara BRDB  
285 Jalan Maarof  
Bukit Bandaraya  
59000 Kuala Lumpur

## REGISTRARS

### SYMPHONY SHARE REGISTRARS SDN. BHD.

Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor  
Tel : 03-7849 0777  
Fax : 03-7841 8151/52

## AUDITORS

### ERNST & YOUNG

Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

## REGISTERED OFFICE

19-2 Mercu UEM  
Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel : 03-2727 6868  
Fax : 03-2727 2211

## PRINCIPAL BANKERS

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

## STOCK EXCHANGE

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

# GROUP CORPORATE STRUCTURE

AS AT 31 MARCH 2017

## 100%

UEM Land Berhad  
 Sunrise Berhad  
 Arcoris Sdn. Bhd.  
 Aston Star Sdn. Bhd.  
 Aurora Tower at KLCC Sdn. Bhd.  
 Bandar Nusajaya Development Sdn. Bhd.  
 Canada Sunrise Development Corp.  
 Ibarat Duta Sdn. Bhd.  
 Laser Tower Sdn. Bhd.  
 Lucky Bright Star Sdn. Bhd.  
 Marina Management Sdn. Bhd.  
 New Planet Trading Sdn. Bhd.  
 Nusajaya Development Sdn. Bhd.  
 Nusajaya DCS Sdn. Bhd.  
 Nusajaya Five O 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 DCS Sdn. Bhd.  
 Sunrise Innovations Sdn. Bhd.  
 Sunrise Mersing Sdn. Bhd.  
 Sunrise MS Pte. Ltd.  
 Sun Victory Sdn. Bhd.  
 Summer Suites Sdn. Bhd.  
 Sunrise Pioneer Sdn. Bhd.  
 Symphony Hills Sdn. Bhd.  
 UEM Sunrise (Australia) Sdn. Bhd.  
 UEM Sunrise (Canada) Sdn. Bhd.  
 UEM Sunrise Management Services Sdn. Bhd.  
 UEM Sunrise Properties Sdn. Bhd.

## 60%

Aura Muhibah Sdn. Bhd.

## 80%

Nusajaya Premier Sdn. Bhd.

## 60%

Cahaya Jauhar Sdn. Bhd.

## 55%

Nusajaya Lifestyle Sdn. Bhd.

## 51%

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

## 50%

Horizon Hills Development Sdn. Bhd.  
 Nusajaya Consolidated Sdn. Bhd.  
 Sime Darby Sunrise Development Sdn. Bhd.  
 Sunrise MCL Land Sdn. Bhd.

## 40%

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

## 30%

FASTrack Iskandar Sdn. Bhd.

## 40.2%

Durban Point Development Company (Proprietary) Ltd.

## 40%

Scope Energy 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 financial statements on pages 317 to 328 of this Annual Report.

### Legend:

- Subsidiaries
- Joint Ventures
- Associate Companies

## EVENT HIGHLIGHTS 2016



### 26 JANUARY PROSPERITY TOSS

At UEM Sunrise's Chill-Out Zone, guests enjoyed fun games and activities in line with the Year of the Monkey. The activities include a tai chi session and the "prosperity salad" or yee sang toss.



### 16 FEBRUARY UEM SUNRISE INKS JV WITH MULPHA TO DEVELOP THREE LAND PARCELS FRONTING MALAYSIA-SINGAPORE SECOND LINK

UEM Sunrise entered into a Joint Venture ("JV") agreement with Mulpha International Berhad, to develop three land parcels in Gerbang Nusajaya, Iskandar Puteri, Johor.



### 30 JANUARY MONSOON CUP MALAYSIA CHAMPIONSHIP

Puteri Harbour Marina, a waterfront development by UEM Sunrise in Iskandar Puteri, was the venue sponsor for the Monsoon Cup Malaysia Championship 2015/2016 which took place from 25 - 30 January.



### 16 FEBRUARY SHARING SESSION BY UEM SUNRISE AT PINTAR FOUNDATION ROUNDTABLE MEETING

UEM Sunrise was invited to present a paper on its PINTAR School Adoption Programme and Corporate Responsibility initiatives at the PINTAR Foundation Round Table Meeting that took place at Ramada Plaza, Kuala Lumpur.



**19 & 20 FEBRUARY**  
**296 STUDENTS OF UEM SUNRISE PINTAR ADOPTED SCHOOLS ATTENDED UPSR EXAMINATION SEMINAR**

UEM Sunrise successfully organised Phase 1 of the UPSR Examination Seminar attended by 296 students from its PINTAR School Adoption Programme in the Southern region.



**20 FEBRUARY**  
**CHEEKY JUNGLE TALES**

UEM Sunrise organised a celebration for residents of UEM Sunrise - managed properties at its Fun Zone. A full-house crowd of 140 residents were ecstatic as they witnessed the spine-chilling acrobatic pole leaps, performed by the award-winning lion dance troupe, Kwong Ngai courtesy of UEM Sunrise.



**22 FEBRUARY**  
**UEM SUNRISE PARTNERS WITH SUTL ENTERPRISE TO DEVELOP THE EXISTING PUTERI HARBOUR MARINAS IN ISKANDAR PUTERI, JOHOR**

UEM Sunrise and SUTL Enterprise entered into a JV agreement to develop the existing marinas in Puteri Harbour of Iskandar Puteri, Johor.



**4 MARCH**  
**UEM SUNRISE ORGANISED AN INAUGURAL ARCHITECTURE SYMPOSIUM IN MELBOURNE, AUSTRALIA**

UEM Sunrise successfully organised an inaugural Architecture Symposium entitled Luxury: Allusion.Illusion.Elusion at Deakin Edge, Federation Square in Melbourne, Australia.

## EVENT HIGHLIGHTS 2016



### 12 & 13 MARCH UEM SUNRISE ORGANISED UPSR EXAMINATION SEMINAR FOR 198 STUDENTS OF SK CYBERJAYA

UEM Sunrise continued its CSR initiatives by organising the UPSR Examination Seminar Phase 1 for the Cental region at Multimedia University, Cyberjaya, Selangor.



### 12 & 14 MARCH 120 STUDENTS PARTICIPATED IN THE SIXTH UEM SUNRISE MOTIVATIONAL CAMP

A total of 120 Form Four and Form Five students from UEM Sunrise's PINTAR School Adoption Programme participated in the 3D/2N Motivational Camp at Tiram Indah Village, Johor Bahru.



### 14 MARCH TOPPING OUT CEREMONY OF VERDI, SYMPHONY HILLS, CYBERJAYA

Verdi had its topping out ceremony to signify the structure completion of the development which was in accordance with the project schedule.



### 15 MARCH UEM SUNRISE RECEIVES ALL-STAR AWARD TOP 10 RANKED DEVELOPERS OF THE YEAR AT STARPROPERTY.MY AWARDS GALA DINNER 2016

UEM Sunrise was honoured as one of the Top 10 Developers at the StarProperty.my Awards Gala Dinner 2016 held at the Saujana Hotel, Kuala Lumpur.





**16 MARCH**

**UEM SUNRISE ORGANISED A COMMUNITY ENGAGEMENT PROGRAMME WITH THE ROYAL MALAYSIAN POLICE AT PUBLIKA**

As part of UEM Sunrise’s Community Policing Initiative, the Company organised a Community Engagement Programme in collaboration with the Royal Malaysian Police for the tenants of Publika held at the premise.



**19 MARCH**

**UEM SUNRISE HONOURED ITS TRÉSORIANS AT SIGNATURE SELECTION GALA DINNER**

UEM Sunrise honoured its Trésorians who participated in the Signature Selection Campaign with a glittering gala dinner and lucky draw prizes at the Grand Hyatt Hotel in Kuala Lumpur.



**21 & 22 MARCH**

**TEEGA @PUTERI HARBOUR CERTIFIED FIVE STAR IN SHASSIC ASSESSMENT BY CIBD MALAYSIA**

Teega @Puteri Harbour in Iskandar Puteri, Johor, was presented with a Five-Star certification during the evaluation of Safety and Health Assessment System in Construction (“SHASSIC”) by the Construction Industry Development Board Malaysia (“CIBD”).



**29 MARCH**

**427 STUDENTS BENEFIT FROM UEM SUNRISE’S LIBRARY ENHANCEMENT PROGRAMME**

UEM Sunrise officially handed over the newly-refurbished library of Sekolah Kebangsaan Kompleks Sultan Abu Bakar in Gelang Patah, one of the schools under its PINTAR School Adoption Programme.

## EVENT HIGHLIGHTS 2016



**7 APRIL**

### **TOPPING OUT CEREMONY OF TEEGA @PUTERI HARBOUR IN ISKANDAR PUTERI, JOHOR**

UEM Sunrise marked another milestone with the Topping Out ceremony of its waterfront development - Teega @Puteri Harbour, signifying its structure completion.



**8 & 9 APRIL**

### **350 STUDENTS OF UEM SUNRISE'S PINTAR SCHOOLS PARTICIPATED IN PT3 EXAMINATION SEMINAR IN SOUTHERN REGION**

UEM Sunrise successfully organised its ninth PT3 Examination Seminar Phase 1 in collaboration with Berita Harian in the Southern region.



**9 APRIL**

### **UEM SUNRISE RECEIVED TWO AWARDS AT THE MALAYSIA LANDSCAPE ARCHITECTURE AWARD**

UEM Sunrise received two Honour Awards for its Elevated Gardens @Mozart and Opera House which are part of the Symphony Hills development in Cyberjaya, Selangor at the prestigious Malaysia Landscape Architecture Award 2015 Gala Dinner, at One World Hotel, Bandar Utama, Petaling Jaya, Selangor.



**9 APRIL**

### **PUTERI HARBOUR MARINA NAMED MALAYSIA'S FIRST INTERNATIONAL CLEAN MARINA**

Puteri Harbour Marina in Iskandar Puteri, Johor received Level Three International Clean Marina Accreditation by the Marina Industries Association at the Singapore Yacht Show in Mövenpick Heritage Hotel, Sentosa, Singapore.



**16 & 17 APRIL**  
**172 STUDENTS OF UEM SUNRISE'S PINTAR SCHOOLS PARTICIPATED IN UPSR EXAMINATION SEMINAR PHASE 1 - CENTRAL REGION**

UEM Sunrise successfully organised UPSR Examination Seminar Phase 1 – Central region at the GENOME Institute in Bangi, Selangor.



**21 APRIL**  
**UEM SUNRISE KICKS OFF “SIGNATURE SELECTION – RENDEZVOUS IN FRANCE”**

To kick off its second Signature Selection home ownership campaign, UEM Sunrise organised a press conference for Signature Selection – Rendezvous in France 2016 at its UEM Sunrise Showcase in Mont’Kiara, Kuala Lumpur.



**22 & 23 APRIL**  
**UEM SUNRISE ORGANISED EXAMINATION SEMINAR FOR 260 SPM STUDENTS IN SOUTHERN REGION**

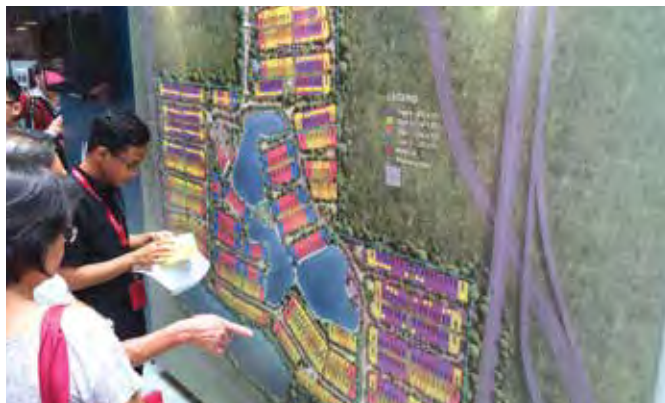
UEM Sunrise organised the SPM Examination Seminar Phase 1 – Southern region at Universiti Teknologi Malaysia Skudai, Johor.



**23 APRIL**  
**CHERRY TIME**

UEM Sunrise Fun Zone was in full bloom with Sakura flowers as hundreds of residents from our multinational community gathered to celebrate the Cherry Blossom Festival.

## EVENT HIGHLIGHTS 2016



### **23 & 24 APRIL** **MELIA RESIDENCES RECEIVED OVERWHELMING RESPONSE DURING ITS WEEKEND LAUNCH**

Melia Residences received an overwhelming response with over 1,000 visitors at its Sales Gallery over the weekend launch at Mall of Medini in Iskandar Puteri, Johor.



### **28 APRIL** **150 STUDENTS OF UEM SUNRISE PINTAR SCHOOLS PARTICIPATED IN ROAD SAFETY PROGRAMME**

UEM Sunrise successfully organised its sixth Road Safety Programme 2016 for 150 primary school students from its PINTAR School Adoption Programme at Black Box, Mall of Medini in Iskandar Puteri, Johor.



### **12 MAY** **HIS EXCELLENCY DATO' ILLANGO KARUPPANNAN HIGH COMMISSIONER OF MALAYSIA TO SINGAPORE VISITS PUTERI HARBOUR IN ISKANDAR PUTERI, JOHOR**

UEM Sunrise hosted His Excellency Dato' Illango Karuppannan, the High Commissioner of Malaysia to Singapore and his nine-member entourage for an official visit to Puteri Harbour.



### **13 - 14 MAY** **LET'S FISHING**

Let's Fishing 2016, an event for fishing enthusiasts was held in Iskandar Puteri, Johor. The event was held with the sole purpose of creating an engaging and enriching lifestyle for our residents and community we help build in Iskandar Puteri, Johor. The event was held at Yoyo Rakit Sungai Layang, Pasir Gudang, Johor.



**14 MAY**  
**AJIM JUXTA FROM PUBLIKA'S ART ROW, CREATED HISTORY AT YOUNG ART TAIPEI 2016**

Publika Shopping Gallery congratulated Art Row artist, Raja Azeem Idzham Raja Azaham or better known as Ajim Juxta, for being the first Malaysian artist to win the Young Art Award at the Young Art Taipei 2016 for his Arcology: Convergence art series.



**14 - 15 MAY**  
**172 STUDENTS OF UEM SUNRISE'S PINTAR SCHOOLS PARTICIPATED IN UPSR EXAMINATION**

UEM Sunrise organised a UPSR Examination Seminar Phase 2 - for Central region at GENOME Institute in Bangi, Selangor.



**17 MAY**  
**INTERNATIONAL WELCOME PARTY**

New residents of Mont'Kiara-Dutamas were acquainted with each other in a joyous buffet setting that also introduced them to the wonders of Malaysian cuisines held at both UEM Sunrise community centres i.e. Fun Zone and Chill-Out Zone.



**19 MAY 2016**  
**MELIA RESIDENCES MEDIA BRIEFING**

A media briefing was organised for Melia Residences, a development located on a 73.6-acre footprint in a gated and guarded landed-freehold community. It was held at Melia Residences' Sales Gallery at the Mall of Medini, Iskandar Puteri, Johor.

## EVENT HIGHLIGHTS 2016



### **23 MAY** **EIGHTH ANNUAL GENERAL MEETING OF UEM SUNRISE BERHAD**

UEM Sunrise held its Eighth Annual General Meeting (“Eighth AGM”) at Persada PLUS, Petaling Jaya, Selangor.



### **25 MAY** **28 MONT'KIARA WAS ACCORDED THE 'WORLD SILVER WINNER' AT THE FIABCI WORLD PRIX D'EXCELLENCE AWARDS 2016 IN PANAMA**

28 Mont’Kiara was accorded the ‘World Silver Winner’ by the prestigious FIABCI Prix d’Excellence Awards 2016 in the Residential (High-Rise) Category at the Hotel RIU Plaza Panama in Panama City, Panama, Central America.



### **27 MAY** **UEM SUNRISE AND TELEKOM MALAYSIA BERHAD INKED PARTNERSHIP TO DEVELOP A HIGH-RISE MIXED DEVELOPMENT PROJECT IN JALAN RAJA CHULAN, KUALA LUMPUR**

UEM Sunrise and Telekom Malaysia Berhad entered into a Joint Land Development Agreement to develop 1.69 acres of land in Jalan Raja Chulan, Kuala Lumpur for a high-rise mixed development comprising serviced apartments and retail components.



**28 MAY**  
**KING & QUEEN OF MY HEART**

Parents were pampered with hand massages by Salus Spa and shoulder acupressure by Pertubuhan Pembangunan Orang Buta Malaysia during UEM Sunrise Fun Zone Parents' Day celebration.



**30 MAY**  
**UEM SUNRISE DONATED HEMODIALYSIS MACHINE TO KLINIK KESIHATAN SUNGAI LEMBING, PAHANG**

UEM Sunrise via its Zakat Disbursement Initiative donated a hemodialysis machine to the Hemodialysis Centre of Klinik Kesihatan Sungai Lembing in Pahang.



**9 JUNE – 23 JUNE**  
**UEM SUNRISE SPREADS RAMADAN GOODWILL**

UEM Sunrise organised various annual Ramadan Programmes via its Zakat Disbursement Initiative by engaging the asnaf from the local communities focusing on the areas where we operate.



**31 MAY**  
**UEM SUNRISE AWARDED THE "QLASSIC EXCELLENT AWARD 2015" BY CIDB MALAYSIA**

UEM Sunrise via its subsidiaries, Aston Star Sdn. Bhd. and Summer Suites Sdn. Bhd. was awarded the "QLASSIC Excellent Award 2015" ("Quality Assessment System in Construction") by CIDB at Renaissance Hotel Kuala Lumpur.



**5 JUNE**  
**UEM SUNRISE COMPLETED 351 UNITS OF BAYU NUSANTARA AFFORDABLE HOMES IN ISKANDAR PUTERI, JOHOR**

UEM Sunrise completed 351 landed units of Bayu Nusantara in Iskandar Puteri, Johor, comprising 241 units of Rumah Mampu Milik Johor measuring 18' x 60'; 80 units of Perumahan Komuniti Johor measuring 16' x 55' and 30 units of Kedai Kos Sederhana measuring 20' x 60'. To symbolise the development's completion, a key presentation ceremony was organised and graced by the Chief Minister of Johor, Dato' Mohamed Khaled Nordin, accompanied by Tan Sri Dr. Ir. Ahmad Tajuddin Ali, Chairman of UEM Sunrise.

## EVENT HIGHLIGHTS 2016



**18 JUNE**

### **UEM SUNRISE HONOURED ITS TRÉSORIANS AT SIGNATURE SELECTION-RENDEZVOUS IN FRANCE 2016**

28 lucky house buyers who participated in the Signature Selection-Rendezvous in France 2016 campaign walked away with paid trips to France to watch the European Football Championship.



**28 JUNE**

### **SOUTH KOREA-BASED COSMETICS GIANT AMOREPACIFIC TO OPEN AN INTEGRATED CENTRE IN SOUTHERN INDUSTRIAL & LOGISTICS CLUSTERS (“SILC”), ISKANDAR PUTERI, JOHOR**

UEM Sunrise entered into a Sale and Purchase Agreement via its wholly-owned subsidiary, UEM Land with South Korea-based cosmetics company – AMOREPACIFIC Corporation for the sale of 25.4 acres of land located within SILC in Iskandar Puteri, Johor.



**17 JULY**

### **UEM SUNRISE CELEBRATES ITS KEY STAKEHOLDERS WITH “LET IT BE – A CELEBRATION OF THE MUSIC OF THE BEATLES”**

UEM Sunrise treated 2,000 of its customers and key stakeholders with a matinee show of London’s West End and Broadway International production of “Let It Be – A Celebration Of The Music Of The Beatles, Part II at the Plenary Hall of the Kuala Lumpur Convention Centre.



**22 & 23 JULY**

### **294 STUDENTS OF UEM SUNRISE PINTAR ADOPTED SCHOOLS ATTENDED UPSR EXAMINATION SEMINAR – PHASE 2**

UEM Sunrise successfully organised a UPSR Examination Seminar – Phase 2, in Universiti Teknologi Malaysia, Skudai for its adopted schools’ students in Southern region.



**25 JULY**

### **UEM SUNRISE HOSTED CORPORATE RAYA OPEN HOUSE (SOUTHERN)**

UEM Sunrise successfully hosted a Corporate Raya Open House (Southern) at the Ledang Urban Retreat in Iskandar Puteri, Johor.





**26 JULY  
EID RAYA**

Delighted residents of UEM Sunrise-managed properties gathered at UEM Sunrise Chill-Out Zone Community Centre to celebrate Hari Raya Aidilfitri with a touch of Arabic flare and a taste of grilled Turkish Chicken Kebabs.



**3 & 4 AUGUST  
UEM SUNRISE HOSTED A STUDY TOUR FOR YAYASAN UEM SCHOLARS**

UEM Sunrise hosted a study tour for 56 under graduates sponsored by Yayasan UEM. It was attended by students who are currently studying overseas and back for practical training/term break, currently studying in local universities as well as those who are studying A Level at Kolej Yayasan UEM in Lembah Beringin.



**6 AUGUST  
THE FERGANA SHOW – ‘CONVERGENCE OF SOULS’**

UEM Sunrise invited its Trésor Members to the Fergana Show entitled ‘Convergence of Souls’ at Black Box, MAP @Publika, Solaris Dutamas, Kuala Lumpur.



**12 & 13 AUGUST  
PUTERI HARBOUR SUCCESSFULLY HOSTED CHALLENGE ISKANDAR PUTERI**

UEM Sunrise was the venue sponsor for the inaugural Challenge Iskandar Puteri in Puteri Harbour, Iskandar Puteri, Johor. It was participated by 402 athletes from 22 countries including Malaysia, Singapore, Indonesia, Slovakia, Japan, China and many more. The area was flocked by approximately 2,000 spectators.



**13 & 14 AUGUST  
198 STUDENTS OF UEM SUNRISE CENTRAL REGION’S PINTAR ADOPTED SCHOOLS ATTENDED UPSR EXAMINATION SEMINAR – PHASE 2**

UEM Sunrise successfully organised the UPSR Examination Seminar – Phase 2, for Sekolah Kebangsaan Cyberjaya, Selangor, in the Central region.



**20 AUGUST  
BORNEO CULTURE DAY**

Expatriate residents of UEM Sunrise-managed properties in Mont Kiara gathered at UEM Sunrise Fun Zone Community Centre to celebrate Borneo Culture Day in conjunction with Malaysia’s Independence Day.

## EVENT HIGHLIGHTS 2016



### 27 AUGUST UEM SUNRISE ORGANISED A FRIENDLY GOLF TOURNAMENT WITH TRÉSORIANS AND RESIDENTS OF UEM SUNRISE MANAGED-PROPERTIES

UEM Sunrise through its Customer Service & Project Handover Department successfully organised a Golf Friendly event for its Trésorians and Residents of UEM Sunrise managed-properties at Tiara Melaka Golf & Country Club.



### 29 AUGUST UEM SUNRISE ORGANISED COMMUNITY ENGAGEMENT PROGRAMME WITH ITS RESIDENTS AT MONT'KIARA, KUALA LUMPUR

UEM Sunrise organised a Community Engagement Programme with its residents within the Mont'Kiara vicinity at UEM Sunrise Chill Out Zone, Mont'Kiara, Kuala Lumpur.



### 2 & 3 SEPTEMBER UEM SUNRISE ORGANISED PT3 EXAMINATION SEMINAR

A total of 250 students from UEM Sunrise's PINTAR Schools in the Southern region participated in a PT3 Examination Seminar - Phase 2 at Universiti Teknologi Malaysia Skudai, Johor.



### 5 SEPTEMBER ISKARNIVAL IS BACK!

UEM Sunrise along with Khazanah Nasional Berhad ("Khazanah") and Iskandar Investment Berhad ("IIB") joined forces to present ISKARNIVAL.



### 8 SEPTEMBER UEM SUNRISE'S MD/CEO PARTICIPATED IN THE 19TH NATIONAL HOUSING & PROPERTY SUMMIT

Anwar Syahrin participated in the 19th National Housing & Property Summit held at Sunway Resort Hotel & Spa, Bandar Sunway, Selangor.



### 10 & 17 SEPTEMBER MID-AUTUMN FESTIVAL & BON ODORI

UEM Sunrise Community Centre organised the Mid-Autumn and Bon Odori festival for the residents of UEM Sunrise-managed properties.



**17 SEPTEMBER**  
**PUBLIKA CELEBRATED THE FIFTH BON ODORI FESTIVAL AT MONT'KIARA, KUALA LUMPUR**

Publika, the retail subsidiary of UEM Sunrise recently held its fifth annual Bon Odori celebration, at The Square.



**17 & 18 SEPTEMBER**  
**OVER 20,000 VISITORS ATTENDED ISKARNIVAL KREATIF**

ISKARNIVAL Kreatif, one of three components of ISKARNIVAL 2016 attracted more than 20,000 visitors to its event at Mall of Medini, Iskandar Puteri, Johor.



**23 & 24 SEPTEMBER**  
**UEM SUNRISE HOSTED SPM EXAMINATION SEMINAR IN SOUTHERN REGION**

UEM Sunrise successfully organised the SPM Seminar - Phase 2 at Universiti Teknologi Malaysia, Skudai, Johor.



**29 SEPTEMBER**  
**UEM SUNRISE INKED AN AGREEMENT FOR THE INTEGRATED WATER SUPPLY SCHEME IN SOUTHERN CORRIDOR**

UEM Sunrise and ten other property developers with projects located in the Southern corridor in Hulu Langat Districts, Selangor entered into an agreement to jointly develop Phase 1 and Phase 2 of the Integrated Water Supply Scheme.



**8 OCTOBER**  
**UEM SUNRISE HONOURED TRÉSORIANS AT TRÉSOR PRIME REFERRAL APPRECIATION NITE**

UEM Sunrise honoured its Trésorians who participated in the Trésor Prime Referral Campaign by organising an Appreciation Nite event on 8 October 2016 at The Bee Restaurant @Publika, Solaris Dutamas, Kuala Lumpur.

## EVENT HIGHLIGHTS 2016



### 15 & 16 OCTOBER ISKARNIVAL NARATIF CREATES MORE EXCITEMENT

ISKARNIVAL NARATIF, the second installment of ISKARNIVAL 2016 created further excitement when more than 25,000 visitors attended the event at Mall of Medini, Iskandar Puteri, Johor.



### 22 OCTOBER WIZARD OF FUN ZONE

UEM Sunrise organised the “Wizard of UEM Sunrise Fun Zone” where the Fun Zone was transformed into a world of magic borrowed from the pages of Harry Potter.



### 25 OCTOBER TAN SRI NOR MOHAMED YAKCOP, DEPUTY CHAIRMAN OF KHAZANAH VISITS ISKANDAR PUTERI, JOHOR

UEM Sunrise together with Medini Iskandar Malaysia hosted Tan Sri Nor Mohamed Yakcop, Deputy Chairman of Khazanah for a corporate visit to Iskandar Puteri, Johor.



### 27 OCTOBER UEM SUNRISE BRINGS PRE-DEEPAVALI CHEER TO THE CHILDREN OF AGATHIANS SHELTER

UEM Sunrise visited Pertubuhan Kebajikan Agathians (“Agathians Shelter”) where 40 boys, aged between four to 19 years old were treated to a pre-Deepavali joy by the Company’s representatives.



**31 OCTOBER**

**UEM SUNRISE WON THE ‘TOP 10 PROPERTY DEVELOPERS AWARD’ AT THE EDGE MALAYSIA’S PROPERTY EXCELLENCE AWARDS**

UEM Sunrise won the ‘Top 10 Property Developers Award’ at The Edge Malaysia’s Property Excellence Awards 2016.



**5 NOVEMBER**

**UEM SUNRISE ORGANISED WORKSHOP ON UPSR ANSWERING TECHNIQUES (NEW FORMAT) FOR TEACHERS OF PINTAR ADOPTED SCHOOLS**

UEM Sunrise organised a Workshop on UPSR Answering Techniques (New Format) for teachers of PINTAR Adopted Schools at SK Cyberjaya, Selangor.



**11 NOVEMBER**

**BOLLYWOOD GLITZ OF LIGHTS**

UEM Sunrise organised the Bollywood-themed Diwali celebration at UEM Sunrise’s Chill-Out Zone on Friday 11 November.



**12 & 13 NOVEMBER**

**ISKARNIVAL SAMA-SAMA, THE THIRD INSTALLMENT OF ISKARNIVAL 2016 BRINGS FURTHER EXCITEMENT TO MORE THAN 90,000 VISITORS**

ISKARNIVAL SAMA-SAMA, the third and final installment of Iskarnival which took place in Puteri Harbour, Iskandar Puteri, Johor marked the official closing of ISKARNIVAL 2016.



**23 NOVEMBER**

**ARCORIS MONT’KIARA CERTIFIED FIVE STAR IN SHASSIC ASSESMENT BY CIDB MALAYSIA**

Arcoris Mont’Kiara, Kuala Lumpur, a development by UEM Sunrise was presented with a Five Star Certification after the evaluation of Safety and Health Assessment System in Construction (“SHASSIC”) by CIDB in August 2016.

## EVENT HIGHLIGHTS 2016



### 26 NOVEMBER 2016 THE KHATAM AL-QURAN CEREMONY

UEM Sunrise organised its eighth Pintar Al-Quran Khatam ceremony to celebrate 147 pre-schoolers at the Mall of Medini in Iskandar Puteri, Johor. Pintar Al-Quran programme is a collaboration with seven adopted KEMAS kindergartens around Gelang Patah area that aims at educating young children to become Al-Quran literate.



### 6 DECEMBER PRIME MINISTER OF MALAYSIA UNVEILS FASTRACKCITY DESIGN

FASTRack Iskandar Sdn. Bhd. ("FASTRack Iskandar"), a 70:30 joint venture company between FASTrack Autosports (Iskandar) Pte. Ltd. and UEM Land Berhad, a wholly-owned subsidiary of UEM Sunrise finally unveiled the much-anticipated Fastrackcity Design at a ceremony held at Pinewood Iskandar Malaysia Studios in Iskandar Puteri, Johor.



**9 DECEMBER**  
**UEM SUNRISE CONTRIBUTES EDUCATIONAL AID FOR CHILDREN OF SHELTER HOME 1 IN PETALING JAYA, SELANGOR**

UEM Sunrise’s representatives visited Shelter Home 1 in Petaling Jaya, Selangor as part of its CSR programme in conjunction with the upcoming year end festivity.



**15 DECEMBER**  
**UEM SUNRISE BRINGS CHEER TO 146 ORANG ASLI CHILDREN IN KAMPUNG SIMPANG ARANG, GELANG PATAH VIA ITS ‘BACK-TO-SCHOOL’ PROGRAMME**

UEM Sunrise organised its fourth ‘Back-to-School’ programme for 146 children of Orang Asli community in Kampung Simpang Arang in Gelang Patah, Johor.



**15 DECEMBER 2016**  
**VERDI HANDOVER**

Verdi, a high-rise component of the overall 98-acre mixed strata Symphony Hills development in Cyberjaya was completed and successfully handed over to its purchasers. Launched in 2013, it comprises two residential towers of 43 storeys and 44 storeys respectively, with a total of 800 units that have access to a host of stellar facilities.

# MEDIA HIGHLIGHTS 2016



1 UEM Sunrise CEO, Managing Director and Chief Executive Officer...

## UEM Sunrise confident of achieving RM1b sales target

UEM Sunrise CEO, Managing Director and Chief Executive Officer...  
The group is confident of achieving its RM1 billion sales target for 2016...



2 UEM Sunrise CEO, Managing Director and Chief Executive Officer...

## Pelengkap reputasi

Fastrack City pacu industri pemotoran...  
Tandatangan projek HSR minggu depan...  
The group is confident of achieving its RM1 billion sales target for 2016...



3 UEM Sunrise CEO, Managing Director and Chief Executive Officer...

## Pembinaan projek Teega @Puteri Harbour selesai

UEM Sunrise CEO, Managing Director and Chief Executive Officer...  
The group is confident of achieving its RM1 billion sales target for 2016...

## UEM Sunrise sees new dawn in Nusajaya

WATERFRONT LIVING: Group's latest project Estuari Puteri Harbour expected to generate RM7b in GDP...  
The group is confident of achieving its RM1 billion sales target for 2016...



## Firma kosmetik Korea labur RM691j di Johor

UEM Land, AMOREPACIFIC meterai perjanjian jual beli...  
The group is confident of achieving its RM1 billion sales target for 2016...

## UEM 南光集团推售马来西亚首两期计划

UEM 南光集团推售马来西亚首两期计划...  
The group is confident of achieving its RM1 billion sales target for 2016...

## Towards a new concept of luxury

The focus has shifted from accumulating possessions to acquiring experiences...  
The group is confident of achieving its RM1 billion sales target for 2016...

## Cyberjaya high-rise project on track

Structural completion of boutique development spells good news for developer and buyers...  
The group is confident of achieving its RM1 billion sales target for 2016...

- 1 New Straits Times (6 September 2016)
- 2 Berita Harian (7 December 2016)
- 3 Berita Harian (11 April 2016)
- 4 New Straits Times (22 February 2016)
- 5 Berita Harian (30 June 2016)
- 6 The Harvest Property (16 June 2016)
- 7 The Australian Financial Daily (13 May 2016)
- 8 Star Metro (1 April 2016)



**UEM Sunrise komited bina rumah mampu milik di Iskandar Puteri**

9

**OHANDELAN KAWAN**  
CHANGRAKARAN

**MALIA LUMPUR 22 Jun** - UEM Sunrise berhasrat untuk membangunkan projek perumahan mampu milik di Iskandar Puteri, Johor apabila berjaya memulakan projek pembangunan di kawasan ini. UEM Sunrise berhasrat untuk membangunkan projek perumahan mampu milik di Iskandar Puteri, Johor apabila berjaya memulakan projek pembangunan di kawasan ini.

Projek pembangunan perumahan mampu milik di Iskandar Puteri, Johor ini merupakan projek pembangunan perumahan mampu milik yang pertama di kawasan ini. UEM Sunrise berhasrat untuk membangunkan projek perumahan mampu milik di Iskandar Puteri, Johor apabila berjaya memulakan projek pembangunan di kawasan ini.



Walaupun UEM Sunrise (dua orang) bersedia untuk membangunkan projek perumahan mampu milik di Iskandar Puteri, Johor.

12



**Redefining luxury living Down Under**

**NEW BENCHMARK** UEM Sunrise's symposium in Melbourne provides insights into global evolution of architectural designs

UEM Sunrise recently held a symposium in Melbourne, Australia, to discuss the evolution of architectural designs. The event was attended by industry professionals and provided insights into global trends in architecture.



**UEM Sunrise anjur program bantu 18 buah sekolah**

UEM Sunrise has announced a program to support 18 schools. The program aims to provide financial assistance and resources to improve the quality of education in the region.

**UEM Sunrise-Mulpha's RM5bil JV in Iskandar**

10

The landed project is near the Malaysia-Singapore second link

**MALIA LUMPUR** Two property developers with interests in Johor, UEM Sunrise and Mulpha International Bhd, have entered into a joint venture (JV) to develop three parcels of land with a gross development value (GDV) of RM5 billion over the Malaysia-Singapore second link in Iskandar Puteri.



Joint venture: (dari kiri) ketua pengarah UEM Sunrise, CEO UEM Sunrise, CEO Mulpha International, dan CEO UEM Sunrise.

The JV will be both companies operating on each other's strengths and expertise in top international markets, with Mulpha leading the design and planning of UEM Sunrise's land, while UEM Sunrise will focus on toping in strategic development of the land.

**Melia Residences terus dapat sambutan**

11

**OHANDELAN KAWAN**  
CHANGRAKARAN

**PENANGKAPAN** UEM Sunrise dan Mulpha International Bhd, telah mengumumkan bahawa projek Melia Residences di Iskandar Puteri, Johor, terus mendapat sambutan yang baik.

Projek Melia Residences di Iskandar Puteri, Johor, terus mendapat sambutan yang baik. UEM Sunrise dan Mulpha International Bhd, telah mengumumkan bahawa projek Melia Residences di Iskandar Puteri, Johor, terus mendapat sambutan yang baik.



UEM Sunrise dan Mulpha International Bhd, telah mengumumkan bahawa projek Melia Residences di Iskandar Puteri, Johor, terus mendapat sambutan yang baik.

**Rewarding the football fan in house buyers**

14

be properties by developer and stand chance to win trip to France



UEM Sunrise menganjurkan pertandingan bola sepak untuk mempromosikan projek perumahan mereka.

UEM Sunrise menganjurkan pertandingan bola sepak untuk mempromosikan projek perumahan mereka. Pertandingan ini bertujuan untuk menarik minat pembeli rumah.

**331 pembeli projek Bayu Nusantara oleh UEM Sunrise menerima kunci rumah**

**Serah rumah mampu milik Johor**



331 pembeli projek Bayu Nusantara oleh UEM Sunrise menerima kunci rumah.

UEM Sunrise telah menyerahkan kunci rumah kepada 331 pembeli projek Bayu Nusantara di Iskandar Puteri, Johor.

**A touch of history to UEM Sunrise Aussie project**

**CONSERVATORY** Melbourne apartment units set for completion by mid-2015



Projek pembangunan di Melbourne, Australia, menunjukkan kemajuan yang pesat.

UEM Sunrise telah mengumumkan bahawa projek pembangunan di Melbourne, Australia, menunjukkan kemajuan yang pesat. Projek ini akan selesai menjelang pertengahan tahun 2015.

|    |                                |    |                                   |    |                                |    |                            |    |                                     |
|----|--------------------------------|----|-----------------------------------|----|--------------------------------|----|----------------------------|----|-------------------------------------|
| 9  | Utusan Malaysia (23 June 2016) | 11 | Utusan Malaysia (20 May 2016)     | 13 | Star Metro (29 April 2016)     | 15 | KOSMO! Niaga (8 June 2016) | 17 | New Straits Times (31 October 2016) |
| 10 | Starbiz (17 February 2016)     | 12 | New Straits Times (14 March 2016) | 14 | Tamil Malar (6 September 2016) | 16 | KOSMO! (30 March 2016)     |    |                                     |

## AWARDS & RECOGNITIONS 2016

### Starproperty.my Awards 2016

All Star - Top 10 Ranked Developers Award  
By Star Media Group



### Teega @Puteri Harbour Certified Five Star in SHASSIC Assessment

- Evaluation on Safety and Health Assessment System in Construction ("SHASSIC")
- The construction site of Teega @ Puteri Harbour is in compliance with the requirements outlined which cover three main components namely Documents Check, Workplace Inspections and Employee Interviews  
By Construction Industry Development Board Malaysia ("CIDB")





**Malaysia Landscape Architecture Award 2016**

- a) Developer Category – Property Developer Awards in Landscape Planning and Development for Elevated Gardens @Mozart of Symphony Hills, Cyberjaya
  - b) Developer Category – Property Developer Awards in Landscape Planning and Development for Opera House Clubhouse of Symphony Hills, Cyberjaya
- By Institute of Landscape Malaysia



**The Edge Malaysia Top Property Developers' Awards 2016**

Top 10 Developers' Awards  
By The Edge Communications Sdn. Bhd.



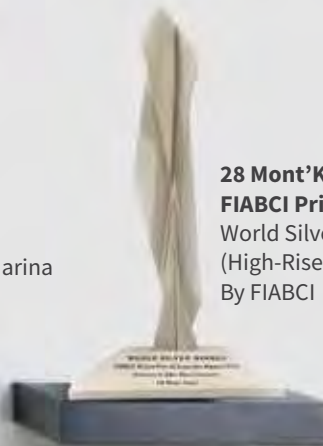
**Arcoris Mont'Kiara Certified Five Star in SHASSIC Assessment**

- a) SHASSIC
  - b) The construction site of Arcoris Mont'Kiara is in compliance with the requirements outlined which cover three main components namely Documents Check, Workplace Inspections and Employee Interviews
- By CIDB



**International Clean Marina Award**

Level Three Accreditation for Puteri Harbour Marina  
By Marina Industries Accreditation



**28 Mont'Kiara  
FIABCI Prix d'Excellence Awards 2016**

World Silver Award Residential  
(High-Rise) Category  
By FIABCI



**QCLASSIC Excellence Award  
2015/2016**

Recognition on the Workmanship  
Quality Assessment for Mercu  
Summer Suites  
By CIDB



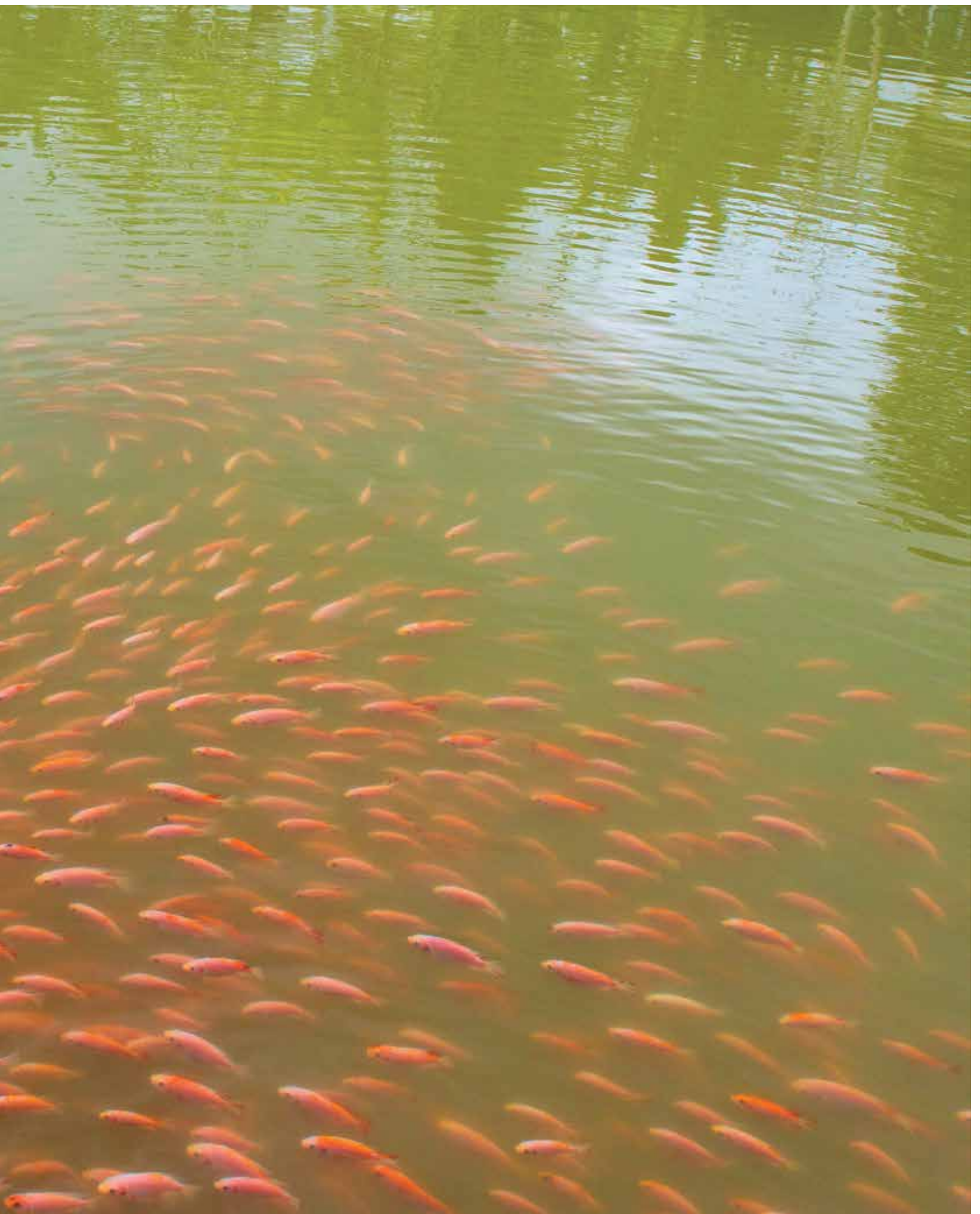
**Top 100 Companies for  
Good Disclosures**

UEM Sunrise was ranked 14th  
By the Minority Shareholder  
Watchdog Group

A photograph of a pond with green plants and many orange fish. The plants are in the foreground, and the fish are swimming in the water. The text is overlaid on the image.

# *In Perfect* HARMONY

We believe in responsible development. In respecting our environment. We build around the natural terrain, integrating entire swathes of lush landscapes into our masterplans. Green lungs and lakes rejuvenate our local communities, the symbiotic links between man and nature ensuring holistic, wholesome and sustainable living.



## BOARD OF DIRECTORS' PROFILE



### **STANDING FROM LEFT**

Professor Philip Sutton Cox AO, Subimal Sen Gupta, Zaida Khalida Shaari

### **SEATED FROM LEFT**

Dato' Srikandan Kanagaintiram, Dato' Izzaddin Idris



**STANDING FROM LEFT**

Ungku Suseelawati Ungku Omar, Lim Tian Huat

**SEATED FROM LEFT**

Tan Sri Dr. Ir. Ahmad Tajuddin Ali, Anwar Syahrin Abdul Ajib

## BOARD OF DIRECTORS' PROFILE

### TAN SRI DR. IR. AHMAD TAJUDDIN ALI, FASC

Aged 68, Malaysian, Male  
Non-Independent  
Non-Executive Chairman  
Chairman of ESOS Committee

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Tan Sri Dr. Ir. Ahmad Tajuddin Ali was appointed as Chairman of the Board of UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) on 15 September 2008.

Currently, he is also the Chairman of UEM Group Berhad (“UEM Group”), Linde Malaysia Holdings Berhad, SIRIM Berhad, Construction Industry Development Board Malaysia and Bangi Golf Berhad. He also sits on the Board of Saudi-Malaysia Water & Electricity Company Limited and Alimtiax Operation and Maintenance Company Limited, both based in the Kingdom of Saudi Arabia.

Tan Sri Dr. Ir. Tajuddin was previously the Director-General of Standards and Industrial Research Institute of Malaysia, the Chairman and Chief Executive of Tenaga Nasional Berhad, the President of The Academy of Sciences Malaysia, Chairman of the Energy Commission Malaysia, Chairman of UEM World Berhad, Zelan Berhad, Tricubes Berhad, Opus Group Berhad, Opus International Limited, Sime Engineering Services Berhad and PLUS Expressways International Berhad and Director of Sime Darby Berhad.

An engineer by training, Tan Sri Dr. Ir. Tajuddin graduated with First Class Honours in Mechanical Engineering from King's College, University of London in 1973 and obtained his doctorate in Nuclear Engineering from Queen Mary College, University of London in 1977. He is a Registered Professional Engineer with the Board of Engineers Malaysia, a Fellow of the Institution of Engineers Malaysia, a Fellow of the Asean Federation

of Engineering Organisations and a Fellow of the ASEAN Academy of Engineering & Technology.

Tan Sri Dr. Ir. Tajuddin is currently the Pro-Chancellor of Universiti Tenaga Nasional, Chairman of Universiti Teknikal Malaysia Melaka, UPM Holdings Sdn. Bhd., SIRIM QAS International Sdn. Bhd., Construction Research Institute of Malaysia, Joint-Chairman (Industry) of the Malaysian Industry-Government Group for High Technology and he is a member of the Global Science and Innovation Advisory Council.

Tan Sri Dr. Ir. Tajuddin is currently holding the Chairmanship of the Board of Trustees of Yayasan UEM and The Nusajaya Natural Heritage Trust and he is also a member of the Board of Trustees of Yayasan Khazanah and Mahathir Science Award Foundation. He is also a member of the Board of Governors of the Malay College Kuala Kangsar.



## **ANWAR SYHRIN ABDUL AJIB**

Aged 44, Malaysian, Male  
Managing Director/  
Chief Executive Officer  
Member of ESOS Committee

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Anwar Syahrin Abdul Ajib was appointed to the Board of UEM Sunrise on 1 September 2014 as Managing Director/Chief Executive Officer.

Anwar holds a Bachelor of Engineering Degree in Mechanical Engineering from Imperial College, London and an MBA from

University of Salford, United Kingdom. He is also a qualified chartered accountant and a Fellow of the Institute of Chartered Accountants in England and Wales as well as a member of the Malaysian Institute of Accountants.

Anwar was formerly the Group Chief Financial Officer at MMC Corporation Berhad, a position he assumed from June 2008. Anwar was also appointed Group Head, Ports & Logistics Division in January 2014 at MMC and 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.

Anwar started his career with Shell Malaysia Trading Sdn. Bhd. in 1996 as a transport executive where he gained considerable experience in transport and logistics.

His directorships in other public companies include UEM Land Berhad, Sunrise Berhad and Horizon Hills Resort Berhad.

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## **DATO' IZZADDIN IDRIS**

Aged 54, Malaysian, Male  
Non-Independent  
Non-Executive Director  
Member of Board Tender Committee and  
ESOS Committee

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Dato' Izzaddin was appointed to the Board of UEM Sunrise on 7 July 2009 as Non-Independent Non-Executive Director.

He holds a Bachelor of Commerce Degree (First Class Honours in Finance) from University of New South Wales, Australia and is a Fellow of Chartered Public Accountants Australia and a member of the Malaysian Institute of Accountants.

Dato' Izzaddin is currently the Group Managing Director/Chief Executive Officer of UEM Group, the holding company of UEM Sunrise.

Dato' Izzaddin has over 20 years of experience in the fields of investment banking, financial and general management having served in various senior positions at Malaysian International Merchant Bankers Berhad, Malaysian Resources Corporation Berhad and Southern Bank Berhad. Before his current position, he was the Chief Financial Officer/Senior Vice President (Group Finance) of Tenaga Nasional Berhad, a position he held from September 2004 to June 2009.

He currently sits on the Boards of UEM Group and several UEM Group of Companies including UEM Edgenta Berhad, PLUS Malaysia Berhad, PLUS Expressways International Berhad, Projek Lebuhraya

Usahasama Berhad, Cement Industries of Malaysia Berhad, Opus Group Berhad, UEM Builders Berhad, UEM Suria Berhad, PT Lintas Marga Sedaya in Indonesia and India's Uniquist Infra Ventures Private Limited.

He is a Non-Independent Non-Executive Director of Axiata Group Berhad, one of the leading telecommunications groups in Asia.

In addition, Dato' Izzaddin is a member of the Board of Trustees of Yayasan UEM, a non-profit foundation that supports the implementation of UEM Group's corporate responsibility initiatives and philanthropic activities, as well as a Director of Yayasan Putra Business School, a non-profit organisation that aims to become a home-grown globally recognised Business School.

## BOARD OF DIRECTORS' PROFILE

### ZAIDA KHALIDA SHAARI

Aged 49, Malaysian, Female  
Non-Independent  
Non-Executive Director  
Member of Nominations & Remuneration Committee

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Zaida Khalida Shaari was appointed to the Board of UEM Sunrise on 8 April 2016. She is a barrister-at-law and a member of Gray's Inn, London, having graduated with LLB (Hons) from University of Warwick, United Kingdom. She also holds a Master in Business Administration from University of Strathclyde, United Kingdom.

She currently serves as Executive Director, Investments in Khazanah Nasional Berhad ("Khazanah"), the strategic investment fund of the Government of Malaysia. She joined Khazanah in January 2007 as a Senior Vice President of Investments and in April 2009, she was appointed as Director of Investments.

Prior to joining Khazanah, she was Company Secretary and Head of Legal at Permodalan Nasional Berhad, after having been in legal practice for several years.

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### PROFESSOR PHILIP SUTTON COX AO

Aged 77, Australian, Male  
Independent  
Non-Executive Director  
Member of ESOS Committee

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Professor Philip Sutton Cox AO was appointed to the Board of UEM Sunrise on 14 June 2012.

Professor Cox graduated from Sydney University with honours in architecture in 1962. He was a Royal Australian Institute of Architects ("RAIA") silver medallist and was awarded the NSW Board of Architects Travelling Scholarship. He graduated from Sydney University with a diploma in Town & Country Planning in 1972. He is a

Professor of Architecture at the University of New South Wales and in 2000 received an Honorary Doctorate of Science.

He has received numerous awards in recognition of his contribution to architecture, including the RAIA Gold Medal in 1984, Life Fellowship to the RAIA in 1987 and Honorary Fellowship of the American Institute of Architects in the same year. In 1988, he was awarded the Order of Australia for services to architecture. In 1993 he received the inaugural award for Sport and Architecture from the International Olympic Committee, and was elected a Fellow of the Royal College of Humanities. Professor Cox has published nine books on the history of Australia's towns and buildings. He is a fellow of The American Institute of Architects and a fellow of The Australian Academy of the Humanities and was awarded an International Fellowship from The Royal Institute of British Architects in 2017.

Professor Cox is the founding partner of Cox Architecture Pty. Ltd. He commenced practice with Ian McKay in 1963 and formed his own firm, Philip Cox and Associates in 1964. The firm has grown to become Cox Architecture with 400 personnel. In July 2015, he resigned as a Director of Cox Architecture and no longer has any financial interest in the firm. He is now a consultant to the practice undertaking a design and advisory role in specific international projects. He is extensively involved in projects in Malaysia, Singapore, China, India and Australia.

His professional experience in Malaysia include, among others, Kuala Lumpur Convention Centre Project and Traders Hotel. He has worked with the UEM Group previously on the Master Planning of the Second Crossing and the earlier proposals for Iskandar Malaysia.

## LIM TIAN HUAT

Aged 62, Malaysian, Male  
Independent

Non-Executive Director

Chairman of Audit Committee, Member of Board Tender Committee and Nominations & Remuneration Committee

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Lim Tian Huat was appointed to the Board of UEM Sunrise on 28 November 2012. He is the Founding President of Insolvency Practitioners Association of Malaysia, a member of the Malaysian Institute of Accountants, Malaysian Institute of

Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants. He holds a degree in BA Economics (Honours).

Lim is a practising Chartered Accountant with his own firm, Rodgers Reidy & Co. He is also the Managing Director of Rodgers Reidy (Asia) Sdn. Bhd.

Lim 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. Lim was a member of the Corporate Law Reform Committee under the purview of the Companies Commission of Malaysia.

Lim sits on the Boards of Malaysia Building Society Berhad, PLUS Malaysia Berhad and Anglo-Eastern Plantations PLC, a company publicly quoted on the London Stock Exchange.

## DATO’ SRIKANDAN KANAGAINTHIRAM

Aged 66, Malaysian, Male  
Senior Independent

Non-Executive Director

Chairman of Board Tender Committee, Member of Audit Committee

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Dato’ Srikandan Kanagainthiram was appointed to the Board of UEM Sunrise on 19 March 2013 and was appointed as the Senior Independent Director on 25 August 2016. He is a Fellow of The Royal Institution of Surveyors Malaysia (“RISM”), a Fellow of The Australian Institute of Quantity Surveyors (“AIQS”), a Fellow of The Royal Institution of Chartered Surveyors United Kingdom and a Registered Member of The

Board of Quantity Surveyors Malaysia (“BQSM”).

Dato’ Srikandan is a well-recognised consultant in construction cost and contract management in the Construction Industry in Malaysia and the region. He has over 35 years’ experience in construction cost and contract management of many large and prestigious projects. His vast experience includes various commercial and residential projects, universities, hospitals, convention and civic centres, airports and sports facilities.

Among the projects of which he undertook as Director-in-Charge include The KVMRT project, The Pinewood Studios Iskandar, Menara Petronas 3, ‘The Intermark’ Mixed Commercial Development, Prince Court Medical Centre, The KLCC Exhibition and

Convention Centre and Traders Hotel, Universiti Teknologi Petronas at Tronoh, Perak, Palace of Justice at Putrajaya and AIMST University, Kedah.

He is presently the Chairman of AECOM Malaysia Sdn. Bhd. and Managing Director of KPK Quantity Surveyors (Semenanjung) Sdn. Bhd.

His professional contributions include President of RISM (2015-2017), representation in various committees of RISM, Construction Industry Development Board Malaysia (“CIDB”), AIQS and SIRIM Berhad. He is an accredited mediator with CIDB. He currently serves on the Board of BQSM and is Chairman of BQSM’s Ethics Committee. He also serves as a Council Member of the Malaysia Singapore Business Council.

## BOARD OF DIRECTORS' PROFILE

### UNGKU SUSEELAWATI UNGKU OMAR

Aged 59, Malaysian, Female  
Independent Non-Executive Director  
Chairperson of Nominations &  
Remuneration Committee, Member of  
ESOS Committee

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Ungku Suseelawati Ungku Omar was appointed to the Board of UEM Sunrise on 19 March 2013. She graduated with a B.Sc Honours in Marketing from the University of Lancaster, United Kingdom.

Ungku Suseelawati is the Executive Director & Regional Head, Retail, South

East Asia of Nawawi Tie Leung Group (formerly known as DTZ Nawawi Tie Leung Group). She was 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 now responsible for the retail business both locally and regionally and her role is to provide strategic advice to developers and retailers on positioning, retail concept, planning and operations of shopping centres.

Ungku Suseelawati is Vice-Chairman of the Asia Pacific Research Council, International Council of Shopping Centers ("ICSC") and a recipient of its 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. She was recently appointed on the ICSC Asia-Pacific Advisory Board. She was previously a Director of Suria KLCC Sdn. Bhd. and a Retail Council member of PROSPER Perbadanan Usahawan Nasional Berhad.

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### SUBIMAL SEN GUPTA

Aged 69, Malaysian, Male  
Independent Non-Executive Director  
Member of Audit Committee

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Subimal Sen Gupta was appointed to the Board of UEM Sunrise on 31 March 2016. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants.

Sen Gupta has over 40 years of experience in financial management and has diverse knowledge and experience in finance, accounting and auditing. He has served in various senior positions in large public companies and professional firms. His previous positions included Chief Financial Officer of Iskandar Investment Berhad, in various capacities in Sime Darby Group as Financial Advisor, Group Head of Corporate Assurance and Advisor of Group Corporate Assurance, the Chief Financial Officer of KLCC (Holdings) Berhad and Director/Chief Executive Officer in Malaysian Resources Corporation Berhad.

Prior to his retirement in January 2016, he was the Chief Financial Officer of M+S Pte. Ltd., a Singapore company jointly owned by Khazanah and Temasek Holdings Private Limited.

Notes:

1. Family relationship with Director and/or Major Shareholder  
None of the Directors have any family relationship with any Director and/or major shareholder of UEM Sunrise.
2. Conflict of Interest  
None of the Directors have any conflict of interest with UEM Sunrise and its Group.
3. Conviction for Offences (other than Traffic Offences)  
None of the Directors have been convicted for offences within the past 5 years and have not been imposed any penalty or public sanction by the relevant regulatory bodies during the financial year 2016.
4. Attendance at Board Meeting  
The details of attendance of each Director at Board meetings are set out on page 155 of the Annual Report 2016.
5. Interest in Securities in UEM Sunrise  
The details of the Directors' interest in the securities of the Company are set out on page 333 of this Annual Report.

## SENIOR LEADERSHIP TEAM



### **STANDING FROM LEFT**

Sharifah Shafiqah Salim, Khaidzir Hassan, Mohamed Rastam Shahrom, Zaidil Hanief Mohamad Zaidi, Ali Talib

### **SEATED FROM LEFT TO RIGHT**

Mohd Auzir Mohd Tahir, Raymond Cheah, Azhar Othman



**STANDING FROM LEFT**

Frederick Lee, Liew Irene, Penny Yaw, Izhan Fariz Hasanuddin, Pam Loh Pek Mee

**SEATED FROM LEFT TO RIGHT**

Anwar Syahrin Abdul Ajib, Dato' Roslan Ibrahim, Dato' Kassim Ali Mydin

## SENIOR LEADERSHIP TEAM

### **ANWAR SYHRIN ABDUL AJIB**

Managing Director/  
Chief Executive Officer

As expressed on page 079 of the Board of Directors' Profile.

### **AZHAR OTHMAN**

Chief Financial Officer

Azhar Othman, 49, a Malaysian male, joined UEM Sunrise on 10 July 2012.

Prior to joining UEM Sunrise, he was with Proton Holdings Berhad from June 2009 to July 2012 as Group Chief Financial Officer where apart from finance leadership roles, he was also responsible for the Information Technology, Supply Chain and Group Asset Management Divisions of the company. He championed the enterprise resource planning end-to-end system project implementation and served as a board member on key subsidiaries of the company.

Prior to that, he spent 19 years in the semiconductor industry with companies like Spansion, On Semiconductors and Motorola in various senior positions in finance, eight of which was in a corporate office in Phoenix, Arizona, United States of America. He has extensive and diversified experience in statutory financial requirements, financial strategy, planning and analysis, cost reduction strategy, performance and profit improvement in various industries ranging from manufacturing, information technology, supply chain and business operations.

Azhar graduated with a Bachelor of Business Administration (Finance and Corporate Investment) from University of North Texas, Denton, United States of America in May 1990 and obtained a Master in Business Administration from Arizona State University in Chandler, Arizona, United States of America in December 2007.

Azhar is also a member of the Chartered Institute of Management Accountants, United Kingdom as well as Malaysian Institute of Accountants.

His directorships in public companies include UEM Land Berhad, Sunrise Berhad and Horizon Hills Resort Berhad.



#### **DATO' ROSLAN IBRAHIM**

Chief Operating Officer,  
Development

Dato' Roslan Ibrahim, 57, a Malaysian male, joined UEM Sunrise on 1 August 2015. He has over 30 years of industry experience which includes a proven track record in managing complex infrastructure projects.

Prior to joining UEM Sunrise, he was the President Direktor of PT Lintas Marga Sedaya, a 55% subsidiary of UEM Group Berhad ("UEM Group") that undertook the 116-kilometre, RM4.4 billion construction of the Cikopo-Palimanan highway project.

Dato' Roslan joined UEM Group back in 2006 and brings along with him a wealth of cross functional experience from his background in Engineering and Construction as well as Business Development. During his tenure, he headed the project team to design and build the Penang Second Bridge Project and was then assigned as the Head of Group Business Development.

He started his career in 1981 and has been involved in several mega projects including the Peninsular Gas Pipeline, the 55-storey Menara Telekom, the Putrajaya Bridges and the Petronas Twin Towers. In the area of Business Development, he secured maiden projects in Sudan and Dubai during his tenure with MMC Engineering Group Berhad and IJM Corporation Berhad respectively. He holds a Bachelor's Degree in Civil Engineering from University of Swansea, Wales and a Master's Degree in Business Administration from Herriot-Watt University, Edinburgh, both in the United Kingdom.

His directorships in public companies include UEM Land Berhad and Sunrise Berhad.

#### **RAYMOND CHEAH**

Chief Operating Officer,  
Commercial

Raymond Cheah, 46, a Malaysian male, joined the Company on 2 January 2001 and was promoted to Chief Operating Officer, Commercial, on 1 July 2013. He is responsible for the local, regional and international business development, strategic investment and joint venture, property and asset management; as well as the corporate communication, branding, customer loyalty, sales and marketing initiatives and security services of UEM Sunrise. He also leads the overall development and implementation of all the international projects of UEM Sunrise in Australia, Canada, Singapore and South Africa.

Throughout his tenure with UEM Sunrise, he has completed several major townships, approximately 6,000 apartments ranging from affordable to luxury offerings, over 10 million square feet of commercial spaces including retail and office spaces, as well as notable hospitality and mixed-use developments.

On the international front, he spearheaded the Company's maiden venture into Melbourne, Australia via the acquisition of two prime land parcels in the CBD in 2013 and recently the third site on the prestigious St Kilda Road. In Canada, he oversees the Quintet and Alderbridge projects. In South Africa, he leads the beach front joint venture development in Durban Point. In addition, he pioneered the UEM Sunrise team in the mega mixed-use developments of Marina One and DUO in Singapore. He also leads the retail and asset management for Publika and Anjung, heralded as the leading creative retail spaces in Malaysia.

Prior to his career in UEM Sunrise, he was involved in major projects in Malaysia including the Kuala Lumpur International Airport ("KLIA"), mega townships and as well as various large-scale mixed-use developments in Malaysia.

He holds a Master of Business Administration (Distinction) from University of Sunderland, United Kingdom and a Bachelor of Science (Honours) Degree in Civil Engineering from University of Iowa, United States of America.

## SENIOR LEADERSHIP TEAM

### **PAM LOH PEK MEE**

Chief Marketing Officer

Pam Loh, 53, a Malaysian female, joined UEM Sunrise on 22 March 2017. She currently heads the Marketing & Sales Department and oversees the Company's Customer Experience functions and branding.

Pam has over 20 years of professional experience that spans across the whole breadth and depth of marketing, encompassing sales, branding, corporate social responsibility and customer service. A hands-on person covering both townships and mixed developments, she has also led product development, project management, sales staff management and motivation, sales administrative functions, as well as public relations and social/digital marketing.

In the past 20 years, she worked with top public-listed developers. She has collectively marketed over 20,000 units of prime residential and commercial developments, and over 15 award-winning projects.

She holds a Master in Business Administration from the University of Bath, England.

### **MOHD AUZIR MOHD TAHIR**

Chief Executive Officer, Cahaya Jauhar Sdn. Bhd.

Mohd Auzir Mohd Tahir, 58, a Malaysian male, joined UEM Group on 1 September 1988 as a Civil Engineer and was later promoted to his current position as Chief Executive Officer in Cahaya Jauhar Sdn. Bhd. ("CJSB") in January 2005. CJSB is a joint venture company between UEM Land Berhad ("UEM Land", a wholly-owned subsidiary of UEM Sunrise) and Permodalan Darul Ta'zim Sdn. Bhd. (a wholly-owned subsidiary of State Secretary Johor Incorporation which in turn is wholly-owned by Johor State Government), for the development and facilities management of Kota Iskandar, the state administrative centre in Iskandar Puteri which won the FIABCI Malaysia Property Award 2010 and FIABCI Prix d'Excellence 2011 runner-up.

He previously served in different capacities for various companies within the UEM Group of Companies, including Pengurusan Lebuh raya Berhad, Renong Overseas Corporation Sdn. Bhd., Rocpoint (Pty) Limited, Bandar Nusajaya Development Sdn. Bhd. ("BNDNSB") and UEM Land. He has been involved in the implementation of a number of major projects within the UEM Group among which includes the North-South Expressway, KL International Airport in Sepang, PUTRA Light Rail Transit, Bukit Jalil National Sports Complex, Malaysia – Singapore Second Crossing Bridge and Expressway, Tanjong Tokong Land Reclamation, Noi Bai Industrial Zone Development in Hanoi, Vietnam and Point Waterfront Development in Durban, South Africa. Whilst at BDNBSB, he was responsible for revisiting the Development Masterplan for Iskandar Puteri resulting in the identification of the various catalyst developments.

He holds a Second Class Upper (Honours) Degree in Civil Engineering from the University of Wales, Cardiff, United Kingdom where he graduated in 1982.

### **MOHAMED RASTAM SHAHROM**

Director, MD/CEO's Office

Mohamed Rastam Shahrom, 45, a Malaysian male, joined UEM Group Berhad on 1 August 2016 as the Director, UEM Group Managing Director's Office and subsequently assumed the role of Director, MD/CEO's Office of UEM Sunrise on 1 December 2016. He assists the Managing Director to monitor and supervise the execution of various initiatives and financial reviews with close collaboration with the finance, strategy and transformation office.

He has over 20 years of experience in the field of finance, investment appraisal, fund raising, financial analysis and planning, finance operations, international JVs and statutory reporting. Prior to joining the Group, he was the Financial Controller at SapuraKencana Petroleum Berhad (now known as Sapura Energy Berhad), a position, which had him overseeing the Engineering & Construction Division and Drilling Services. During his tenure there, he was instrumental in driving several initiatives, including automation and streamlining the finance operations, cost reduction program, business and asset acquisitions and international project financing.

Prior to that, he was the Senior Vice President of Enterprise Solutions and Vice President, Finance at Celcom Axiata Berhad. He also served as Vice President, Corporate Finance and Advisory, Affin Investment Bank Berhad and Hwang-DBS Investment Bank Berhad as Assistant Vice President where he has worked on multiple IPOs and M&As. His earlier years were spent in external audit firm, Arthur Andersen, where he gained exposure to a variety of industries, ranging from financial institutions, insurance and Government-linked companies.

Mohamed holds a BSc (Honours) Accounting and Finance from University of Wales, Aberystwyth, United Kingdom, a fellow of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Malaysian Institute of Accountants.

### **ZADIL HANIEF MOHAMAD ZAIDI**

Head, Strategy

Zadil Hanief Mohamad Zaidi, 39, a Malaysian male, joined UEM Sunrise on 5 January 2015 and oversees the Company's strategy and transformation functions. In 2015, he also held the role of Acting Chief Marketing Officer. He holds directorships in several subsidiaries and joint venture entities within UEM Sunrise Group of Companies.

A former strategy consultant, he joined UEM Sunrise from A.T. Kearney, a global management consulting firm where he served clients in oil & gas and consumer-related industries.

Prior to that, he served as an Associate Director of Performance Management & Delivery Unit ("PEMANDU"), Prime Minister's Department, where he was directly involved in the formulation and management of Government Transformation Programme and Economic Transformation Programme. He has worked closely with senior policy makers in the development and implementation of initiatives across rural development, land transport, home affairs and economic development sectors.

He started his career with Shell and Procter & Gamble – spending almost a decade in various commercial and brand building roles. As a marketing professional, he has designed product launches, executed channel consolidation and managed key accounts on behalf of various global brands.

Zadil holds a Bachelor of Science in Industrial Engineering Degree from Western Michigan University, United States of America and he obtained a Master in Business Administration from International Islamic University Malaysia.

## SENIOR LEADERSHIP TEAM

### FREDERICK LEE HENG MENG

Head, Procurement & Contracts

Frederick Lee, 49, a Malaysian male, joined UEM Sunrise on 8 September 2011. He brings with him more than 26 years of experience spanned across property, real estate, construction and infrastructure industries, with extensive knowledge in cost estimating, cost planning, cost and contract management, procurement strategies and supply chain management.

Prior to joining UEM Sunrise, he was attached for over a decade with IJM Construction Sdn. Bhd. as Senior Manager of the Tender & Contracts Department where he was responsible for the pre and post contract administration of various multi-million projects.

In the early years of his career, Frederick spent time building solid foundations in the property and construction subsidiaries of Chew Piau Berhad, Metroplex Berhad and Tanco Holdings Berhad where he gained exposure to the different aspects and practical technicalities relating to hotels, commercial buildings, service apartments and township developments.

Frederick gained his tertiary education in Australia where he graduated with a Bachelor of Building from the University of New South Wales, Sydney, Australia in July 1990.

### DATO' KASSIM ALI MYDIN

Head, HR Services & Operations

Dato' Kassim Ali Mydin, 51, a Malaysian male, joined UEM Sunrise on 6 January 2014. He has a portfolio charting over 25 years of experience in the entire spectrum of Human Resource Management.

From 1995 to 1997, Dato' Kassim was part of the opening team responsible for the successful start-up of the first five-star international resort in Melaka as well as the expansion of Technocom Malaysia Sdn. Bhd., part of Venture Corporation Limited in Johor Bahru to seven manufacturing plants, making the organisation the largest employer in the Southern region.

Prior to joining UEM Sunrise, he was the Director, Human Resources for ICI Paints (M) Sdn. Bhd. since 2007. He was the HR Project Champion for Malaysia who led the total transformation and integration for Imperial Chemical Industries. In June 2011, Kassim joined Chemical Companies of Malaysia Berhad as the Director, Group Human Resources Centre of Excellence.

He holds a Master's Degree in Business Administration (Majoring in Human Resource Management) from Asia Pacific International University, New Zealand and is a member of the Malaysian Institute of Human Resource Management.

### **IZHAN FARIZ HASANUDDIN**

Acting Head of Organisational Development

Izhan Fariz, 40, a Malaysian male, joined UEM Sunrise on 1 March 2017. He currently heads the Organisational Development team. In this role, Izhan is responsible for Organisation Design & Strategic Workforce Planning, Talent Acquisition, Talent Management and Learning & Development functions.

With almost 20 years of experience in Human Resource and Management Consulting, Izhan has extensive knowledge in all aspects of Human Resources from his previous attachments with multinational corporations and Government Linked Companies which include Accenture, IBM, PricewaterhouseCoopers, Sime Darby Group and Malayan Banking Berhad (“Maybank”).

During his time as Head of Group Talent Management in Sime Darby Group from 2010 to 2015, Sime Darby Group became the first Malaysian-based company to be included in the prestigious global list of 25 Top Companies for Leaders, an in-depth global study on best-in-class leadership practices and talent strategies organised by AonHewitt. He has also been heavily involved in large enterprise-wide HR Transformation initiatives at Sime Darby Group and Maybank respectively.

Prior to joining UEM Sunrise, he headed the Group Organisational Development and Talent Management team in UEM Group, a role which he continues to carry today in tandem with his new responsibilities in UEM Sunrise.

Izhan holds a Bachelor of Science Degree majoring in Computer Science (Honours) from the University of Hertfordshire, United Kingdom.

### **PENNY YAW CHOON YEE**

General Manager, MD/CEO’s Office

Penny Yaw, 40, a Malaysian female, joined UEM Sunrise on 1 July 2014. She currently heads the Market Research and Analytics team.

With more than 15 years of experience in research, Penny has extensive knowledge in all aspects of equity-research related from her previous attachments with foreign and domestic banks and financial institutions, covering largely public-listed companies in Malaysia focusing on Malaysian property sector for close to a decade.

During her time as Vice President Property & Plantations - Malaysia in Citigroup from 2007 to 2012, the research team was rated runners-up in 2009 until 2012 by the Institutional Investor whilst Penny was rated a Top Property Analyst by The Edge Analyst All Stars Poll in 2008.

Prior to joining UEM Sunrise, she headed the research team of an international realtor headquartered in Singapore, covering the Singapore and Malaysia markets. Penny also wrote articles published in The Edge Singapore and The Edge Malaysia.

Penny holds a Bachelor of Commerce Degree majoring in Accounting and Finance (with Merit) from the University of New South Wales, Australia. She is also a Chartered Financial Analyst charterholder.

## SENIOR LEADERSHIP TEAM

### ALI TALIB

General Manager, Internal Audit

Ali Talib, 43, a Malaysian male, joined UEM Sunrise on 4 August 2014. Prior to joining UEM Sunrise, he was with Felda Global Ventures Holdings Berhad from January 2013 to July 2014 as General Manager, Group Internal Audit where he was responsible for the audit of the Company's plantations division. Prior to that, he was with Boustead Holdings Berhad from January 2011 to December 2012 as Senior Manager, Group Internal Audit in-charge of the audit of heavy industries, property and pharmaceutical division.

Ali started his career with Golden Hope Plantations Berhad in 1997 as Internal Auditor before he spent 10 years in the property and construction industries with Malaysian Resources Corporation Berhad as Head of Corporate Governance. He has extensive experience in project management audit, risk management, investigation and developing policies and procedures.

Ali graduated with a Bachelor of Accountancy from University Technology Mara in 1997 and he is a member of The Institute of Internal Auditors Malaysia as well as Malaysian Institute of Accountants. He is a Chartered Accountant and has Certification in Risk Management Assurance.

### KHAIDZIR HASSAN

Deputy General Manager, Risk Management

Khaidzir Hassan, 49, a Malaysian male, joined UEM Sunrise on 2 January 2006 and has about 26 years of industry experience. Prior to joining UEM Sunrise, he was attached to UEM Group since 15 August 1995.

On 1 January 2006, he joined UEM Land as Manager, Risk Management, Internal Control and Quality Assurance and was promoted to Deputy Senior Manager. On 1 January 2008, he was promoted to Senior Manager, Risk Management, Transformation & Investments and was later promoted to Deputy General Manager on 1 January 2010. On 1 January 2013, he was re-designated to Deputy General Manager for Risk Management.

He started his career in 1990 as an academician at University of Malaya before he joined UEM Group in 1995. He has extensive and diversified experience in education, project management, risk management, productivity and quality management and consultancy services in various industries ranging from telecommunication, logistic, supply chain, pharmaceutical, highway, engineering and construction, quarry, oil and gas, asset and facilities management property development, power generation and recycle energy.

Khaidzir holds a Certificate of Computer Science and graduated with a Bachelor of Arts (Honours) and a Master of Arts from University of Malaya in 1990 and 1994 respectively. He also attended Master of Business Administration program at International Islamic University Malaysia in 2004.

Khaidzir is a member of the Malaysian Association of Risk and Insurance Management.

#### Notes:

1. Family relationship with Director and/or Major Shareholder  
None of the Senior Leadership Team Members have any family relationship with any Director and/or major shareholder of UEM Sunrise.
2. Conflict of Interest  
None of the Senior Leadership Team Members have any conflict of interest with UEM Sunrise and its Group.
3. Conviction for Offences (other than Traffic Offences)  
None of the Senior Leadership Team Members have been convicted for offences within the past five years and have not been imposed any penalty or public sanction by the relevant regulatory bodies during the financial year 2016.

## JOINT SECRETARIES

### SHARIFAH SHAFIQA SALIM

Joint Company Secretary

Sharifah Shafiqah Salim is Head, UEM Group Secretarial and the Joint Company Secretary of UEM Sunrise. She is also the Joint Company Secretary of UEM Group, PLUS Malaysia Berhad and other subsidiaries of UEM Group of Companies.

Shafiqah, a qualified Advocate and Solicitor of the High Court of Malaya and licensed Company Secretary, started her career with the Securities Commission and later held leadership roles in the Legal and Secretarial Departments of Metacorp Berhad and UEM Builders Berhad.

Subsequently she joined UEM Group where she continued to serve as Joint Company Secretary for UEM Builders Berhad as well as Opus Group Berhad, both of which were then listed on Bursa Malaysia. She was a General Manager at UEM Group's Legal Department before being appointed to the current position in 2013.

She is an Affiliate of the Malaysian Institute of Chartered Secretaries and Administrators.

### LIEW IRENE

Joint Company Secretary

Liew Irene is the Joint Company Secretary of UEM Sunrise and a number of its subsidiaries. She is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators.

Prior to joining UEM Group 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.

From 2001 until 2004, she was attached to the secretarial division of a large listed financial institution group. She started her secretarial career with an established secretarial firm in 1996.

# *Creating* A GLOBAL NAME

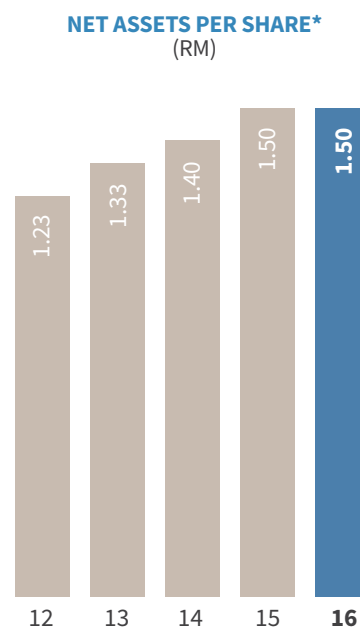
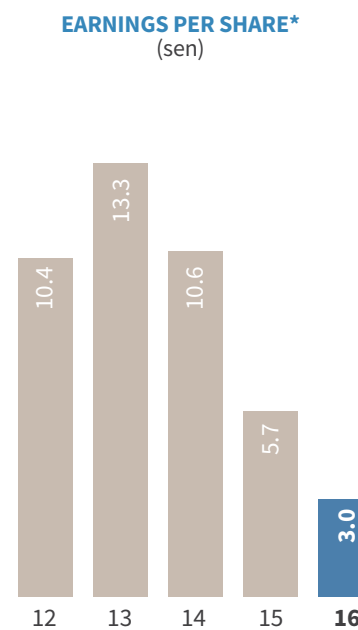
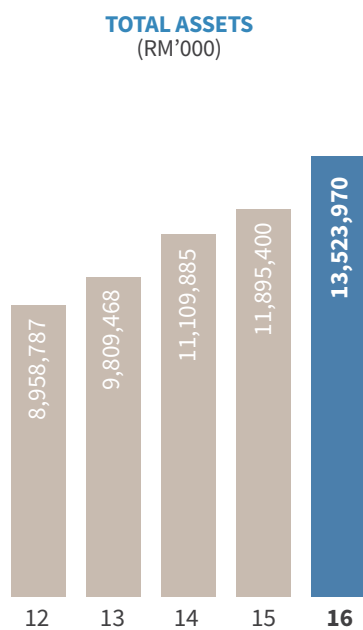
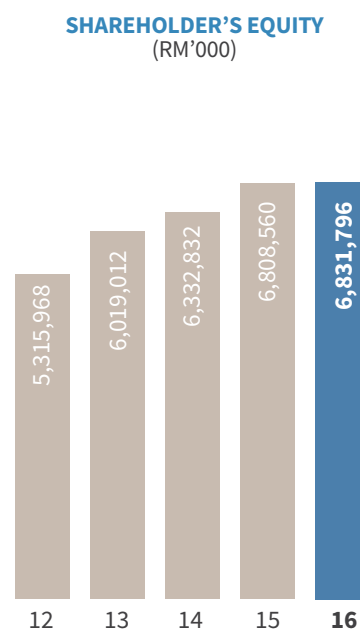
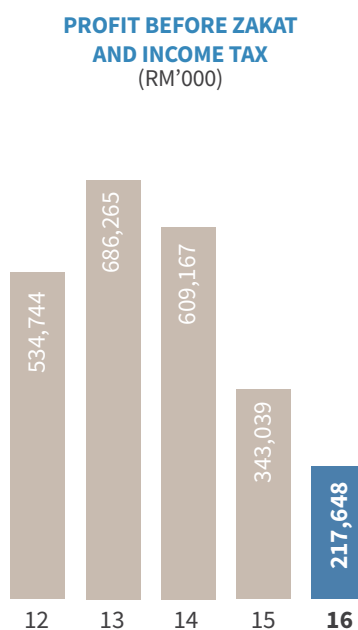
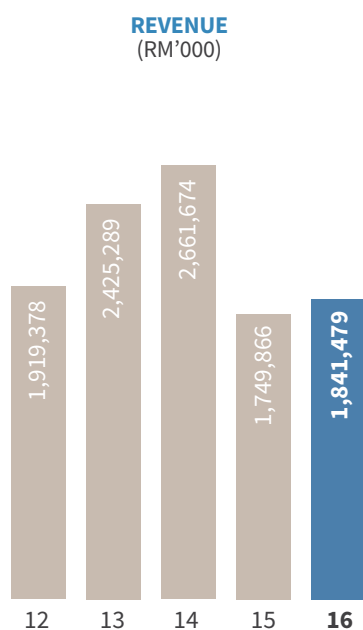
We are nimble and keep adapting to change as we strive for excellence. This has allowed us to build a brand synonymous with quality and integrity, both locally and internationally. Having established ourselves in Malaysia, we are making our presence known in Canada, Australia and, soon, South Africa, developing landmark projects that are changing landscapes.





# FIVE-YEAR FINANCIAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER



\* Attributable to owners of the parent

# FIVE-YEAR GROUP PERFORMANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

| In RM'000   | 2016        | 2015        | 2014        | 2013        | 2012        |
|---|-------------|-------------|-------------|-------------|-------------|
| Revenue   | 1,841,479   | 1,749,866   | 2,661,674   | 2,425,289   | 1,919,378   |
| Cost of sales                                       | (1,330,998) | (1,224,705) | (1,859,575) | (1,497,165) | (1,217,927) |
| Operating expenses                                  | (360,739)   | (349,688)   | (340,365)   | (388,812)   | (267,781)   |
| <b>OPERATING PROFIT</b>                             | 149,742     | 175,473     | 461,734     | 539,312     | 433,670     |
| Other income  | 68,118      | 117,604     | 58,814      | 48,775      | 53,342      |
| Finance costs                                       | (75,992)    | (73,868)    | (45,852)    | (29,386)    | (41,372)    |
| Share of net results of associates & joint ventures | 75,780      | 123,830     | 134,471     | 127,564     | 89,104      |
| <b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>           | 217,648     | 343,039     | 609,167     | 686,265     | 534,744     |
| Profit attributable to owners of the parent         | 147,302     | 257,212     | 479,927     | 579,141     | 448,358     |
| Shareholders' equity                                | 6,831,796   | 6,808,560   | 6,332,832   | 6,019,012   | 5,315,968   |
| Earnings per share (sen)                            | 3.0         | 5.7         | 10.6        | 13.3        | 10.4        |
| Return on equity                                    | 2.2%        | 3.9%        | 7.8%        | 10.2%       | 8.8%        |

# 2016 GROUP QUARTERLY PERFORMANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

| In RM'000   | First<br>Quarter<br>31/03/2016 | Second<br>Quarter<br>30/06/2016 | Third<br>Quarter<br>30/09/2016 | Fourth<br>Quarter<br>31/12/2016 | Year<br>Ended<br>31/12/2016 |
|---|--------------------------------|---------------------------------|--------------------------------|---------------------------------|-----------------------------|
| Revenue   | 257,750                        | 537,813                         | 421,254                        | 624,662                         | <b>1,841,479</b>            |
| Cost of sales                                       | (180,541)                      | (379,608)                       | (302,606)                      | (468,243)                       | <b>(1,330,998)</b>          |
| Operating expenses                                  | (68,900)                       | (95,639)                        | (65,175)                       | (131,025)                       | <b>(360,739)</b>            |
| <b>OPERATING PROFIT</b>                             | <b>8,309</b>                   | <b>62,566</b>                   | <b>53,473</b>                  | <b>25,394</b>                   | <b>149,742</b>              |
| Other income  | 9,896                          | 11,534                          | 14,689                         | 31,999                          | <b>68,118</b>               |
| Finance costs                                       | (21,264)                       | (20,630)                        | (20,272)                       | (13,826)                        | <b>(75,992)</b>             |
| Share of net results of associates & joint ventures | 9,074                          | 19,807                          | 7,688                          | 39,211                          | <b>75,780</b>               |
| <b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>           | <b>6,015</b>                   | <b>73,277</b>                   | <b>55,578</b>                  | <b>82,778</b>                   | <b>217,648</b>              |
| Profit attributable to owners of the parent         | 3,017                          | 54,663                          | 36,333                         | 53,289                          | <b>147,302</b>              |
| Shareholders' equity                                | 6,787,222                      | 6,772,255                       | 6,734,814                      | 6,831,796                       | <b>6,831,796</b>            |
| Earnings per share (sen)                            | 0.1                            | 0.9                             | 0.8                            | 1.2                             | <b>3.0</b>                  |
| Return on equity*                                   | 0.2%                           | 3.2%                            | 2.1%                           | 3.1%                            | <b>2.2%</b>                 |

\* annualised

# STATEMENT OF VALUE ADDED & DISTRIBUTION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

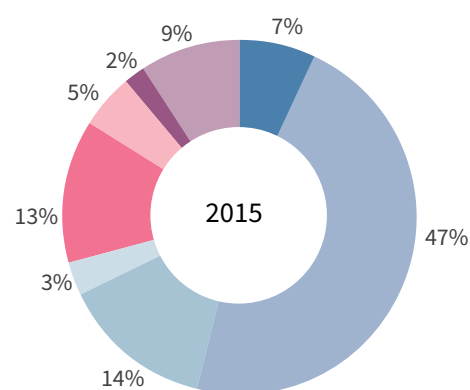
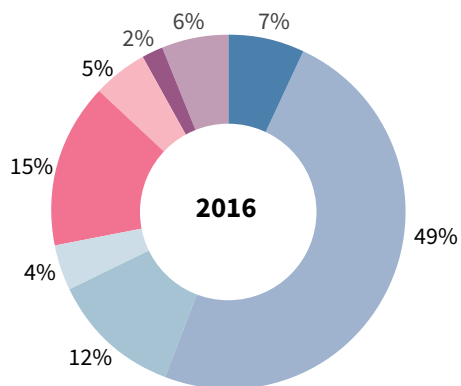
| In RM'000   | 2016               | 2015        | 2014        | 2013        | 2012        |
|---|--------------------|-------------|-------------|-------------|-------------|
| <b>VALUE ADDED:</b>                                 |                    |             |             |             |             |
| Revenue   | <b>1,841,479</b>   | 1,749,866   | 2,661,674   | 2,425,289   | 1,919,378   |
| Purchase of goods and services                      | <b>(1,548,765)</b> | (1,446,971) | (2,034,358) | (1,731,124) | (1,348,925) |
| Value added by the group                            | <b>292,714</b>     | 302,895     | 627,316     | 694,165     | 570,453     |
| Other income  | <b>68,118</b>      | 117,604     | 58,814      | 48,775      | 53,342      |
| Share of results of associates and joint ventures   | <b>75,780</b>      | 123,830     | 134,471     | 127,564     | 89,104      |
| <b>Total value added available for distribution</b> | <b>436,612</b>     | 544,329     | 820,601     | 870,504     | 712,899     |
| <b>DISTRIBUTION:</b>                                |                    |             |             |             |             |
| To employees  |                    |             |             |             |             |
| -salaries and other staff costs                     | <b>116,572</b>     | 97,814      | 144,940     | 134,653     | 119,163     |
| To government                                       |                    |             |             |             |             |
| -income tax & zakat                                 | <b>69,309</b>      | 86,049      | 129,391     | 107,156     | 86,462      |
| To provider of capital                              |                    |             |             |             |             |
| -dividend   | -                  | 136,123     | 181,497     | 132,952     | -           |
| -finance cost                                       | <b>75,992</b>      | 73,868      | 45,852      | 29,386      | 41,372      |
| Retained for future reinvestment & growth           |                    |             |             |             |             |
| -depreciation & amortisation                        | <b>26,400</b>      | 29,608      | 20,642      | 20,200      | 17,620      |
| -retained profits                                   | <b>147,302</b>     | 121,089     | 298,430     | 446,189     | 448,358     |
| -minority interest                                  | <b>1,037</b>       | (222)       | (151)       | (32)        | (76)        |
| <b>Total distributed</b>                            | <b>436,612</b>     | 544,329     | 820,601     | 870,504     | 712,899     |
| <b>RECONCILIATION</b>                               |                    |             |             |             |             |
| Profit for the year                                 | <b>148,339</b>     | 256,990     | 479,776     | 579,109     | 448,282     |
| Add: Depreciation & amortisation                    | <b>26,400</b>      | 29,608      | 20,642      | 20,200      | 17,620      |
| Finance costs                                       | <b>75,992</b>      | 73,868      | 45,852      | 29,386      | 41,372      |
| Staff cost  | <b>116,572</b>     | 97,814      | 144,940     | 134,653     | 119,163     |
| Income tax & zakat                                  | <b>69,309</b>      | 86,049      | 129,391     | 107,156     | 86,462      |
| <b>Total value added</b>                            | <b>436,612</b>     | 544,329     | 820,601     | 870,504     | 712,899     |

# SUMMARISED GROUP BALANCE SHEET

AS AT 31 DECEMBER

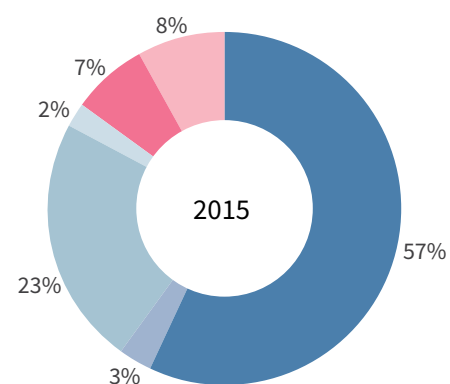
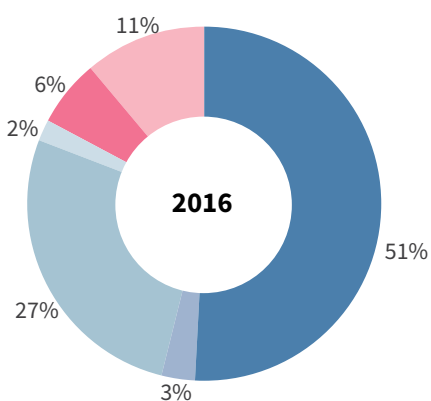
## TOTAL ASSETS

- Property, plant and equipment and Investment properties
- Land held for property development and property development cost
- Interests in associates, joint ventures & others
- Inventories
- Receivables
- Goodwill
- Deferred tax asset
- Deposits and cash and bank balances



## TOTAL EQUITY AND LIABILITIES

- Shareholder's equity
- Non-controlling interests
- Borrowings
- Income tax liabilities
- Payables
- Provisions and others



# FIVE-YEAR FINANCIAL REVIEW OF THE GROUP

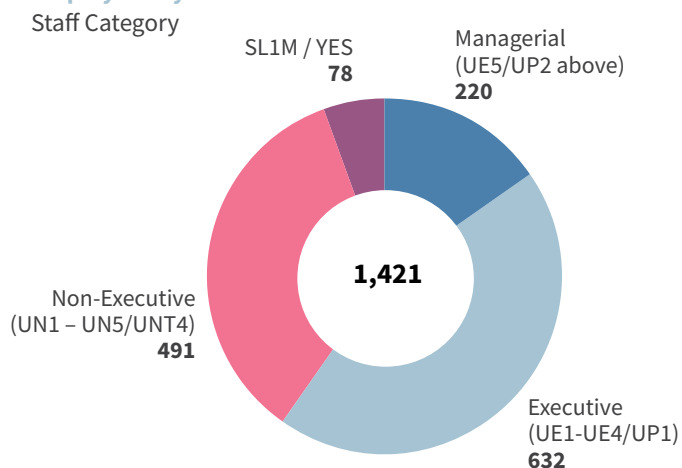
AS AT 31 DECEMBER

| In RM'000   | 2016              | 2015              | 2014              | 2013             | 2012             |
|---|-------------------|-------------------|-------------------|------------------|------------------|
| <b>TOTAL ASSETS</b>   |                   |                   |                   |                  |                  |
| Property, plant and equipment and investment properties               | 947,561           | 875,042           | 788,316           | 745,570          | 702,122          |
| Land held for property development and property development costs     | 6,654,936         | 5,550,909         | 4,210,582         | 3,918,776        | 3,847,397        |
| Interests in associates, joint ventures & others                      | 1,572,152         | 1,631,616         | 1,280,213         | 846,090          | 657,493          |
| Inventories   | 585,244           | 403,099           | 176,622           | 105,856          | 122,622          |
| Receivables   | 2,087,925         | 1,586,681         | 3,123,460         | 2,073,780        | 1,930,386        |
| Goodwill  | 621,409           | 621,409           | 621,409           | 621,409          | 621,409          |
| Deferred tax asset  | 254,971           | 221,044           | 170,009           | 134,461          | 31,541           |
| Deposits, cash and bank balances                                      | 788,542           | 1,005,600         | 739,274           | 1,363,526        | 1,045,817        |
| Asset held for sale   | 11,230            | -                 | -                 | -                | -                |
| <b>Total assets</b>   | <b>13,523,970</b> | <b>11,895,400</b> | <b>11,109,885</b> | <b>9,809,468</b> | <b>8,958,787</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                   |                   |                   |                   |                  |                  |
| Share capital   | 2,276,643         | 2,276,643         | 2,268,718         | 2,268,718        | 2,165,558        |
| Share premium   | 2,829,546         | 2,829,546         | 2,044,955         | 2,044,953        | 1,907,488        |
| Merger relief reserves  | 34,330            | 34,330            | 34,330            | 34,330           | 34,330           |
| Equity component of redeemable convertible preference shares ("RCPS") | -                 | -                 | -                 | -                | 119,068          |
| Other reserves  | 152,020           | 115,439           | 88,130            | 72,742           | 51,370           |
| Retained profits  | 1,539,257         | 1,552,602         | 1,896,699         | 1,598,269        | 1,038,154        |
| Non-controlling interests   | 361,556           | 360,345           | 485,753           | 450,604          | 450,636          |
| <b>Total equity</b>   | <b>7,193,352</b>  | <b>7,168,905</b>  | <b>6,818,585</b>  | <b>6,469,616</b> | <b>5,766,604</b> |
| Borrowings  | 3,714,673         | 2,750,570         | 2,358,089         | 1,940,049        | 1,714,957        |
| Liability component of RCPS   | -                 | -                 | -                 | -                | 409,424          |
| Income tax liabilities  | 253,467           | 223,904           | 353,846           | 324,632          | 288,216          |
| Payables  | 880,744           | 772,205           | 655,906           | 624,353          | 648,560          |
| Provisions and others   | 1,481,734         | 979,816           | 923,459           | 450,818          | 131,026          |
| <b>Total equity and liabilities</b>                                   | <b>13,523,970</b> | <b>11,895,400</b> | <b>11,109,885</b> | <b>9,809,468</b> | <b>8,958,787</b> |
| Net asset per share attributable to owners of the parent (RM)         | 1.50              | 1.50              | 1.40              | 1.33             | 1.23             |

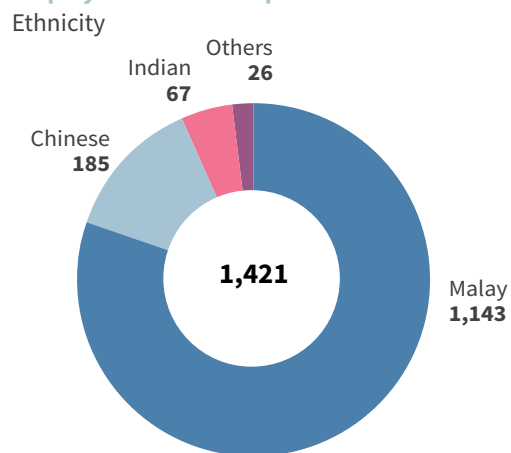
# EMPLOYEES & PRODUCTIVITY

## EMPLOYEES BY CLASSIFICATION

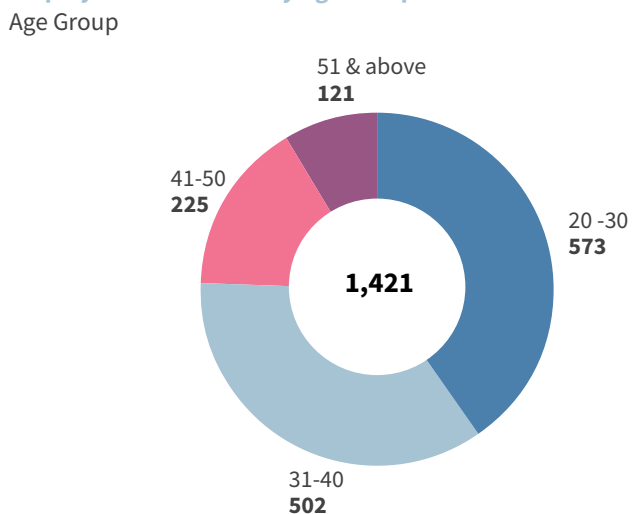
### Employees By Classification



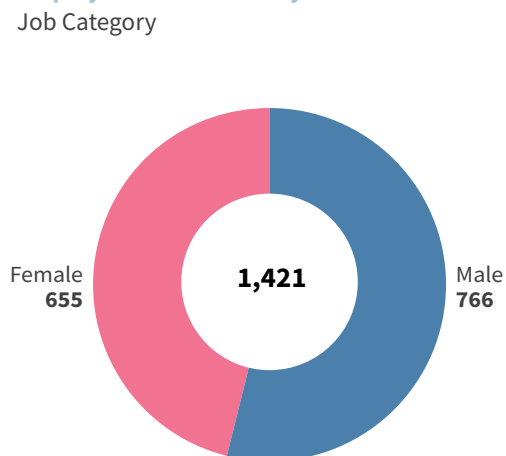
### Employees Ethnic Composition



### Employees Breakdown by Age Group



### Employees Breakdown by Gender

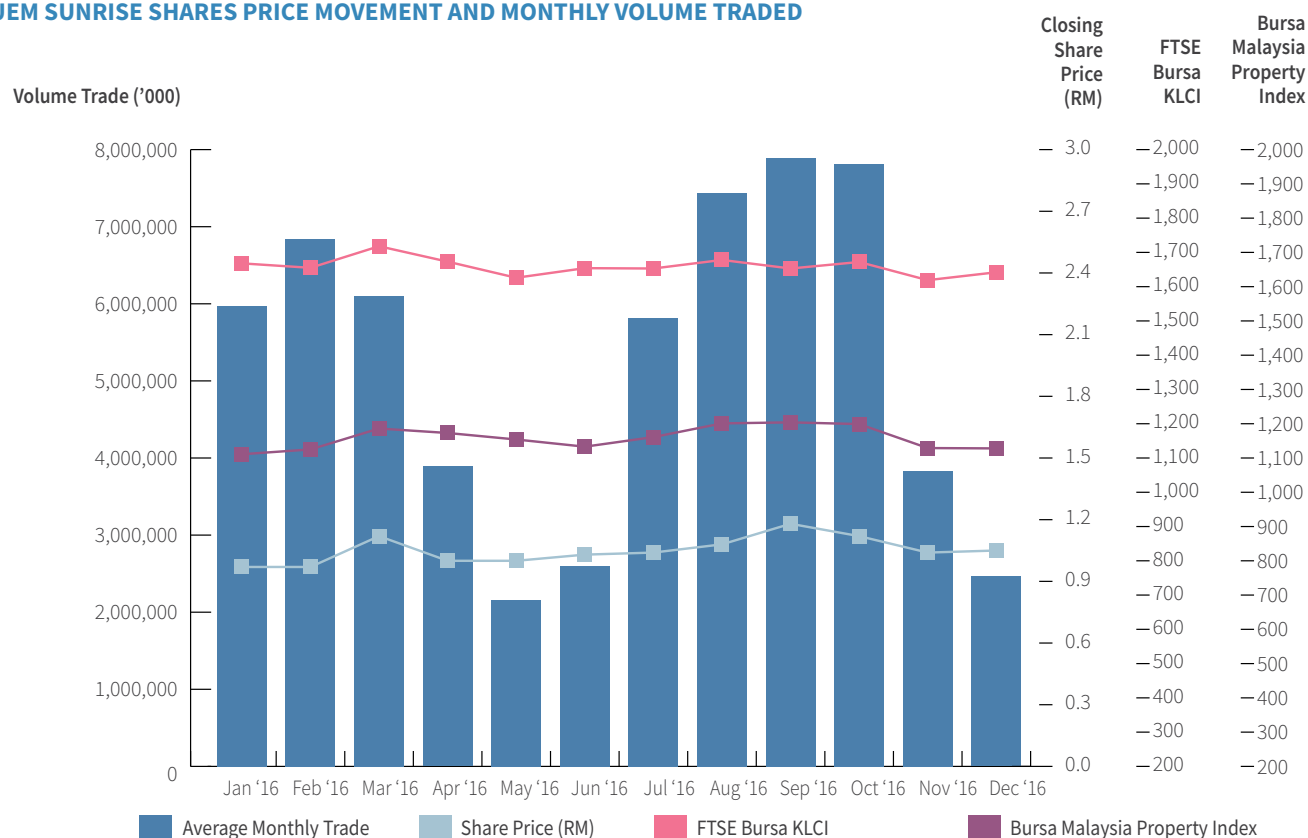


|  | 2016  | 2015  |
|--|-------|-------|
| Revenue per employee (RM'000)                        | 1,296 | 1,167 |
| Revenue per employee cost (times)                    | 16    | 18    |
| Value added & distribution per employee (RM'000)     | 307   | 363   |
| Value added & distribution per employee cost (times) | 4     | 6     |



# SHARE PRICE & VOLUME TRADED

## UEM SUNRISE SHARES PRICE MOVEMENT AND MONTHLY VOLUME TRADED



## UEM SUNRISE SHARES MOVEMENT

| Month  | Highest Share Price for the Month (RM) | Lowest Share Price for the Month (RM) | Average Monthly Volume Trade | <sup>1</sup> Closing Share Price (RM) | <sup>1</sup> FTSE Bursa KLCI | <sup>1</sup> Bursa Malaysia Property Index |
|--------|--|---------------------------------------|------------------------------|---------------------------------------|------------------------------|--|
| Jan'16 | 1.08                                   | 0.91                                  | 5,967,932                    | 0.97                                  | 1,668                        | 1,111                                      |
| Feb'16 | 1.09                                   | 0.93                                  | 6,837,333                    | 0.97                                  | 1,655                        | 1,125                                      |
| Mar'16 | 1.12                                   | 0.99                                  | 6,100,935                    | 1.12                                  | 1,718                        | 1,186                                      |
| Apr'16 | 1.13                                   | 0.99                                  | 3,888,981                    | 1.00                                  | 1,673                        | 1,173                                      |
| May'16 | 1.03                                   | 1.00                                  | 2,161,276                    | 1.00                                  | 1,626                        | 1,154                                      |
| Jun'16 | 1.09                                   | 1.01                                  | 2,595,238                    | 1.03                                  | 1,654                        | 1,133                                      |
| Jul'16 | 1.09                                   | 1.02                                  | 5,816,058                    | 1.04                                  | 1,653                        | 1,161                                      |
| Aug'16 | 1.15                                   | 1.04                                  | 7,433,027                    | 1.08                                  | 1,678                        | 1,201                                      |
| Sep'16 | 1.22                                   | 1.08                                  | 7,886,335                    | 1.18                                  | 1,653                        | 1,204                                      |
| Oct'16 | 1.22                                   | 1.12                                  | 7,818,300                    | 1.12                                  | 1,672                        | 1,199                                      |
| Nov'16 | 1.10                                   | 1.03                                  | 3,826,818                    | 1.04                                  | 1,619                        | 1,129                                      |
| Dec'16 | 1.10                                   | 1.01                                  | 2,463,140                    | 1.05                                  | 1,642                        | 1,128                                      |

<sup>1</sup> Data is at the end of each respective month

# *Designing* A SUSTAINABLE FUTURE

We pride ourselves on being placemakers – creating new, holistic townships that fulfil the social, physical and spiritual needs of our communities. We put in place the building blocks for vibrant neighbourhoods within our built environment that generate well-being not just for today, but also for tomorrow.





# SUSTAINABILITY REPORT



## ABOUT OUR REPORTING

The Sustainability Statement by UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) and its group of companies (the “Group”) provides a summary of the operating performance including financial and non-financial measures.

The scope and criteria used when preparing this statement are summarised as below:

|   |   |
|---|---|
| <b>Scope of Report</b>                                    | 1 January to 31 December 2016 (unless specified)  |
| <b>Reporting cycle</b>                                    | Annually  |
| <b>Coverage</b>   | UEM Sunrise and its subsidiaries as included in the Group's consolidated financial statements. A subsidiary is a company in which UEM Sunrise holds a majority stake or has direct managerial control. References to the 'Company' and 'we' refer to UEM Sunrise and/or its affiliates and subsidiaries.  |
| <b>References and Guidelines</b>                          | <p><u>Principal Guideline</u></p> <ul style="list-style-type: none"> <li>• Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines</li> </ul> <p><u>Additional Guidelines</u></p> <ul style="list-style-type: none"> <li>• Bursa Malaysia's Corporate Social Responsibility (CSR) Framework</li> </ul>   |
| <b>Materiality and Relevance of Information Disclosed</b> | UEM Sunrise engaged an external consultant to conduct a detailed materiality study with representatives from all stakeholder groups and its Board of Directors. This study helped identify the most important aspects of sustainability for stakeholders and the Company.   |
| <b>Feedback</b>   | <p>This Sustainability Statement is available to all stakeholders in hard copy on request and can be downloaded from our corporate website (<b>www.uemsunrise.com</b>).</p> <p>For further information and comments please contact:</p> <p>Corporate Communication Department<br/>         UEM Sunrise Berhad<br/>         Level U2, Block C5<br/>         Solaris Dutamas<br/>         No. 1, Jalan Dutamas 1<br/>         50480 Kuala Lumpur<br/>         Malaysia.</p> <p>Tel : +603 2718 7788<br/>         Fax : +603 6207 9033<br/>         Email : corpcomm@uemsunrise.uemnet.com</p> |

# SUSTAINABILITY REPORT



## SUSTAINABILITY AT UEM SUNRISE

We are designing a better tomorrow, today. As a leading property developer in Malaysia, the Company continues to lead the way by designing healthy and vibrant communities with a greater value and positive impact.

Corporate sustainability is not a special project; it is a core element of our business model and instrumental in our future success. It has extended from operations to become an integral part of our leadership to advance the sustainable development agenda of our nation.

Our sustainability objective is creating industry-leading value with brands and products that stakeholders prefer while

conserving resources, protecting the environment and improving the social conditions of those most in need.

Our sustainability efforts focus on economic, environmental and social issues that help create and sustain long-term success for all.

This statement summarises our sustainability journey. This year features a materiality assessment that allows us to concentrate on the most material aspects for our stakeholders and UEM Sunrise.



Verdi in Symphony Hills, Cyberjaya

## Sustainability Governance

UEM Sunrise aspires to make a sustainable difference to the communities, environments and economies in which it operates. We invest in integrated environmental and social programmes that create sustained growth and opportunities for the communities that we serve. Our Managing Director/Chief Executive Officer and his immediate appointees maintain the procedures stipulated in our Sustainability Policy and ensure they are implemented in a reasonable time frame.

## Sustainability Policy

UEM Sunrise commits itself to achieving this balance by:

- Providing a healthy, safe, conducive and empowering workplace;
- Being an environmentally responsible leader and partner in our communities;
- Conserving natural resources by optimising re-use 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 incorporate, practice and promote 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 provide sustainable value increase to our shareholder(s).



# SUSTAINABILITY REPORT



Estuari Gardens, Puteri Harbour





## UEM Sunrise Sustainability Commitment

### GOVERNANCE



Sustainability begins with Board oversight and commitment and includes management systems and processes that integrate sustainability into day-to-day decision making.

### ECONOMIC



UEM Sunrise has a direct economic impact on our suppliers and vendors via our business dealings with them. More indirectly, the quality of our products plays a role in the well-being of our customers. We also enhance the socio-economic well-being of under-served segments of society via education, community development initiatives and supporting the work of various non-governmental organisations.

### ENVIRONMENT



Our commitment and action plan for the environment is manifested through the strategic management of water, energy, waste and environmental conservation. While ensuring that we incorporate innovative designs and features as well as new thinking into our development projects, we also track and monitor our environmental impacts. Operating sustainably is a journey of continuous improvement which we aim to enhance by identifying gaps, and the opportunities available to address them more efficiently.

### SOCIAL



UEM Sunrise recognises that we have a strong impact on the lives of two major groups of stakeholders, namely our customers and employees. We are committed to ensuring the best possible living environment for our customers while placing equal emphasis on nurturing a conducive workplace that respects our employees and provides them with the necessary support to derive a high level of satisfaction within the Company. At the same time, we invest in building strong relationships based on trust with the media, our investor community and society at large.

# SUSTAINABILITY REPORT

## KNOWING OUR STAKEHOLDERS

We have a long history of engaging with stakeholders and are committed to constructive and meaningful dialogue with them. Stakeholders' perspectives are important to us and regular engagement helps us build trust and gain insights into emerging issues that are important to both stakeholders and the business.

We see the engagement with a wide variety of stakeholders as positive whilst the two-way dialogue builds informed relationships that promote transparency and accountability. The ongoing dialogue has influenced our sustainability strategy beyond the pages of this report.

Our engagement with stakeholders provides an opportunity to test new ideas, solicit suggestions for ways to address industry-wide challenges, determine priority areas in which UEM Sunrise can have the greatest impact and identify emerging opportunities. It also serves as a vehicle to share our perspectives on key issues, highlight areas of importance and help stakeholders understand UEM Sunrise's journey more effectively.

| STAKEHOLDER GROUPS                | AREA OF INTEREST   | METHODS OF COMMUNICATION  |
|-----------------------------------|--|---|
| Customers                         | <ul style="list-style-type: none"> <li>• Community activities and programmes</li> <li>• Company and development updates</li> <li>• Project launches</li> <li>• Customer engagements</li> </ul> | <ul style="list-style-type: none"> <li>• The Personality</li> <li>• Company website</li> <li>• Events and engagement sessions</li> <li>• Social media</li> <li>• Call Centre</li> <li>• Customer Care Email</li> <li>• Customer satisfaction survey</li> </ul>  |
| Shareholders & Investors          | <ul style="list-style-type: none"> <li>• Return on Investment</li> <li>• Financial Performance</li> <li>• Branding</li> <li>• Company strategy and updates</li> </ul>                          | <ul style="list-style-type: none"> <li>• Investor Relations and Conferences</li> <li>• Annual and sustainability reports</li> <li>• Shareholder updates</li> <li>• Annual General Meeting and Extraordinary General Meeting</li> <li>• One-to-one or group meetings</li> <li>• Site visits</li> </ul> |
| Analysts/Media                    | <ul style="list-style-type: none"> <li>• Ongoing and future projects</li> </ul>  | <ul style="list-style-type: none"> <li>• Press releases</li> <li>• Press conferences</li> <li>• Press Questions and Answers</li> <li>• Social media</li> </ul>  |
| Industry Peers                    | <ul style="list-style-type: none"> <li>• Ongoing and future projects</li> <li>• UEM Sunrise's involvement in society</li> </ul>  | <ul style="list-style-type: none"> <li>• Corporate website</li> <li>• Events, seminars and engagement sessions</li> </ul>   |
| Value Chain Partners              | <ul style="list-style-type: none"> <li>• Fair procurement</li> <li>• Sustainable partnerships with UEM Sunrise</li> </ul>  | <ul style="list-style-type: none"> <li>• Training and briefing</li> <li>• Events and engagement sessions</li> </ul>   |
| Community and the Public          | <ul style="list-style-type: none"> <li>• Societal contributions</li> <li>• Socio-environmental impact from operations</li> </ul>   | <ul style="list-style-type: none"> <li>• Community programmes</li> <li>• Social media</li> <li>• Website</li> <li>• Call centre</li> </ul>  |
| Employees                         | <ul style="list-style-type: none"> <li>• Career development opportunities</li> <li>• Benefits and remuneration</li> </ul>  | <ul style="list-style-type: none"> <li>• Employee engagement survey</li> <li>• Employee engagement activities</li> <li>• Regular meetings</li> <li>• Internal newsletter</li> <li>• Intranet</li> <li>• UEM Comms</li> <li>• UEM Sunrise Comms</li> </ul>   |
| Government/Regulatory Authorities | <ul style="list-style-type: none"> <li>• Compliance</li> <li>• Supporting government Initiatives</li> </ul>  | <ul style="list-style-type: none"> <li>• Formal meetings</li> <li>• Performance reports</li> </ul>  |

**STAYING FOCUSED ON WHAT IS MATERIAL**

Materiality is the heart of sustainability reporting. Our goal is to address sustainability issues that:

- Have the most significant and material impact on our company’s business performance; and
- Are important to our stakeholders and in particular, our customers, employees, shareholders, local communities and the broader society in which we operate.

While there are many important issues outlined by the Global Reporting Initiative (“GRI”), we believe that providing greater disclosure of economic, environmental and societal issues that are most relevant to UEM Sunrise’s operations will improve our stakeholders’ understanding of our business, our commitments and our progress.

**The Methodology**

UEM Sunrise’s Stakeholders Materiality Survey 2016 was conducted throughout the last quarter of 2016. The survey was performed by an external consultant to maintain impartiality and secure the anonymity of the respondents.

**Stakeholder Groups Consulted For the Materiality Survey**

|   |   |
|---|---|
|  Shareholders                  |  Fund Managers                             |
|  Suppliers                     |  Local Communities                         |
|  Employees                     |  Partners                                  |
|  Federal and State Governments |  Media                                     |
|  Financiers                  |  Customers and Clients                   |
|  Ministries and Agencies     |  Non-Governmental Organisations (“NGOs”) |



# SUSTAINABILITY REPORT

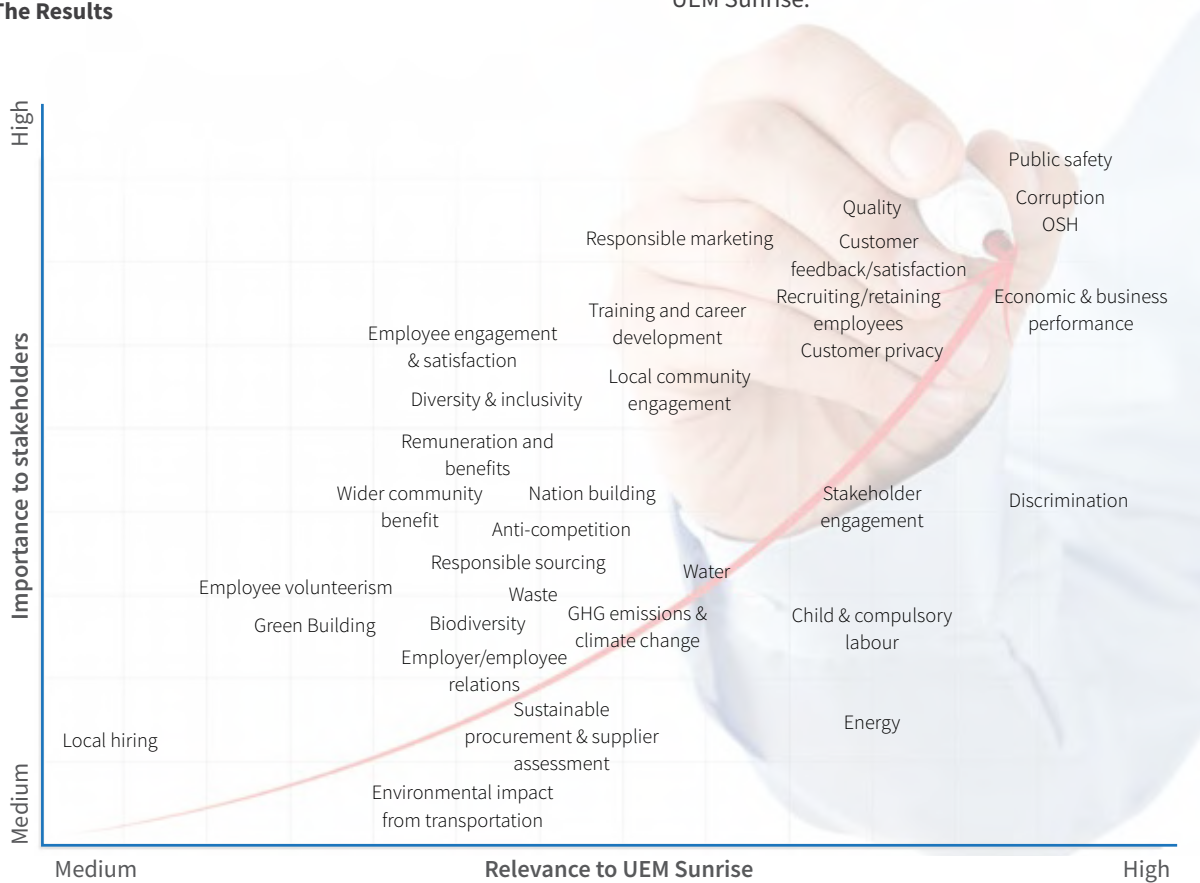
The survey responses were used to ascertain the views of stakeholders. Respondents were asked to rate the importance they placed on 32 economic, environmental and social aspects.

A five-level Likert scale was used for each criterion and respondents could choose between 'Very unimportant (1)', 'Unimportant (2)', 'Neutral (3)', 'Important (4)' and 'Very important (5)'.

A natural skew occurred as each stakeholder group was not represented equally. A separate average score was calculated for each of the 32 areas within each stakeholder group. This process helped to address the natural imbalance of the sample. An average from all stakeholder groups was then obtained. This approach ensured that each stakeholder group was represented equally.

The same survey was completed by representatives from the Board. These responses were used to represent the views of UEM Sunrise.

## The Results



## ECONOMIC VALUE CREATION

Property development is a valuable economic engine in Malaysia that creates jobs, generates income and makes a critical contribution to the economy. It has a huge multiplier effect and is a significant driver of economic growth.

### Affordable Housing Helps the Rakyat and Boosts the Economy

Our commitment to provide affordable housing for the community has been established since the late 1990s when we first collaborated with Denia Development Sdn. Bhd. for the development of Taman Nusantara and Nusantara Prima, both located in Iskandar Puteri. As of end March 2017, we have completed and handed over 3,824 units of affordable products including residences and shops, in Taman Nusantara. A total of 1,348 units are still under construction of which 1,003 units are located in Nusantara Prima. In an effort to also support the government, we have also allocated 201 units of terrace housing in Nusantara Prima for the Perumahan Rakyat 1 Malaysia project (“PR1MA”).

On a more recent development, on 29 January 2016, we launched Denai Nusantara, a high-rise affordable housing comprising 1,109 Rumah Mampu Milik Johor (“RMMJ”) and 108 single-storey shop lots with a gross development value (“GDV”) of RM188.5 million. In June 2016, we successfully delivered 241 units of RMMJ, 80 units of Perumahan Komuniti Johor and 30 units of Kedai Kos Sederhana Rendah in Bayu Nusantara. On 5 June 2016, an event was held to deliver the completed properties to the respective owners. Officiated by the Chief Minister of Johor, Dato’ Mohamed Khaled Nordin, the event was also attended by the Johor State Secretary and Chairman of Johor’s Housing and Local Government Committee. Another affordable development currently in the pipeline is Laman Nusantara, located in Gerbang Nusajaya, the next growth catalyst in Iskandar Puteri. Planning is currently underway.

To further express our pledge and efforts in the initiative, we are also committed to constructing affordable homes in the Central region as we have plans to provide affordable housing under the Rumah Selangorku scheme at Serene Heights Bangi as well as RUMAWIP in the Segambut vicinity.

## Sustainable Procurement

We practise a transparent procurement process that is fair for all parties. We are committed to boosting the local economy through employment and our ‘Instruction to Tenderer’ stipulates that all tenderers must be 100% Malaysian owned. UEM Sunrise also encourages participation from Bumiputera consultants and contractors.

UEM Sunrise incorporates safety, health and environmental aspects into its procurement processes. Contractors must submit a Project Safety, Health & Environmental Compliance Plan (“PSHECP”) and Emergency Response Procedures (“ERP”). These documents outline training, monitoring, reporting procedures, compliance with statutory regulations, standards and Code of Practices that must be implemented throughout the contract period. Environmental, safety and health factors are also included in supply-chain contract agreements.

In-line with our Green Plan, contractors must ensure that their work does not directly or indirectly pollute or contaminate the environment. The requirements imposed by the relevant authorities must be complied with, particularly with regards to the Environmental Quality Act 1974 and Environmental Impact Assessment (“EIA”) approval.



# SUSTAINABILITY REPORT

## Environmental and Social Requirement for UEM Sunrise’s Contractors and Subcontractors

|   |  |
|---|--|
| Compensation packages must comply with:           | <ul style="list-style-type: none"> <li>• The Worker’s Compensation (Foreign Workers Compensation Scheme) (Insurance) Order 1996; and/or</li> <li>• The Social Security Insurance; and/or</li> <li>• Employer’s Liability Insurance; and/or</li> <li>• Any other insurance with statutory limits as requested by Malaysian laws.</li> </ul> |
| Fair remuneration must be provided                | <ul style="list-style-type: none"> <li>• That at least covers their living wage.</li> </ul>  |
| Valid permits to work                             | <ul style="list-style-type: none"> <li>• Must be issued before permanent or temporary workers can work in accordance with Malaysian Immigration and Labour laws.</li> </ul>  |
| Overtime  | <ul style="list-style-type: none"> <li>• Must be paid to workers.</li> </ul>   |
| Workers must not be exposed to hazards or risks   | <ul style="list-style-type: none"> <li>• When carrying out work in addition to being supervised by our safety personnel on site.</li> </ul>  |
| Workers must not degrade the environment          | <ul style="list-style-type: none"> <li>• From potential pollution as far as is practicable and mitigate the potential impacts on the environment.</li> </ul>   |
| Reduce the impact of their operations             | <ul style="list-style-type: none"> <li>• Measured through emissions released, biodiversity impacts, waste disposed of, pollution and other environmental issues resulting from their operations.</li> </ul>  |
| Share UEM Sunrise’s commitment to the environment | <ul style="list-style-type: none"> <li>• UEM Sunrise wants suppliers to conduct business in a similar way. Suppliers must work to reduce consumption of resources including raw materials, energy and water throughout all aspects of the project.</li> </ul>  |

### Building a Knowledge-based Economy through SL1M

*Skim Latihan 1Malaysia* (“SL1M”) was launched on 1 June 2011 to help young unemployed graduates. The SL1M programme improves graduates’ marketability through training and helps them advance their future careers by developing appropriate skills, knowledge and working experience.

UEM Sunrise supports this initiative by taking part in the UEM Group Young Executive Scheme, or SL1M-YES, which is regulated by the Economic Planning Unit of the Prime Minister’s Department. Successful candidates are offered training contracts that include allowances and benefits to work on selected UEM Sunrise’s projects.

In 2016, we hired 83 candidates under this programme which is a 62.8% increase from 51 in the previous year. These candidates undergo soft-skills and on-the-job training and gain real exposure to our working environment.

### Providing an Assortment of Local Opportunities

Our presence benefits communities in many ways and local development is a key part of being a sustainable company. Our operations provide local people with clear long-term benefits wherever they are based. We also develop local infrastructure, boost revenue and provide employment.

UEM Sunrise is a leading property developer with core competencies in the areas of macro township development; high-rise residential, commercial, retail and integrated developments; as well as property management and project & construction services. Through our

township and property development business, we are unlocking potential economic growth.

We also prioritise and fast-track township infrastructure implementation plans while accelerating connectivity and access in these townships. These conditions correlate with economic development and create the necessary conditions for the spontaneous growth of a nation.

Embracing innovation and technology, UEM Sunrise strives to be the role model for an economically, socially and environmentally sustainable developer. With modern infrastructure and a cutting edge architectural master-plan, we continue to drive economic growth and transform Malaysia into an exciting centre of economic development in the region.



### Advancing the Industry as UEM Sunrise Brings the Inaugural Architecture Symposium to Melbourne

On 4 March 2016, UEM Sunrise hosted its inaugural architecture symposium in Melbourne featuring presentations and master-classes from world-renowned architects. The event, which was entitled ‘Luxury: Allusion. Illusion. Elusion.’ was participated by more than 250 participants. Architects, design aficionados, industry players, media representatives, undergraduates and architecture students from leading educational institutions attended.

The symposium provided an opportunity for participants to gain insights into the global evolution of architectural luxury and design. It was UEM Sunrise’s first community initiative in Australia. It

formed part of the company’s long-term commitment to the city of Melbourne as it provides a platform for the Melbourne design community to learn, understand and emulate the mastery of the speakers.






### ENVIRONMENT VALUE CREATION

Environmental responsibility is an important part of our commitment to sustainable development. We endeavour to comply with all environmental requirements related to our business. The environmental impact of our activities is assessed regularly and environmental sustainability is considered through the planning, design, construction, operation, maintenance and demolition stages of our facilities.

### Energy Management

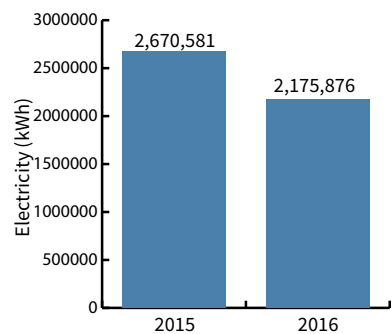
Energy conservation measures help us provide the greatest benefit to our tenants and investors. We measure and manage the use of electricity, gas and steam. Property management’s annual performance goals for energy, emissions, water and waste are formulated at the asset level before being escalated to become regional and company-wide targets.

### Energy Conservation in Daily Operations

-  Scheduling several out-of-office meetings on the same day.
-  Carpooling.
-  Switching off lights and electrical appliances when not required.
-  Minimising printing and encouraging dual-side printing whenever possible.
-  Using video conferencing to minimise travelling between sites.



### Indirect Energy Consumption

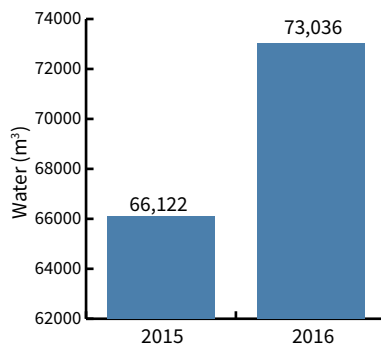


# SUSTAINABILITY REPORT

## Water Management

Water conservation is becoming increasingly important. Over the past years, we have implemented smart irrigation and water efficient landscaping practices at our existing buildings and new developments. The least efficient fixtures are prioritised in order to maximise our conservation efforts. Improvements implemented include smart controllers, low flow sprinkler heads and infrastructural improvements. We also harvest rainwater for use in our irrigation systems with developments such as Estuari Gardens in Iskandar Puteri using rainwater for landscaping.

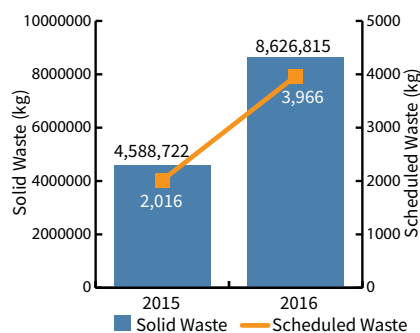
### Water Consumption



## Waste Management

Our proper waste management abides by the 4Rs of environmental protection: Reduce, Reuse, Recycle and Recover. We follow these principles and seek new ways to increase our recycling rates and reduce the amount of waste sent to landfill. Only non-4R waste is disposed of in an environmentally-responsible manner.

### Breakdown of Waste (Disposed of)



## Our Waste Management Strategy

| Design Phase  | During construction works   | During the operation phase  |
|---|---|---|
| We incorporate waste collection and separation facilities in our properties as stipulated in our Safety, Health and Environment Policy. | We encourage contractors to operate a waste management plan. We are committed to gradually designing out waste produced during construction (for example through off-site pre-fabrication). Where possible, we specify end-of-life recycling for building components, which is particularly relevant for our development activities. Our contractors are required to disclose their waste management results. | Our waste is largely generated by tenants' activities. Waste management efforts focus on waste segregation, management and disposal as well as engagement with tenants. Beyond legal requirements, we aim to progressively improve each property's waste recycling rate. Over the past years, we have significantly reduced the amount of waste sent to landfill. |

## Climate Change and Emissions Management

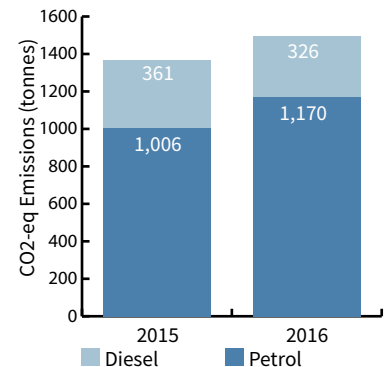
There is an intrinsic link between climate change and sustainable development: climate change is a constraint on development and sustainable development promotes mitigation and adaptation. Applying them together creates synergies.

UEM Sunrise continues to monitor and report its greenhouse gas ("GHG") emissions. We monitor Scope 1, 2 and 3 GHG emissions in accordance with the Greenhouse Gas Protocol.

### Scope 1

We report GHG emissions from all machinery and company owned vehicles. The volume of CO2 emissions from the consumption of fuel is derived from the emission factor published by the IPCC Guidelines for National GHG Inventories.

### CO2 Emissions from Machinery and Company-owned Vehicles

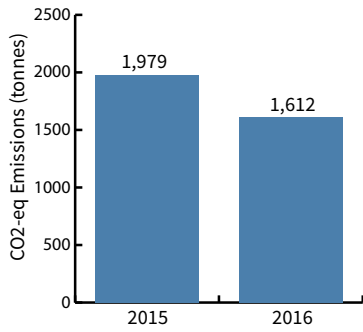


### Scope 2

We calculated emissions resulting from electricity consumption. The volume of CO2 emissions from the use of electricity was derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid.



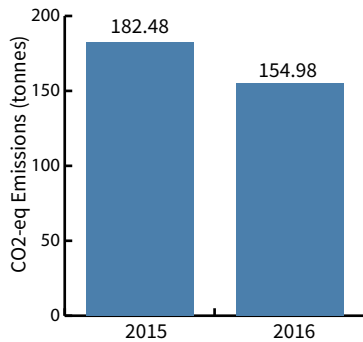
### CO2 Emissions from Purchased Electricity



### Scope 3

Air travel GHG emissions were calculated point to point including the number of employees on board and distance travelled. Separate calculations were performed for business and economy class flights. We perform this exercise using the conversion tools published by the WRI Greenhouse Gas Protocol.

### CO2 Emissions from Purchased Electricity



### Flora and Fauna Conservation at Our Project Sites

UEM Sunrise acknowledges that during the construction phase, operations may adversely affect the surroundings if not managed properly. Excavations and earthworks impact our landscape, soils and geology through the creation of new landforms, erosion, removal and alternation of soil, and the removal of rock.

#### Initiatives to Minimise the Impact on Flora and Fauna



Ensure that as many trees as possible are transplanted to a new development before earthworks commence.



Incorporate plants that attract birds and other small fauna.



Minimise the use of chemical pesticides as far as possible at our development in Kota Iskandar.



Work closely with state government departments and agencies such as Jabatan Pertanian, Perhutanan dan Perhilitan in conserving the natural habitat, replanting, reforestation and botanical planting.

### Conservation Efforts Through Our World-Class Sustainable Natural Heritage Park

The construction of the Regional Open Space in Iskandar Puteri – SIREH Park @Iskandar Puteri has begun and is scheduled to be opened to the public before end of the year, tentatively, by October 2017. This public park will be one of the largest in the country with approximately 343 acres of land being developed. SIREH Park @Iskandar Puteri promotes the aesthetic appreciation of the planted areas and encourages outdoor activities via three major thrusts, namely recreational; educational; and scientific initiatives.

Through this initiative, UEM Sunrise aims to preserve as much as possible the existing vegetation, minimise slope cutting and maintain all existing water bodies. The park will be developed according to the six guiding principles i.e. sustainable, world-class, natural heritage park, fun and enjoyment, for all age groups and abilities and promote greater understanding and appreciation of the natural environment.



# SUSTAINABILITY REPORT

## OTHER ENVIRONMENTAL INITIATIVES

### The Tapir Campaign

Publika, our creative retail subsidiary, hosted the Malayan Tapir Awareness Campaign exhibition in collaboration with the local arts collective ArtSemble, the Malaysian Nature Society, Perhilitan and CIMB Bank Berhad.

The event was held in conjunction with World Tapir Day to raise public awareness of the Malayan Tapir's possible extinction.

The Tapir exhibition, took place from 18 April to 8 May 2016, targeted young, conservation interest groups and families. The campaign also featured a Tapir-themed bazaar and workshops. Publika raised RM25,000 of funds for the Malaysian Nature Society with the support from all parties.

### Earth Hour at Publika

Publika played its part in conserving the environment by organising a host of eco-friendly events in light of Earth Hour.

EarthFood held a bazaar selling eco-friendly products and food while Earthgain operated a collection stand for recyclables. Both events were held from 24 March to 1 April 2016.

Held on 31 March 2016, Earth Hour featured family activities and games. Live performances by local bands such as An Honest Mistake, Hello, Is This the Band?, Dichi Michi and Darren Ashley entertained visitors who came for a 'picnic' in the dark.

### Wheelie Sundays

'Wheelie Sundays' in Publika, which were first introduced in 2012, encourages the residents and the public to jog, cycle or stroll without worrying about traffic. The inner roads of Publika are closed to cars from 7.15 am to 10.00 am every Sunday to allow this fun and healthy activity. Bicycles for adults and teenagers, children's tricycles and tandem bicycles can be borrowed free of charge. Healthy breakfasts can also be purchased at reasonable prices.



## SOCIAL VALUE CREATION: LABOUR PRACTICES AND DECENT WORK

We pride ourselves as the best employer. UEM Sunrise has an award-winning and supportive corporate culture. Our employees are our most important capital and success rests on the skills and passion that our people bring to work every day. We work hard to provide a secure and friendly workplace that fosters creativity.

Our long term commitments include:

- Providing first-rate working and capacity building opportunities to the local population
- Improving our workplace environment and practices so they allow greater loyalty and creativity
- Maintaining a working environment that protects our people and ensures their health and safety

### Attractive Remuneration



UEM Sunrise offers competitive remuneration based on the industry benchmark. The individual remuneration structure is dependent upon employees' qualifications and experience. Performance and results-based salary components ensure fair remuneration that is attractive in comparison with other industry players.

In addition to the entitlements stipulated by the labour law such as Employees Provident Fund ("EPF") contributions and Employees' Social Security, we also offer attractive remuneration packages.

UEM Sunrise pays 15% EPF contributions to employees who have served more than two years. This is above the statutory rate of 12%.

Our remuneration system gives us a competitive edge in the market. It incorporates both fixed and variable elements, as well as short and long-term components namely basic salary, benefits, short-term variable bonuses/incentives, and the long-term incentive of the Employee Share Option Scheme.

## Components of UEM Sunrise's Attractive Remuneration Packages

|   |   |
|---|---|
|  Professional association membership |  Corporate club membership |
|  Loans                               |  Children excellence award |
|  Special leave                       |  Hospitalisation benefits  |
|  Other medical benefits              |  Car loan interest subsidy |

### Employee Engagement

We measure and closely monitor our employee engagement to maximise our organisational performance. Based on colleagues' feedback, we have improved several HR processes.

#### Employee Engagement Platforms

|  |   |
|--|---|
|  <b>PUBLICATION</b><br>Newsletter, Home of The Titans (intranet), press releases, UEM Sunrise Comms, annual reports and UEM Comms.  |  <b>SPORTS AND OUTDOOR ACTIVITIES</b><br>Staff sports event including bowling, hiking and treasure hunt. |
|  <b>INFORMAL ENGAGEMENT SESSIONS</b><br>Townhall session with the Managing Director/ Chief Executive Officer, management dialogue, Head of Departments engagement sessions, forum, knowledge sharing session and teh tarik session. |  <b>CELEBRATIONS</b><br>Family day, birthdays, annual dinner, awards night and festive celebrations.     |

# SUSTAINABILITY REPORT

## Employee Engagement Survey

In 2016, UEM Sunrise partnered with Aon Hewitt on an initiative to gauge employees' level of engagement. The objectives of the exercise included:

- Measuring the current level of employee engagement
- Identifying and prioritising areas of opportunity
- Benchmarking against industry's engagement levels
- Continuously improving through effective action planning

The results of this exercise showed an engagement level of 67%, which is higher than the previous year of 63%.

## Occupational Health and Safety

Our most valuable commitment is providing our people with a workplace that is secure and maintains the good health of every member from all business units. Every year, we review our health and safety policies to build on this commitment.

Measures in place that minimise health and safety related incidents include induction training, monthly Quality Assurance, Safety, Health and Environment ("QASHE") Committee meetings, weekly toolbox briefings and a QASHE campaign.

We invest in a sophisticated safety management system and initiatives. In order to protect employees and contractors, we promote:

- Leadership engagement
- Workforce involvement and training
- A culture of safety and well-being,
- Adherence to our Environmental, Safety and Health ("ESH") policy

As a result of this commitment, our safety performance has improved over the years.

| Safety Indicator  | 2014 | 2015 | 2016 |
|---|------|------|------|
| Total recordable injury frequency rate                          | 2.0  | 4.1  | 0.15 |
| Absenteeism rate (headcount)                                    | 1    | 3    | 2    |
| Absenteeism rate (days)   | 9    | 15   | 30   |
| Lost Time Injury frequency (No. of cases)                       | 1    | 3    | 2    |
| Fatal accident rate (No. of cases)                              | 3    | 1    | 0    |
| Occupational diseases rate                                      | 0    | 0    | 0    |
| Lost day rate   | 0    | 0    | 0    |
| Number and percentage of workers undergoing health surveillance | 0    | 0    | 0    |

## Unlocking Employees' Potential

UEM Sunrise is committed to the development of all employees. Each acquires the necessary knowledge, skill and proficiency to deliver the highest standards of work, consistently and safely. Training and development are fundamental to the continuous improvement of operational performance. UEM Sunrise helps all employees reach their full potential by delivering a variety of training and development programmes.

## Significant Training Programmes Conducted in 2016

| Leadership  | Functional   | Soft Skills  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Leadership Acceleration Programme</li> <li>• Emerging Leaders Programme</li> <li>• Women in Leadership</li> <li>• Manager Booster Programme</li> </ul> | <ul style="list-style-type: none"> <li>• Project Management Professional ("PMP")</li> <li>• Quality Assessment System in Construction ("QLASSIC")</li> <li>• Safety and Health Assessment System in Construction ("SHASSIC")</li> <li>• Strata Management Act</li> <li>• Sales &amp; Marketing Training ("Horenso" and "Market - A New Playing Field")</li> <li>• MIHRM-Certified Industrial Manager</li> <li>• Customer Experience Programme</li> </ul> | <ul style="list-style-type: none"> <li>• Knowledge sharing</li> <li>• Communication skills</li> <li>• Six Thinking Hats</li> <li>• Business Ethics - Brand Image and Grooming</li> <li>• Powerful Presentation Skills</li> <li>• English Program ("Business Communication, Business Writing and Grammar")</li> </ul> |

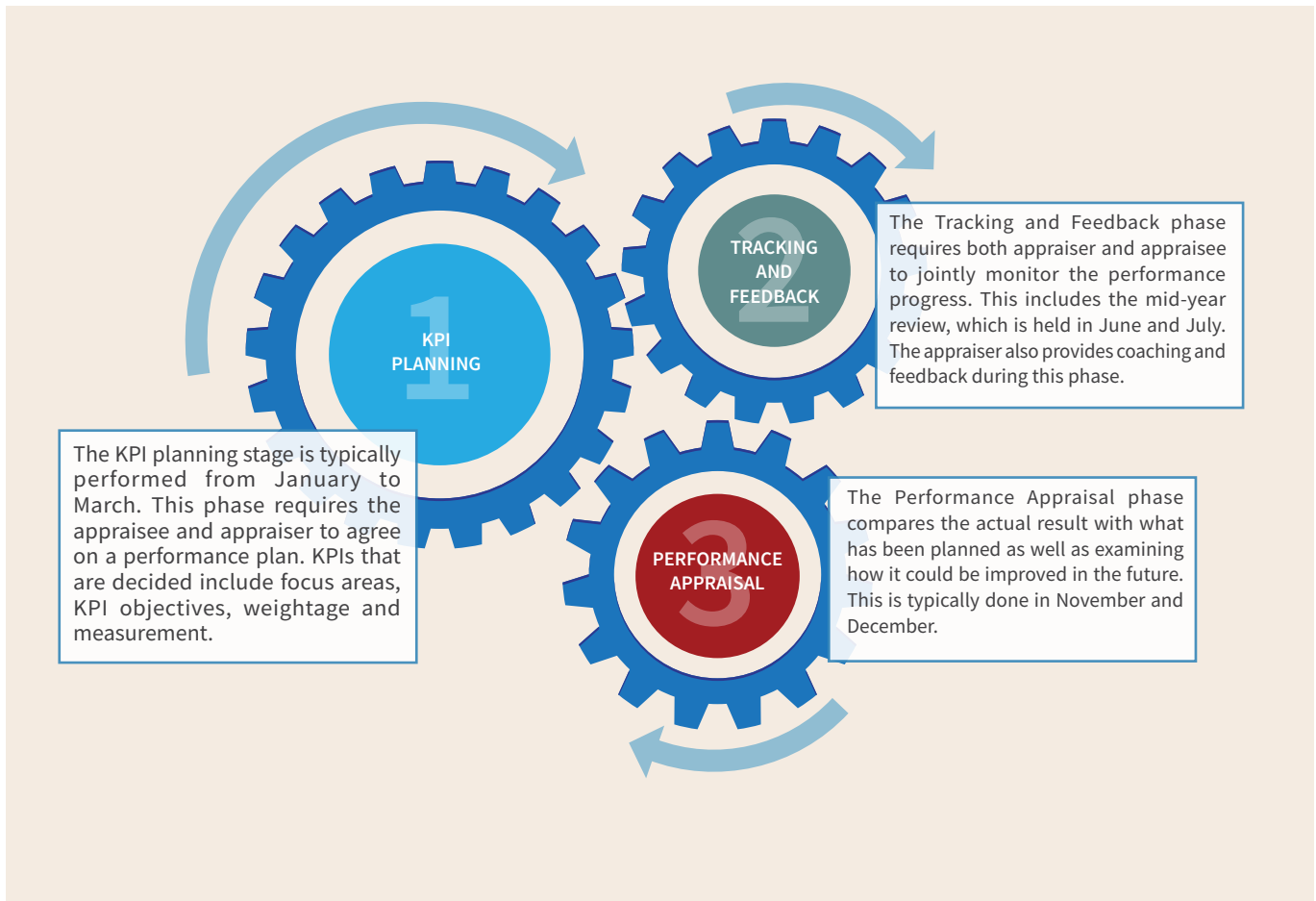
| Training  | 2014  | 2015  | 2016  |
|---|-------|-------|-------|
| Employee participation in training              | 3,469 | 1,670 | 2,640 |
| Average attendance per training programme       | -     | 7     | 22    |
| Average hours of training per year per employee | 15.25 | 17.46 | 12.8  |

## Performance Management

Our Performance Management System (“PMS”) is a tool that recognises and measures the performance of employees that enables managing and monitoring of employees’ performance in a more effective manner.

The PMS has evolved into an electronic format where employees can create their scorecards and set their Key Performance Indicators (“KPI”), track performance progress and review their performance during the Performance Appraisal cycle. The in-house electronic format on the Performance Management System is known as ACE.

### Three Phases of the PMS Cycle



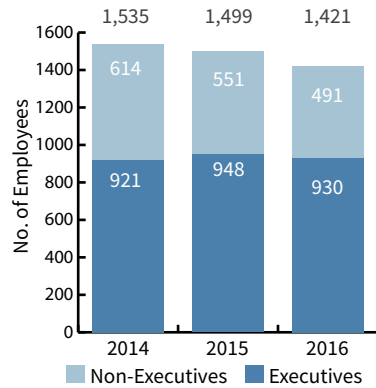
We encourage employees to engage in regular performance discussions with their line managers, where constructive and forward-looking feedback can be provided. From these performance discussions, development interventions may be devised to help employees achieve their performance goals. Based on the online scorecard submission with a ‘Reviewed and Approved’ status, 98% of employees have regular reviews with their respective line managers.

|                         | 2014 | 2015 | 2016 |
|-------------------------|------|------|------|
| Managerial (UE5& Above) | 14%  | 15%  | 15%  |
| Exec (UE1-UE4)          | 45%  | 53%  | 50%  |
| Non-Exec                | 41%  | 32%  | 35%  |

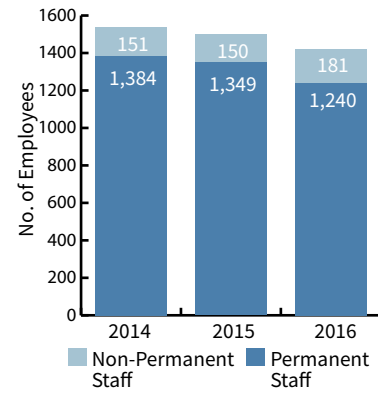
# SUSTAINABILITY REPORT

## Our Performance in the Workplace

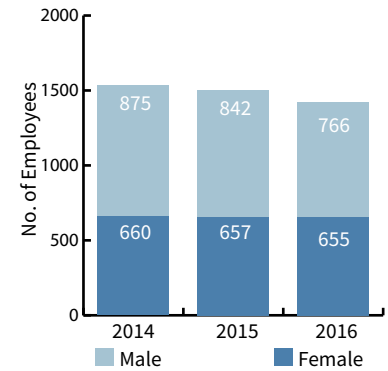
### Workforce by Employment Type



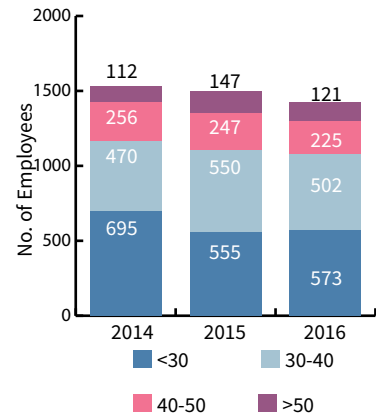
### Workforce by Employment Contract



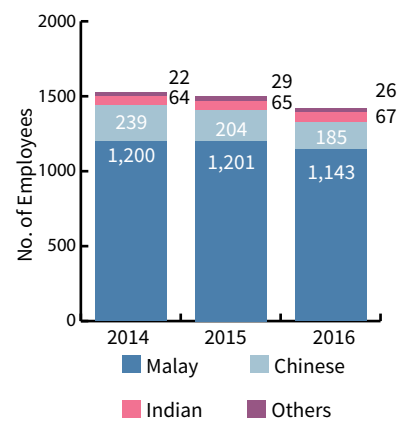
### Workforce by Gender



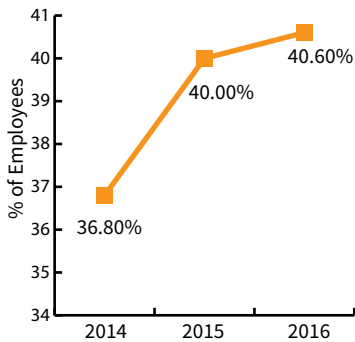
### Workforce by Age Group



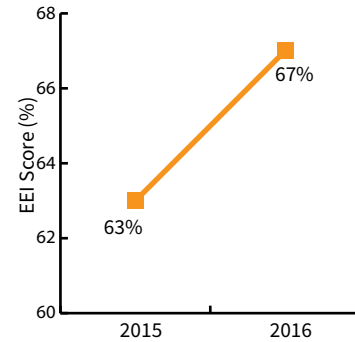
### Workforce by Race



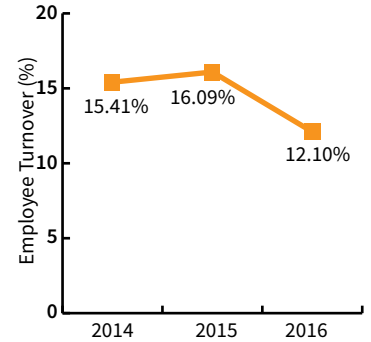
### Percentage of Women in Management



### Employee Engagement Index (EEI)



### Employee Turnover



## SOCIAL VALUE CREATION: SOCIETY

Sustainable success can only be built on a foundation of responsible practices. As a responsible corporate citizen, we are committed to creating and enabling better outcomes for our clients, employees, communities and other stakeholders.

In 2016, we have formalised a corporate responsibility policy that lists our commitment to the following:

- Encouraging joint and active ownership of every current and future undertaking;
- Placing priority on establishing constructive, long-term partnerships, with the capacity and intent to leverage and grow future working relations;
- Placing emphasis on building sustainable life-skills across all communities and platforms;
- Exploring, developing and emphasising the optimal use of technologies that enable sustainable growth for the communities we engage in;
- Ensuring clear and transparent evaluation, planning and implementation in every undertaking;

- Increasing awareness of our responsibility and opportunity to use our strengths to promote sustainable business practices throughout our value chain; and
- Consistently striving to raise the industry standard for ethics, compliance, disclosure and governance to ensure we serve our clients, stakeholders and employees with integrity.

### Education and Human Capital

#### UEM Sunrise PINTAR School Adoption Programme

The PINTAR School Adoption Programme was initiated by Khazanah Nasional Berhad (“Khazanah”), the investment holding arm of the Government of Malaysia, in December 2008. Led by PINTAR Foundation, it was designed to help students achieve academic excellence in order to inspire the young generation to become responsible.

UEM Sunrise has adopted 21 schools within the Southern and Central regions under the PINTAR School Adoption Programme. We raise the academic performance of these students by introducing key initiatives

that accomplish PINTAR’s objectives and aspirations. Our intervention approach helps provide better educational outcomes for undeserved students in Malaysia.

We have 18 adopted schools in Iskandar Puteri and three in the Klang Valley. UEM Sunrise has implemented programmes that have been guided by PINTAR’s four core modules: Motivational and Team Building Programme; Educational Support Programme; Capability and Capacity Building; and Reducing Vulnerabilities and Social Issues.

Programmes organised included the Academic Excellence Programme; Road Safety Programme; Students’ Motivational Camp which saw 10 examination seminars and workshops conducted; Library Enhancement Programme; and Workshop on UPSR answering techniques (new format) for teachers. We developed these programmes to contribute to the holistic development of the students - academically, psychologically and socially.



# SUSTAINABILITY REPORT

## Library Enhancement Programme

On 29 March 2016, a more conducive library was officially handed over in a ceremony graced by Iskandar Puteri State Assemblyman, YB Dr. Hj Zaini Hj Abu Bakar. The resource centre is complete with sponsored Bahasa Malaysia and English reading materials for the benefit of 427 SK Kompleks Sultan Abu Bakar's students in Gelang Patah, Johor.



## Pintar Al-Quran Programme

On 26 November 2016, UEM Sunrise organised its Eighth PINTAR Al-Quran Programme with the 'Khatam Al-Quran' ceremony at the Black Box, Mall of Medini, Iskandar Puteri, Johor.

The programme educated the young children to become Al-Quran literate. The ceremony was held to celebrate the notable achievement of 147 pre-schoolers from its

seven adopted KEMAS kindergartens in the Gelang Patah area. In total, more than 2,200 pre-schoolers have benefited from the programme.

This effective programme provides an innovative learning method and a comprehensive curriculum organised in collaboration with Jabatan Agama Islam Negeri Johor ("JAINJ").



## Community Development

### Providing a Safe Community

As part of our Community Policing Initiative, we organised a Community Engagement Programme in collaboration with the Royal Malaysian Police for the tenants of Publika on 16 March 2016.

Jointly led by UEM Sunrise's Security Department and Retail & Assets Management Department, the programme raised awareness of crime prevention and encouraged feedback from the tenants.

The event was graced by YDH Tuan Superintendent Roslan Zainuddin, Officer of the Department of Crime Prevention and Community Safety from the Royal Malaysian Police, Kuala Lumpur.



### Road Safety Programme

The Road Safety Programme was first introduced in 2011 as part of PINTAR's third core module of Capability and Capacity Building. The Road Safety Programme provides primary school children with the knowledge and practical safety prevention skills necessary to identify traffic hazards. It also encourages the children to self-regulate their behaviours based on inherent traffic risks. Starting with young children, the programme inculcates road safety awareness in the general public.

On 28 April 2016, UEM Sunrise held the sixth Road Safety Programme at the Black Box, Mall of Medini, Iskandar Puteri, Johor Bahru. Approximately 150 primary school students of UEM Sunrise PINTAR Adopted Schools in the Southern region attended.



### Hemodialysis Machine Donation

UEM Sunrise donated a hemodialysis machine to the Hemodialysis Centre of Klinik Kesihatan in Sungai Lembing, Pahang on 30 May 2016. Kidney patients are provided with better access to treatment within the community.



### “Back-to-School” for Orang Asli Community

Introduced in 2013, the “Back-to-School” programme aims to ease the burden of families in the preparation of their children’s upcoming school session. On 15 December 2016, a total of 146 primary and secondary students received school supplies which included two sets of school uniforms, a pair of socks and school shoes as well as a school bag. To date, more than 500 Orang Asli students from Kampung Simpang Arang, Johor have benefited from this programme.



### Educational Aid for Children of Shelter Home 1

The Shelter Home 1 is an NGO that houses underprivileged children and is supported mainly by the public. We have been assisting the home since 2014. On 9 December, UEM Sunrise contributed RM28,800.00 in educational aid to 20 children aged between three and 13 years. Some of these children are unable to attend regular schools due to learning disabilities and not having the correct documentations. The money was used to defray their home tuition fees so they could continue their studies.



## SUSTAINABILITY REPORT

### Agathians Shelter

Founded in 2003, Agathians Home provides its underprivileged residents with care, hope, love and prospects for better lives. On 27 October 2016, UEM Sunrise visited Pertubuhan Kebajikan Agathians and treated 40 boys, aged between four and 19 years, to pre-Deepavali joy.

Our employees jointly made Rongali Kolam with these children. Special Deepavali dishes such as Gulab Jamun, Coconut Ladoo and Muruku were served to everyone's delight. UEM Sunrise also presented RM19,550 to the home to upgrade its facility.



### Zakat

Zakat, the giving of alms to the poor and needy, is one of the five pillars of Islam; the others being declaration of faith, prayer, fasting in Ramadan and Hajj. Zakat is obligatory for every adult Muslim of sound mind and means.

In 2016, UEM Sunrise disseminated various Zakat contributions to the Asnaf Fisabilillah, Fakir and Miskin in the Central and Southern regions. This initiative has benefited 831 Asnaf students from UEM Sunrise PINTAR School Adoption Programme as well as seven people and 21 organisations categorised under Asnaf Fakir and Miskin; and Asnaf Fisabilillah.



## Fun Engagement with the Community in Celebrating Local and International Talents

ISKARNIVAL is a collaboration between Khazanah, UEM Sunrise and Iskandar Investment Berhad (“IIB”). ISKARNIVAL was organised with the support of the Johor Bahru Tengah Municipal Council. Its main objective is to foster community ties and socio-economic inclusiveness which are key to the sustainable future of Iskandar Malaysia, the country’s southernmost economic corridor.

ISKARNIVAL also aims to highlight the many opportunities available in the new ‘creative economy’ for the rakyat, especially Johoreans, and showcase talents developed over the last ten years of Iskandar Malaysia’s inception and history.

ISKARNIVAL is set to encourage the exchange of ideas and elevate the rakyat’s sense of appreciation for Johor’s rich heritage and culture. It will also narrate the evolving story of Iskandar Puteri through the shaping of the area’s identity and character.

|                      |   |                        |  |
|----------------------|---|------------------------|--|
| ISKARNIVAL KREATIF   | Stimulated creativity and innovation                            | 17 – 18 September 2016 | Mall of Medini, Iskandar Puteri, Johor |
| ISKARNIVAL NARATIF   | Promoted numerous forms of storytelling and building narratives | 15 – 16 October 2016   | Mall of Medini, Iskandar Puteri, Johor |
| ISKARNIVAL SAMA-SAMA | A carnival-like event which brought people together             | 12 – 13 November 2016  | Puteri Harbour, Johor                  |



## SOCIAL VALUE CREATION: HUMAN RIGHTS

Our commitment to human rights is long standing and has been integrated in our Code of Conduct, Supplier Conduct Principles and other policies. We consider human and workplace rights to be inviolable. We take a proactive approach to respecting these rights in every UEM Sunrise workplace, across our supply chain and in the communities in which we operate. UEM Sunrise has a great responsibility to its employees and is fully committed to this endeavour.

## In Our Operations

When planning projects, we consider human rights issues such as security, labour rights, workforce welfare, community health and safety, water use, air quality and the potential impact on the livelihoods of local communities. This approach helps us manage activities that could impact the rights of nearby communities and our workforce more effectively.

## In Our Supply Chain

We encourage our contractors and suppliers to treat their employees, and to interact with communities, in a manner that respect human rights. Contractors and suppliers must adhere to all domestic laws and align their practices with the International Labour Organisation’s (“ILO”) core principles, which include:

- Freedom of association;
- The right to collective bargaining;
- The elimination of forced and compulsory labour;
- The abolition of child labour; and
- The elimination of discrimination in the workplace.

## SUSTAINABILITY REPORT



### **SOCIAL VALUE CREATION: PRODUCT RESPONSIBILITY**

#### **Customer Satisfaction, Engagement and Advocacy**

Close relationships with our customers are at the heart of our strategy. One of our key strategic pillars is putting our customers in charge of when, where and how they interact with us. We aim to create an enjoyable experience for our customers by improving customer service across all service points and elevating their voices.

We are committed to providing each of our customers with the highest levels of service. However, despite our best efforts, service levels sometimes fall short of customers' expectations. Our dedicated complaints function, which manages and resolves complaints, goes to show that our customers really are at the heart of everything we do.

Customer feedback provides a unique and valuable insight into their experiences. More effective ways of working can be developed by improving our systems as a result of the feedback received.

Complaints are categorised according to their nature before being escalated to the respective heads for monitoring and action.

| Category                               | Response                | Time Limit            | Resolution             |
|--|-------------------------|-----------------------|------------------------|
| Information only                       | No action required      |                       |                        |
| During Defect Liability Period (“DLP”) | Within 1-5 working days | After 21 working days | Within 30 working days |
| After DLP                              | Within 1-7 working days | After 14 working days | Within 30 working days |
| Vicinity/General                       | Within 1-5 working days | After 7 working days  | Within 14 working days |

### Customer Satisfaction Survey

UEM Sunrise’s Customer Satisfaction Survey gauges customer satisfaction levels at all touch points. An independent consultant is appointed to execute the survey to ensure impartiality.

The exercise provided customers with an opportunity to share their views and experiences. Understanding their needs and expectations helps us improve our service delivery.

The survey was conducted through various platforms and was distributed online through mail drop and Focus Group Discussions (“FGDs”). It concentrated on projects that had been launched and handed over in the past two years, in particular.

Customer satisfaction score is derived from the average score achieved across three components as shown below.

|                               | 2015 | 2016 |
|-------------------------------|------|------|
| Corporate Reputation          | 72%  | 64%  |
| Product Quality and Offerings | 66%  | 61%  |
| Customer Experience           | 65%  | 70%  |
| Overall Satisfaction          | 69%  | 66%  |

### Beyond a Property Developer to its Community

Our developments not only support the daily lives of the families living within them but their future lives as well by growing alongside them. In delivering our vision of ‘Building communities of the future with you and for you’, we continue to create sustainable environments loved by homeowners by maintaining valuable relationships with them.

Going beyond buildings, we continue to champion various engagement activities with our residents to improve their experience living with us. Key events held in 2016 included festival celebrations for Chinese New Year, Hari Raya Aidilfitri, Mid-Autumn Festival, Halloween Festival, Deepavali and year end festivities.

We also held welcome parties for new residents, especially the international community, to introduce them to our country, culture and cuisine. Gathering events, games and fun times were held together throughout the year to nurture relationships between residents and the management. Fun activities held during the year included ‘Cheeky Jungle Tales’, ‘Cherry Time’, ‘Borneo Culture Day’, ‘Bollywood Glitz of Lights’ and ‘Wizard of Fun Zone’. We also held sports and recreational programmes including Aloha Rock-A-Hula! Golf Friendly, fishing trip and other fun activities for the family.

## STATEMENT ON CORPORATE GOVERNANCE



The Board of Directors (“Board”) of UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) remains fully committed to high standards of corporate governance while pursuing the Company’s vision of building communities of the future with you and for you. The Board is driven by not only the objective of protecting and enhancing shareholders’ value and the financial performance of the Company and of its subsidiaries (the “Group”), but by also being ethical and sustainable.

The Board recognises that maintaining good corporate governance practices is key to business integrity and delivering long term sustainable value for all of the Group’s stakeholders. The Board evaluates and continues to strengthen the existing corporate governance practices in order to remain relevant with developments in market practice and regulations.

As required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”), this Corporate Governance Statement reports on how the Company has applied the principles and recommendations of good corporate governance during the financial year under review as set out in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) issued by the Securities Commission.

## **1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT**

### **1.1 Clear Functions of the Board and Management**

The Board leads and provides stewardship to the Group’s strategic direction and operations to maximise shareholders’ value. In discharging its functions and responsibilities, the Board is guided by its Charter and the Company’s Discretionary Authority Limits (“DAL”) which outline high level duties and responsibilities of the Board, matters that are specifically reserved for the Board, as well as those which the Board may delegate to the Board Committees, the Managing Director/Chief Executive Officer (“MD/CEO”) and Management. In cultivating good governance practices, the Board also extends the adoption of the DAL to its subsidiaries for which it comprises authority limits delegated by the Board to the Senior Management for daily operations. The DAL will be reviewed from time to time to ensure that it remains relevant to the Company’s objectives. The last revision to the DAL was made in June 2016 to accord authority limits to the relevant personnel following an internal organisational restructuring exercise.

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

- Reviewing and adopting strategic plans and directions for the Group.
- Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed.
- Identifying principal risks and ensuring 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.
- Developing and implementing an investor relations programme or shareholder communication policy for the Group.
- Reviewing 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.
- Formalising and reviewing performance of key sustainability initiatives and recommending improvements, which include environmental, ethical, social and governance aspects of the business.

# STATEMENT ON CORPORATE GOVERNANCE

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)

### 1.1 Clear Functions of the Board and Management (cont'd.)

Key matters reserved for the Board's review and approval are the annual operating plan for the Group, which includes the overall corporate strategy, business development and plans, dividend policy, major capital commitment, disposal and acquisition of significant assets and investments.

The functions of the Board and Management are clearly demarcated to ensure the effectiveness of the Company's business and operations as outlined in the Board Charter which is available on the Company's website. The roles and responsibilities of the Chairman and the MD/CEO are clearly separated and distinct to ensure that there is a balance of power and authority.

| Key Roles on the Board                           |  |
|--|--|
| Role   | Key Responsibilities   |
| <b>Chairman</b>                                  | <ul style="list-style-type: none"> <li>Presides 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.</li> </ul>                             |
| <b>MD/CEO</b>                                    | <ul style="list-style-type: none"> <li>Developing and executing the Group's strategies in line with the Board's direction; and</li> <li>Oversees the operations and drives the Group's businesses and performance towards achieving its vision and goals.</li> </ul> |
| <b>Senior Independent Non-Executive Director</b> | <ul style="list-style-type: none"> <li>Acts as a point of contact for shareholders for any query or concerns relating to the Company which may be deemed inappropriate to be communicated through the normal channels.</li> </ul>                                    |
| <b>Non-Executive Director</b>                    | <ul style="list-style-type: none"> <li>Monitor and supervise Management's conduct in running the business while bringing their expertise and wisdom to bear on the decision making process.</li> </ul>   |

The Board takes collective responsibility and accountability for the smooth functioning of core processes involving Board governance, business value and ethical oversight while it is constantly mindful of safeguarding the interests of all stakeholders.

The MD/CEO is accountable for leading the Management, building a dynamic corporate culture and ensuring that the Company's human capital has the requisite skills and competency to achieve the Company's vision and goals. The MD/CEO is responsible for developing and recommending to the Board annual operating plans and budgets, formulating major corporate policies, implementing the policies and decisions of the Board, overseeing the operations and managing the development and implementation of the Company's business and corporate strategies. During the leave of absence of En. Anwar Syahrin Abdul Ajib, the MD/CEO, from 16 April 2016 to 31 August 2016, Dato' Izzaddin Idris was re-designated as Executive Director by the Board to perform the duties and functions of the MD/CEO. Following the resumption of duties by En. Anwar Syahrin Abdul Ajib on 1 September 2016, Dato' Izzaddin Idris was re-designated as Non-Executive Non-Independent Director on the same date.

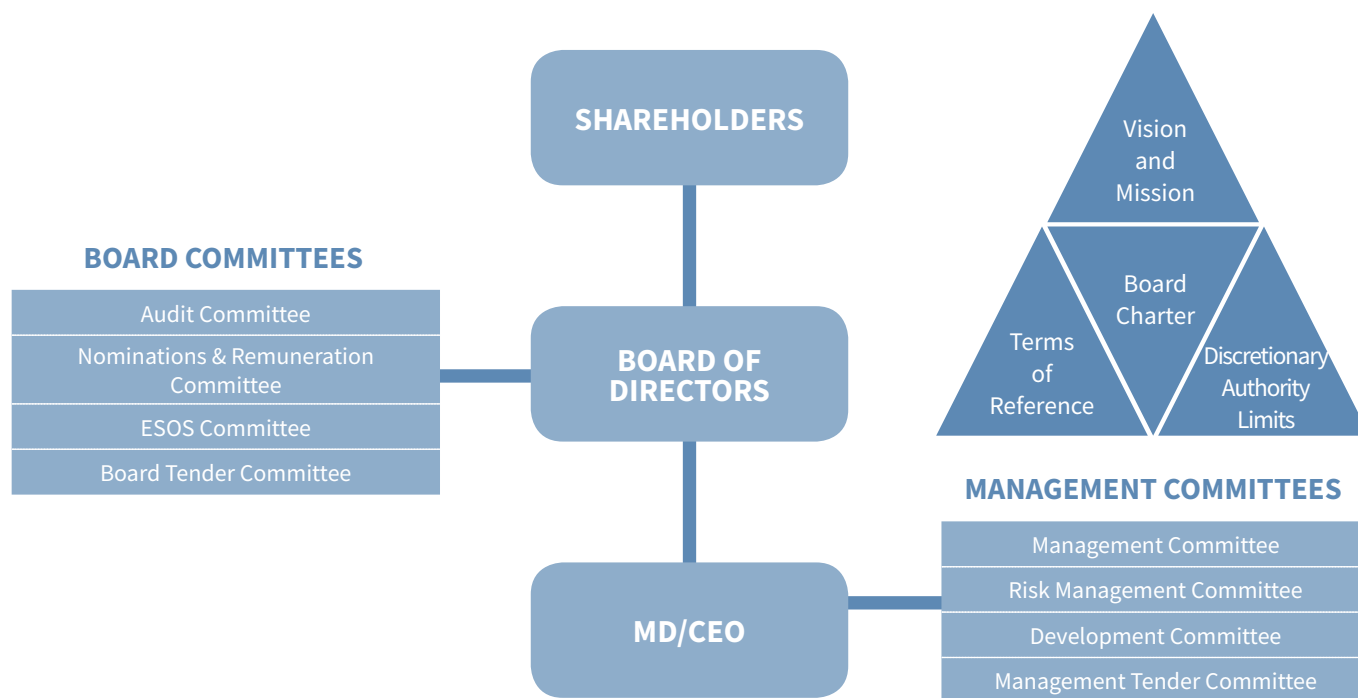


**1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)**

**1.2 Clear Roles and Responsibilities**

In discharging its fiduciary duties, the Board has delegated specific tasks to Board and Management Committees, all of which operate within defined terms of reference. These Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations together with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

The Corporate Governance Model adopted by the Company to instill best practices within the organisation is depicted below:



During each Board and Board Committee meeting, the Independent Non-Executive Directors were inquisitive and vocal during discussions in order to better understand the items being discussed and judicious in the decision-making process. They were impartial in their views, with the Company’s and stakeholders’ best interest at the forefront of every major decision.

# STATEMENT ON CORPORATE GOVERNANCE

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)

### 1.2 Clear Roles and Responsibilities (cont'd.)

#### *Strategic Plan*

The Board participates actively in the development of the Company's strategy which encompasses the formulation and implementation of a strategic plan. In addition to this, the Board reviews and approves the Annual Operating Plan for the ensuing year and sets the key performance indicators ("KPIs") and targets for the Company, reflective of competitive industry trends and internal capabilities. Pursuant to recommendation 1.2 of the MCCG 2012, a periodic monitoring and reporting system is in place which highlights significant variances of KPIs against plans and budget to monitor performance.

The Company also has in place a robust performance management system based on a "Balanced Scorecard" approach with identified KPIs and targets being set at the beginning of each year in line with the Company's business strategy and objectives in accordance with the Annual Operating Plan. The KPIs in the overall Corporate Scorecard (which measures overall Company performance) are aligned and cascaded down to the MD/CEO, Senior Management team and all employees. Employees who meet their KPIs and achieve a high-performance rating are rewarded whilst non-performers are given the opportunity to improve their performance through specific Performance Improvement Plans.

A Board Retreat session with Senior Management was held on 10 and 11 November 2016 in Puteri Harbour, Johor. This Retreat was imperative in ensuring alignment between the Board and Senior Management of UEM Sunrise in the strategy and future direction of the Company. This Retreat was also a platform for the Board to review these plans and provide feedback.

The main objective of the Retreat was to stimulate discussion of strategic issues, discuss potential solutions and place emphasis on implementation of the strategies put forward by Management for continuing success of the Company. Senior Management reflected on what has been done in the past year, what worked and needs to continue and identified new opportunities or gaps in the current landscape for the Company to take on, which framed the presentation to the Board.

Senior Management presented their key strategies for the Company in the form of a Gallery Walk, with three objectives; "Build Future Capacity for Business Growth", "Anchor on P&L and Cash Flow" and "Enhance Customer Centricity with Operational Excellence" and within three key areas of "Where to Play", "How to Win" and "Enablers". All 2017 initiatives put forward are clustered based on priorities where the Company will execute and monitor closely.

The Board was engaged throughout and provided their feedback and thoughts on what was presented. With the Board being satisfied with the plan for 2017, the strategies were acknowledged and Management were reminded to be adaptive to market needs. Following this Retreat, Senior Management has incorporated feedback provided at the Retreat into further detailed strategies and will ensure that the Board is engaged throughout the year through regular updates.

With the insight and advice provided by the Board, the Annual Operating Plan 2017 was presented to the Board and approved on 21 November 2016.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)

### 1.2 Clear Roles and Responsibilities (cont'd.)

#### *Conduct of Company's Business*

The roles of the MD/CEO and Non-Executive Directors are clearly delineated, both having fiduciary duties towards shareholders. Non-Executive Directors have the necessary skill, financial and business experience to bring effective judgement to bear on the issues of strategy, performance and resources.

The Board Committees carry out their tasks based on their roles and responsibilities as outlined below:

- **Audit Committee**

The Audit Committee was established on 15 September 2008 to assist the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group. It also reviews any related party transactions and conflict of interest situations that may arise within the Group.

The members of the Audit Committee consist of Independent Non-Executive Directors as follows:

1. Mr. Lim Tian Huat (Chairman/Independent Non-Executive Director)
2. Dato' Srikandan Kanagaintiram (Member/Senior Independent Non-Executive Director)
3. Mr. Subimal Sen Gupta (Member/Independent Non-Executive Director)

Mr. Subimal Sen Gupta was appointed as a Committee member on 31 March 2016.

The Audit Committee Report is presented on pages 171 to 175 of this Annual Report.

- **Nominations & Remuneration Committee**

The Nominations & Remuneration Committee was established on 26 September 2008 to assist the Board in the nomination of new Directors and evaluating remuneration package of Executive Directors and Senior Management. Further information is set out in section 2.1 below.

- **Board Tender Committee**

The Board Tender Committee was established on 1 March 2009. The present members of the committee are as follows:

1. Dato' Srikandan Kanagaintiram (Chairman/Senior Independent Non-Executive Director)
2. Dato' Izzaddin Idris (Member/Non-Independent Non-Executive Director)
3. Mr. Lim Tian Huat (Member/Independent Non-Executive Director)

The functions and responsibilities of the Board Tender Committee in line with the Group's DAL requirements include, among others, the following:

- Approves the List of Tenderers (Project/Non-Projects) exceeding RM200 million in value;
- Approves the award of all Projects/Construction contracts in line with UEM Sunrise's DAL requirements;
- Approves the finalisation of project accounts (per contract) within the approved contract terms and approved variation orders of more than RM100 million;
- Approves the award of variation order/claims to contractors/sub-contractors (cumulative amount per contract) of up to RM20 million if cumulative variation order is within 10% of the contract sum or up to RM10 million if cumulative variation order exceeds 10% of the contract sum; and
- Approves the termination of contracts with contractors/sub-contractors of up to RM50 million.

# STATEMENT ON CORPORATE GOVERNANCE

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)

### 1.2 Clear Roles and Responsibilities (cont'd.)

#### *Conduct of Company's Business (cont'd.)*

- **ESOS Committee**

The ESOS Committee was established on 28 February 2012. The present members of the committee are as follows:

1. Tan Sri Dr. Ir. Ahmad Tajuddin Ali (Chairman/Non-Independent Non-Executive Chairman)
2. En. Anwar Syahrin Abdul Ajib (Member/MD/CEO)
3. Dato' Izzaddin Idris (Member/Non-Independent Non-Executive Director)
4. Professor Philip Sutton Cox AO (Member/Independent Non-Executive Director)
5. Ungku Suseelawati Ungku Omar (Member/Independent Non-Executive Director)

The functions of the ESOS Committee are to administer the implementation of the Employee Share Option Scheme ("ESOS") in accordance with the objectives and regulations set out in the By-Laws, make rules and regulations or impose such terms and conditions in such manner as it deems fit and with such powers and duties as are conferred upon it by the Board.

The Company has one ESOS in existence during the financial year. The ESOS was approved by the shareholders of the Company at the Company's Extraordinary General Meeting held on 7 March 2012. As at 31 December 2016, ESOS options over 282,347,800 new ordinary shares of RM0.50 each in the Company had been granted to the employees of the Group (including the MD/CEO) as follows:

| Category of employees            | No. of ESOS options granted as at 31 Dec 2016 | Percentage granted as at 31 Dec 2016 of total available* | No. of ESOS options vested | No. of ESOS options exercised | No. of options lapsed | No. of ESOS options outstanding |
|----------------------------------|---|--|----------------------------|-------------------------------|-----------------------|---------------------------------|
| MD/CEO (Including former MD/CEO) | 14,000,000                                    | 4.11   | 6,384,000                  | 2,180,000                     | 5,796,000             | 6,024,000 <sup>#</sup>          |
| Senior Management                | 53,891,600                                    | 15.84  | 22,483,600                 | 3,800,000                     | 31,887,250            | 18,204,350                      |
| Other employees                  | 214,456,200                                   | 63.02  | 112,382,500                | 13,936,100                    | 96,939,850            | 103,580,250                     |
| <b>TOTAL</b>                     | <b>282,347,800</b>                            | <b>82.97</b>   | <b>141,250,100</b>         | <b>19,916,100</b>             | <b>134,623,100</b>    | <b>127,808,600</b>              |

\* As at 31 December 2016, the issued and paid-up ordinary share capital of the Company comprised 4,537,436,037 ordinary shares of RM0.50 each. In accordance with the ESOS, the maximum number of shares to be offered for subscription and allotment upon the exercise of the ESOS options shall not be more than 7.5% of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of the ESOS scheme.

<sup>#</sup> 2,444,000 from the total amount of 6,024,000 relates to the outstanding entitlement of the former MD/CEO, the late Dato' Wan Abdullah Wan Ibrahim who passed away in 2014, which shall be exercisable by the beneficiaries of the estate of the late Dato' Wan Abdullah.

The aggregate maximum allocation of the ESOS options applicable to the Directors and Senior Management is 30% and the actual granted to the Directors and Senior Management since the commencement of the ESOS is 24.05%.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)

### 1.2 Clear Roles and Responsibilities (cont'd.)

#### *Identifying Principal Risks and Ensuring the Implementation of Appropriate Internal Controls and Mitigation Measures*

The Risk Management Committee, comprising the Senior Management from various functional responsibilities and chaired by the MD/CEO, assists the Board in carrying out its responsibility to oversee the enterprise risk management framework of the Group, develops and recommends risk management strategies and policies for the Group. The Audit Committee assists the Board in providing oversight over the Group's management of risks and reviews the adequacy of compliance and control throughout the Group. The Audit Committee deliberates on the Risk Management Committee's periodic reports and risk profile and reports to the Board.

In line with the suggestions in the Corporate Governance Guide Second Edition issued by Bursa Malaysia Berhad in October 2013, the Board through a set of questionnaires, inquired the Senior Management on areas relating to financial reporting, control and regulations issues for the Board to assess:

- 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.

After having reviewed the representation by Senior Management through the Audit Committee, the Board concluded that the risk management and internal control system of the Company are generally adequate and effective for the financial year under review.

Details on the Company's risk framework are set out in the Statement on Risk Management and Internal Control as well as the Risk Management Report of this Annual Report. The Statement on Risk Management and Internal Control was reviewed by the External Auditors pursuant to Paragraph 15.23 of the Listing Requirements.

#### *Succession Planning*

The Nominations & Remuneration Committee is entrusted by the Board with the responsibility to review candidates for Executive Directors and key management positions and recommend their compensation packages. It also reviews the compensation framework for Executive Directors and Senior Management staff, human resources roadmap and receives reports on manpower analysis and staffing requirements.

The Board is satisfied that the Nominations & Remuneration Committee discharges its functions in accordance with its terms of reference in respect of nomination and remuneration matters, and as such there is no necessity to segregate the functions into two separate committees.

In addition, to ensure that the Group has a robust leadership pool to meet current and future challenges as well as for succession planning, Leadership Management Programmes, Structured Coaching and Structured Developmental Assignments are in place to identify and nurture emerging leaders and employees with high potential, as well as to enhance the leadership skills of existing leaders. Robust talent acquisition complements this framework to ensure that leadership talent that the Group brings from outside fits UEM Sunrise's organisational culture and eco-system. The Group aims to build a leadership brand that is both purpose-driven and people-driven. These initiatives are facilitated by UEM Sunrise and UEM Group Berhad's Talent Management and Learning & Development.

# STATEMENT ON CORPORATE GOVERNANCE

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)

### 1.2 Clear Roles and Responsibilities (cont'd.)

#### *Shareholder Communication Policy*

The Board on 20 February 2013 established a Shareholder Communication Policy to keep the market informed of all information which may or could have a material effect on the value of its securities. A copy of this policy is available for reference on the Company's website [www.uemsunrise.com](http://www.uemsunrise.com).

#### *Integrity of Management Information and Internal Control System*

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details of the Company's internal control system and the review of its effectiveness are respectively set out in the Statement on Risk Management and Internal Control and Risk Management Report of this Annual Report.

#### *Privacy Policy*

The Board on 25 February 2014 ratified the adoption of the Company's Privacy Policy prepared in accordance with the seven data protection principles which form the basis of protection under the Personal Data Protection Act 2010. A copy of this policy is available for reference on the Company's website [www.uemsunrise.com](http://www.uemsunrise.com).

### 1.3 Formalise Ethical Standards through Code of Ethics

#### *Code of Ethics*

Pursuant to recommendation 1.3 of the MCCG 2012, the Board on 27 March 2013 adopted and implemented a Code of Ethics which sets out appropriate code of conduct to enhance the standards of corporate governance to achieve a standard of ethical behaviour for Directors based on trustworthiness and values of social responsibility and accountability. The Code is published on the Company's website at [www.uemsunrise.com](http://www.uemsunrise.com).

The conduct of employees is governed by the Code of Ethics for employees which provides clear direction on conduct of business, general workplace behaviour and dealings with stakeholders. It includes guidance on disclosure of conflict of interests, maintaining confidentiality, no gifts policy, practices regarding entertainment, personal solicitation and graft, amongst others. The employees' Code of Ethics are placed in the Employee Handbook as well as in the Company's Intranet web portal for reference by the employees.

The Directors and employees are expected to behave ethically and professionally at all times and protect and promote the reputation and performance of the Company. The Group communicates its code of conduct to all Directors and employees upon their appointment or employment.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)

### 1.3 Formalise Ethical Standards through Code of Ethics (cont'd.)

#### *Whistle Blower Policy*

The Company is committed to the highest standards of professionalism, honesty, integrity and ethical behaviours in the conduct of its business and operations.

The Company has in place a Whistle Blower Policy which provides a secure mechanism for employees of the Company and members of the public to report instances of unethical behaviour, actual or suspected fraud, abuse, dishonesty or violation of the Company's Code of Conduct or Ethics Policy. The Whistle Blowing Framework was enhanced in April 2016 with the establishment of a Whistle Blower Committee and the various reporting channels made available to the employees and members of the public, which included electronic platforms i.e. online whistle blowing reporting system known as Secured Postbox hosted at Whistle Blower Portal and a dedicated whistleblowing email address [whistleblower@uemnet.com](mailto:whistleblower@uemnet.com).

All communications made in good faith that discloses or demonstrates information that may evidence malpractice or unethical activity should be addressed to the Chairman of the Board or the Chairman of the Audit Committee, if the concerns cannot be resolved through the normal reporting channels. Reports made anonymously will not be entertained as it would not be possible to interview the officer or employee who made the report. The identity of the whistle blowers will be kept confidential unless otherwise required by law or for purposes of any proceedings by or against the Group. The Board is committed that the officer or employee who raised genuine concerns in accordance with the Whistle Blower Policy will not suffer any form of retribution, victimisation or detriment.

The Company's Whistle Blowing Policy which contains, among others, the procedures, investigation, protection, investigators, decisions and other matters related to whistle blowing, is available on the Company's website at [www.uemsunrise.com](http://www.uemsunrise.com).

#### *Trading on Insider Information*

Directors and employees of the Group who have access to price-sensitive information relating to the Company's listed securities or of other listed issuers which are not available to the public must not deal in such listed securities in line with the Capital Markets and Services Act 2007 which prohibits insider trading.

Directors and employees of the Group who do not have access to price-sensitive information mentioned above can deal in the securities of the Company provided that the procedures set out in the Listing Requirements are strictly adhered to. Notices on the closed period for trading in the Company's listed securities are sent to Directors and principal officers on a quarterly basis.

#### *Conflict of Interest*

Directors are required to declare their respective interest in the securities of the Company and related companies and their interests in contracts or proposed contracts with the Company or any of its related companies. The Directors concerned shall abstain from deliberating and voting in relation to these transactions.

# STATEMENT ON CORPORATE GOVERNANCE

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)

### 1.3 Formalise Ethical Standards through Code of Ethics (cont'd.)

#### *Related Party Transactions*

An internal compliance framework exists to ensure that the Group meets its obligations under the Listing Requirements including obligations relating to related party transactions. The Board, through the Audit Committee, reviews all related party transactions involved. A Director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider the matter.

The Recurrent Related Party Transactions entered into by the Group with its related parties in 2016 are set out on pages 336 to 339 of this Annual Report.

### 1.4 Strategies Promoting Sustainability

The Board recognises the importance of building a sustainable business and has established a Sustainability Policy which outlines key focus areas based on environmental, social and governance attributes. UEM Sunrise will continue its efforts to ensure that sustainability considerations are integrated as part of its corporate decision-making process in particular into the products it builds, the methods it employs, who it hires and how it works with the communities where it operates. In January 2017, the Company adopted an updated Corporate Responsibility Policy and Sustainability Policy to reflect current times and its commitment towards operating in a responsible and sustainable manner. These policies outlined common goals focusing on:

- Education and Human Capital
- Community Development
- Green Environment and Technology
- Value Creation

The Corporate Responsibility Policy and Sustainability Policy are published on the Company's website at [www.uemsunrise.com](http://www.uemsunrise.com) and the activities for the year under review are disclosed on pages 106 to 131 of this Annual Report.

### 1.5 Access to Information and Advice

The Directors have full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. There are matters specifically reserved for the Board's decision to ensure that the direction and control of the Group is firmly in its hands.

The Board is furnished with an agenda and a set of Board papers in advance of each Board meeting for the Directors to study and evaluate the matters to be discussed. The Board papers are generally circulated at least three (3) working days prior to the meeting. The Board papers contain both quantitative and qualitative information and are presented in a manner which is concise and include comprehensive management reports, minutes of meetings, proposal papers and supporting documents. This will enable Directors to review, consider and, if necessary, obtain further information or research on the matters to be deliberated in order to be properly prepared at the meetings, thereby enabling informed decisions to be made.



## **1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)**

### **1.5 Access to Information and Advice (cont'd.)**

In addition, the Board is also updated on the information relating to the Company's developments and industry development through a monthly progress report to the Board, which was integrated into the monthly CEO Report tabled at Board meetings.

In discharging their duties, the Directors are assured of full and timely access to all relevant information. The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense with consent from the Chairman or Committee Chairman, as the case may be.

As part of promoting green initiatives and to improve meeting efficiency, the Company has in January 2017 implemented a Paperless Meeting Solution, a secured online portal through the use of an application on the iPad. This accorded enhanced mobility, document e-storage, cost and time savings and improved convenience in accessing board papers anytime and anywhere. Aside from reducing carbon footprint, the information to the Board is stored in a secure manner whereby the files can be electronically accessed and are archived in a secured digital storage to promote document security.

### **1.6 Company Secretaries**

The Board is supported by suitably qualified and competent Company Secretaries who are accountable to the Board and are responsible for:

- a) Organising Board and Board Committee meetings and preparing the minutes thereof;
- b) Preparing meeting agenda in consultation with the Chairman and the MD/CEO;
- c) Compiling and circulating Board and Board Committee meeting folders via electronic means or otherwise;
- d) Acting as the custodians of the Company's statutory records;
- e) Advising the Board on procedural and regulatory requirements and corporate governance practices;
- f) Supporting the Board on adherence to Board policies and procedures;
- g) Providing a point of reference for dealings between the Board and the Management;
- h) Communicating with regulatory bodies and Bursa Securities;
- i) Attending to all statutory and other filings; and
- j) Ensuring compliance with the statutory requirements of the Companies Act 2016, the Listing Requirements and other regulatory bodies.

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. The Company Secretaries, whose appointment and removal is a matter reserved for the Board, advised the Board on matters including corporate governance issues and Directors' responsibilities in complying with relevant legislation and regulations as well as updates on regulatory changes such as amendments to the Listing Requirements. In addition, the Company Secretaries also facilitate the Board in conducting the annual Board Effectiveness Assessment.

In order to play an effective advisory role to the Board, the Company Secretaries remain informed of the latest regulatory changes, evolving industry developments and best practices in corporate governance through continuous training and regular interactions with regulators and industry peers. In addition, the Company Secretaries also play an active role in searching and promoting technological advancement to improve Board meeting proceedings such as the Paperless Meeting Solution and the Electronic Document Management System for a systematic archiving of Board papers and statutory documents. The profile of the Company Secretaries is set out in page 093 of the Annual Report.

# STATEMENT ON CORPORATE GOVERNANCE

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D.)

### 1.7 Board Charter

The Board on 20 February 2013 adopted a Board Charter, which sets out the role, composition and responsibilities of the Board embodying the Principles of MCGG 2012 and serves as a source of reference for new Board members.

The Board Charter comprises, amongst others, the following areas:

- Role, duties and responsibilities of the Board and Board Committees
- Roles of the Chairman and MD/CEO
- Composition and structure of the Board
- Risk and compliance management and internal controls
- Code of ethics and conduct
- Tenure of independent directors
- Non-Executive Directors' remuneration
- Assessment and evaluation of Board performance
- Succession planning of the MD/CEO, Board members and Senior Management
- Independent external advice
- Directors' training and continuous education

The Board Charter is subject to review from time to time and updated in accordance with the requirements of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is available for reference at the Company's website at [www.uemsunrise.com](http://www.uemsunrise.com).

## 2. STRENGTHEN COMPOSITION OF THE BOARD

### 2.1 Nominations & Remuneration Committee

The Nominations & Remuneration Committee is made up exclusively of Non-Executive Directors with a majority of them being Independent Directors.

## 2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D.)

### 2.1 Nominations & Remuneration Committee (cont'd.)

The Nominations & Remuneration Committee meets as and when required, and at least once a year. During the year under review, the Nominations & Remuneration Committee met six (6) times and the meeting attendance is as follows:

| No. | Name  | Number of Meetings Attended/Held | Percentage of Attendance (%) |
|-----|---|----------------------------------|------------------------------|
| 1.  | Ungku Suseelawati Ungku Omar<br>(Chairperson/Independent Non-Executive Director)  | 5/6                              | 83                           |
| 2.  | Zaida Khalida Shaari<br>(Member/Non-Independent Non-Executive Director)<br>– Appointed on 25 April 2016                   | 2/2*                             | 100                          |
| 3.  | Lim Tian Huat<br>(Member/Independent Non-Executive Director)  | 6/6                              | 100                          |
| 4.  | Dato' Izzaddin Idris<br>(Member/Non-Independent Non-Executive Director)<br>– Relinquished NRC membership on 16 April 2016 | 1/3*                             | 33                           |

\* Reflects the number of Meetings attended and held during their tenure of appointment.

The duties and responsibilities of the Nominations & Remuneration Committee include, among others, the following:

- Assists the Board in reviewing the performance of the Senior Management and the other Directors annually;
- Recommends individuals for appointment on the Board;
- Assists the Board in annual assessment of the effectiveness of the Board and Board Committees, the contribution of each Director, the mix of skills and core competencies of the Directors, the independence of Independent Directors as well as to examine the size of the Board for effective functioning of the Board.
- With respect to the nomination of new candidates for Board membership, recommending to the Board the criteria, qualifications and experience deemed appropriate for the particular vacancy to be filled, with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- Reviews and recommends to the Board annual increments and ex-gratia payments for Executive Directors and Senior Management;
- Designs and implements an evaluation procedure for Executive Directors; and
- If instructed by the Board, reviews the proposals for the remuneration package of each member of the Company's committees.

The terms of reference of the Nominations & Remuneration Committee were last reviewed by the Board on 24 October 2016 to align with the amendments to the Listing Requirements as well as to include other enhancements for clarity purposes. A copy of the terms of reference of the Nominations & Remuneration Committee is available for reference at the Company's website at [www.uemsunrise.com](http://www.uemsunrise.com).

# STATEMENT ON CORPORATE GOVERNANCE

## 2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D.)

### 2.2 Develop, Maintain and Review the Criteria for Recruitment Process and Annual Assessment of Directors

The Nominations & Remuneration Committee is responsible for making recommendations to the Board on the appropriate size and composition of the Board. In discharging its responsibilities, the Nominations & Remuneration Committee has developed certain criteria used in the recruitment process and annual assessment of Directors, including Independent Directors. In evaluating the suitability of the candidates, the following factors are considered:

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity, commitment (including time commitment), character and competence;
- Gender, age and ethnicity/nationality for the purpose of boardroom diversity;
- Any business interest that may result in a conflict of interest; and
- In the case of candidates for the position of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities is also evaluated.

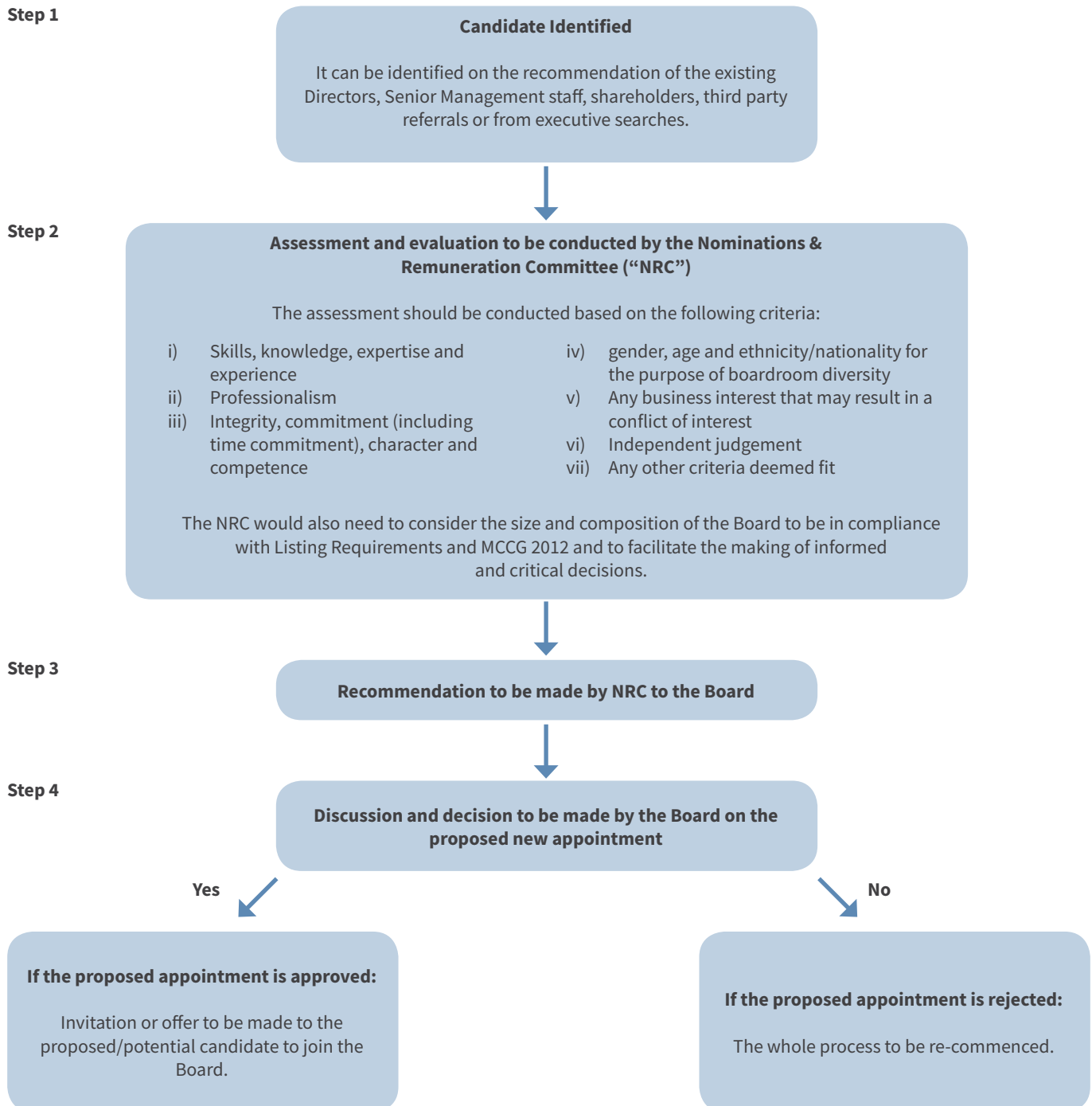
The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Nominations & Remuneration Committee will take steps to ensure women candidates are sought and considered as part of the recruitment exercise. Currently, the Board has two female directors, one of whom is an Independent Non-Executive Director and the other, a Non-Independent Non-Executive Director. This reflects the Board's aspiration in promoting boardroom diversity as well as having female representation at the Board. During the financial year, the representation of women on the Board increased to 22%.

The Board does not fix a policy on age and ethnicity of directors as it believes that the ability of a Director to serve effectively is dependent on his/her calibre, experience, qualifications and personal quality, in particular his/her integrity and objectivity.

**2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D.)**

**2.2 Develop, Maintain and Review the Criteria for Recruitment Process and Annual Assessment of Directors (cont'd.)**

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



# STATEMENT ON CORPORATE GOVERNANCE

## 2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D.)

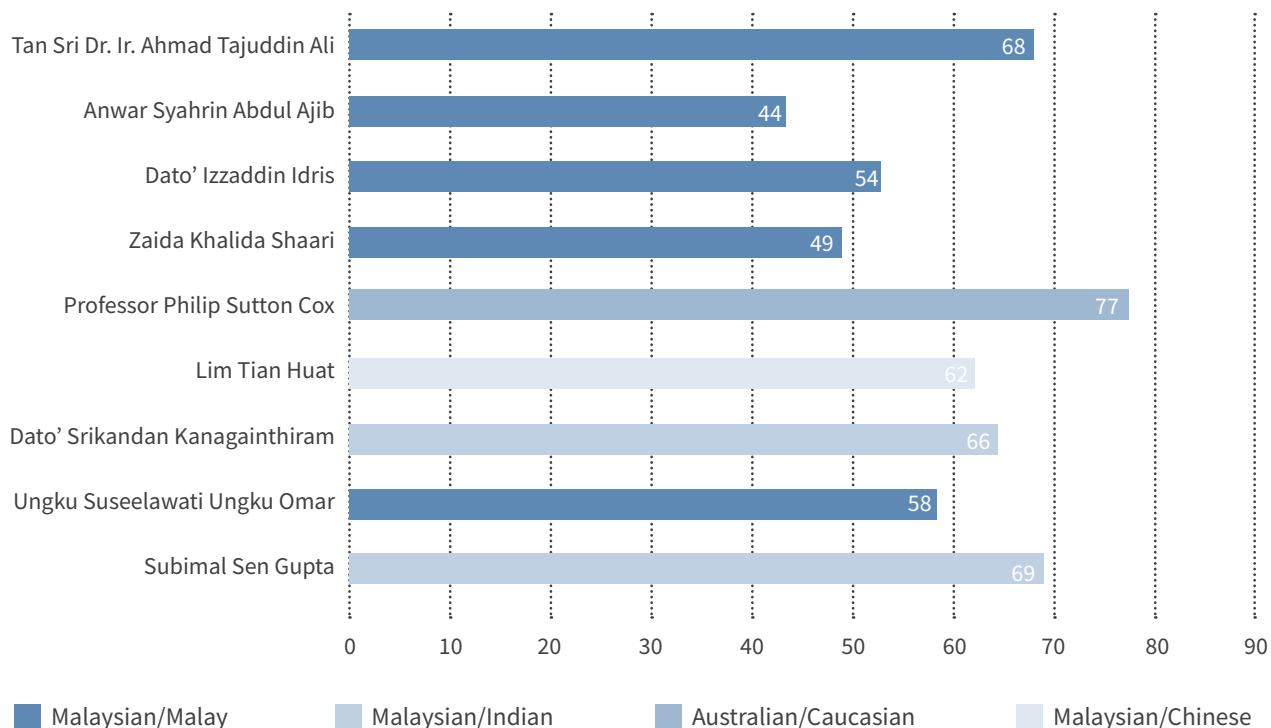
### 2.2 Develop, Maintain and Review the Criteria for Recruitment Process and Annual Assessment of Directors (cont'd.)

In accordance with the Company's Articles of Association and unless determined by the Company in a general meeting, the number of Directors shall not be less than two or more than fifteen.

The Board is currently consisted of nine (9) members comprising the Non-Independent Non-Executive Chairman, the MD/CEO, two (2) Non-Independent Non-Executive Directors, a Senior Independent Non-Executive Director and four (4) Independent Non-Executive Directors. The composition of the Board is well balanced, representing both the majority and minority shareholders' interest and complied with the Listing Requirements where at least two (2) Directors or one-third of the Board, whichever is the higher, must comprise Independent Directors. All the Independent Non-Executive Directors met the criteria of independence as prescribed by the Listing Requirements and other independence criteria applied by the Company and the Board confirmed that there had been no transactions, relationship or arrangements that would have impaired the independence or any judgement made by the Board.

Depicted below is a chart summarising the age and ethnicity of the Board of the Company as at 31 December 2016:

#### BOARD OF DIRECTORS



## 2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D.)

### 2.2 Develop, Maintain and Review the Criteria for Recruitment Process and Annual Assessment of Directors (cont'd.)

Pursuant to the Board Charter of the Company, the Board shall appoint a Senior Independent Director who will attend to any query or concern raised by shareholders. The Board had identified YBhg Dato' Srikandan Kanagainthiram to be appointed as the Senior Independent Director of the Company. The Board took cognisance of several factors on his appointment. YBhg Dato' Srikandan is one of the longest serving Independent Directors on the Board as well as having many years of related industry experience. The Board also deemed that these factors support his strong leadership qualities and that he is a suitable candidate to undertake the position of a Senior Independent Director.

During the year 2016, the process of appointing two (2) new Directors was subjected to the procedures guided by the Nominations & Remuneration Committee which is depicted in the above flow chart. The Board is certain that the addition of potential members will constitute a balance of Executive and Non-Executive Directors, presently with a mix of suitably qualified and experienced professionals in the fields of accounting, architecture, quantity surveying, property development specialising in retail, banking, corporate finance, port/transport & logistics, utilities & infrastructure, engineering and general experience in management. This combination of different professions and skills working together would enable the Board to effectively lead and successfully supervise the Company's business activities, which are vital to the success of the Group.

The Board conducts an annual evaluation of its activities and performance as prescribed in MCG 2012, the Green Book on Enhancing Board Effectiveness and Listing Requirements. Through its Board Effectiveness Assessment which is designed to identify the strengths and weaknesses of Board operations and establish a common understanding of the Board's roles and responsibilities with a view to maximising Board performance, the Board via the Nominations & Remuneration Committee evaluates the overall Board's performance against criteria that the Board determines are important to its success. These include the Board's structure, operations and interaction, communication, effectiveness and roles and responsibilities. Questionnaires are sent to Directors to obtain their feedback, views and suggestions to improve the performance of the Board and its Board Committees. The set of questions are annually reviewed to continuously engage the Directors' perspectives on fresh and relevant areas.

The Nominations & Remuneration Committee assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each Director in respect of the financial year 2016. Various factors were considered including its size, structure, composition, mix of skill and experience, time commitment of the Directors, integrity and other qualities including core competencies which Directors should bring to the Board to discharge their roles and responsibilities. All assessments and evaluations carried out by the Nominations & Remuneration Committee are documented.

Besides conducting the annual Board Effectiveness Assessment, the Nominations & Remuneration Committee has also undertaken the following activities in the discharge of its duties for the financial year:

- Reviewed and recommended to the Board the proposed Corporate and MD/CEO's Scorecard for 2016; reviewed and evaluated the results of Corporate and MD/CEO's Scorecard for 2015; reviewed bonus, salary increment and promotion for the Company's staff; and reviewed bonus, ex-gratia payment and salary revision for Senior Management staff.
- Reviewed and recommended to the Board the offer of fixed-term employment contract and promotion of Senior Management staff of the Company as well as secondment of Senior Management staff from UEM Group Berhad to the Company.
- Reviewed and recommended to the Board the endorsement of UEM Sunrise's Talent Management Framework and Talent Pool.

# STATEMENT ON CORPORATE GOVERNANCE

## 2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D.)

### 2.2 Develop, Maintain and Review the Criteria for Recruitment Process and Annual Assessment of Directors (cont'd.)

Besides conducting the annual Board Effectiveness Assessment, the Nominations & Remuneration Committee has also undertaken the following activities in the discharge of its duties for the financial year: (cont'd.)

- Identified, assessed and recommended the appointments of Directors to the Board for approval.
- Reviewed and recommended the appointment of new members of the Board Committees to the Board for approval.
- Interviewed and assessed suitable candidates for Senior Management positions.
- Reviewed the results of the Employees Engagement Survey conducted and facilitated by an external consultant.
- Recommended the adoption of the Policy on Top Management External Directorships and the treatment of remuneration received from such directorships.
- Recommended the revision of medical benefits for Non-Executive Directors of the Company.
- Recommended the adoption of Portable Medical Insurance Programme for Non-Executive Directors and employees of the Group.
- Reviewed and gave input to the proposed Additional Responsibility Allowance Policy and Special Recognition Award Policy.
- Recommended the Above and Beyond the Call of Duty Award to the then Executive Director.
- Reviewed and recommended the revisions to the Terms of Reference of the Nominations & Remuneration Committee.
- Proposed the re-election and re-appointment of Directors and Non-Executive Directors' fees to the Board for recommendation to the shareholders at Annual General Meeting ("AGM") for approval.
- Reviewed the performance of the Board Committees and its members.
- Conducted annual assessment of independence status of the Independent Non-Executive Directors.
- Conducted assessment of Directors' continuing education needs and status of continuing education programme.
- Oversee the succession planning for the Senior Management including being kept apprised of the Talent Pool.
- Evaluated and satisfied that the minimum 50% attendance requirement at Board meetings imposed by the Listing Requirements was met by all Directors.

#### Policy on Top Management External Directorships

On 31 May 2016, in line with the recommendation of the Nominations & Remuneration Committee, the Board approved the adoption of the Company's Policy on Top Management External Directorships to allow suitably qualified top management personnel to serve on the boards of companies which are not related, directly or indirectly, to UEM Group Berhad and its group of companies, subject to the Board's approval. This will help the top management of the Company to broaden their exposure and personal development, while at the same time align to the Malaysian Government's aspirations to champion Board diversity where more women will be appointed to serve at the board level.

### 2.3 Remuneration Policies and Procedures

The Company's policy on Directors' remuneration is to attract and retain Directors of high calibre needed to lead the Group successfully. UEM Sunrise recognises that the remuneration packages for Executive Directors should involve balance between fixed and performance linked-elements which are reflected on his responsibilities, expertise and complexity of the Company's activities. The MD/CEO was paid in line with the Company's general remuneration policy for its Senior Management. His remuneration was structured so as to link rewards to corporate and individual performance. He was not paid any Directors' fees and meeting allowances for the Board and Board Committee meetings that he attends.



## 2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D.)

### 2.3 Remuneration Policies and Procedures (cont'd.)

In evaluating the MD/CEO's remuneration, the Nominations & Remuneration Committee takes into account corporate financial performance, as well as performance on a range of non-financial factors including accomplishment of strategic goals. The Nominations & Remuneration Committee recommends to the Board the remuneration package of an Executive Director and it is the responsibility of the Board to approve the remuneration package of an Executive Director, with the Executive Director concerned abstaining from deliberation and voting on the same.

During the financial year 2016, the Nominations & Remuneration Committee recommended a Special Recognition Award in the form of Above and Beyond the Call of Duty Award to Dato' Izzaddin Idris. He was re-designated from Non-Executive Director to Executive Director of UEM Sunrise and performed the role of MD/CEO during the leave of absence of En. Anwar Syahrin Abdul Ajib from 16 April 2016 to 31 August 2016. The said Award was approved by the Board of UEM Sunrise in recognition of Dato' Izzaddin's effort in taking additional role and responsibility beyond his job scope to further drive and achieve the Company's goals which includes strengthening its operational and financial standing.

The Company pays its Non-Executive Directors a fixed base fee, not by a commission or on percentage of profits or turnover as consideration for their Board duties. 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 aggregate amount of directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at a general meeting.

The current fees and benefits payable and accorded to the Non-Executive Directors comprises the following:

- a. As per the Eighth AGM held on 23 May 2016, the Directors' fees approved by the shareholders are:
  - i. Directors' fees amounting to RM210,000 per annum for the Non-Executive Chairman and RM108,000 per annum for each Non-Executive Director;
  - ii. Directors' fees amounting to RM50,000 per annum for the Non-Executive Audit Committee Chairman and RM30,000 per annum for each Non-Executive Audit Committee member; and
  - iii. Directors' fees amounting to RM25,000 per annum for the Non-Executive Committee Chairman and RM15,000 per annum for each Non-Executive Committee member of other Committees.
- b. An allowance of RM1,000.00 per day will be paid to Directors for the following, subject to the approval of the Chairman of UEM Sunrise or the Group Managing Director/Chief Executive Officer of UEM Group Berhad:
  - i. Attending meetings with Government representatives on behalf of the Company; or
  - ii. Handling operational issues such as visiting sites to advise the operating companies.

During the year under review, the Directors attended site visits for various projects both locally and internationally to oversee the project status and assist in addressing any issues arising from the project. The table below summarised the allowance paid for the site visits:

| No. | Director                           | Site Visits        |              |
|-----|------------------------------------|--------------------|--------------|
|     |                                    | Project Site       | Total (RM)   |
| 1.  | Tan Sri Dr. Ir. Ahmad Tajuddin Ali | Melbourne (1 day)  | 1,000        |
| 2.  | Dato' Izzaddin Idris               | Melbourne (3 days) | 3,000 *      |
| 3.  | Dato' Srikandan Kanagainthiram     | Melbourne (4 days) | 4,000        |
|     |                                    |                    | <b>8,000</b> |

\* Allowance for nominee of UEM Group Berhad on the Board of the Company is paid directly to UEM Group Berhad.

## STATEMENT ON CORPORATE GOVERNANCE

### 2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D.)

#### 2.3 Remuneration Policies and Procedures (cont'd.)

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

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

During the year under review, a total of two (2) ad-hoc meetings were held.

d. Discount for purchase of property as follows:

- i. 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, 3% discount will be given.

During the year under review, none of the Directors availed themselves to this benefit.

The details of the Directors' remuneration for the financial year ended 31 December 2016 are as below:

| Name of Director                    | Salary     | Fees              | Allowance, other benefits & emoluments | Benefit in kind | Total <sup>(4)</sup> |
|-------------------------------------|------------|-------------------|--|-----------------|----------------------|
| RM'000                              |            |                   |  |                 |                      |
| Tan Sri Dr. Ir. Ahmad Tajuddin Ali  | -          | 235               | 1 <sup>(1)</sup>                       | -               | 236                  |
| Anwar Syahrin Abdul Ajib            | 937        | -                 | 369                                    | 108             | 1,414                |
| Dato' Izzaddin Idris                | -          | 91 <sup>(2)</sup> | 273 <sup>(3)</sup>                     | -               | 364                  |
| Zaida Khalida Shaari                | -          | 89 <sup>(2)</sup> | -                                      | -               | 89                   |
| Professor Philip Sutton Cox         | -          | 123               | -                                      | -               | 123                  |
| Lim Tian Huat                       | -          | 188               | 2 <sup>(1)</sup>                       | -               | 190                  |
| Dato' Srikandan Kanagaintiram       | -          | 163               | 8 <sup>(1)</sup>                       | -               | 171                  |
| Ungku Suseelawati Ungku Omar        | -          | 146               | 2 <sup>(1)</sup>                       | -               | 148                  |
| Subimal Sen Gupta                   | -          | 104               | -                                      | -               | 104                  |
| Sheranjiv Sammanthan <sup>(5)</sup> | -          | 29 <sup>(2)</sup> | -                                      | -               | 29                   |
| <b>TOTAL</b>                        | <b>937</b> | <b>1,168</b>      | <b>655</b>                             | <b>108</b>      | <b>2,868</b>         |

(1) Comprised site visit allowance and/or ad-hoc committee meeting attendance allowance.

(2) Fees for nominees of UEM Group Berhad and Khazanah Nasional Berhad on the Board of the Company are paid directly to the respective companies.

(3) Comprising Special Recognition Award of RM270,000 paid to the Director for assuming the role of Executive Director of UEM Sunrise, during the leave of absence of the MD/CEO, from 16 April 2016 to 31 August 2016 and site visit allowance of RM3,000 paid to UEM Group Berhad.

(4) Excluding GST where applicable.

(5) Resigned on 8 April 2016.

## 2. STRENGTHEN COMPOSITION OF THE BOARD (CONT'D.)

### 2.3 Remuneration Policies and Procedures (cont'd.)

The number of Directors of the Company whose total remuneration during the financial year falls within the following band, is as follows:

|                           | Number of Directors |               |
|---------------------------|---------------------|---------------|
|                           | Executive           | Non-Executive |
| RM50,000 and below        | -                   | 1             |
| RM50,001 – RM100,000      | -                   | 2             |
| RM100,001 – RM150,000     | -                   | 3             |
| RM150,001 – RM200,000     | -                   | 2             |
| RM200,001 – RM250,000     | -                   | 1             |
| RM250,001 – RM300,000     | 1                   | -             |
| RM1,400,001 – RM1,450,000 | 1                   | -             |

#### Directors' Indemnity

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. The insurance does not provide coverage in the event of any negligence, fraud, breach of duty or trust, or fine upon conviction. All the Directors contribute their portion of the premium payment for this policy for year 2016.

#### Medical Coverage for Directors

The medical benefits for Directors are as follows:

- Medical coverage of RM7,000.00 per annum, inclusive of outpatient, clinical, specialist and dental; and
- Hospitalisation of RM100,000.00 per annum including room and board at RM500.00 per day.

Where a Director sits on several boards, he/she will only be entitled to claim medical benefits from one (1) company only.

## 3. REINFORCE INDEPENDENCE

### 3.1 Annual Assessment of Independence

The Board acknowledges the importance of Independent Directors who are tasked with ensuring that there is a proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision-making of the Board taking into account the interests of the Group and the minority shareholders. The Independent Directors and especially the Chairman of the Audit Committee are also proactively engaged with both the Internal and External Auditors.

Taking into cognisance of the importance of the interests of shareholders and stakeholders, the Board had identified an Independent Director, YBhg Dato' Srikandan Kanagaintiram, as the designated Senior Independent Director to whom concerns relating to the Company may be conveyed by shareholders and stakeholders.

## STATEMENT ON CORPORATE GOVERNANCE

### 3. REINFORCE INDEPENDENCE (CONT'D.)

#### 3.1 Annual Assessment of Independence (cont'd.)

In its annual assessment, the Nominations & Remuneration Committee reviewed the independence of Independent Directors as per the criteria defined under the Listing Requirements and other independence criteria applied by the Company which took into account that the individual Director is independent of management and free from any business or other relationship which could interfere with the exercise of independent and objective judgement, and his or her ability to advise the Board on matters relating to existing transactions where conflict of interest may exist. Based on the assessment in respect of the financial year 2016, the Board was of the opinion that the Independent Directors consistently provided independent and objective judgement in all Board and Board Committee deliberations and was satisfied with the level of independence demonstrated by the Independent Directors.

#### 3.2 Tenure of Independent Directors

As at the financial year ended 31 December 2016, the tenure of the Independent Non-Executive Directors is as follows:

| Independent Non-Executive Directors | Appointment Date | Tenure           |
|-------------------------------------|------------------|------------------|
| Professor Philip Sutton Cox         | 14 June 2012     | 4 years 6 months |
| Lim Tian Huat                       | 28 November 2012 | 4 years 1 month  |
| Dato' Srikandan Kanagathirani       | 19 March 2013    | 3 years 8 months |
| Ungku Suseelawati Ungku Omar        | 19 March 2013    | 3 years 8 months |
| Subimal Sen Gupta                   | 31 March 2016    | 9 months         |

The Board has a policy of not allowing Independent Non-Executive Directors to serve a cumulative term of exceeding nine (9) years. However, subject to the Board's consent, such Director may continue to serve on the Board provided he is re-designated as a Non-Independent Director.

The Board may nevertheless seek the shareholders' approval in the event it retains a person as an Independent Director who has served in that capacity for more than nine (9) years and provide strong justification to the shareholders at a general meeting.

#### 3.3 Shareholders' Approval for the Retention of Independent Directors

None of the Independent Directors of the Company has served for a cumulative period of more than nine (9) years during the financial year. Therefore, the Company is not required to seek the shareholders' approval for the retention of Independent Directors above nine (9) years of service.

#### 3.4 Separation of Positions of the Chairman and Chief Executive Officer

As explained in section 1 above, the roles of the Chairman and the MD/CEO are distinct and separate to ensure that there is a balance of power and authority.

The Board is chaired by the Non-Executive Chairman, whose role is clearly separated from the role of the MD/CEO. The MD/CEO is responsible for the day-to-day management of the business with power, discretions and delegations authorised in the DAL. The Non-Executive Chairman leads the Board effectively and encourages contribution from all members. During the financial year 2016, the Company complied with the recommendation of the MCCG 2012 where a majority of the Board was represented by Independent Directors.

### 3. REINFORCE INDEPENDENCE (CONT'D.)

#### 3.5 Composition of Board

The Board is chaired by a Non-Independent Non-Executive Chairman. Its composition comprises a majority of Independent Non-Executive Directors, who account for more than half of the members to ensure a balance of power and authority within the Board.

### 4. FOSTER COMMITMENT

#### 4.1 Time Commitment

The Board is expected to meet at least six (6) times annually, with additional meetings to be convened when necessary to review financial, operational and business performances. Board meetings for each financial year are scheduled before the end of the preceding financial year.

During the financial year ended 31 December 2016, the Board met thirteen (13) times consisting of eleven (11) scheduled Board Meetings and two (2) Special Board Meetings. The details of the attendance are as follows:

| Directors  | Number of Board Meetings Attended/Held | Percentage of Attendance (%) |
|--|--|------------------------------|
| Tan Sri Dr. Ir. Ahmad Tajuddin Ali<br>(Non-Independent Non-Executive Chairman)   | 13/13                                  | 100                          |
| Anwar Syahrin Abdul Ajib<br>(MD/CEO)<br>- Leave of Absence from 16 April 2016 to 31 August 2016  | 7/13                                   | 54                           |
| Dato' Izzaddin Idris<br>(Non-Independent Non-Executive Director)<br>- Re-designated as Executive Director from 16 April 2016 to 31 August 2016 | 12/13                                  | 92                           |
| Zaida Khalida Shaari<br>(Non-Independent Non-Executive Director)<br>- Appointed on 8 April 2016  | 10/10 <sup>(1)</sup>                   | 100                          |
| Professor Philip Sutton Cox AO<br>(Independent Non-Executive Director)   | 13/13                                  | 100                          |
| Lim Tian Huat<br>(Independent Non-Executive Director)  | 11/13                                  | 85                           |
| Dato' Srikandan Kanaganthiram<br>(Senior Independent Non-Executive Director)   | 12/13                                  | 92                           |
| Ungku Suseelawati Ungku Omar<br>(Independent Non-Executive Director)   | 12/13                                  | 92                           |
| Subimal Sen Gupta<br>(Independent Non-Executive Director)<br>- Appointed on 31 March 2016  | 10/10 <sup>(1)</sup>                   | 100                          |
| Sheranjiv Sammanthan<br>(Non-Independent Non-Executive Director)<br>- Resigned on 8 April 2016   | 3/3 <sup>(1)</sup>                     | 100                          |

(1) Reflects the number of Meetings attended and held during his/her tenure of appointment.

## STATEMENT ON CORPORATE GOVERNANCE

### 4. FOSTER COMMITMENT (CONT'D.)

#### 4.1 Time Commitment (cont'd.)

The Board through the Nominations & Remuneration Committee reviewed annually the time commitment of the Directors and ensures that they are able to carry out their responsibilities and contributions to the Board. It is the Board's policy for Directors to notify the Chairman before accepting any new directorship. Such notification is expected to include an indication of time that will be spent on the new appointment.

Under the provisions of the Company's Articles of Association, all Directors, including the MD/CEO, shall retire from office at least once every three years but shall be eligible for re-election. At the first AGM and in every year thereafter one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to one-third, shall retire from office at each AGM. All retiring Directors can offer themselves for re-election.

The Company's Articles of Association also provides for Directors who are appointed by the Board during the period before an AGM to retire and to offer themselves for re-election at the next AGM to be held following their appointments.

To assist the shareholders in their decision, sufficient information such as personal profile and attendance of meetings for the Directors standing for re-election are disclosed in the Directors' Profile on pages 078 to 083 of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appear on page 333 of this Annual Report.

#### 4.2 Training and Development of Directors

The Company acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities.

All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme accredited by Bursa Securities, have also attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies to 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 in the capacity as a speaker, moderator or panelists in areas of their expertise.

All new Directors appointed to the Board will receive a formal induction programme to be provided by the MD/CEO and Senior Management. To supplement the programme, an information kit will be furnished by the Company Secretary immediately upon a Director's appointment containing information such as disclosure obligations of a director, Board Charter, Code of Ethics, Memorandum & Articles of Association of the Company, Board Committees' terms of reference, schedule of meetings, amongst others.

During the financial year, on-boarding session of the induction programme for the two (2) new Directors was provided by the then Executive Director and Chief Financial Officer covering both operational and financial overview, future projects and strategies. Both new Directors also received the information kit prepared by the Company Secretary.

The Company Secretary arranges for the Directors' attendance at the training programmes, which are conducted either in-house or by external parties and keeps a record of the training received by the Directors.

During the financial year, some of the Directors together with Senior Management team attended site visits to the Company's projects in Johor and Australia.

#### 4. FOSTER COMMITMENT (CONT'D.)

##### 4.2 Training and Development of Directors (cont'd.)

Pursuant to Paragraph 15.08 of the Listing Requirements, the Board through the Nominations & Remuneration Committee in February 2016 conducted an assessment of each Director's training needs via its Board Evaluation Assessment. Through the assessment, each of the Directors were rated by their peers and via self-assessment in respect of their training attendance and needs. All the Directors agreed that they and their peers have attended training that are relevant in their discharge of duties as Directors.

In view of the challenges and recognising the demand of increased board leadership, members of the Board are expected to continuously enhance their knowledge and skills. The Board will have access to relevant training programmes and seminars to enhance their knowledge and skills in discharging their duties, at the Company's expense.

All Directors attended training during the financial year either as participants and/or speakers. Below are some of the training/conferences/seminars and/or workshop in which members of the Board had participated **during the financial year ended 31 December 2016:**

| No | Directors                          | Date             | List of Training/Conference/Seminar/ Workshop Attended  | Organiser/ Provider   |
|----|------------------------------------|------------------|---|---|
| 1  | Tan Sri Dr. Ir. Ahmad Tajuddin Ali | 28 January 2016  | Khazanah Annual Review Briefing   | Khazanah Nasional Berhad  |
|    |                                    | 28 January 2016  | Recalibration of Budget 2016. Special Address by The H.E. Prime Minister of Malaysia  | Construction Industry Development Berhad                        |
|    |                                    | 22 February 2016 | Launching of IPBES [United Nations Intergovernmental Platform on Biodiversity and Ecosystem Services] Conference by YAB Prime Minister of Malaysia                              | Academy of Sciences Malaysia                                    |
|    |                                    | 8 March 2016     | Mahathir Science Award Foundation Lecture Series: "Translating The Paris Agreement Through Strategic Investment in Science & Technology" by Emeritus Professor Lord Julian Hunt | Mahathir Science Award Foundation                               |
|    |                                    | 9 March 2016     | SIRIM Rasa Industry Networking / Workshop   | SIRIM Berhad  |
|    |                                    | 12 April 2016    | International Construction Week / Day 1: Ministry Forum - The 11th Malaysia Plan - Realising Green Growth: Sustainable and Resilient Infrastructure as the Game Changer         | Kementerian Kerja Raya/ Construction Industry Development Board |

## STATEMENT ON CORPORATE GOVERNANCE

### 4. FOSTER COMMITMENT (CONT'D.)

#### 4.2 Training and Development of Directors (cont'd.)

| No | Directors  | Date          | List of Training/Conference/<br>Seminar/ Workshop Attended   | Organiser/ Provider   |
|----|--|---------------|--|---|
|    | Tan Sri Dr. Ir.<br>Ahmad Tajuddin Ali<br>(cont'd.) | 13 April 2016 | International Construction Week /<br>Day 2: Keynote Address by YBhg<br>Tan Sri Dr. Ir. Ahmad Tajuddin Ali<br>on "Challenges of Global Mega<br>Projects on Survival of the Fittest<br>for Project Excellence"   | Kementerian Kerja Raya/<br>Construction Industry<br>Development Board                       |
|    |  | 23 April 2016 | National Final 2016 - FameLab<br>& School Lab. Words of Wisdom<br>by YBhg Tan Sri Dr. Ir. Ahmad<br>Tajuddin Ali, FASc  | MIGHT   |
|    |  | 3 May 2016    | Program Inovasi Sosial MOSTI   | Ministry of Science<br>Technology & Innovation<br>(MOSTI) / Academy of<br>Sciences Malaysia |
|    |  | 12 May 2016   | International Construction<br>Week / Day 3: Malaysia Carbon<br>Reduction & Environmental<br>Sustainable Rating Tools<br>(MyCREST) & Seminar on The<br>11th Malaysia Plan - Realising<br>Green Growth: Sustainable and<br>Resilient Infrastructure as the<br>Game Changer. YBhg Tan Sri Dr.<br>Ir. Ahmad Tajuddin Ali as the<br>moderator on Sustainability | Kementerian Kerja Raya/<br>Construction Industry<br>Development Board                       |
|    |  | 17 May 2016   | The Global Science and Innovation<br>Advisory Council (GSIAC)<br>Distinguished Lecture Series<br>on "Global Competitiveness -<br>Malaysia's Aspiration" by The<br>Honorable Dato' Sri Mohd Najib<br>Mohd Razak, Prime Minister<br>of Malaysia and moderated by<br>Professor Alice P. Gast - President<br>of Imperial College London                        | GSIAC / Academy of Sciences<br>Malaysia / MIGHT   |
|    |  | 20 May 2016   | Hari Kecemerlangan UNITEN 2016:<br>Sesi perkongsian bersama Pro<br>Canselor UNITEN - YBhg Tan Sri<br>Dr. Ir. Ahmad Tajuddin Ali, FASc  | Universiti Tenaga Nasional  |
|    |  | 18 June 2016  | Chemistry Fiesta 2016  | International Medical<br>University   |



#### 4. FOSTER COMMITMENT (CONT'D.)

##### 4.2 Training and Development of Directors (cont'd.)

| No | Directors  | Date               | List of Training/Conference/<br>Seminar/ Workshop Attended  | Organiser/ Provider                         |
|----|--|--------------------|---|---|
|    | Tan Sri Dr. Ir.<br>Ahmad Tajuddin Ali<br>(cont'd.) | 2 August 2016      | World Islamic Economic Forum -<br>Jakarta, Indonesia  | Khazanah Nasional Berhad                    |
|    |  | 8 August 2016      | Kuala Lumpur Centre for<br>Sustainable Innovation (KLCSI) - As<br>panel of Judges for KLCSI Design<br>Competition Evaluation  | KLCSI                                       |
|    |  | 15 August 2016     | International Conference on<br>Science for Peace. Welcoming<br>Remarks by YBhg Tan Sri Dr.<br>Ir. Ahmad Tajuddin Ali, FASc,<br>President of The Academy of<br>Sciences Malaysia | Academy of Sciences<br>Malaysia             |
|    |  | 18 August 2016     | National Science Challenge  | Academy of Sciences<br>Malaysia             |
|    |  | 6 September 2016   | Conference Towards Sustainable<br>and Resilience Construction of<br>Malaysia  | Construction Industry<br>Development Board  |
|    |  | 7 September 2016   | Workshop on ASM Foresight<br>2050 Presentation & Stakeholder<br>Engagement with Mr. David Wood  | Academy of Sciences<br>Malaysia & MIGHT     |
|    |  | 28 September 2016  | Fourth National Marine Industries<br>Forum. Opening remarks by YBhg<br>Tan Sri Dr. Ir. Ahmad Tajuddin Ali,<br>Joint-Chairman of MIGHT   | MIGHT                                       |
|    |  | 5 & 6 October 2016 | Innovation for Cool Earth Forum<br>(ICEF)   | Academy of Sciences<br>Malaysia             |
|    |  | 11 October 2016    | UEM Group's The Exchange 2016:<br>Culture and Transformation  | UEM Group Berhad<br>("UEM Group")           |
|    |  | 17 October 2016    | Second IRF Asia Regional Congress<br>& Exhibition   | Construction Industry<br>Development Berhad |
|    |  | 26 October 2016    | Mahathir Science Award<br>Foundation: A Business<br>Networking with Professor Dr Rita<br>R. Colwell   | Academy of Sciences<br>Malaysia             |
|    |  | 28 October 2016    | Public Lecture on Beyond the<br>Lab: Breaking News Grounds by<br>Professor Dr Rita Colwell  | Academy of Sciences<br>Malaysia             |

## STATEMENT ON CORPORATE GOVERNANCE

### 4. FOSTER COMMITMENT (CONT'D.)

#### 4.2 Training and Development of Directors (cont'd.)

| No | Directors                                    | Date               | List of Training/Conference/<br>Seminar/ Workshop Attended   | Organiser/ Provider                        |
|----|--|--------------------|--|--|
|    | Tan Sri Dr. Ir. Ahmad Tajuddin Ali (cont'd.) | 1 November 2016    | Envisioning Malaysia 2050: Foresight Initiative "Glimpse into 2050 - A Youth Perspective"  | Academy of Sciences Malaysia & MOSTI       |
|    |  | 4 November 2016    | Kuala Lumpur Engineering Science Fair 2016. Opening Remarks by Tan Sri Dr. Ir. Ahmad Tajuddin Ali  | MIGHT                                      |
|    |  | 10 November 2016   | Malaysia 2050 Mega Science 3.0 National Forum & Exhibition: Presentation on Next Step Forward by Tan Sri Dr. Ir. Ahmad Tajuddin Ali  | Academy of Sciences Malaysia               |
|    |  | 28 November 2016   | Global Federation of Competitiveness Councils Annual Meeting   | MIGHT                                      |
|    |  | 28 November 2016   | Global Federation of Competitiveness Councils: Competitiveness Lightning Talks- "Colliding, Converging, Creating"  | MIGHT                                      |
|    |  | 29 November 2016   | 2016 Global Innovation Summit / Cities: Competitive, Sustainable, Innovative   | MIGHT                                      |
|    |  | 18 December 2016   | YSN-ASM (Young Science National-Academy of Sciences Malaysia) Colloquium. Closing Speech by YBhg Tan Sri Dr. Ir. Ahmad Tajuddin Ali, FASc                                    | Academy of Sciences Malaysia               |
| 2  | Anwar Syahrin Abdul Ajib                     | 21 March 2016      | Eighth Iskandar Malaysia CEO Forum   | Khazanah Nasional Berhad                   |
|    |  | 1 April 2016       | UEM Group Lecture Series by Dato' Sri Nazir Razak, Chairman of CIMB Berhad   | UEM Group                                  |
|    |  | 12 & 13 April 2016 | Invest Malaysia Kuala Lumpur 2016 Conference (Participant and Speaker for UEM Sunrise Corporate Presentation)  | Bursa Malaysia and Maybank Investment Bank |
|    |  | 8 September 2016   | 19th Nasional Housing & Property Summit 2016 (Speaker for "Special Briefing & Update on Iskandar- What Have Been Achieved? What's Next? Is it a Boom or Bust for Iskandar?") | Asian Strategy & Leadership Institute      |

#### 4. FOSTER COMMITMENT (CONT'D.)

##### 4.2 Training and Development of Directors (cont'd.)

| No | Directors                             | Date   | List of Training/Conference/<br>Seminar/ Workshop Attended   | Organiser/ Provider                    |
|----|---------------------------------------|--|--|--|
|    | Anwar Syahrin<br>Abdul Ajib (cont'd.) | 26 & 27 September<br>2016                                    | Khazanah Megatrends Forum 2016<br>on "Geography As Destiny?"   | Khazanah Nasional Berhad               |
|    |                                       | 11 October 2016  | UEM Group's The Exchange 2016:<br>Culture and Transformation   | UEM Group                              |
|    |                                       | 18 October 2016  | UEM Group Lecture Series by<br>Datuk Mohamed Faroz Mohamed<br>Jakel, Managing Director/Chief<br>Executive Officer of Jakel Group | UEM Group                              |
|    |                                       | 26 October 2016  | IRDA Thought Leaders Roundtable  | IRDA                                   |
|    |                                       | 29 November 2016   | Sustainability Engagement<br>Series - Sustainability Statement<br>Writing Workshops by Sector for<br>Practitioners               | Bursa Malaysia Berhad                  |
| 3  | Dato' Izzaddin Idris                  | 20 – 22 January<br>2016                                      | World Economic Forum, Davos  | World Economic Forum                   |
|    |                                       | 21 March 2016  | Eighth Iskandar Malaysia CEO<br>Forum  | Khazanah Nasional Berhad               |
|    |                                       | 1 April 2016   | UEM Group Lecture Series by Dato'<br>Sri Nazir Razak, Chairman of CIMB<br>Berhad   | UEM Group                              |
|    |                                       | 13 April 2016  | Corporate Visit by INTAN to UEM<br>Group<br>- Strategic Leadership<br>(Presentation by Dato' Izzaddin<br>Idris)                  | INTAN, Bukit Kiara                     |
|    |                                       | 26 May 2016  | Transformational Leadership<br>(Speaker)   | Universiti Teknologi Petronas<br>(UTP) |
|    |                                       | 1 & 2 June 2016  | World Economic Forum ASEAN<br>2016, Kuala Lumpur   | World Economic Forum                   |
|    |                                       | 4 August 2016  | UEM Group Lecture Series by Dato'<br>Sri Shazalli Ramly, Chief Executive<br>Officer of Celcom Axiata Berhad                      | UEM Group                              |
|    |                                       | 27 September 2016  | INTAN-RSOF Leadership Summit<br>2016   | INTAN, Bukit Kiara                     |
|    | 11 October 2016                       | UEM Group's The Exchange 2016:<br>Culture and Transformation | UEM Group  |  |

## STATEMENT ON CORPORATE GOVERNANCE

### 4. FOSTER COMMITMENT (CONT'D.)

#### 4.2 Training and Development of Directors (cont'd.)

| No | Directors                         | Date                      | List of Training/Conference/<br>Seminar/ Workshop Attended   | Organiser/ Provider  |
|----|-----------------------------------|---------------------------|--|--|
|    | Dato' Izzaddin Idris<br>(cont'd.) | 18 October 2016           | UEM Group Lecture Series by Datuk Mohamed Faroz Mohamed Jakel, Managing Director/Chief Executive Officer of Jakel Group                                  | UEM Group  |
|    |                                   | 2 November 2016           | Bloomberg Nation Builders Asia in Singapore (Speaker)  | Bloomberg LIVE   |
|    |                                   | 28 November 2016          | Jakarta - Best Practices Conference: Co-Hosted by Iskandar Regional Development Authority ("IRDA") and Road Engineering Association of Malaysia ("REAM") | IRDA and REAM  |
| 4  | Zaida Khalida Shaari              | 1 & 2 April 2016          | Singapore Forum  | Temasek  |
|    |                                   | 1 & 2 June 2016           | Mandatory Accreditation Programme for Directors of Public Listed Companies   | Bursatra   |
|    |                                   | 27 July 2016              | Malaysia Property Summit - Mid Year Review 2016  | Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector, Malaysia ("PEPS") |
|    |                                   | 20 September 2016         | The Future of Work   | Cushman & Wakefield  |
|    |                                   | 11 October 2016           | UEM Group's The Exchange 2016: Culture and Transformation  | UEM Group  |
| 5  | Professor Philip Sutton Cox       | 19 February – 22 May 2016 | Living in the City: New Architecture in Brisbane and The Asia Pacific Exhibition   | Museum of Brisbane   |
|    |                                   | 22 February 2016          | What makes cities truly smart? By Dr Geoff Mulgan  | Museum of Contemporary Art   |
|    |                                   | 9 March 2016              | Lecture: Re-imagining the Harbour City   | University New South Wales City  |
|    |                                   | 11 March 2016             | Architecture's critical role in shaping the region   | Asia Pacific Architecture Forum-Brisbane   |
|    |                                   | 3 May 2016                | Urban Conversations: Renewing our old housing estates, will it work and how? By Professor Duncan MacLennan   | University New South Wales   |

#### 4. FOSTER COMMITMENT (CONT'D.)

##### 4.2 Training and Development of Directors (cont'd.)

| No | Directors                                | Date                   | List of Training/Conference/<br>Seminar/ Workshop Attended  | Organiser/ Provider                         |
|----|--|------------------------|---|---|
|    | Professor Philip Sutton Cox AO (cont'd.) | 10 May 2016            | Lecture: 30 Global Planning Success Stories by Professor John Landis  | University New South Wales                  |
|    |  | 1 June 2016            | Lecture: A Garden for Empire and Nation By Steven Whiteman  | University of Sydney                        |
|    |  | 28 June 2016           | Hannah Quinlivan/Synecdoche- Artist Talk  | Finders Lane Gallery Melbourne              |
| 6  | Lim Tian Huat                            | 25 & 26 January 2016   | Insol International Annual Regional Conference  | Insol International                         |
|    |  | 14 April 2016          | Companies Bill 2015 by Wolters Kluwer (speaker)   | Zaid Ibrahim & Co. / Wolters Kluwer         |
|    |  | 26 & 27 September 2016 | Khazanah Megatrends Forum 2016 on "Geography As Destiny?"   | Khazanah Nasional Berhad                    |
| 7  | Dato' Srikandan Kanagaintiram            | 31 March 2016          | Sustainability Engagement Series for Directors / CEO  | Bursa Malaysia Berhad                       |
|    |  | 12 & 13 May 2016       | 18th International Surveyors Congress on "The Resilient Professional - Thriving In A Changing Economy" - as President for Session 2015 / 2016 | The Royal Institution of Surveyors Malaysia |
|    |  | 16 August 2016         | AECOM Safety Qualified Supervisor (SQS)   | AECOM                                       |
|    |  | 26 & 27 September 2016 | Khazanah Megatrends Forum 2016 on "Geography As Destiny?"   | Khazanah Nasional Berhad                    |
|    |  | 8 December 2016        | CG Breakfast Series with Directors on "Anti-Corruption & Integrity - Foundation of Corporate Sustainability"                                  | Bursa Malaysia Berhad / MINDA               |
| 8  | Ungku Suseelawati Ungku Omar             | 11 March 2016          | Directors' Breakfast Series: Ring the Bell for Gender Equality  | Bursa Malaysia Berhad                       |
|    |  | 24 – 27 March 2016     | Retail Study Trip to Bangkok  | Nawawi Tie Leung                            |

## STATEMENT ON CORPORATE GOVERNANCE

### 4. FOSTER COMMITMENT (CONT'D.)

#### 4.2 Training and Development of Directors (cont'd.)

| No | Directors                                    | Date                | List of Training/Conference/<br>Seminar/ Workshop Attended   | Organiser/ Provider  |
|----|--|---------------------|--|--|
|    | Ungku Suseelawati<br>Ungku Omar<br>(cont'd.) | 9 – 14 October 2016 | International Council of Shopping Centers (ICSC) Recon Asia-Pacific, Manila Philippines<br>- Meeting with Asia-Pacific Research Council (APRC) on 10th October 2016<br>- ICSC Conference | ICSC Recon Asia-Pacific  |
|    |  | 31 October 2016     | 12th Khazanah Global Lecture   | Khazanah Nasional Berhad   |
|    |  | 1 November 2016     | Study Trip to Johor Bahru on Iskandar Puteri   | Nawawi Tie Leung   |
| 9  | Subimal Sen Gupta                            | 28 April 2016       | Directors Duties, Business Ethics & Governance Seminar 2016  | Malaysian Institute of Corporate Governance                                      |
|    |  | 4 & 5 May 2016      | Mandatory Accreditation Programme for Directors of Public Listed Companies   | Bursatra   |
|    |  | 18 August 2016      | Governance Symposium-Driving Public-Private Governance Forward   | Malaysian Institute of Corporate Governance & Malaysian Institute of Accountants |
|    |  | 17 November 2016    | Regulatory Updates on Audit Committees Seminar 2016  | Federation of Public Listed Companies  |
|    |  | 24 November 2016    | Expectations on PLCs and Directors in Disclosure & Compliance Requirements under the Listing Requirements  | Bursatra   |

### 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### 5.1 Compliance with Applicable Financial Reporting Standards

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

## **5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D.)**

### **5.1 Compliance with Applicable Financial Reporting Standards (cont'd.)**

The Audit Committee reviews the Company's financial results on a quarterly basis, particularly on significant changes in accounting policies, practices and its implementation if any, significant adjustments arising from the audit, the going concern assumption, compliance with accounting and financial reporting standards and other legal requirements. The review typically involves the Management and the Internal and External Auditors to ensure that the financial statements are well deliberated in line with the standards set out by the Malaysian Financial Reporting Standards to provide a true and fair view of the Company's financial position.

Aside from financial performance, the Audit Committee also discharges its oversight role in assessing the adequacy of the internal audit and annual audit plan, ensuring sufficient risk and governance coverage, reviewing the overall internal audit process and where necessary, ensuring that appropriate actions are taken on the recommendations of the Internal Auditors and reviewing the overall performance of the internal audit functions. Any activity embarked by the internal audit would be monitored by the Audit Committee in ensuring that their activities are well implemented in a just, independent and objective manner.

The Audit Committee also reviews the External Auditors' performance for the financial year by undertaking an annual assessment of the quality of audit, audit team, audit scope and the quality of their communications with the Audit Committee. The Audit Committee in being vigilant in discharging its oversight functions, also reviewed the External Auditors' independence and the non-audit services. The Audit Committee ensures that the non-audit services do not impair the External Auditors' independence or objectivity in their audit work.

The quarterly financial results and audited financial statements are reviewed by the Audit Committee and the External Auditors and approved by the Board before being released to Bursa Securities.

### **5.2 Assessment of Suitability and Independence of External Auditors**

The Company maintains a transparent relationship with its auditors and seeks their professional advice to ensure that accounting standards are complied with. The Audit Committee discusses with the External Auditors the nature and scope of the audit and reporting obligations before the audit commences. The Audit Committee ensures that the Management provides timely responses on all material queries raised by the External Auditors.

The Audit Committee meets up with the External Auditors at least twice a year in the absence of the MD/CEO and Management. During the financial year, the Audit Committee met with the External Auditors on 24 February 2016 and 21 November 2016 without the presence of the executive Board member and management staff, to discuss the extent of assistance rendered by Management and issues and reservations arising from audits.

The Audit Committee in reviewing the re-appointment of External Auditors for tabling at the Eighth AGM in 2016 had considered their independence, objectivity and cost effectiveness primarily guided by the criteria set out in the Corporate Governance Guide Second Edition issued by Bursa Malaysia Berhad in October 2013. The guide serves as a tool for the External Auditors' independence assessment and that the Audit Committee was satisfied with their competency in audit.

The Company has established policies governing the provision of non-audit services that can be provided by the External Auditors if the services rendered are deemed as a value add to the Company.

## STATEMENT ON CORPORATE GOVERNANCE

### 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D.)

#### 5.2 Assessment of Suitability and Independence of External Auditors (cont'd.)

Other factors which the Audit Committee takes into consideration included, but are not limited to, the measures to keep track of evolving standards and best practices in areas relating to independence and ethical rules, limit on the engagement term of External Auditors to ensure minimal familiarity threat, specified criteria on the qualification of External Auditors in relations to scope and size of audit and other related means of External Auditors' oversight functions.

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.

The Audit Committee, having taken all appropriate factors into consideration and being satisfied with Messrs Ernst & Young's suitability, performance, technical competency and audit independence, recommended the re-appointment of Messrs Ernst & Young as External Auditors for the ensuing financial year. The Board approved the Audit Committee's recommendation and proposed for the re-appointment of Messrs Ernst & Young as the External Auditors of the Company, which was approved by the shareholders at the Eighth AGM in 2016. The External Auditors' tenure is up to the conclusion of the next forthcoming AGM.

### 6. RECOGNISE AND MANAGE RISKS

#### 6.1 Sound Framework to Manage Risks

The ultimate responsibility for ensuring a sound and effective internal control system lies with the Board. The Board sets policies and procedures for internal control and oversees that the implementation of the internal control system is properly carried out by the executive management.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Group as well as risk management, such controls by their nature can only provide reasonable assurance against material misstatements or loss.

The process of identifying risk, evaluation, mitigation, review and its assessments by the Risk Management team and Internal Control system are detailed in the Risk Management Report which is set out on page 180 to 185 of this Annual Report.

A statement on the state of risk management and internal control in the Group is set out on pages 176 to 179 of this Annual Report.



## 6. RECOGNISE AND MANAGE RISKS (CONT'D.)

### 6.2 Internal Audit Function

The size and complexity of the Company's operation is indeed a challenging endeavour. Therefore the Board has to ensure that operational risk, financial risk and general risk are all managed effectively through effective internal controls. Acknowledging the importance of internal controls, the setting up of an internal audit function for the group was approved by the Audit Committee in the financial year 2013. The head of the Internal Audit Department reports directly to the Audit Committee.

The Audit Committee continued to provide support to the Group's internal audit function and the head of the Internal Audit Department has oversight of the internal audit activities of the Group. The Internal Audit role is to provide independent, objective assurance and consulting services designed to add value the Company's operation and promote a strong and transparent control and governance culture in the Company. All internal auditing activity is guided by the Internal Audit Charter which was approved by the Audit Committee on 26 September 2014 for adoption by the internal audit function of the Company and International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors, Inc.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Corporate Disclosure Policy

The Company has been transparent and accountable to its shareholders and investors and recognises the importance of timely dissemination of information to shareholders and other stakeholders. The Board is also committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Group and the information is communicated to them through the following channels:

- Annual Report;
- Various disclosures and announcements to Bursa Securities including quarterly results;
- Press releases and announcements to Bursa Securities and to the media;
- Dialogues and presentations at general meetings to provide overview and clear rationale with regard to the proposals tabled for approval by shareholders; and
- Online investor relations on the Company's website at [www.uemsunrise.com](http://www.uemsunrise.com).

Through its Shareholder Communication Policy, the Company aims to nurture the loyalty and confidence of its shareholders through frequent, full and forthright communication, both directly to shareholders and indirectly through analysts and the media. All announcements made by the Company to Bursa Securities will be posted on the Company's website at [www.uemsunrise.com](http://www.uemsunrise.com).

### 7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company's website has a dedicated section that provides investors with detailed information on the Group's business, commitments and latest developments.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

This Annual Report as well as those for past years are available through the Company's website and in CD-ROM format.

# STATEMENT ON CORPORATE GOVERNANCE

## 8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

### 8.1 Encourage Shareholders' Participation at General Meetings

The AGM of the Company serves as the principal forum that provides the opportunity for shareholders to raise questions pertaining to issues in the Annual Report, audited financial statements and corporate developments in the Group, the resolutions being proposed and on the businesses of the Group. The Chairman as well as the MD/CEO or Executive Director (in absence of MD/CEO) and the External Auditors, if so required, will respond to shareholders' questions during the meeting. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

At the AGM in 2016, the Chairman explained the procedure to be followed in tabling and approving each of the resolutions, encouraged shareholders to participate at the meeting and informed of shareholders' right to demand for a poll provided it meets the minimum requirements as set out in the Company's Articles of Association.

The notice of AGM in 2016 was dispatched at least 21 days ahead of the meeting date to enable shareholders sufficient time to peruse the Annual Report and its supporting documents to the resolutions proposed. This would also enable the shareholders to be well informed with the timeframe given and allow them to have ample time in making necessary preparations to attend and participate in person or by corporate representative, proxy or attorney. The proxy forms provided before the AGM includes information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM, their right to appoint a proxy and information as to who may be accounted as a proxy.

### 8.2 Poll Voting

The Board encourages participation at general meetings and will adhere to the Listing Requirements on poll voting for all resolutions set out in the Notices of the General Meetings. Polling processes will be explained during the general meetings and the Board may consider the use of electronic voting for polling, to facilitate greater participation taking into account its reliability, applicability, cost and efficiency. Poll results are to be verified by an appointed Scrutineer, which is not the Polling Administrator.

In the case of the Eighth AGM held on 23 May 2016, all resolutions put forth at the meeting were voted by a show of hands.

### 8.3 Effective Communication and Proactive Engagements with Shareholders

At the Eighth AGM, all the Directors, save for the MD/CEO and a Director who have conveyed their apologies on their leave of absence, were present in person to engage directly with the shareholders. The External Auditors were in attendance to respond to any shareholders' queries. Dato' Izzaddin, who was the Executive Director at that time, gave a presentation on the Company's financial and operational performance and also shared with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group.

The outcome of the AGM was announced on the same day to Bursa Securities. The Company has made available the summary of proceedings of its Eighth AGM on its website.

The Board also encourages engagements with the shareholders by disseminating crucial information such as strategic matters, future plans and key issues in regards to the Company via technological means. For the financial year 2016, the investor relations team has conducted a total of 29 meetings with analysts and fund managers including visits to Iskandar Puteri (formerly known as Nusajaya), one-on-one meetings and tele-conferencing. The Company also participated in Invest Malaysia 2016 conference organised by Bursa Malaysia Berhad and Maybank Kim Eng. The analysts were also briefed on the Company's quarterly results via tele-conferencing after the quarterly results announcements were released to Bursa Securities.

## 8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS (CONT'D.)

### 8.3 Effective Communication and Proactive Engagements with Shareholders (cont'd.)

#### Dividend Policy

The Board has since 12 June 2012 adopted a dividend policy of 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, to allow shareholders to participate in the Company's profits, at the same time retaining adequate reserves for future growth. Whilst the dividend policy reflects the Board's current views of the Group's financial and cash flow position, the dividend policy will be reviewed from time to time. A copy of the dividend policy can be obtained from the Company's website at [www.uemsunrise.com](http://www.uemsunrise.com).

Total dividends paid to the ordinary shareholders for the financial year ended 31 December 2015 ("FY2015") was RM72.6 million representing 28% of the Company's FY2015 profit after tax and non-controlling interests or 1.6 sen per ordinary share.

For the financial year ended 31 December 2016, the Directors did not propose any final dividend as the Company intends to conserve its cash balances to enable it to take advantage of landbanking opportunities in the near-term for future growth.

## 9. 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 2016, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the then Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia.

The Board is satisfied that it has met its obligation to present a balanced and fair assessment of the Company's position and prospects in the Directors' Report on pages 187 to 192 and the Financial Statements from pages 201 to 329 of this Annual Report.

## 10. COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Statement. The Board considers that the Corporate Governance Statement provides the information necessary to enable shareholders to evaluate how the MCGG 2012 has been applied. The Board considers and is satisfied that the Company has fulfilled its obligations under the MCGG 2012 in 2016.

This Statement is made in accordance with the resolution of the Board dated 28 March 2017.

# ADDITIONAL COMPLIANCE INFORMATION

- IN ACCORDANCE WITH APPENDIX 9C OF THE LISTING REQUIREMENTS

## UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

Pursuant to its Islamic Commercial Paper Programme (“ICP Programme”) and Islamic Medium Term Notes Programme (“IMTN Programme”) which have a combined aggregate limit of RM2.0 billion in nominal value and a sub-limit on the ICP Programme of RM500.0 million in nominal value established in 2016, the Company had on 20 May 2016 issued RM10.0 million in nominal value of ICPs and RM500.0 million in nominal value of IMTNs. The ICPs have a tenure of six (6) months with a discount rate of 4.15% per annum, whilst the IMTNs have a tenure of seven (7) years with a profit rate of 5.00% per annum. The Company had on 9 August 2016 issued RM100.0 million in nominal value of ICPs under the ICP Programme. The ICPs have a tenure of six (6) months with a discount rate of 3.80% per annum. The proceeds from the above issuances of ICPs and IMTNs are utilised for the Group’s property development activities in 2016.

The Company had on 8 February 2017 issued RM100.0 million in nominal value of ICPs under the ICP Programme. The ICPs have a tenure of three (3) months and was utilised to rollover the outstanding ICPs amounting to RM100.0 million issued under the said ICP Programme on 9 August 2016 and matured on 8 February 2017.

## MATERIAL CONTRACTS

Other than those disclosed in the financial statements and the recurrent related party transactions section on pages 336 to 339 in the Annual Report, there were no material contracts including contracts relating to any loans entered into by the Company and its subsidiaries involving Directors and major shareholders’ interests.

## RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

The Company proposes to seek the approval of its shareholders for the renewal of shareholders’ mandate for recurrent related party transactions and the proposed new shareholders’ mandate for additional recurrent related party transactions of a revenue and trading nature which are in the ordinary course of business at the Annual General Meeting of the Company to be held on 18 May 2017. Please refer to pages 336 to 339 of this Annual Report on the disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2016 pursuant to the shareholders’ mandates approved at the previous Annual General Meeting.

# AUDIT COMMITTEE REPORT

## 1. FORMATION

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

The Audit Committee is committed to its role to assist the Board in ensuring the integrity of financial information by overseeing the financial reporting controls, policies and practices of UEM Sunrise Berhad (the “Company”) and its subsidiaries (the “Group”). The Audit Committee reviews the adequacy and effectiveness of the risk management and internal control processes to ensure that the Group’s key risks are adequately managed and facilitate high standards of corporate disclosure and transparency.

The Terms of Reference (“TOR”) of Audit Committee was reviewed and amended during the year to reflect the changes in line with the recent amendments to the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and include other enhancements to the TOR to be consistent with the other provisions of the Listing Requirements, besides fine-tuning the language and presentation for clarity purposes. The TOR of Audit Committee is available for reference at the Company’s website at [www.uemsunrise.com](http://www.uemsunrise.com).

## 2. COMPOSITION

During the financial year ended 31 December 2016, the Audit Committee consisted of three members of the Board, all of whom are Independent Non-Executive Directors. The Company has complied with Paragraph 15.09 of the Listing Requirements, which requires all members of the Audit Committee to be Non-Executive Directors with a majority of them being Independent Directors.

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

| Name                           | Designation | Directorship                              | Qualification   |
|--------------------------------|-------------|---|---|
| Lim Tian Huat                  | Chairman    | Independent Non-Executive Director        | Member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants (“MICPA”); Fellow of the Association of Chartered Certified Accountants  |
| Dato’ Srikandan Kanagainthiram | Member      | Senior Independent Non-Executive Director | Fellow of the Royal Institution of Surveyors Malaysia, the Australian Institute of Quantity Surveyors and Royal Institution of Chartered Surveyors, United Kingdom; Registered Member of the Board of Quantity Surveyors Malaysia |
| Subimal Sen Gupta*             | Member      | Independent Non-Executive Director        | Fellow of the Institute of Chartered Accountants in England and Wales and a member of MICPA.  |

\* Appointed on 31 March 2016.

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

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

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

# AUDIT COMMITTEE REPORT

## 3. MEETINGS

Eight (8) meetings were held during the financial year ended 31 December 2016 and details of the attendance of the members at the Audit Committee meetings are as follows:

| Name of Audit Committee member    | No. of Meetings Attended/<br>Held | Percentage of Attendance (%) |
|-----------------------------------|-----------------------------------|------------------------------|
| 1. Lim Tian Huat                  | 8/8                               | 100                          |
| 2. Dato' Srikandan Kanagainthiram | 7/8                               | 88                           |
| 3. Subimal Sen Gupta              | 6/6*                              | 100                          |

\* Reflects the number of Meetings attended and held during his tenure of appointment.

The Managing Director/Chief Executive Officer (“MD/CEO”), relevant Senior Management that is responsible for the pertinent areas and representatives of the Internal and External Auditors attended the meetings upon invitation.

The External Auditors as well as the Internal Auditors were invited to the first Audit Committee meeting in 2016 to report on the statutory audit in respect of the financial statements for the financial year 2015 as well as on the progress of the audit plan for years 2015 and 2016. 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 thoughts 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.

## 4. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Key activities undertaken by the Audit Committee include the following matters:

### Internal Audit

- i. Reviewed and approved the annual risk-based internal audit plan to ensure adequate scope and comprehensive coverage of the activities of the Company and the Group.
- ii. Reviewed and deliberated on the internal audit reports on the adequacy, effectiveness and efficiency of operational, compliance and governance processes across the Company and its Group. Where appropriate, the Audit Committee advised Management to rectify and improve the control system based on the Internal Audit’s recommendations and suggestions for improvements. The reports reviewed and deliberated during the year include operational, ad-hoc and special audits on:
  - Procurement process
  - Property management
  - Project management
  - Health, Safety, Security and Environment
  - Human resources and administration
  - Sales and marketing process
  - Follow-ups on corrective actions

#### 4. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D.)

##### Internal Audit (cont'd)

- iii. Monitored the implementation of recommendations by Management on outstanding issues to ensure that all key risks and control weaknesses are properly addressed as well as the timeliness of responses received and actions taken.
- iv. Reviewed the performance, adequacy, scope, resources and competency of the Internal Auditors.

##### 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. External Auditors presented to the Audit Committee the draft illustrative new Auditors' Report together with the broad areas that could be covered under the key audit matters for the disclosure thereof in the Auditors' Report for the financial year ended 31 December 2016 in line with the new and revised auditor reporting standards.
- iii. Met with the External Auditors on 24 February 2016 and 21 November 2016 without the presence of the executive Board member and Management staff, to enquire the extent of assistance rendered by Management and issues and suggestions arising from audits.
- iv. Considered the re-appointment of External Auditors and conducted an assessment of their independence, objectivity and cost effectiveness of the audit based on the checklist adapted from the Corporate Governance Guide Second Edition.

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 re-appointment of EY as External Auditors of the Group for the financial year ended 31 December 2016.

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 2016 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, had recommended the appointment of EY as External Auditors of the Company for the financial year ending 31 December 2017 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 Ninth Annual General Meeting.

- v. 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 2016 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.

# AUDIT COMMITTEE REPORT

## 4. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D.)

### External Audit (cont'd.)

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 2016 are set out as follows:

|   | Company<br>RM'000 | Group<br>RM'000 |
|---|-------------------|-----------------|
| Fees paid or payable to EY and its affiliates |                   |                 |
| • Audit services                              |                   |                 |
| -EY   | 71                | 873             |
| • Non-audit services                          |                   |                 |
| -EY*  | 72                | 72              |
| -Affiliates of EY**                           | 467               | 941             |
| Total   | 610               | 1,886           |

\* The non-audit services fees paid or payable to EY were for the review of Transfer Pricing documentations, quarterly review of the unaudited consolidated results, cash flow analysis and review of debt covenants.

\*\* The non-audit services fees paid or payable to affiliates of EY were for advice on taxation matters and for preparation, review and submission of tax returns.

### Financial and Annual Reporting

- i. Reviewed the quarterly results and financial statements for the financial year ended 31 December 2016 with Management and the External Auditors for recommendation to the Board for approval and release to Bursa Securities.
- ii. Reviewed and recommended the Statement on Risk Management and Internal Control, Audit Committee Report, Risk Management Report and Corporate Governance Statement to the Board for approval.

### Related Party Transactions

- i. Reviewed all related party transactions to be entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.
- ii. Reviewed and recommended to the Board the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.
- iii. Reviewed on a quarterly basis the related party transactions entered into by the Group pursuant to the shareholders' mandate on recurrent related party transactions procured at the Annual General Meeting of the Company on 23 May 2016.

### Risks and Controls

- i. Reviewed the Risk Management Committee's reports on the Group's major business risks and remedial actions as well as changes to the Group's risk profile, a summary of which was reported to the Board.



#### 4. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D.)

##### Risks and Controls (cont'd)

- ii. 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. Verified the allocations of the ESOS options and confirmed the allocations are made in compliance with the criteria set by the ESOS Committee.
- ii. In addition, the Chairman of the Audit Committee had engaged on a continuous basis with Senior Management, Head of Internal Audit and the External Auditors, in order to keep abreast of matters and issues affecting the Group.
- iii. The Audit Committee had requested and received a written assurance from the MD/CEO and Chief Financial Officer that the risk management and internal control system of the Company are generally adequate and effective in respect of the financial year ended 31 December 2015.

#### 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. Empowered by its Internal Audit Charter, Internal Audit undertakes its activities independently and objectively to provide reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of risk management, internal control and governance systems.

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

For the financial year ended 31 December 2016, the total cost incurred for the audit function was RM832,608.45.

- ii. It is the responsibility of Internal Audit team to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating divisions within the Company and its Group, and the extent of compliance with established policies and procedures as well as relevant statutory requirements.
- iii. The Audit Committee reviews on an annual basis the adequacy of the scope, functions, competency, proficiency and resources of the Internal Auditors as well as the quality of the audit reports and their monitoring progress.
- iv. The Internal Audit team practises risk-based approach when preparing the Company's annual internal audit plan.
- v. The Internal Audit team highlighted to the Management and Audit Committee the audit findings including follow-up actions required to be taken by Management. The internal audit reports are sent to the Audit Committee and Management and deliberated at the Audit Committee meetings. During the financial year, the internal audit works covered operational, ad-hoc and special audits on the areas set out in the above section.
- vi. The Internal Audit team also conducted follow-up audits to ensure the corrective actions were tracked and implemented appropriately. In this respect, the Internal Audit team has added value by improving the control processes within the Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## BOARD'S RESPONSIBILITIES

The Board must ensure that UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) and its group of companies’ (the “Group”) corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities. The Board’s overall responsibility for governing the Group and ensuring its long-term financial soundness includes determining its business and risk strategies. The Board also approves the overall risk strategy, including the risk appetite, and oversees its implementation.

The Board also acknowledges that it is responsible to review the adequacy, integrity and effectiveness of the risk management and internal control system relating to financial, operational, management information systems and compliance with applicable laws, regulations, rules, directives and guidelines. The Group’s system of risk management and internal control is designed to mitigate rather than eliminate the risks. Therefore, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

## RISK MANAGEMENT

The Group has established a Risk Management Framework (“Framework”) that is aligned with UEM Group Risk Management Framework and ISO 31000:2009. The Framework outlines policy and on-going process for identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the period under review. It stresses on the importance of balancing between risk and reward in making strategic business decisions, a tool in managing both existing and potential risks with the objective of protecting key stakeholders’ interests, and compliance with statutory and legal requirements. The Framework also ascertains the risk context and categories such as industry/market, financial, operations, compliance and people in relation to the Group’s business activities.

The salient facts of the Framework are as follows:

1. The Framework outlines the Group’s risk management policy, risk appetite and risk tolerance, system, and also defines risk management governance’s roles and responsibilities. The Management undertakes risk management process to identify, evaluate, monitor and review risk treatment plans and effectiveness of the implementation of the plans.
2. The Risk Management Committee (“RMC”) and Risk Management Unit (“RMU”) are established by the Management to uphold risk oversight within the Group.
3. The RMC and RMU convene every quarter to deliberate and identify the principal risk, emerging risk and monitor compliance to the Framework, regulatory requirements and status of the action plans.
4. High and significant risks identified at RMU that require attention of the Management are escalated to the RMC.
5. The RMC and RMU are assisted by the Risk Management Department which acts as the secretariat and focal point to consolidate all risk matters and risk management activities within the Group. The Risk Management Department also inculcates risk awareness within the Group.
6. The Audit Committee receives and reviews reports from the RMC, endorses the Group Risk Profile and recommends for the Board’s acknowledgement. The Audit Committee also assists the Board in evaluating the adequacy of the risk management and internal control framework.
7. The Board receives, deliberates and acknowledges the Audit Committee’s risk reports on risk governance and internal controls. The Board also approves risk management policy and framework, governance structure and sets risk appetite and maintains a sound system of risk management and internal controls.

## CONTROL STRUCTURE & MONITORING ACTIVITIES

Apart from risk management activities, other key elements of the internal control system of the Group are:

### Board Committees

In performing its oversight function, the Board is supported by four Board Committees. Specific terms of reference and authority are assigned to the Board Committees for areas within their scope. The Board Committees formed are:

- Audit Committee
- Nominations & Remuneration Committee
- Board Tender Committee
- ESOS Committee

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

### Board Meetings

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

### Group and Organisational Structure

The Group has a well-defined structure that is aligned to its business and operational requirements. Additionally, clear lines of accountability and responsibility have been set and communicated via Organisation Charts, Strategic Plans, Budgets and Authority Limits.

### Strategic Plans and Budgets

The Group undertakes a comprehensive strategy review and budgeting process to establish goals and targets whereby performance is monitored on an ongoing basis. The Board participates in the review and approval of the Strategic Plans and Budget. A periodic monitoring and reporting system is in place which highlights significant variances of key performance indicators against plans and budget to monitor performance, with key variances highlighted and followed up by the Management. The quarterly financial results published to shareholders are prepared by the Management and reviewed by the Audit Committee prior to recommendation to the Board for approval. This allows Independent and Non-Executive Directors of the Board to give their input and guidance on areas requiring attention.

### Authority Limits and Approved Policies

One of the critical elements of corporate governance is establishing clear roles, responsibilities and accountabilities throughout the organisation in a transparent manner. Hence, the Group has instituted and implemented Discretionary Authority Limits ("DAL") that refer to authority limits for financial and non-financial transactions which have been assigned to certain individuals or a set of personnel by the Board to approve or carry out transactions in order to enable timely decisions to be taken and at the same time provide a check and balance 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 drawn up to comply with laws and regulations where applicable, to guide the behaviour of the Management in performing their day-to-day operations.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### **Integrated Management System**

The Group has a dedicated team for quality assurance, safety, health and environmental management (“QASHE”). The QASHE team monitors the projects in terms of technical findings and defects inspection to ensure that the products constructed and delivered are in accordance with contract specifications and internal guidelines and that the project sites comply with legal and other requirement in terms of occupational safety, health and environment.

The Group’s Quality Management Systems was awarded the MS ISO 9001:2000 in November 2000 and this was further upgraded to ISO 9001:2008 standards in March 2010. This certification promotes the adoption of a systematic approach to the development, implementation and improvement of the Group’s Quality Management System. This approach emphasises the importance of understanding customers and meeting their expectations. The Group was also certified to OHSAS 18001:1999 standard in November 2007 and this was upgraded to OHSAS 18001:2007 standard in November 2008. Certification to MS 1722:2011 standards for safety and health was further obtained in January 2011. This reflected the Group’s commitment to safeguard the health and safety of its employees, customers and suppliers. Additionally, the Group has also implemented a comprehensive Environment Management System in January 2009 and has successfully obtained the SIRIM certification to MS ISO 14001:2004 standard in November 2009. With the three systems certification to all three standards in place, the Group has integrated them into an Integrated Management System by 2009.

### **Insurance on Key Assets**

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

### **Management Information System**

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

### **Information and Communication Technology (“ICT”)**

The Group ICT Security Policies prescribe the requirements to maintain an adequate level of security for IT systems and information used to support the Group’s activities.

### **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 HR reviews its policies and procedures periodically to ensure that they remain relevant, and appropriate controls are in place to manage operational risks. UEM Sunrise’s HR updates employees of changes to the policies and procedures via email/memoranda. These policies and procedures are easily accessible by all employees via the staff intranet.

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

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

### **Code of Conduct**

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

### **Internal Audit**

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

The key role of internal audit is to undertake regular and systematic reviews so as 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 safeguard the interests of all our stakeholders by ensuring that critical business processes are resilient and the effects of disruptions to business operations are minimised or be recovered in a timely manner following a disruption.

Thus, the Group has implemented the backup strategy for the 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 to that, the critical physical document is kept at dedicated department and centralised record management store. These initiatives will minimise the impact to business operations and enhance profitability and shareholder value.

### **Joint Ventures and Associates**

In the case of material joint ventures and/or associates, the Group ensures that its interests and investments are protected by having Board representation 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 risk management and internal control system must be responsive in order to be able to support its business objectives. Hence, the Board remains committed towards operating a sound system of risk management and internal control and therefore 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 striving for continuous improvement and put in place appropriate action plans wherever necessary, to further enhance the Group's system of risk management and internal control.

## **CONCLUSION**

The Board has received written assurance from the MD/CEO and the Chief Financial Officer that UEM Sunrise's risk management and internal control system are operating adequately and effectively in all material aspects, based on the existing risk management and internal control system. The Board is pleased to report that the state of the Group's risk management and internal control system are generally adequate and effective for good corporate governance.

# RISK MANAGEMENT REPORT

## RISK MANAGEMENT OVERVIEW

UEM Sunrise Berhad (“UEM Sunrise” or the “Company”) and its group of companies (the “Group”) are currently undertaking various residential, commercial and mixed-use developments in the Southern and Central regions. The Group has presence at the international level primarily in Australia and South Africa. The Group’s business activities also extend to facility management as well as property investment.

A robust and effective risk management system is critical to ensure continued profitability and growth in shareholder’s value. The Group embraces risk management as an integral component of our business, operations and decision-making processes.

UEM Sunrise’s Risk Management Framework (“Framework”) outlines the risk policy and lines of responsibility and accountability. It also provides a structured risk management process that enables the identification, measurement and continuous monitoring of all relevant and material risks on a group-wide basis. The Framework is also kept in-pace with any changes in the risk profile (including business growth and complexity) and the external risk environment.

In ensuring that the day to day management of the Group’s activities are consistent with the Framework approved by the Board, a Risk Management Committee (“RMC”), comprising the senior management from various functional responsibilities was set up to assist the Board in carrying out its responsibilities. The RMC is chaired by the Managing Director/Chief Executive Officer (“MD/CEO”). The RMC meets quarterly to discuss and deliberate on the significant risks identified by the respective departments, projects and subsidiaries, as well as on mitigation plans and implementation progress and subsequently provides an update to the Audit Committee.

## RISK MANAGEMENT FRAMEWORK

The Group established and implemented the Framework as a standardised approach to manage risks and opportunities effectively. The Framework provides the Management and the Board with a tool to anticipate and manage both existing and potential risks, taking into consideration changing risk profiles as influenced by changes in business and market environment.

The key components of the Group’s Framework are:

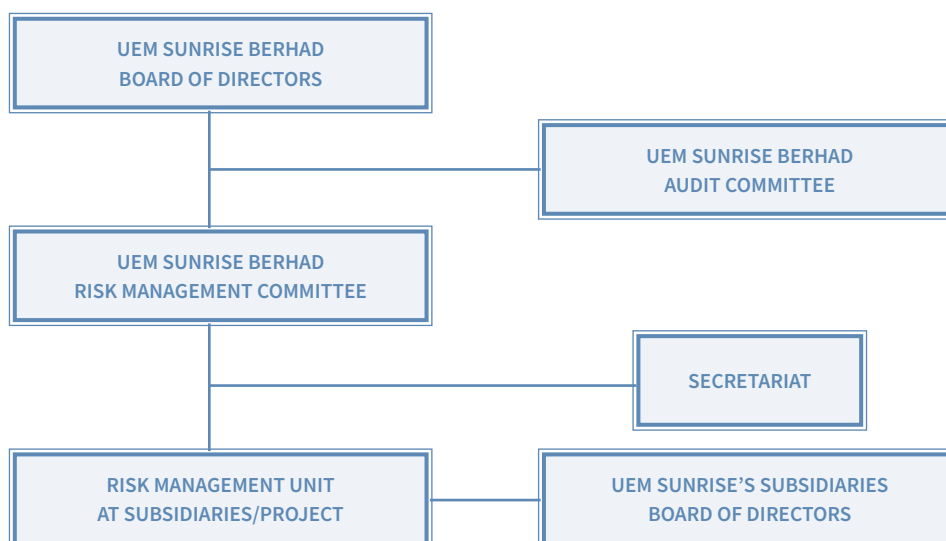
- a) **Risk Management Policy** – A defined risk policy to ensure adequate and effective process of managing risks to provide reasonable assurance to the Board and other stakeholders on the adequacy of risk management as part of the system of internal controls. The policy also helps create a risk-attuned environment to safeguard the Group’s business and helps maintain its reputation and facilitate continuous compliance with corporate governance best practices and relevant laws.
- b) **Risk Appetite and Tolerance** - It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.
- c) **Risk Governance Structure and Responsibilities** – A strong governance structure is important to ensure an effective and consistent implementation of the Framework. The Board is ultimately responsible for the Group’s risk management activities and sets the strategic directions, risk appetite and relevant framework for the Group. The Board is assisted by various risk committees and control functions in ensuring the Framework is carried out effectively. The risk governance structure defines the roles and responsibilities of the Audit Committee, the Risk Management Committee, the Risk Owners and the Secretariat.

d) **Risk Management Process** - The methodology comprises the sequential steps of risk management activities that are interrelated and iterative. The process may be applied to the whole of a business (enterprise level) or to any part of a business (divisions, departments, functions, business units, projects, processes):

- i. Clarify Objectives
- ii. Establish Context
- iii. Identify Risks
- iv. Assess Risks
- v. Respond to Risk
- vi. Monitor, Review & Report Risks
- vii. Communicate

## RISK GOVERNANCE STRUCTURE AND RESPONSIBILITIES

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



### 1. Role of the Board of Directors

The Board approves risk policies, acceptable risk appetite and provides stewardship by reviewing and acknowledging the principal risks identified by the RMC and ensuring that there is an appropriate system to manage these risks. The Board also reviews the Group's risk management framework, processes and responsibilities and determines whether they provide reasonable assurance that the risks are being managed within tolerable limits. Additionally, it also reviews the adequacy and integrity of the internal controls and management information systems to ensure compliance with the applicable laws, rules, directives and guidelines. The Board also considers the nature and extent to which risks are acceptable as well as evaluates its implications to the Group.

# RISK MANAGEMENT REPORT

## 2. Role of the Audit Committee

The Audit Committee assists the Board in providing oversight over the Group's management of risks that could lead to financial loss, disruption to operations, failure to meet its mandates or damage to its reputation. The Audit Committee also helps to provide guidance on the overall risk strategy and directives for implementation and ensures that the principles and requirements of managing risk are consistently adopted throughout the Group. It periodically reviews and recommends risk management policies, procedures and risk management framework for the approval and acknowledgement of the Board.

## 3. Role of the Risk Management Committee

The RMC, chaired by the MD/CEO, deliberates on organisational risks related to the achievement of the Group's mandates and strategic objectives and decides on appropriate policies to mitigate and manage such risks. Its members are appointed from the Senior Management team and representatives from subsidiaries.

The RMC's key role is to review the validity of the identified risks and ensure that actions to mitigate the risks are being implemented. The principal risks deliberated at RMC were on the management of organisational risks which included transversal risks (specifically, people, legal and IT risks) and other emerging operational risks facing the Group.

The RMC is also responsible for the following activities:

- Agreeing on the procedures and reporting formats of the risk management processes;
- Reviewing the adequacy and effectiveness of the Framework;
- Ensuring that the Board and Management receive adequate and appropriate information for decision making and review purposes;
- Communicating and providing a reference point for dissemination and feedback on the Group's risk management policies and procedures;
- Commissioning, where required, special task force to investigate, develop or report on special aspects of the risk management processes of the Group; and
- Presenting periodic reports on risk management, i.e. any business risks that have impacted or are likely to impact the Group and its achievement of its objectives and strategies to the Audit Committee and the Board.

## 4. Role of the Risk Management Unit

The Risk Management Unit ("RMU") is chaired by the Head of Subsidiaries/Project Director of the respective operating units or projects. Its members include all the Heads of Division and Heads of Department. The RMU's key role is to review the validity of the identified risks and to ensure that action plans to mitigate such risks are being implemented.

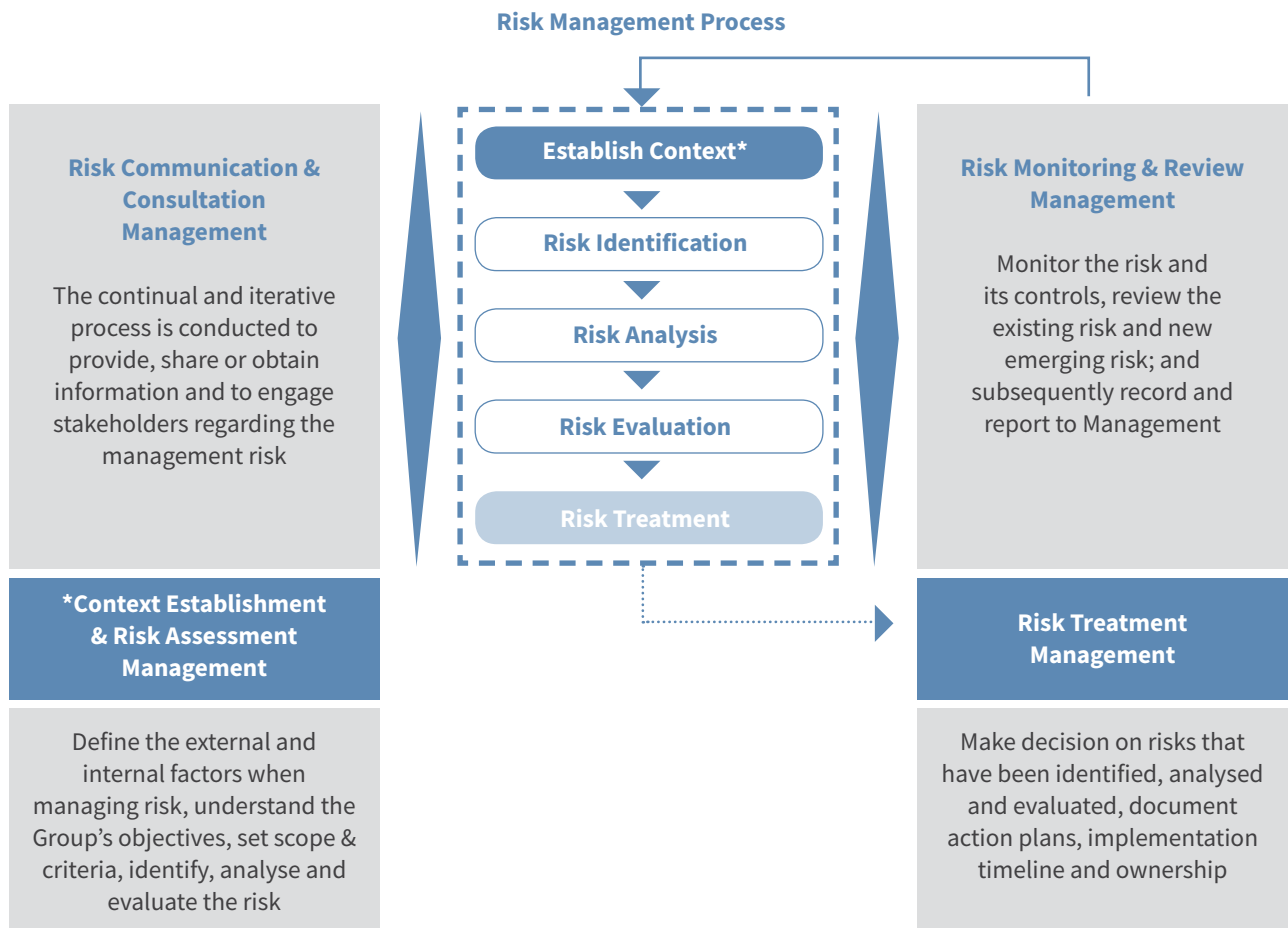
The RMU is also responsible for the following activities:

- Agreeing on the procedures and reporting formats of the risk management processes;
- Ensuring the Board/Management receive adequate and appropriate information for decision making and review purposes;
- Communicating and providing a reference point for dissemination and feedback on the Group's risk management policies and procedures; and
- Presenting progress reports on risk management to the RMC.



## RISK MANAGEMENT PROCESS

The Group risk assessment process is depicted in the following diagram:



The risk identification process, which is done on an on-going basis, entails reviewing and assessing all key factors within the Group's business context from an external perspective, i.e. from macro-environment to industry and internal risks. Risks are generally classified into distinct categories, i.e. financials, operations, market/industry, compliance and people.

Risk information and treatment plans are captured and updated into a risk register which is maintained by Risk Management Department. The information is consolidated to provide an enterprise overview of material risks faced by the Group and the associated risk mitigation plans, which are tracked and reviewed.

# RISK MANAGEMENT REPORT

## KEY RISK FACTORS

The Group's financial performance and operations are influenced by a vast range of risk factors. These risks vary widely where some may be beyond the Group's control. There may also be risks that are either presently unknown or currently assessed as insignificant, which may later prove to be material. However, we aim to mitigate the exposure through appropriate risk management strategy and internal controls. Principally, the Group's key risks factors are as follows:

### Competition Risk

The property development market is highly competitive. Any oversupply of properties due to a mismatch in supply and demand for types of residential and commercial properties will intensify competition, which may, amongst others, affect pricing. The Group is subjected to competition from various property developers local as well as overseas, including but not limited to the availability of strategically located and reasonably priced landbanks, supply of raw materials and labour and selling prices of property. To sharpen our competitive edge, we undertake a comprehensive annual strategic plan to evaluate the Group's development plans, formulate our brand strategy, identify operational improvements, develop market need product portfolio and mix, enhance project delivery, formulate landbanking strategy and customer experience program. A project management office is established thereto to drive and monitor the implementation of the initiatives identified.

### Operational Risk

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 this challenge, the Group continues to strengthen its project management capabilities via engaging experienced project manager, adoption of Project Delivery Lifecycle ("PDL") process, implementing value engineering to ensure projects are within budget and executing effective procurement and contract management strategy.

### Liquidity Risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholders' funds or our reputation arising from our Group's inability to efficiently meet our present and future (both anticipated and unanticipated) funding obligations when they are due, which may adversely affect our daily operations and incur unacceptable losses. Liquidity risk can also be caused by mismatches in the timing of cash flows. To this end, the Group diligently monitors its sales, inventory levels and development plans to ensure adequate cash flow requirements and maintain adequate buffers of liquidity throughout the year. The Group continues to strengthen its treasury function to monitor its cash flow requirement and ensure there is adequate financial facilities to support the Group's current and future needs. The Group also monitors its borrowing repayment maturity profiles and financial covenants (i.e. gearing ratios) to be within the acceptable level.

### Concentration Risk

The Group derives profits principally from sales of properties. This profit depends on the completion of, and our ability to sell properties. In order to maintain and grow our business in the future, we need to replenish our landbank with land of sufficient size in desirable locations and at a commercially acceptable cost. Presently, a large portion of our landbanks are centred in the Southern region and the existing Central region landbank has been depleting over the years. The Group has made a concerted effort to diversify its landbanks via assessing various opportunities to acquire strategic landbanks in the Central region. We have also outlined our landbank strategy which entails assessing prospects with a focus on mid-market and new township with fast turnaround components. The Group is also looking at transit-oriented development and transit-adjacent development opportunities as well as divestment of non-strategic land plots.

## **People Risk**

One of the pillars of success is having the right talent and mindset within the organisation. Hiring the right employee and loss of key talent remain a challenge for the Group. Our Talent Management team is on a constant lookout for suitable employees and has established a talent brand and attraction strategy that is aligned with the overall desired culture of the organisation. In addition, the Group continues to invest in our people through robust talent development programs and constantly undertakes periodic salary and compensation review to ensure it will be able to retain as well as attract new talents.

## **CONCLUSION**

The Board has received assurance from the MD/CEO and the Chief Financial Officer that the Group's risk management framework and internal control systems were operating adequately and effectively, in all material aspects, during the financial year under review. Taking into consideration the assurance from the management team and input from the relevant assurance providers, the Board is of the view that the Framework and internal control systems are satisfactory and adequate to safeguard shareholder's investments, customer's interest and the Group's assets and have not resulted in any material loss, contingency or uncertainty.

# FINANCIAL STATEMENTS

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# 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 2016.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

## RESULTS

|                           | <b>Group<br/>RM'000</b> | <b>Company<br/>RM'000</b> |
|---------------------------|-------------------------|---------------------------|
| Profit, net of tax        | 148,339                 | 11,527                    |
| Attributable to:          |                         |                           |
| Owners of the parent      | 147,302                 | 11,527                    |
| Non-controlling interests | 1,037                   | -                         |
|                           | 148,339                 | 11,527                    |

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

The amount of dividends paid by the Company since 31 December 2015 were as follows:

|  | RM'000 |
|--|--------|
| In respect of the financial year ended 31 December 2015:   |        |
| First and final single tier dividend of 1.6 sen per share on 4,537,436,037 ordinary shares of RM0.50 each, paid on 21 June 2016                        | 72,599 |
| First and final single tier dividend of 1.6 sen per share on 792,515,753 Redeemable Convertible Preference Shares of RM0.01 each, paid on 21 June 2016 | 12,680 |
|  | 85,279 |

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

## DIRECTORS

The directors of the Company in office since the last report and at the date of this report are:

|                                    |                              |
|------------------------------------|------------------------------|
| Tan Sri Dr. Ir. Ahmad Tajuddin Ali |                              |
| Anwar Syahrin Abdul Ajib           |                              |
| Dato' Mohd Izzaddin Idris          |                              |
| Professor Philip Sutton Cox AO     |                              |
| Lim Tian Huat                      |                              |
| Dato' Srikandan Kanagaintiram      |                              |
| YM Ungku Suseelawati Ungku Omar    |                              |
| Subimal Sen Gupta                  | (appointed on 31 March 2016) |
| Zaida Khalida Shaari               | (appointed on 8 April 2016)  |
| Sheranjiv Sammanthan               | (resigned on 8 April 2016)   |

## DIRECTORS' BENEFITS

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

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

# DIRECTORS' 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 and options in the Company and its related corporations during the financial year were as follows:

|                          | Number of ordinary shares of RM0.50 each |                 |      |                     |
|--------------------------|--|-----------------|------|---------------------|
|                          | As at<br>1.1.2016                        | During the year |      | As at<br>31.12.2016 |
|                          |  | Acquired        | Sold |                     |
| <b>The Company</b>       |  |                 |      |                     |
| <b>Direct interest</b>   |  |                 |      |                     |
| Anwar Syahrin Abdul Ajib | 100,000                                  | -               | -    | 100,000             |

## Employee share option scheme ("ESOS")

|                          | Number of ordinary shares of RM0.50<br>each of the Company under the<br>option pursuant to the ESOS |         |                 |           |                     |
|--------------------------|---|---------|-----------------|-----------|---------------------|
|                          | As at<br>1.1.2016   | Granted | During the year |           | As at<br>31.12.2016 |
|                          |   |         | Exercised       | Lapsed    |                     |
| <b>The Company</b>       |   |         |                 |           |                     |
| <b>Direct interest</b>   |   |         |                 |           |                     |
| Anwar Syahrin Abdul Ajib | 4,000,000   | -       | -               | (420,000) | 3,580,000           |

## EMPLOYEE SHARE OPTION SCHEME

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

As at the end of the financial year, the Company has an outstanding 127,808,600 options over ordinary shares of RM0.50 each of the Company under the ESOS.

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

# DIRECTORS' REPORT

## EMPLOYEE SHARE OPTION SCHEME (CONT'D.)

Details of the share options granted as at 31 December 2016 are as follows:

| Date of offer  | Option price RM | Vesting Date    | As at 1.1.2016 | Granted RM | Exercised RM | Lapsed RM    | As at 31.12.2016 |
|----------------|-----------------|-----------------|----------------|------------|--------------|--------------|------------------|
| 9 April 2012   | 2.23            | 23 April 2012   | 4,526,200      | -          | -            | (606,300)    | 3,919,900        |
| 9 April 2012   | 2.41            | 9 April 2013    | 10,528,600     | -          | -            | (1,759,100)  | 8,769,500        |
| 9 April 2012   | 2.60            | 9 April 2014    | 13,307,050     | -          | -            | (3,009,950)  | 10,297,100       |
| 9 April 2012   | 2.81            | 9 April 2015    | 15,606,000     | -          | -            | (4,115,950)  | 11,490,050       |
| 9 April 2012   | 3.03            | 9 April 2016    | 15,606,000     | -          | -            | (2,621,000)  | 12,985,000       |
| 9 October 2012 | 2.23            | 23 October 2012 | 269,200        | -          | -            | (6,700)      | 262,500          |
| 9 October 2012 | 2.41            | 9 April 2013    | 916,300        | -          | -            | (27,500)     | 888,800          |
| 9 October 2012 | 2.60            | 9 April 2014    | 1,368,950      | -          | -            | (174,250)    | 1,194,700        |
| 9 October 2012 | 2.81            | 9 April 2015    | 1,656,000      | -          | -            | (251,500)    | 1,404,500        |
| 9 October 2012 | 3.03            | 9 April 2016    | 1,656,000      | -          | -            | (80,000)     | 1,576,000        |
| 9 April 2013   | 2.79            | 23 April 2013   | 2,658,200      | -          | -            | (389,900)    | 2,268,300        |
| 9 April 2013   | 2.79            | 9 April 2014    | 3,078,050      | -          | -            | (837,650)    | 2,240,400        |
| 9 April 2013   | 2.81            | 9 April 2015    | 3,708,000      | -          | -            | (1,176,000)  | 2,532,000        |
| 9 April 2013   | 3.03            | 9 April 2016    | 3,708,000      | -          | -            | (780,000)    | 2,928,000        |
| 9 October 2013 | 2.79            | 23 October 2013 | 2,756,400      | -          | -            | (100,500)    | 2,655,900        |
| 9 October 2013 | 2.79            | 9 April 2014    | 3,627,950      | -          | -            | (492,250)    | 3,135,700        |
| 9 October 2013 | 2.81            | 9 April 2015    | 4,299,000      | -          | -            | (791,550)    | 3,507,450        |
| 9 October 2013 | 3.03            | 9 April 2016    | 4,299,000      | -          | -            | (237,000)    | 4,062,000        |
| 9 April 2014   | 2.79            | 23 April 2014   | 4,837,400      | -          | -            | (815,800)    | 4,021,600        |
| 9 April 2014   | 2.81            | 9 April 2015    | 5,774,000      | -          | -            | (1,218,900)  | 4,555,100        |
| 9 April 2014   | 3.03            | 9 April 2016    | 5,774,000      | -          | -            | (608,000)    | 5,166,000        |
| 9 October 2014 | 2.79            | 23 October 2014 | 2,473,600      | -          | -            | (527,500)    | 1,946,100        |
| 9 October 2014 | 2.81            | 9 April 2015    | 4,131,000      | -          | -            | (1,022,400)  | 3,108,600        |
| 9 October 2014 | 3.03            | 9 April 2016    | 4,131,000      | -          | -            | (589,000)    | 3,542,000        |
| 9 April 2015   | 2.81            | 23 April 2015   | 6,942,000      | -          | -            | (968,000)    | 5,974,000        |
| 9 April 2015   | 3.03            | 9 April 2016    | 6,942,000      | -          | -            | (124,000)    | 6,818,000        |
| 9 October 2015 | 2.81            | 23 October 2015 | 4,983,800      | -          | -            | (1,245,000)  | 3,738,800        |
| 9 October 2015 | 3.03            | 9 April 2016    | 6,286,000      | -          | -            | (441,000)    | 5,845,000        |
| 9 April 2016   | 3.03            | 23 April 2016   | -              | 4,601,000  | -            | (355,000)    | 4,246,000        |
| 9 October 2016 | 3.03            | 23 October 2016 | -              | 2,742,600  | -            | (13,000)     | 2,729,600        |
|                |                 |                 | 145,849,700    | 7,343,600  | -            | (25,384,700) | 127,808,600      |

Details of share options granted to directors are disclosed in the section on Directors' Interests in this report.



# DIRECTORS' REPORT

## EMPLOYEE SHARE OPTION SCHEME (CONT'D.)

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 120,000 ordinary shares of RM0.50 each. The names of the holders granted share options to subscribe for 120,000 or more ordinary shares of RM0.50 each during the financial year are as follows:

| Name                                | Number of ordinary shares of RM0.50<br>each of the Company under the<br>option pursuant to the ESOS |         |                              |          |                     |
|-------------------------------------|---|---------|------------------------------|----------|---------------------|
|                                     | As at<br>1.1.2016   | Granted | During the year<br>Exercised | Lapsed   | As at<br>31.12.2016 |
| Dato' Roslan Bin Ibrahim            | -   | 866,600 | -                            | -        | 866,600             |
| Zadil Hanief Bin Mohamad Zaidi      | -   | 600,000 | -                            | -        | 600,000             |
| Zamri Bin Yusof                     | -   | 500,000 | -                            | -        | 500,000             |
| Liong Kok Kit                       | 1,129,800   | 300,000 | -                            | (50,500) | 1,379,300           |
| Paul Sandanasamy Richard            | -   | 300,000 | -                            | -        | 300,000             |
| Saniman Bin Md Apandi               | 483,000   | 120,000 | -                            | (24,300) | 578,700             |
| Toh Choon Jean                      | -   | 120,000 | -                            | -        | 120,000             |
| Mohd Fahmi Bin Zakaria              | -   | 120,000 | -                            | -        | 120,000             |
| Ow Yew Hong                         | -   | 120,000 | -                            | -        | 120,000             |
| Rozailan Bin Rosli                  | -   | 120,000 | -                            | -        | 120,000             |
| Ahmad Lutfi Bin Mohamad Yusof       | -   | 120,000 | -                            | -        | 120,000             |
| Sharina Mariam Binti Mohamed Farook | -   | 120,000 | -                            | -        | 120,000             |
| Wong Shaw Wen                       | -   | 120,000 | -                            | -        | 120,000             |

## OTHER STATUTORY INFORMATION

- (a) Before the income statements, 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.

# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION (CONT'D.)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SIGNIFICANT AND SUBSEQUENT EVENTS

Significant and subsequent events are disclosed in Note 43 to the financial statements.

## AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 March 2017.

**Tan Sri Dr. Ir. Ahmad Tajuddin Ali**

**Anwar Syahrin Abdul Ajib**

## **STATEMENT BY DIRECTORS**

**PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Tan Sri Dr. Ir. Ahmad Tajuddin Ali 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 201 to 328 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 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 2016 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 48 on page 329 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 March 2017.

**Tan Sri Dr. Ir. Ahmad Tajuddin Ali**

**Anwar Syahrin Abdul Ajib**

## **STATUTORY DECLARATION**

**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Azhar Othman, being the officer primarily responsible for the financial management of UEM Sunrise Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 201 to 329 are in my opinion 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 Azhar Othman  
at Kuala Lumpur in the Federal Territory  
on 28 March 2017

**Azhar Othman**

Before me,

**Tan Seok Kett** (No. W530)  
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 2016 of the Group and of the Company, and the income statements 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 201 to 328.

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 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company 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.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UEM SUNRISE BERHAD (INCORPORATED IN MALAYSIA)

(cont'd.)

## ***Key audit matters (cont'd.)***

### **1. Impairment of goodwill**

As at 31 December 2016, the carrying amount of goodwill recognised by the Group stood at RM621,409,000 which represents 8.1% 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.

The Group allocated goodwill to two separate cash-generating units ("CGU"), namely the two subsidiary groups principally engaged in property development activities. The group is required to perform annual impairment test of the CGUs or groups of CGUs to which this goodwill has been allocated. The Group estimated the recoverable amount of its CGUs or groups of CGUs to which the goodwill is allocated based on value-in-use ("VIU"). The Group uses assumptions such as expected take up rate, expected selling price and gross margin from development activities, to form its basis of impairment assessment.

Our procedures include obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGU or groups of CGUs. We have assessed and tested 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 and data used, by comparing them to external research analysts' reports, external valuers' report, transactions from National Property Information Centre and external market outlook report. We have also evaluated 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. We have considered the historical accuracy of management's estimates of profits (and the resulting cash flows) for similar completed property development activities; and also assessed whether the future cash flows used were based on the Annual Operating Plan 2017 – 2021 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. We also reviewed the robustness of management's budgeting process by comparing the actual results versus previously forecasted financials.

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

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UEM SUNRISE BERHAD (INCORPORATED IN MALAYSIA)

(cont'd.)

## *Key audit matters (cont'd.)*

### **2. Revenue and cost of sales from property development activities**

A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 31 December 2016, property development revenue of RM1,611,081,000 and cost of sales of RM1,244,585,000 accounted for approximately 87% and 94% of the Group's revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for these property development contracts.

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

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 sales and purchase agreements entered into with customers and construction agreements 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 visit 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 includes both budgeted gross development value and budgeted gross development cost for significant ongoing projects by comparing the selling price and development cost per gross floor area and gross margin of the past similar projects.

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

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UEM SUNRISE BERHAD (INCORPORATED IN MALAYSIA)

(cont'd.)

## *Key audit matters (cont'd.)*

### **3. Provision for litigations and claims**

As disclosed in Note 23(a) and Note 39(a) to the financial statements, one of the subsidiaries of the Company is currently involved in a litigation with the Inland Revenue Board ("IRB"). The subsidiary is appealing against an additional tax assessment issued by the IRB for which payment has been made by the subsidiary during the financial year ended 31 December 2016. Such payment was recorded as tax recoverable. The outcome of this litigation can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. This litigation may develop in ways not initially expected. Therefore, the Group continuously assesses the development of this litigation to determine whether outflows of resources embodying economic benefits could be probable. Such assessment involves significant judgement and estimates which are highly subjective. Accordingly, we consider this area to be an area of audit focus.

In assessing the recoverability of the above mentioned tax recoverable and the adequacy of disclosures in the financial statements, we have reviewed the Group's correspondence with legal counterparties, court rulings, minutes of meetings and correspondences from legal advisers. Our procedures also involved, amongst others, the assessment of the legal advice obtained by the Group, periodic meetings with the Group's legal advisers, and review of minutes of Board of Directors' meetings which involved discussion of developments pertaining to this legal proceedings. We have discussed the status of this litigation with management personnel responsible for managing the Group's legal matters and with those charged with governance. We also considered the objectivity, independence and expertise of the legal advisers and documentary evidence of any court ruling. Further, we assessed the basis adopted by the legal advisers in their evaluations of the possible outcome of the litigations and claims.

### **4. Net realisable value of completed property development units classified as inventories**

As at 31 December 2016, the carrying amount of completed property units represents 9.5% and 4.1% of the Group's total current assets and total assets respectively. The current challenging property market environment has led to an increase in the number of completed property development units classified as inventories during the year. We consider the net realisable value of completed units to be an area of audit focus as such assessment includes subjective 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, and evaluating the risk of overstatement of inventories by reference to the headroom between the cost and estimated net realisable value.

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.

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UEM SUNRISE BERHAD (INCORPORATED IN MALAYSIA)

(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 Financial Reporting Standards and the requirements of the Companies Act 1965, in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

## ***Auditors' responsibilities for the audit of the financial statements***

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



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UEM SUNRISE BERHAD (INCORPORATED IN MALAYSIA)

(cont'd.)

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

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

- (i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (iv) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

# **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF UEM SUNRISE BERHAD (INCORPORATED IN MALAYSIA)**

(cont'd.)

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 1965 (the "Act") in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 45 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## **OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 48 on page 329 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## **OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **Ernst & Young**

AF: 0039

Chartered Accountants

### **Ong Chee Wai**

No. 2857/07/18(J)

Chartered Accountant

Kuala Lumpur, Malaysia

28 March 2017

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

|                                    | Note | Group              |                | Company          |                |
|------------------------------------|------|--------------------|----------------|------------------|----------------|
|                                    |      | 2016<br>RM'000     | 2015<br>RM'000 | 2016<br>RM'000   | 2015<br>RM'000 |
| Revenue                            | 3    | <b>1,841,479</b>   | 1,749,866      | <b>40,000</b>    | 100,000        |
| Cost of sales                      | 4    | <b>(1,330,998)</b> | (1,224,705)    | -                | -              |
| Gross profit                       |      | <b>510,481</b>     | 525,161        | <b>40,000</b>    | 100,000        |
| Other income                       |      | <b>68,118</b>      | 117,604        | <b>101,454</b>   | 82,176         |
| Selling and distribution expenses  |      | <b>(86,685)</b>    | (144,845)      | -                | -              |
| Other expenses                     |      | <b>(274,054)</b>   | (204,843)      | <b>(19,480)</b>  | (53,782)       |
| Operating profit                   | 5    | <b>217,860</b>     | 293,077        | <b>121,974</b>   | 128,394        |
| Finance costs                      | 6    | <b>(75,992)</b>    | (73,868)       | <b>(110,492)</b> | (88,685)       |
| Share of results of associates     |      | <b>14,576</b>      | 11,811         | -                | -              |
| Share of results of joint ventures |      | <b>61,204</b>      | 112,019        | -                | -              |
| Profit before zakat and income tax |      | <b>217,648</b>     | 343,039        | <b>11,482</b>    | 39,709         |
| Zakat                              | 7    | <b>(4,719)</b>     | (8,662)        | -                | -              |
| Income tax (expense)/credit        | 8    | <b>(64,590)</b>    | (77,387)       | <b>45</b>        | 169            |
| <b>Profit for the year</b>         |      | <b>148,339</b>     | 256,990        | <b>11,527</b>    | 39,878         |
| Attributable to:                   |      |                    |                |                  |                |
| Owners of the parent               |      | <b>147,302</b>     | 257,212        | <b>11,527</b>    | 39,878         |
| Non-controlling interests          |      | <b>1,037</b>       | (222)          | -                | -              |
|                                    |      | <b>148,339</b>     | 256,990        | <b>11,527</b>    | 39,878         |

Earnings per share attributable to owners of the parent (sen):

|                                  |    |            |     |
|----------------------------------|----|------------|-----|
| Basic, for profit for the year   | 10 | <b>3.0</b> | 5.7 |
| Diluted, for profit for the year | 10 | <b>2.6</b> | 5.5 |

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 2016

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Profit for the year   | <b>148,339</b> | 256,990        | <b>11,527</b>  | 39,878         |
| Other comprehensive income to be reclassified to profit or loss in subsequent period: |                |                |                |                |
| - Foreign currency translation differences of foreign operations                      | <b>42,381</b>  | 45,549         | -              | -              |
| - Gain/(loss) on fair value changes   | <b>1</b>       | (1)            | -              | -              |
| - Share of other comprehensive income of an associate                                 | -              | 760            | -              | -              |
| - Loss on cash flow hedge   | <b>(223)</b>   | -              | -              | -              |
| Total comprehensive income for the year   | <b>190,498</b> | 303,298        | <b>11,527</b>  | 39,878         |
| Total comprehensive income attributable to:   |                |                |                |                |
| Owners of the parent  | <b>189,508</b> | 303,506        | <b>11,527</b>  | 39,878         |
| Non-controlling interests   | <b>990</b>     | (208)          | -              | -              |
|   | <b>190,498</b> | 303,298        | <b>11,527</b>  | 39,878         |

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

|                                    | Note  | Group             |                   | Company          |                  |
|------------------------------------|-------|-------------------|-------------------|------------------|------------------|
|                                    |       | 2016<br>RM'000    | 2015<br>RM'000    | 2016<br>RM'000   | 2015<br>RM'000   |
| <b>Assets</b>                      |       |                   |                   |                  |                  |
| <b>Non-current assets</b>          |       |                   |                   |                  |                  |
| Property, plant and equipment      | 11    | 300,036           | 234,067           | -                | -                |
| Investment properties              | 12    | 647,525           | 640,975           | -                | -                |
| Land held for property development | 13    | 4,019,581         | 3,269,275         | -                | -                |
| Investment in subsidiaries         | 14    | -                 | -                 | 4,531,247        | 4,530,910        |
| Interests in associates            | 15    | 492,391           | 487,835           | 1,170            | 1,170            |
| Interests in joint ventures        | 16(a) | 1,079,753         | 1,143,774         | 419,517          | 419,517          |
| Amount due from joint ventures     | 16(b) | 235,652           | 72,697            | 55,495           | -                |
| Amount due from subsidiaries       | 24    | -                 | -                 | 2,126,757        | -                |
| Other investments                  | 17    | -                 | -                 | -                | -                |
| Goodwill                           | 18    | 621,409           | 621,409           | -                | -                |
| Deferred tax assets                | 20    | 254,971           | 221,044           | 222              | 169              |
| Long term receivables              | 23    | 43,491            | 54,849            | -                | -                |
|                                    |       | <b>7,694,809</b>  | <b>6,745,925</b>  | <b>7,134,408</b> | <b>4,951,766</b> |
| <b>Current assets</b>              |       |                   |                   |                  |                  |
| Property development costs         | 21    | 2,635,355         | 2,281,634         | -                | -                |
| Inventories                        | 22    | 585,244           | 403,099           | -                | -                |
| Receivables                        | 23    | 1,710,027         | 1,219,500         | 43,438           | 387,694          |
| Amount due from subsidiaries       | 24    | -                 | -                 | 856,333          | 1,940,833        |
| Amount due from joint ventures     | 16(b) | 98,755            | 239,635           | 82,028           | 130,348          |
| Short term investments             | 25    | 8                 | 7                 | -                | -                |
| Cash, bank balances and deposits   | 19    | 788,542           | 1,005,600         | 79,696           | 6,570            |
|                                    |       | <b>5,817,931</b>  | <b>5,149,475</b>  | <b>1,061,495</b> | <b>2,465,445</b> |
| Asset held for sale                | 26    | 11,230            | -                 | -                | -                |
| <b>Total assets</b>                |       | <b>13,523,970</b> | <b>11,895,400</b> | <b>8,195,903</b> | <b>7,417,211</b> |

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

(cont'd.)

|  | Note | Group             |                | Company          |                |
|--|------|-------------------|----------------|------------------|----------------|
|  |      | 2016<br>RM'000    | 2015<br>RM'000 | 2016<br>RM'000   | 2015<br>RM'000 |
| <b>Equity and liabilities</b>                      |      |                   |                |                  |                |
| <b>Equity attributable to owners of the parent</b> |      |                   |                |                  |                |
| Share capital                                      | 27   | 2,276,643         | 2,276,643      | 2,276,643        | 2,276,643      |
| Share premium                                      | 27   | 2,829,546         | 2,829,546      | 2,829,546        | 2,829,546      |
| Merger relief reserves                             | 27   | 34,330            | 34,330         | 34,330           | 34,330         |
| Other reserves                                     | 28   | 152,020           | 115,439        | 49,781           | 55,406         |
| Retained profits                                   | 28   | 1,539,257         | 1,552,602      | 45,835           | 114,255        |
|  |      | <b>6,831,796</b>  | 6,808,560      | <b>5,236,135</b> | 5,310,180      |
| Non-controlling interests                          | 32   | 361,556           | 360,345        | -                | -              |
| <b>Total equity</b>                                |      | <b>7,193,352</b>  | 7,168,905      | <b>5,236,135</b> | 5,310,180      |
| <b>Non-current liabilities</b>                     |      |                   |                |                  |                |
| Borrowings   | 33   | 2,404,224         | 2,227,594      | 1,907,789        | 2,003,611      |
| Payables   | 35   | 95,923            | 66,143         | -                | -              |
| Deferred income                                    | 36   | 111,547           | 111,874        | -                | -              |
| Derivative liability                               |      | 223               | -              | -                | -              |
| Provisions   | 34   | 930,222           | 411,436        | -                | -              |
| Deferred tax liabilities                           | 20   | 203,668           | 204,058        | -                | -              |
|  |      | <b>3,745,807</b>  | 3,021,105      | <b>1,907,789</b> | 2,003,611      |
| <b>Current liabilities</b>                         |      |                   |                |                  |                |
| Provisions   | 34   | 439,742           | 456,506        | -                | -              |
| Payables   | 35   | 784,821           | 706,062        | 1,067            | 980            |
| Amount due to subsidiaries                         | 24   | -                 | -              | 678              | 1,464          |
| Borrowings   | 33   | 1,310,449         | 522,976        | 1,050,226        | 100,976        |
| Tax payable  |      | 49,799            | 19,846         | 8                | -              |
|  |      | <b>2,584,811</b>  | 1,705,390      | <b>1,051,979</b> | 103,420        |
| <b>Total liabilities</b>                           |      | <b>6,330,618</b>  | 4,726,495      | <b>2,959,768</b> | 2,107,031      |
| <b>Total equity and liabilities</b>                |      | <b>13,523,970</b> | 11,895,400     | <b>8,195,903</b> | 7,417,211      |

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 2016

| ←----- Attributable to owners of the parent ----->                    |   |   |   |  |  |                  |   |                           |
|---|---|---|---|--|--|------------------|---|---------------------------|
| ←----- Non-Distributable -----> Distributable                         |   |   |   |  |  |                  |   |                           |
| Group   | Share<br>capital<br>(Note 27)<br>RM'000 | Share<br>premium<br>(Note 27)<br>RM'000 | Merger<br>relief<br>reserves<br>(Note 27)<br>RM'000 | Other<br>reserves<br>(Note 28)<br>RM'000 | Retained<br>profits<br>(Note 28)<br>RM'000 | Total<br>RM'000  | Non-<br>controlling<br>interests<br>(Note 32)<br>RM'000 | Total<br>equity<br>RM'000 |
| <b>At 1 January 2016</b>  | <b>2,276,643</b>                        | <b>2,829,546</b>                        | <b>34,330</b>                                       | <b>115,439</b>                           | <b>1,552,602</b>                           | <b>6,808,560</b> | <b>360,345</b>  | <b>7,168,905</b>          |
| Total comprehensive income for the year                               | -                                       | -                                       | -   | 42,206                                   | 147,302                                    | 189,508          | 990   | 190,498                   |
| ESOS  |   |   |   |  |  |                  |   |                           |
| - remeasurement   | -                                       | -                                       | -   | (293)                                    | -  | (293)            | -   | (293)                     |
| - expiry of vested employee share options                             | -                                       | -                                       | -   | (5,332)                                  | 5,332                                      | -                | -   | -                         |
| Acquisition of non-controlling interests in a subsidiary (Note 32)    | -                                       | -                                       | -   | -  | (80,700)                                   | (80,700)         | 221   | (80,479)                  |
| Dividends paid (Note 9)   | -                                       | -                                       | -   | -  | (85,279)                                   | (85,279)         | -   | (85,279)                  |
| <b>At 31 December 2016</b>  | <b>2,276,643</b>                        | <b>2,829,546</b>                        | <b>34,330</b>                                       | <b>152,020</b>                           | <b>1,539,257</b>                           | <b>6,831,796</b> | <b>361,556</b>  | <b>7,193,352</b>          |
| <b>At 1 January 2015</b>  | <b>2,268,718</b>                        | <b>2,044,955</b>                        | <b>34,330</b>                                       | <b>88,130</b>                            | <b>1,896,699</b>                           | <b>6,332,832</b> | <b>485,753</b>  | <b>6,818,585</b>          |
| Total comprehensive income for the year                               | -                                       | -                                       | -   | 46,294                                   | 257,212                                    | 303,506          | (208)   | 303,298                   |
| Issuance of Redeemable Convertible Preference Share ("RCPS")          | 7,925                                   | 784,591                                 | -   | -  | -  | 792,516          | -   | 792,516                   |
| Subscription of shares by non-controlling shareholder in a subsidiary | -                                       | -                                       | -   | -  | -  | -                | 324,800   | 324,800                   |
| ESOS  |   |   |   |  |  |                  |   |                           |
| - remeasurement   | -                                       | -                                       | -   | (11,655)                                 | -  | (11,655)         | -   | (11,655)                  |
| - expiry of vested employee share options                             | -                                       | -                                       | -   | (7,330)                                  | 7,330                                      | -                | -   | -                         |
| Redemption of RCPS #  | -                                       | -                                       | -   | -  | (472,516)                                  | (472,516)        | (450,000)   | (922,516)                 |
| Dividend paid (Note 9)  | -                                       | -                                       | -   | -  | (136,123)                                  | (136,123)        | -   | (136,123)                 |
| <b>At 31 December 2015</b>  | <b>2,276,643</b>                        | <b>2,829,546</b>                        | <b>34,330</b>                                       | <b>115,439</b>                           | <b>1,552,602</b>                           | <b>6,808,560</b> | <b>360,345</b>  | <b>7,168,905</b>          |

# On 30 October 2015, the RCPS of a subsidiary, which was held by the immediate holding company, UEM Group Berhad and recorded as non-controlling interests, had been fully redeemed at a total redemption price of RM922.5 million. The total redemption price includes RM472.5 million cumulative yield, compounded at 7.5% per annum in accordance with the redemption terms.

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 2016

(cont'd.)

| Company                                   | <----- Non-distributable ----->      |                                      |  |                                       | Distributable                           |                        |
|---|--------------------------------------|--------------------------------------|--|---------------------------------------|---|------------------------|
|   | Share capital<br>(Note 27)<br>RM'000 | Share premium<br>(Note 27)<br>RM'000 | Merger relief<br>reserves<br>(Note 27)<br>RM'000 | Other reserves<br>(Note 28)<br>RM'000 | Retained profits<br>(Note 28)<br>RM'000 | Total equity<br>RM'000 |
| <b>At 1 January 2016</b>                  | <b>2,276,643</b>                     | <b>2,829,546</b>                     | <b>34,330</b>                                    | <b>55,406</b>                         | <b>114,255</b>                          | <b>5,310,180</b>       |
| Total comprehensive income for the year   | -                                    | -                                    | -  | -                                     | 11,527                                  | 11,527                 |
| ESOS                                      |                                      |                                      |  |                                       |   |                        |
| - remeasurement                           | -                                    | -                                    | -  | (293)                                 | -                                       | (293)                  |
| - expiry of vested employee share options | -                                    | -                                    | -  | (5,332)                               | 5,332                                   | -                      |
| Dividends paid (Note 9)                   | -                                    | -                                    | -  | -                                     | (85,279)                                | (85,279)               |
| <b>At 31 December 2016</b>                | <b>2,276,643</b>                     | <b>2,829,546</b>                     | <b>34,330</b>                                    | <b>49,781</b>                         | <b>45,835</b>                           | <b>5,236,135</b>       |
| <b>At 1 January 2015</b>                  | <b>2,268,718</b>                     | <b>2,044,955</b>                     | <b>34,330</b>                                    | <b>74,391</b>                         | <b>203,170</b>                          | <b>4,625,564</b>       |
| Total comprehensive income for the year   | -                                    | -                                    | -  | -                                     | 39,878                                  | 39,878                 |
| Issuance of RCPS                          | 7,925                                | 784,591                              | -  | -                                     | -                                       | 792,516                |
| ESOS                                      |                                      |                                      |  |                                       |   |                        |
| - remeasurement                           | -                                    | -                                    | -  | (11,655)                              | -                                       | (11,655)               |
| - expiry of vested employee share options | -                                    | -                                    | -  | (7,330)                               | 7,330                                   | -                      |
| Dividend paid (Note 9)                    | -                                    | -                                    | -  | -                                     | (136,123)                               | (136,123)              |
| <b>At 31 December 2015</b>                | <b>2,276,643</b>                     | <b>2,829,546</b>                     | <b>34,330</b>                                    | <b>55,406</b>                         | <b>114,255</b>                          | <b>5,310,180</b>       |

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 2016

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Cash flows from operating activities</b>                   |                |                |                |                |
| Cash receipts from customers                                  | 1,555,657      | 2,317,516      | -              | -              |
| Cash receipts from holding companies                          | 5,311          | 9,796          | -              | -              |
| Receipts from other related party                             | 17             | 34             | -              | -              |
| Receipts from joint ventures                                  | 1,684          | 772,326        | -              | -              |
| Cash payments to suppliers                                    | (542,597)      | (424,000)      | -              | -              |
| Cash payments to contractors                                  | (1,116,723)    | (1,039,706)    | -              | -              |
| Cash payments for land and development related costs          | (40,784)       | (179)          | -              | -              |
| Cash payments for land acquisition deposit                    | (13,678)       | (18,206)       | -              | -              |
| Cash payments to other related parties                        | (41,867)       | (2,968)        | -              | -              |
| Cash payments to employees and for expenses                   | (381,239)      | (406,914)      | (10,381)       | (5,528)        |
| Cash (used in)/generated from operations                      | (574,219)      | 1,207,699      | (10,381)       | (5,528)        |
| Zakat paid  | (4,719)        | (8,662)        | -              | -              |
| Net income tax paid   | (119,917)      | (279,806)      | (50)           | (1,145)        |
| Interest received   | 13,920         | 19,358         | 1,076          | 1,772          |
| Net cash (used in)/generated from operating activities        | (684,935)      | 938,589        | (9,355)        | (4,901)        |
| <b>Cash flows from investing activities</b>                   |                |                |                |                |
| Dividend received from associates                             | 2,100          | 3,900          | -              | -              |
| Dividend received from joint ventures                         | 165,000        | 6,500          | -              | -              |
| Dividend received from a subsidiary                           | -              | -              | 285,146        | 134,696        |
| Proceeds from disposals of:                                   |                |                |                |                |
| - property, plant and equipment                               | 3              | 193            | -              | -              |
| - investment properties                                       | 62             | -              | -              | -              |
| - short term investments                                      | 286,025        | 353,630        | 85,110         | 150,581        |
| Capital distribution from an associate under liquidation      | -              | 18             | -              | -              |
| Repayment from a joint venture                                | -              | 6,050          | -              | -              |
| Deposit refunded/(paid) for subscription of shares            | 21,488         | (21,488)       | -              | -              |
| Acquisition of a subsidiary, net of cash and cash equivalents | -              | (28)           | -              | -              |

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(cont'd.)

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Cash flows from investing activities (cont'd.)</b>                 |                |                |                |                |
| Acquisition of non-controlling interests in a subsidiary              | (80,479)       | -              | -              | -              |
| Purchase of property, plant and equipment (Note (a))                  | (76,453)       | (38,361)       | -              | -              |
| Advances to subsidiaries  | -              | -              | (1,363,652)    | (344,705)      |
| Advances to joint ventures  | (42,760)       | (14,074)       | (10)           | (1,170)        |
| Repayment from subsidiaries   | -              | -              | 512,918        | 19,567         |
| Repayment from joint ventures   | 41             | 30,845         | -              | 19,768         |
| Investment in land held for property development                      | (222,652)      | (896,861)      | -              | -              |
| Investment in associates  | -              | (331,820)      | -              | (60)           |
| Investment in joint ventures  | (4,250)        | (78,000)       | -              | -              |
| Investment in short term investments                                  | (285,000)      | (150,000)      | (85,000)       | (150,000)      |
| Net cash used in investing activities                                 | (236,875)      | (1,129,496)    | (565,488)      | (171,323)      |
| <b>Cash flows from financing activities</b>                           |                |                |                |                |
| Drawdown of term loans  | 101,897        | 67,457         | -              | -              |
| Drawdown of Commodity Murabahah Finance                               | 219,003        | 106,880        | -              | -              |
| Drawdown of Islamic Medium Term Notes                                 | 607,888        | 300,000        | 607,888        | 300,000        |
| Drawdown of revolving credit  | 249,450        | 23,500         | 247,000        | -              |
| Drawdown of structured commodity                                      | 200,000        | 150,000        | 200,000        | 150,000        |
| Subscription of shares by non-controlling shareholder in a subsidiary | -              | 324,800        | -              | -              |
| Repayment of term loan  | (21,748)       | (201,858)      | -              | -              |
| Repayment of revolving credit   | -              | (22,500)       | -              | -              |
| Repayment of Islamic Medium Term Notes                                | (200,000)      | -              | -              | -              |
| Repayment of Islamic Commercial Paper                                 | (10,000)       | -              | (10,000)       | -              |
| Repayment of structured commodity                                     | (200,000)      | (50,000)       | (200,000)      | (50,000)       |
| Repayment (to)/from immediate holding company                         | (7,503)        | 30             | -              | -              |
| Interest paid   | (143,951)      | (113,141)      | (111,640)      | (85,203)       |
| Dividend paid   | (85,279)       | (136,123)      | (85,279)       | (136,123)      |
| Net cash generated from financing activities                          | 709,757        | 449,045        | 647,969        | 178,674        |

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(cont'd.)

|   | Group            |                | Company        |                |
|---|------------------|----------------|----------------|----------------|
|   | 2016<br>RM'000   | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <b>(212,053)</b> | 258,138        | <b>73,126</b>  | 2,450          |
| Transfer from non-current deposits                            | -                | 3              | -              | -              |
| Effects of foreign exchange rate changes                      | <b>539</b>       | 2,885          | -              | -              |
| Cash and cash equivalents at beginning of year                | <b>1,000,056</b> | 739,030        | <b>6,570</b>   | 4,120          |
| <b>Cash and cash equivalents at end of year (Note 19)</b>     | <b>788,542</b>   | 1,000,056      | <b>79,696</b>  | 6,570          |
| <b>Note (a):</b>  |                  |                |                |                |
| Additions of property, plant and equipment (Note 11)          | <b>80,248</b>    | 40,422         | -              | -              |
| Interest capitalised (Note 6)                                 | <b>(3,795)</b>   | (2,061)        | -              | -              |
| Cash outflow for acquisition of property, plant and equipment | <b>76,453</b>    | 38,361         | -              | -              |

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development, land trading, property investment, project procurement and management and investment holding. There have been no significant changes in the nature of the principal activities during the financial year.

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 28 March 2017.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise disclosed in the summary of significant accounting policies below, and comply with Financial Reporting Standards (“FRSs”) and the Companies Act, 1965 in Malaysia.

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

### 2.2 Summary of significant accounting policies

#### (a) Basis of consolidation

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

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

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. 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 result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

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

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

#### (i) Subsidiaries

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

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

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

##### (i) Subsidiaries (cont'd.)

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of FRS 139 Financial Instruments: Recognition and Measurement, 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 FRS 139, it is measured in accordance with the appropriate FRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

Intragroup transactions, balances and resulting unrealised gains are eliminated on 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, investments in subsidiaries 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

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

##### (ii) Associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is 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 associate and joint venture are accounted for using the equity method.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

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

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

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

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

#### (b) Goodwill

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

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

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in 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 2.2(n). Any impairment losses recognised for goodwill shall not be reversed in a 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 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 recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

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

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

|                     |           |
|---------------------|-----------|
| Freehold building   | 2%        |
| Plant and machinery | 20%       |
| Floating pontoons   | 10%       |
| Motor vehicles      | 20% - 25% |
| Others              | 5% - 50%  |

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

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

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

#### (d) Investment properties

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

Depreciation of the completed investment properties is provided for at 2% to 10% per annum on a straight line basis to write off the building 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (f) Land held for property development and property development costs

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 within 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 2.2(n).

Profit on sale of land held for property development is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group.

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 stated at cost. Cost consists of land and development expenditure. Development expenditure includes borrowing costs relating to the financing of the development.

Profit on sale of property development costs is recognised when the outcome of the contract can be reasonably estimated using the percentage of completion method to the extent of total sales value of units sold. The percentage of completion is based on total cost incurred to date over total estimated cost of the project. Provision is made for all foreseeable losses on property development costs.

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 costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within payables.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (h) Inventories

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (i) Income and indirect 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 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 investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (i) Income and indirect taxes (cont'd.)

##### (ii) Deferred tax (cont'd.)

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 change. 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.

##### (iii) Malaysian Goods and Services Tax ("GST")

On and after 1 April 2015, revenues, 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.

##### (j) Zakat

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (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 earnings 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (l) Foreign currencies

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

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

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

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.

#### (m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

##### (i) Property development

###### (a) Sale of developed land and completed development properties

Such sale is recognised only when it is probable that the economic benefits associated with the transactions will flow to the Group and upon the transfer of significant risk and rewards of ownership.

###### (b) Sale of development properties

Revenue from sale of development properties classified as property development costs is accounted for by the percentage of completion method. The percentage of completion is determined by reference to the costs incurred to date bear to the total estimated costs where the outcome of the projects can be reliably estimated.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (m) Revenue recognition (cont'd.)

##### (ii) Strategic land sale

Contracts for strategic land sale are recognised only when it is probable that the economic benefits associated with the transactions will flow to the Group and upon the transfer of significant risk and rewards of ownership.

##### (iii) Property investment

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

##### (iv) Assets and facilities management

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

##### (v) Project management

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

##### (vi) 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 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 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 assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, available-for-sale investments and loans and receivables.

The subsequent measurement of financial assets depends on their classification as described below:

#### (i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are categorised as financial assets at fair value through profit or loss. Financial assets are held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss.

Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss for the year.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (o) Financial assets (cont'd.)

##### (ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

##### (iii) Available-for-sale investments

Available-for-sale investments are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in OCI, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity.

Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (o) Financial assets (cont'd.)

##### (iii) Available-for-sale investments (cont'd.)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate ("EIR"). Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- 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:
  - (i) the Group has transferred substantially all the risks and rewards of the asset; or
  - (ii) 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 asset is recognised to the extent of the Group's continuing involvement in the asset. 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 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (p) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### (i) Trade and other receivables and other financial assets carried at amortised costs

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (ii) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss, is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in their fair value after impairment loss are recognised directly in OCI.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (p) Impairment of financial assets (cont'd.)

##### (ii) Available-for-sale financial investments (cont'd.)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

##### (iii) Unquoted equity securities at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (q) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities. The Group and the Company classify all its financial liabilities as other financial liabilities.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (q) Financial liabilities (cont'd.)

##### **Derecognition**

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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.

##### **Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

#### (r) 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.

#### (s) Leases

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

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (s) Leases (cont'd.)

##### (i) As lessee (cont'd.)

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.

#### (t) 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 in which they are declared.

#### (u) 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 convertible redeemable 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. On issuance of the convertible redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability in accordance with the accounting policy for other payables.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (v) 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.

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

#### (w) Current versus non-current classification

The Group presents assets and liabilities in statement 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 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 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (x) 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.

#### (y) 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 using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (y) 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 re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

#### (z) 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.

#### (aa) Deferred income

##### Unrealised profit

In 2014, the Group completed the sale of land to an associate. The profit recognised from the disposal of land by the Group to the associate is eliminated to the extent of the Group's interest in the associate in accordance with the basis of consolidation as disclosed in Note 2.2(a)(ii).

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

#### (ab) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Summary of significant accounting policies (cont'd.)

#### (ac) 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 have 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.

#### (ad) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as interest rate swaps to hedge its 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 are 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.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge are taken directly to profit or loss.

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 (except for foreign currency risk);
- 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. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness 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 of cash flows and are assessed on an ongoing basis to determine that they have actually been highly effective throughout the financial reporting years for which they are designated.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Changes in accounting policies

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

On 1 January 2016, the Group and the Company adopted the following amended FRSs mandatory for annual financial periods beginning on or after 1 January 2016:

|  | <b>Effective for the<br/>financial period<br/>beginning on or after</b> |
|--|---|
| Amendments to FRSs 'Annual Improvements to FRSs 2012-2014 Cycle'   | 1 January 2016  |
| Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities:<br>Applying the Consolidation Exception     | 1 January 2016  |
| Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations                         | 1 January 2016  |
| Amendments to FRS 101: Disclosure Initiatives  | 1 January 2016  |
| Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods<br>of Depreciation and Amortisation | 1 January 2016  |
| Amendments to FRS 127: Equity Method in Separate Financial Statements                                      | 1 January 2016  |

The adoption of the above standards does not have any significant impact to the financial statements of the Group and of the Company.

### 2.4 Standards issued but not yet effective

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

|  | <b>Effective for the<br/>financial period<br/>beginning on or after</b> |
|--|---|
| Amendments to FRSs 'Annual Improvements to FRSs 2014-2016 Cycle'   | 1 January 2017  |
| FRS 107: Disclosures Initiatives   | 1 January 2017  |
| FRS 112: Recognition of Deferred Tax for Unrealised Losses   | 1 January 2017  |
| FRS 2: Classification and Measurement of Share-based Payment Transactions  | 1 January 2018  |
| FRS 9: Financial Instruments   | 1 January 2018  |
| Amendments to FRS 10 and FRS 128: Sale or Contribution of<br>Assets between an Investor and its Associate or Joint Venture | To be announced   |

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Standards issued but not yet effective (cont'd.)

The nature of some of the amendments are described below.

#### (a) FRS 107: Disclosures Initiatives

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods.

These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

#### (b) FRS 112: Recognition of Deferred Tax for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact.

#### (c) FRS 2: Classification and Measurement of Share-based Payment Transactions

The amendments to FRS 2 address three main areas:

- (i) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- (ii) The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- (iii) Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Standards issued but not yet effective (cont'd.)

#### (d) FRS 9: Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

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

The amendments clarify that:

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

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted.

### 2.5 Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.5 Malaysian Financial Reporting Standards (MFRS Framework) (cont'd.)

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The consolidated financial statements for the years ended 31 December 2015 and 2016 are expected to be different if prepared under the MFRS Framework.

The major difference between FRS and MFRS Framework is the following:

#### MFRS 15 : Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, ie when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

### 2.6 Critical judgements and accounting estimates

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

#### **Key sources of estimation uncertainty**

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

#### **(i) Tax recoverable for BND legal case**

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.6 Critical judgements and accounting estimates (cont'd.)

#### Key sources of estimation uncertainty (cont'd.)

##### (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 during the ordinary course of business. The Group recognises liabilities for expected tax based on estimates of whether additional taxes will be due.

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

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

##### (iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and at other times when such indication exist. This requires an estimation of the fair value less cost to sell and value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2016 was RM621,409,000 (2015: RM621,409,000). Further details on goodwill are disclosed in Note 18.

##### (iv) Property development costs

The Group recognises property development revenue and expenses in the profit or loss 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 bear to the estimated total costs where the outcome of the projects can be reliably estimated.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.6 Critical judgements and accounting estimates (cont'd.)

#### Key sources of estimation uncertainty (cont'd.)

##### (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 and provision for property development, infrastructure and land related costs relating to portions of land sold.

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

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

##### (vi) Provision for liquidated ascertained damages

Provision for liquidated ascertained damages is recognised for the expected liquidated ascertained damages based on the terms of the applicable sale and purchase agreements and is provided up to the actual or estimated completion date of development projects.

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

##### (vii) 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 State Government.

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

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

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

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

Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional allowances for slow moving inventories may be required.

The carrying amounts of the Group's inventories as at 31 December 2016 is disclosed in Note 22 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 3. REVENUE

|                                  | Group            |                | Company        |                |
|----------------------------------|------------------|----------------|----------------|----------------|
|                                  | 2016<br>RM'000   | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Property development:            |                  |                |                |                |
| – Sale of development properties | <b>1,611,081</b> | 1,617,916      | -              | -              |
| – Sale of developed land         | <b>110,599</b>   | 20,536         | -              | -              |
|                                  | <b>1,721,680</b> | 1,638,452      | -              | -              |
| Strategic land sale #            | <b>6,597</b>     | 3,433          | -              | -              |
| Property investment              | <b>58,157</b>    | 62,842         | -              | -              |
| Assets and facilities management | <b>23,374</b>    | 21,417         | -              | -              |
| Project management               | <b>14,853</b>    | 13,457         | -              | -              |
| Land leasing and other income    | <b>16,818</b>    | 10,265         | -              | -              |
| Dividend income – subsidiaries   | -                | -              | <b>40,000</b>  | 100,000        |
|                                  | <b>1,841,479</b> | 1,749,866      | <b>40,000</b>  | 100,000        |

## 4. COST OF SALES

|                                  | Group            |                |
|----------------------------------|------------------|----------------|
|                                  | 2016<br>RM'000   | 2015<br>RM'000 |
| Property development:            |                  |                |
| – Sale of development properties | <b>1,244,585</b> | 1,187,299      |
| – Sale of developed land         | <b>51,518</b>    | 8,279          |
|                                  | <b>1,296,103</b> | 1,195,578      |
| Strategic land sale #            | <b>3,918</b>     | (1,582)        |
| Property investment              | <b>13,858</b>    | 13,201         |
| Land leasing and other costs     | <b>17,119</b>    | 17,508         |
|                                  | <b>1,330,998</b> | 1,224,705      |

# Included in revenue and cost of sales in previous year were reversals amounting to RM9.3 million and RM6.2 million respectively, due to reduction in land size as per Note 13.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 5. OPERATING PROFIT

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

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Allowance for doubtful debts  |                |                |                |                |
| – receivables (Note 23(vii))  | <b>9,376</b>   | 1,335          | -              | -              |
| Rental expenses of  |                |                |                |                |
| – land and building   | <b>10,969</b>  | 5,880          | -              | -              |
| – equipment   | <b>414</b>     | 412            | -              | -              |
| Auditors' remuneration  |                |                |                |                |
| – statutory audit   | <b>1,042</b>   | 951            | <b>71</b>      | 70             |
| – non-statutory audit   | <b>72</b>      | 97             | <b>72</b>      | 81             |
| Depreciation of property, plant and equipment<br>(Note 11)              | <b>12,723</b>  | 16,366         | -              | -              |
| Depreciation of investment properties (Note 12)                         | <b>13,677</b>  | 13,242         | -              | -              |
| Property, plant and equipment written off<br>(Note 11)                  | <b>176</b>     | 267            | -              | -              |
| Goodwill written-off (Note 18)  | -              | 375            | -              | -              |
| Investment properties written off<br>(Note 12)                          | <b>515</b>     | -              | -              | -              |
| Directors' remuneration (Note (i))                                      | <b>2,868</b>   | 2,520          | <b>2,868</b>   | 2,520          |
| Staff costs (Note (ii))   | <b>116,572</b> | 97,814         | <b>2,538</b>   | 2,116          |
| Dividend distribution receivable from a<br>subsidiary under liquidation | <b>(783)</b>   | (20,000)       | -              | -              |
| Provision for foreseeable losses and liquidated<br>ascertained damages  | <b>42,189</b>  | 12,374         | -              | -              |
| Fair value adjustment on long term receivables<br>(Note 23(v))          | <b>9,177</b>   | -              | -              | -              |
| Write back of allowance for impairment                                  |                |                |                |                |
| – receivable (Note 23(vii))   | <b>(1,062)</b> | (978)          | -              | -              |
| – inventory   | <b>(155)</b>   | (159)          | -              | -              |
| Write down of inventories   | -              | 165            | -              | -              |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 5. OPERATING PROFIT (CONT'D.)

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

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Liquidated ascertained damages receivable from contractors                                       | (9,651)        | (30,815)       | -              | -              |
| (Gain)/loss on foreign exchange  |                |                |                |                |
| - unrealised   | (13,470)       | 2,609          | -              | -              |
| - realised   | 10,965         | 39             | -              | -              |
| Net gain on remeasurement of investment at fair value through profit or loss                     | (415)          | (429)          | -              | (6)            |
| Direct operating expenses arising from investment properties that are generating rental income   | 13,688         | 12,343         | -              | -              |
| Direct operating expenses arising from investment properties that did not generate rental income | 2,652          | 1,975          | -              | -              |
| Dividend income from investment at fair value through profit or loss                             | (610)          | (574)          | (110)          | (574)          |
| Interest income  |                |                |                |                |
| - deposits with licensed banks   | (11,031)       | (16,855)       | (1,075)        | (1,711)        |
| - trade receivables  | (1,883)        | (4,392)        | -              | -              |
| - subsidiaries   | -              | -              | (92,099)       | (69,335)       |
| - joint ventures   | (12,298)       | (16,696)       | (7,154)        | (7,169)        |
| - interest in a joint venture  | (943)          | (2,582)        | (943)          | (2,582)        |
| - others   | (2,902)        | (2,523)        | -              | -              |
| Provision for impairment of investment in  |                |                |                |                |
| - a joint venture  | -              | -              | -              | 45,770         |
| - a subsidiary   | -              | -              | 9,025          | -              |
| Profit sharing received from related company   | -              | (5,135)        | -              | -              |
| Loss/(gain) on disposal of:  |                |                |                |                |
| - property, plant and equipment  | 9              | (191)          | -              | -              |
| - investment properties  | (521)          | -              | -              | -              |
| - associate  | -              | (18)           | -              | -              |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 5. OPERATING PROFIT (CONT'D.)

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

### (i) Directors' remuneration

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Executive:   |                |                |                |                |
| Salary and other emoluments*   | 1,576          | 1,142          | 1,576          | 1,142          |
| Benefits-in-kind   | 108            | 71             | 108            | 71             |
|  | <b>1,684</b>   | 1,213          | <b>1,684</b>   | 1,213          |
| Non-executive:   |                |                |                |                |
| Fees   | 1,168          | 1,281          | 1,168          | 1,281          |
| Other emoluments   | 16             | 26             | 16             | 26             |
|  | <b>1,184</b>   | 1,307          | <b>1,184</b>   | 1,307          |
|  | <b>2,868</b>   | 2,520          | <b>2,868</b>   | 2,520          |
| Analysis of total directors' remuneration<br>excluding benefits-in-kind: |                |                |                |                |
| – executive  | 1,576          | 1,142          | 1,576          | 1,142          |
| – non-executive  | 1,184          | 1,307          | 1,184          | 1,307          |
| Total directors' remuneration excluding<br>benefits-in-kind              | <b>2,760</b>   | 2,449          | <b>2,760</b>   | 2,449          |

The number of directors of the Company whose total remuneration during the financial year falls within the following bands is analysed below:

|                           | Number of directors |      |
|---------------------------|---------------------|------|
|                           | 2016                | 2015 |
| Executive director:       |                     |      |
| RM250,001 – RM300,000*    | 1                   | –    |
| RM1,200,001 – RM1,250,000 | –                   | 1    |
| RM1,400,001 – RM1,450,000 | 1                   | –    |

\* Includes Special Recognition Award paid to a Director for assuming the role of Executive Director from 16 April 2016 to 31 August 2016 during the absence of the Managing Director/Chief Executive Officer.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 5. OPERATING PROFIT (CONT'D.)

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

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

|                          | Number of directors |      |
|--------------------------|---------------------|------|
|                          | 2016                | 2015 |
| Non-executive directors: |                     |      |
| RM50,000 and below       | 1                   | –    |
| RM50,001 to RM100,000    | 2                   | –    |
| RM100,001 to RM150,000   | 3                   | 3    |
| RM150,001 to RM200,000   | 2                   | 4    |
| RM200,001 to RM250,000   | 1                   | 1    |

### (ii) Staff costs

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Wages and salaries                                     | 88,181         | 87,235         | 1,798          | 1,619          |
| Staff bonuses, benefits and welfare                    | 29,351         | 22,606         | 477            | 279            |
| Statutory contribution to EPF and social security cost | 14,571         | 13,484         | 263            | 218            |
| Employee share option scheme                           | (293)          | (11,652)       | –              | –              |
| Training expenses                                      | 2,050          | 971            | –              | –              |
|  | <b>133,860</b> | 112,644        | <b>2,538</b>   | 2,116          |
| Capitalised to:  |                |                |                |                |
| Land held for property development (Note 13)           | (5,077)        | (4,092)        | –              | –              |
| Property development costs (Note 21)                   | (12,211)       | (10,738)       | –              | –              |
|  | <b>116,572</b> | 97,814         | <b>2,538</b>   | 2,116          |

# NOTES TO THE FINANCIAL STATEMENTS

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## 6. FINANCE COSTS

|  | Group           |                | Company        |                |
|--|-----------------|----------------|----------------|----------------|
|  | 2016<br>RM'000  | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Finance costs incurred and accrued during the year on: |                 |                |                |                |
| - term loan  | 8,889           | 11,299         | -              | -              |
| - bank overdraft                                       | 127             | 173            | -              | -              |
| - revolving credit                                     | 5,553           | 5,812          | -              | -              |
| - structured commodity                                 | 115             | 2,265          | 323            | 976            |
| - Islamic Medium Term Notes ("IMTN")                   | 127,950         | 95,270         | 110,169        | 87,709         |
| - loan from immediate holding company                  | 2,457           | 2,417          | -              | -              |
| - accretion of interest on long term payables          | 1,968           | 1,822          | -              | -              |
| - bank charges   | 728             | 323            | -              | -              |
|  | <b>147,787</b>  | 119,381        | <b>110,492</b> | 88,685         |
| Capitalised in:  |                 |                |                |                |
| - land held for property development (Note 13)         | (3,239)         | (2,741)        | -              | -              |
| - property development costs (Note 21)                 | (64,761)        | (40,711)       | -              | -              |
| - property, plant and equipment (Note 11)              | (3,795)         | (2,061)        | -              | -              |
|  | <b>(71,795)</b> | (45,513)       | -              | -              |
|  | <b>75,992</b>   | 73,868         | <b>110,492</b> | 88,685         |

The interest and profit rate for borrowing cost capitalised during the financial year range from 3.80% to 5.70% (2015: 3.99% to 5.70%) per annum.

## 7. ZAKAT

|   | Group          |                |
|---|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 |
| Expensed and paid in the financial year | 4,719          | 8,662          |

# NOTES TO THE FINANCIAL STATEMENTS

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## 8. INCOME TAX EXPENSE

|   | Group           |                | Company        |                |
|---|-----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000  | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Income tax:   |                 |                |                |                |
| Malaysian income tax  | <b>73,572</b>   | 76,807         | -              | -              |
| Foreign tax   | <b>26,363</b>   | 11,983         | -              | -              |
| (Over)/under provision in prior years                         | <b>(1,884)</b>  | 3,773          | <b>8</b>       | -              |
|   | <b>98,051</b>   | 92,563         | <b>8</b>       | -              |
| Deferred tax (Note 20):                                       |                 |                |                |                |
| Relating to origination and reversal of temporary differences | <b>(37,250)</b> | (29,557)       | <b>(53)</b>    | (53)           |
| Relating to reduction in Malaysian income tax rate            | -               | (2,836)        | -              | -              |
| Under/(over) provision of deferred tax in prior years         | <b>3,789</b>    | 17,217         | -              | (116)          |
|   | <b>(33,461)</b> | (15,176)       | <b>(53)</b>    | (169)          |
| Total income tax expense/(credit)                             | <b>64,590</b>   | 77,387         | <b>(45)</b>    | (169)          |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

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

## NOTES TO THE FINANCIAL STATEMENTS

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### 8. INCOME TAX EXPENSE (CONT'D.)

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

|   | Group           |                | Company        |                |
|---|-----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000  | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Profit before tax and zakat   | <b>217,648</b>  | 343,039        | <b>11,482</b>  | 39,709         |
| Taxation at Malaysian statutory tax rate of 24%<br>(2015: 25%)                                  | <b>52,236</b>   | 85,760         | <b>2,756</b>   | 9,927          |
| Effect of different tax rates in other countries  | <b>7,192</b>    | (2,040)        | -              | -              |
| Income not subject to tax   | <b>(5,414)</b>  | (9,810)        | <b>(9,600)</b> | (25,143)       |
| Expenses not deductible for tax purposes  | <b>18,431</b>   | 11,526         | <b>1,550</b>   | 655            |
| Effect on opening deferred tax relating to<br>reduction in Malaysian income tax rate            | -               | (2,836)        | -              | -              |
| Deferred tax assets not recognised during the<br>year   | <b>8,447</b>    | 6,252          | <b>5,241</b>   | 14,508         |
| Utilisation of previously unrecognised tax losses<br>and other deductible temporary differences | <b>(1)</b>      | (826)          | -              | -              |
| Withholding tax payment   | <b>676</b>      | -              | -              | -              |
| Tax effect on share of associates' and joint<br>ventures' results                               | <b>(18,187)</b> | (30,957)       | -              | -              |
| (Over)/under provision of income tax in prior<br>years  | <b>(1,884)</b>  | 3,773          | <b>8</b>       | -              |
| Under/(over) provision of deferred tax in prior<br>years  | <b>3,789</b>    | 17,217         | -              | (116)          |
| Zakat deduction   | <b>(695)</b>    | (672)          | -              | -              |
| Tax expense/(credit) for the year   | <b>64,590</b>   | 77,387         | <b>(45)</b>    | (169)          |



# NOTES TO THE FINANCIAL STATEMENTS

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## 9. DIVIDENDS

|   | Company        |                |
|---|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>In respect of financial year ended 31 December 2015:</b>                             |                |                |
| First and final single tier dividends of the following:                                 |                |                |
| 1.6 sen per share on 4,537,436,037 ordinary shares of RM0.50 each, paid on 21 June 2016 | 72,599         | -              |
| 1.6 sen per share on 792,515,753 RCPS of RM0.01 each, paid on 21 June 2016              | 12,680         | -              |
|   | <b>85,279</b>  | <b>-</b>       |
| <b>In respect of financial year ended 31 December 2014:</b>                             |                |                |
| First and final single tier dividend of the following:                                  |                |                |
| 3.0 sen per share on 4,537,436,037 ordinary shares of RM0.50 each, paid on 22 June 2015 | -              | 136,123        |

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 10. EARNINGS PER SHARE

### (a) Basic

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

|  | Group     |           |
|--|-----------|-----------|
|  | 2016      | 2015      |
| Profit for the year attributable to owners of the parent (RM'000)                            | 147,302   | 257,212   |
| Dividend for RCPS (RM'000) (Note 9)  | (12,680)  | -         |
| Profit for the year attributable to owners of the parent (net of dividend for RCPS) (RM'000) | 134,622   | 257,212   |
| Weighted average number of ordinary shares in issue ('000)                                   | 4,537,436 | 4,537,436 |
| Basic earnings per share (sen)   | 3.0       | 5.7       |

### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the 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 effects of all potential ordinary shares.

|  | Group     |           |
|--|-----------|-----------|
|  | 2016      | 2015      |
| Profit for the year attributable to owners of the parent (RM'000)                            | 147,302   | 257,212   |
| Dividend for RCPS (RM'000) (Note 9)  | (12,680)  | -         |
| Profit for the year attributable to owners of the parent (net of dividend for RCPS) (RM'000) | 134,622   | 257,212   |
| Weighted average number of ordinary shares in issue ('000)                                   | 4,537,436 | 4,537,436 |
| Effects of dilution from RCPS ('000)   | 622,538   | 109,116   |
|  | 5,159,974 | 4,646,552 |
| Diluted earnings per share (sen)   | 2.6       | 5.5       |

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. PROPERTY, PLANT AND EQUIPMENT

### Group

|  | Freehold<br>land<br>RM'000 | Freehold<br>building<br>RM'000 | Capital<br>work in<br>progress<br>RM'000 | Plant and<br>machinery<br>RM'000 | Floating<br>pontoons<br>RM'000 | Motor<br>vehicles<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|--|----------------------------|--------------------------------|--|----------------------------------|--------------------------------|-----------------------------|------------------|-----------------|
| <b>At 31 December 2016</b>                             |                            |                                |  |                                  |                                |                             |                  |                 |
| Net carrying amount at<br>1 January 2016               | 11,693                     | 69,039                         | 90,703                                   | 39,718                           | 2,550                          | 2,291                       | 18,073           | 234,067         |
| Additions  | -                          | 461                            | 75,203                                   | 510                              | -                              | 72                          | 4,002            | 80,248          |
| Disposal   | -                          | -                              | -  | -                                | -                              | (38)                        | -                | (38)            |
| Transfer to property<br>development costs<br>(Note 21) | -                          | -                              | -  | -                                | -                              | -                           | (1,342)          | (1,342)         |
| Write-off (Note 5)                                     | -                          | -                              | -  | (25)                             | -                              | -                           | (151)            | (176)           |
| Depreciation charge<br>(Note 5)                        | -                          | (1,795)                        | -  | (2,917)                          | (146)                          | (1,257)                     | (6,608)          | (12,723)        |
| Net carrying amount at<br>31 December 2016             | 11,693                     | 67,705                         | 165,906                                  | 37,286                           | 2,404                          | 1,068                       | 13,974           | 300,036         |
| <b>At 31 December 2016</b>                             |                            |                                |  |                                  |                                |                             |                  |                 |
| Cost   | 11,693                     | 78,130                         | 165,906                                  | 56,529                           | 6,477                          | 9,706                       | 55,098           | 383,539         |
| Accumulated<br>depreciation                            | -                          | (10,425)                       | -  | (19,243)                         | (4,073)                        | (8,638)                     | (41,124)         | (83,503)        |
| Net carrying amount                                    | 11,693                     | 67,705                         | 165,906                                  | 37,286                           | 2,404                          | 1,068                       | 13,974           | 300,036         |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### Group (cont'd.)

|  | Freehold<br>land<br>RM'000 | Freehold<br>building<br>RM'000 | Capital<br>work in<br>progress<br>RM'000 | Plant and<br>machinery<br>RM'000 | Floating<br>pontoons<br>RM'000 | Motor<br>vehicles<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|--|----------------------------|--------------------------------|--|----------------------------------|--------------------------------|-----------------------------|------------------|-----------------|
| <b>At 31 December 2015</b>                             |                            |                                |  |                                  |                                |                             |                  |                 |
| Net carrying amount at<br>1 January 2015               | 12,155                     | 81,154                         | 61,469                                   | 41,908                           | 3,500                          | 2,387                       | 15,600           | 218,173         |
| Additions  | -                          | 2,888                          | 29,196                                   | 743                              | -                              | 1,226                       | 6,369            | 40,422          |
| Disposal   | -                          | -                              | -  | -                                | -                              | -                           | (2)              | (2)             |
| Foreign currency<br>translation                        | -                          | -                              | -  | -                                | -                              | -                           | 3                | 3               |
| Transfer to property<br>development costs<br>(Note 21) | (7,030)                    | -                              | -  | -                                | -                              | -                           | -                | (7,030)         |
| Acquisition of a<br>subsidiary                         | -                          | -                              | -  | -                                | -                              | 162                         | 38               | 200             |
| Reclassification                                       | 6,568                      | (11,063)                       | 38                                       | 69                               | 14                             | (19)                        | 4,393            | -               |
| Adjustment   | -                          | (1,120)                        | -  | -                                | 54                             | -                           | -                | (1,066)         |
| Write-off (Note 5)                                     | -                          | -                              | -  | (42)                             | -                              | -                           | (225)            | (267)           |
| Depreciation charge<br>(Note 5)                        | -                          | (2,820)                        | -  | (2,960)                          | (1,018)                        | (1,465)                     | (8,103)          | (16,366)        |
| Net carrying amount at<br>31 December 2015             | 11,693                     | 69,039                         | 90,703                                   | 39,718                           | 2,550                          | 2,291                       | 18,073           | 234,067         |
| <b>At 31 December 2015</b>                             |                            |                                |  |                                  |                                |                             |                  |                 |
| Cost   | 11,693                     | 77,669                         | 90,703                                   | 56,209                           | 6,477                          | 9,775                       | 55,314           | 307,840         |
| Accumulated<br>depreciation                            | -                          | (8,630)                        | -  | (16,491)                         | (3,927)                        | (7,484)                     | (37,241)         | (73,773)        |
| Net carrying amount                                    | 11,693                     | 69,039                         | 90,703                                   | 39,718                           | 2,550                          | 2,291                       | 18,073           | 234,067         |

Included in capital work-in-progress of the Group are construction costs of RM115,820,000 (2015: RM63,349,000).

Included in capital work-in-progress is the borrowing cost of RM3,795,000 (2015: RM2,061,000) arising from IMTN for the construction of a freehold building.

# NOTES TO THE FINANCIAL STATEMENTS

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## 12. INVESTMENT PROPERTIES

### Group

|                                     | Investment<br>properties<br>under<br>construction<br>RM'000 | Completed<br>investment<br>properties<br>RM'000 | Total<br>RM'000 |
|-------------------------------------|---|---|-----------------|
| <b>Cost</b>                         |   |   |                 |
| At 1 January 2016                   | 75,742  | 603,636   | 679,378         |
| Additions                           | 15,364  | 5,442   | 20,806          |
| Write-off (Note 5)                  | -   | (562)   | (562)           |
| Disposal                            | -   | (74)  | (74)            |
| At 31 December 2016                 | 91,106  | 608,442   | 699,548         |
| <b>Accumulated depreciation</b>     |   |   |                 |
| At 1 January 2016                   | -   | (38,403)  | (38,403)        |
| Depreciation charge (Note 5)        | -   | (13,677)  | (13,677)        |
| Write-off (Note 5)                  | -   | 47  | 47              |
| Disposal                            | -   | 10  | 10              |
| At 31 December 2016                 | -   | (52,023)  | (52,023)        |
| Net carrying amount                 | 91,106  | 556,419   | 647,525         |
| Fair value of investment properties | #   | 763,200   | 763,200         |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 12. INVESTMENT PROPERTIES (CONT'D.)

### Group (cont'd.)

|                                     | Investment<br>properties<br>under<br>construction<br>RM'000 | Completed<br>investment<br>properties<br>RM'000 | Total<br>RM'000 |
|-------------------------------------|---|---|-----------------|
| <b>Cost</b>                         |   |   |                 |
| At 1 January 2015                   | 68,471  | 526,833   | 595,304         |
| Addition                            | 49,743  | 34,331  | 84,074          |
| Reclassification                    | (42,472)  | 42,472  | –               |
| At 31 December 2015                 | 75,742  | 603,636   | 679,378         |
| <b>Accumulated depreciation</b>     |   |   |                 |
| At 1 January 2015                   | –   | (25,161)  | (25,161)        |
| Depreciation charge (Note 5)        | –   | (13,242)  | (13,242)        |
| At 31 December 2015                 | –   | (38,403)  | (38,403)        |
| Net carrying amount                 | 75,742  | 565,233   | 640,975         |
| Fair value of investment properties | #   | 721,700   | 721,700         |

The fair value of the investment properties substantially has been arrived at via valuation performed by certified external valuer. Investment properties are 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 the investment properties under construction cannot be reliably determined and accordingly, no fair value information is being disclosed.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 13. LAND HELD FOR PROPERTY DEVELOPMENT

|  | Group          |                |
|--|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Freehold land</b>                             |                |                |
| <b>Cost</b>                                      |                |                |
| At 1 January                                     | 3,269,275      | 2,631,999      |
| Addition   | 764,497        | 990,814        |
| Disposal   | (950)          | -              |
| Change in land size #                            | -              | 3,884          |
| Transfer to property development costs (Note 21) | (29,769)       | (363,830)      |
| Foreign currency translation                     | 16,528         | 6,408          |
| At 31 December                                   | 4,019,581      | 3,269,275      |

# In previous financial year, the reduction in land size was due to adjusted land area to account for TNB transmission line reserve as per the final layout plan for land sold in 2014.

The Group originally had 23,875 acres (2015: 23,875 acres) of freehold land zoned for residential, commercial and industrial development known as Iskandar Puteri that is spearheaded by a subsidiary, UEM Land Berhad ("UEM Land"). Iskandar Puteri is located in the southern tip of Johor adjacent to the Malaysia-Singapore Second Crossing and is accessible to major expressways, airports and ports. As a master township developer, its development activities include, inter-alia, reviewing the development master plan to maximise land usage and securing strategic development partners to develop various land parcels for specific catalyst development and residential development and provision of primary infrastructure for the township. Currently, certain subsidiaries are actively pursuing these activities to accelerate the township development.

The Group's available net land bank comprising Iskandar Puteri and others is approximately 10,743 acres (2015: 11,028 acres) of which approximately 1,212 acres (2015: 958 acres) are classified under property development costs which comprises parcels of land where active development activities have commenced as at the end of financial year.

As at the reporting date, freehold land and related development expenditure of RM521,281,000 (2015: RM459,326,000) are pledged as securities for the borrowing facilities granted to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 13. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D.)

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

|                               | Group          |                |
|-------------------------------|----------------|----------------|
|                               | 2016<br>RM'000 | 2015<br>RM'000 |
| Interest capitalised (Note 6) | 3,239          | 2,741          |
| Staff costs (Note 5 (ii))     | 5,077          | 4,092          |

Included in land held for property development of the Group are parcels of land committed through the agreement as follows:

### **Master Agreement between UEM Land Berhad (“UEM Land”), a wholly-owned subsidiary of the Company with Ascendas Land (Malaysia) Sdn. Bhd. (“Ascendas”)**

On 23 October 2012, UEM Land entered into a Master Agreement (“MA”) with Ascendas to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya, Nusajaya, Johor Darul Takzim.

The development is to be undertaken on the lands consisting of the following:

- (i) Phase 1 lands measuring approximately 205 acres and further broken down into two plots identified as Plot A with an estimated area of 120 acres and Plot B with an estimated area of 85 acres; and
- (ii) Phase 2 lands measuring approximately 166 acres; and
- (iii) Phase 3 lands measuring approximately 148 acres.

In financial year 2013, 120 acres of Plot A lands were purchased by Nusajaya Tech Park Sdn. Bhd. (“NTSB”), a joint venture company which is carrying an equity ratio of 40% and 60% respectively between UEM Land and Ascendas.

Pursuant to the MA, UEM Land agrees to grant Ascendas the options to agree to NTSB completing the purchase of Plot B lands and to purchase Phase 2 lands and Phase 3 lands, all are exercisable within the period of nine (9) years commencing from the date of the MA. None of these options were exercised by Ascendas in the current financial year. The options shall automatically lapse if not exercised within the Option Period.



# NOTES TO THE FINANCIAL STATEMENTS

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## 14. INVESTMENT IN SUBSIDIARIES

|  | Company        |                |
|--|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Investment in subsidiaries, unquoted shares</b>           |                |                |
| At 1 January   | 3,176,597      | 3,176,297      |
| Reclassified from interests in joint ventures (Note 16(a))   | -              | 240            |
| Subscription of shares                                       | -              | 60             |
|  | -              | 300            |
| At 31 December   | 3,176,597      | 3,176,597      |
| <b>Investment in RCPS, issued by subsidiaries</b>            |                |                |
| At 1 January   | 1,354,313      | 561,797        |
| Subscription of additional capital in an existing subsidiary | 9,362          | 792,516        |
| At 31 December   | 1,363,675      | 1,354,313      |
| Impairment losses  | (9,025)        | -              |
|  | 4,531,247      | 4,530,910      |

Details of the subsidiaries are disclosed in Note 45.

### Subscription of additional capital in an existing subsidiary

During the year, the Company subscribed additional 9,362,460 RCPS of RM0.10 each at a premium of RM0.90 each in UEM Sunrise (Australia) Sdn. Bhd. via capitalisation of advances for a total consideration of RM9,362,460.

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. INTERESTS IN ASSOCIATES

|  | Group          |                |
|--|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Investments in associates, unquoted shares</b>                                      |                |                |
| At 1 January   | 55,279         | 63,810         |
| Additional investment  | -              | 7,020          |
| Transfer to asset held for sale (Note 26)  | (1,033)        | -              |
| Liquidation of an associate  | -              | (15,551)       |
| At 31 December   | 54,246         | 55,279         |
| <b>Investments in Redeemable Preference Shares ("RPS"),<br/>issued by an associate</b> |                |                |
| At 1 January   | 360,000        | 35,200         |
| Additional investment  | -              | 324,800        |
| At 31 December   | 360,000        | 360,000        |
| <b>Share of post-acquisition reserves</b>  |                |                |
| At 1 January   | 97,931         | 77,631         |
| Share of reserve during the year   | 12,149         | 8,657          |
| Transfer to asset held for sale (Note 26)  | (10,197)       | -              |
| Liquidation of an associate  | -              | 11,643         |
|  | 99,883         | 97,931         |
| Foreign currency translation   | (21,738)       | (25,375)       |
|  | 492,391        | 487,835        |
| <b>Company</b>   |                |                |
|  | 2016           | 2015           |
|  | RM'000         | RM'000         |
| Investments in associate, unquoted shares  | 1,170          | 1,170          |

Details of the associates are disclosed in Note 46.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

- (i) Summarised financial information in respect of Group's material associates are 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<br>Sdn. Bhd. |                | Setia Haruman<br>Sdn. Bhd. |                |
|-------------------------|---------------------------|----------------|----------------------------|----------------|
|                         | 2016<br>RM'000            | 2015<br>RM'000 | 2016<br>RM'000             | 2015<br>RM'000 |
| Non-current assets      | <b>883,590</b>            | 882,899        | <b>1,039,194</b>           | 1,041,394      |
| Current assets          | <b>17,541</b>             | 17,411         | <b>1,923,923</b>           | 1,882,695      |
| Total assets            | <b>901,131</b>            | 900,310        | <b>2,963,117</b>           | 2,924,089      |
| Non-current liabilities | -                         | -              | <b>2,076,658</b>           | 2,128,901      |
| Current liabilities     | <b>6</b>                  | 4              | <b>316,600</b>             | 282,589        |
| Total liabilities       | <b>6</b>                  | 4              | <b>2,393,258</b>           | 2,411,490      |
| Net assets              | <b>901,125</b>            | 900,306        | <b>569,859</b>             | 512,599        |

### Summarised statement of comprehensive income

|                               | Scope Energy<br>Sdn. Bhd. |                | Setia Haruman<br>Sdn. Bhd. |                |
|-------------------------------|---------------------------|----------------|----------------------------|----------------|
|                               | 2016<br>RM'000            | 2015<br>RM'000 | 2016<br>RM'000             | 2015<br>RM'000 |
| Revenue                       | -                         | -              | <b>512,089</b>             | 432,008        |
| Profit before tax             | <b>828</b>                | 38             | <b>83,644</b>              | 56,613         |
| Total comprehensive income    | <b>819</b>                | 38             | <b>57,260</b>              | 40,110         |
| Dividend paid during the year | -                         | -              | -                          | (7,200)        |

# NOTES TO THE FINANCIAL STATEMENTS

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

(i) (cont'd.)

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

|   | Scope Energy<br>Sdn. Bhd. |                | Setia Haruman<br>Sdn. Bhd. |                |
|---|---------------------------|----------------|----------------------------|----------------|
|   | 2016<br>RM'000            | 2015<br>RM'000 | 2016<br>RM'000             | 2015<br>RM'000 |
| Net assets at 1 January                   | 900,306                   | 88,268         | 512,599                    | 479,689        |
| Profit for the year                       | 819                       | 38             | 57,260                     | 40,110         |
| Additional issuance of shares             | -                         | 812,000        | -                          | -              |
| Dividend paid                             | -                         | -              | -                          | (7,200)        |
| Net assets at 31 December                 | 901,125                   | 900,306        | 569,859                    | 512,599        |
| Interest in associate                     | 40%                       | 40%            | 25%                        | 25%            |
|   | 360,450                   | 360,122        | 142,465                    | 128,150        |
| Unrealised profit arising from land sales | (35,650)                  | (35,322)       | -                          | -              |
| Carrying value of Group's interest        | 324,800                   | 324,800        | 142,465                    | 128,150        |

**Aggregate information of associates that are not individually material**

|   | 2016<br>RM'000 | 2015<br>RM'000 |
|---|----------------|----------------|
| The Group's share of (loss)/profit before tax | (67)           | 1,768          |
| The Group's share of (loss)/profit after tax  | (67)           | 1,768          |

# NOTES TO THE FINANCIAL STATEMENTS

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## 16a. INTERESTS IN JOINT VENTURES

|   | Group            |                  |
|---|------------------|------------------|
|   | 2016<br>RM'000   | 2015<br>RM'000   |
| <b>Investments in joint ventures, unquoted shares</b>   |                  |                  |
| At 1 January  | 29,504           | 29,744           |
| Additional investment   | 4,250            | –                |
| Reclassified to interests in subsidiaries (Note 14)   | –                | (240)            |
| At 31 December  | 33,754           | 29,504           |
| <b>Investments in Redemable Convertible Loan Stocks (“RCULS”), RCPS and RPS,<br/>issued by joint ventures</b> |                  |                  |
| At 1 January  | 602,234          | 503,353          |
| Additional investment   | 33,832           | 98,881           |
| At 31 December  | 636,066          | 602,234          |
| Share of post-acquisition reserves  | 242,044          | 344,105          |
| Amounts due from joint ventures (Note i)  | 167,889          | 167,931          |
|   | <b>1,079,753</b> | <b>1,143,774</b> |
|   | Company          |                  |
|   | 2016<br>RM'000   | 2015<br>RM'000   |
| <b>Investments in joint ventures, unquoted shares</b>   |                  |                  |
| At 1 January  | 23,580           | 23,820           |
| Reclassified to interests in subsidiaries (Note 14)   | –                | (240)            |
| At 31 December  | 23,580           | 23,580           |
| <b>Investments in RCULS, RCPS and RPS, issued by joint ventures</b>   |                  |                  |
| At 1 January  | 441,707          | 420,825          |
| Additional investments  | –                | 20,882           |
| At 31 December  | 441,707          | 441,707          |
| Impairment losses   | (45,770)         | (45,770)         |
| At 31 December  | 419,517          | 419,517          |

- (i) Amounts due from joint ventures are unsecured, non-interest bearing and repayable on demand. The Group views the non-trade amounts due from joint ventures as part of the Group's investment in joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS

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

- (ii) 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<br>Sdn. Bhd. |                | Horizon Hills<br>Development Sdn. Bhd. |                | Nusajaya Premier<br>Sdn. Bhd. |                | Total            |                |
|---|----------------------------------|----------------|--|----------------|-------------------------------|----------------|------------------|----------------|
|   | 2016<br>RM'000                   | 2015<br>RM'000 | 2016<br>RM'000                         | 2015<br>RM'000 | 2016<br>RM'000                | 2015<br>RM'000 | 2016<br>RM'000   | 2015<br>RM'000 |
| Non-current assets                            | <b>275,780</b>                   | 285,718        | <b>197,842</b>                         | 187,361        | <b>191,402</b>                | 190,317        | <b>665,024</b>   | 663,396        |
| Cash and cash<br>equivalents                  | <b>22,431</b>                    | 60,446         | <b>363,063</b>                         | 242,278        | <b>298</b>                    | 377            | <b>385,792</b>   | 303,101        |
| Other current assets                          | <b>16,628</b>                    | 8,950          | <b>712,590</b>                         | 863,782        | <b>15,516</b>                 | 16,618         | <b>744,734</b>   | 889,350        |
| Total current assets                          | <b>39,059</b>                    | 69,396         | <b>1,075,653</b>                       | 1,106,060      | <b>15,814</b>                 | 16,995         | <b>1,130,526</b> | 1,192,451      |
| Total assets                                  | <b>314,839</b>                   | 355,114        | <b>1,273,495</b>                       | 1,293,421      | <b>207,216</b>                | 207,312        | <b>1,795,550</b> | 1,855,847      |
| Current liabilities                           | <b>19,874</b>                    | 19,904         | <b>39,785</b>                          | 93,624         | <b>16,634</b>                 | 21,531         | <b>76,293</b>    | 135,059        |
| Trade and other<br>payables and<br>provisions | <b>7,089</b>                     | 10,259         | <b>139,298</b>                         | 132,643        | <b>161</b>                    | 243            | <b>146,548</b>   | 143,145        |
| Total current liabilities                     | <b>26,963</b>                    | 30,163         | <b>179,083</b>                         | 226,267        | <b>16,795</b>                 | 21,774         | <b>222,841</b>   | 278,204        |
| Non-current liabilities                       | -                                | -              | <b>250,000</b>                         | 1              | -                             | -              | <b>250,000</b>   | 1              |
| Trade and other<br>payables and<br>provision  | -                                | -              | <b>12,296</b>                          | 42,788         | -                             | -              | <b>12,296</b>    | 42,788         |
| Total non-current<br>liabilities              | -                                | -              | <b>262,296</b>                         | 42,789         | -                             | -              | <b>262,296</b>   | 42,789         |
| Total liabilities                             | <b>26,963</b>                    | 30,163         | <b>441,379</b>                         | 269,056        | <b>16,795</b>                 | 21,774         | <b>485,137</b>   | 320,993        |
| Net assets                                    | <b>287,876</b>                   | 324,951        | <b>832,116</b>                         | 1,024,365      | <b>190,421</b>                | 185,538        | <b>1,310,413</b> | 1,534,854      |

# NOTES TO THE FINANCIAL STATEMENTS

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

(ii) (cont'd.)

### Summarised statements of comprehensive income

|                                      | Malaysian Bio-XCell<br>Sdn. Bhd. |                | Horizon Hills<br>Development Sdn. Bhd. |                | Nusajaya Premier<br>Sdn. Bhd. |                | Total           |                |
|--------------------------------------|----------------------------------|----------------|--|----------------|-------------------------------|----------------|-----------------|----------------|
|                                      | 2016<br>RM'000                   | 2015<br>RM'000 | 2016<br>RM'000                         | 2015<br>RM'000 | 2016<br>RM'000                | 2015<br>RM'000 | 2016<br>RM'000  | 2015<br>RM'000 |
| Revenue                              | <b>12,137</b>                    | 36,255         | <b>410,529</b>                         | 553,295        | -                             | -              | <b>422,666</b>  | 589,550        |
| Depreciation and<br>amortisation     | <b>(11,039)</b>                  | (12,176)       | <b>(1,406)</b>                         | (1,435)        | -                             | -              | <b>(12,445)</b> | (13,611)       |
| Interest income                      | <b>1,616</b>                     | 2,226          | <b>13,866</b>                          | 12,175         | <b>5,826</b>                  | 967            | <b>21,308</b>   | 15,368         |
| Interest expenses                    | <b>(8,361)</b>                   | (8,342)        | <b>(2,689)</b>                         | (71)           | <b>498</b>                    | (1,180)        | <b>(10,552)</b> | (9,593)        |
| (Loss)/profit before<br>tax          | <b>(37,075)</b>                  | (44,160)       | <b>167,983</b>                         | 293,030        | <b>5,016</b>                  | (241)          | <b>135,924</b>  | 248,629        |
| Income tax expense                   | -                                | -              | <b>(40,232)</b>                        | (71,814)       | <b>(133)</b>                  | (227)          | <b>(40,365)</b> | (72,041)       |
| (Loss)/profit after tax              | <b>(37,075)</b>                  | (44,160)       | <b>127,751</b>                         | 221,216        | <b>4,883</b>                  | (468)          | <b>95,559</b>   | 176,588        |
| Total comprehensive<br>(loss)/income | <b>(37,075)</b>                  | (44,160)       | <b>127,751</b>                         | 221,216        | <b>4,883</b>                  | (468)          | <b>95,559</b>   | 176,588        |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

(ii) (cont'd.)

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

|   | Malaysian Bio-XCell<br>Sdn. Bhd. |                | Horizon Hills<br>Development Sdn. Bhd. |                | Nusajaya Premier<br>Sdn. Bhd. |                | Total            |                |
|---|----------------------------------|----------------|--|----------------|-------------------------------|----------------|------------------|----------------|
|   | 2016<br>RM'000                   | 2015<br>RM'000 | 2016<br>RM'000                         | 2015<br>RM'000 | 2016<br>RM'000                | 2015<br>RM'000 | 2016<br>RM'000   | 2015<br>RM'000 |
| Net assets at 1<br>January                      | <b>324,951</b>                   | 283,199        | <b>1,024,365</b>                       | 803,149        | <b>185,538</b>                | 186,006        | <b>1,534,854</b> | 1,272,354      |
| (Loss)/profit for the<br>year                   | <b>(37,075)</b>                  | (44,160)       | <b>127,751</b>                         | 221,216        | <b>4,883</b>                  | (468)          | <b>95,559</b>    | 176,588        |
| Additional issuance<br>of shares                | -                                | 85,912         | -                                      | -              | -                             | -              | -                | 85,912         |
| Dividend paid                                   | -                                | -              | <b>(320,000)</b>                       | -              | -                             | -              | <b>(320,000)</b> | -              |
| Net assets at 31<br>December                    | <b>287,876</b>                   | 324,951        | <b>832,116</b>                         | 1,024,365      | <b>190,421</b>                | 185,538        | <b>1,310,413</b> | 1,534,854      |
| Interest in joint<br>venture                    | <b>40%</b>                       | 40%            | <b>50%</b>                             | 50%            | <b>80%</b>                    | 80%            |                  |                |
| Share of net assets of<br>the Group             | <b>101,668*</b>                  | 116,498*       | <b>416,058</b>                         | 512,183        | <b>152,337</b>                | 148,430        | <b>670,063</b>   | 777,111        |
| Unrealised profit<br>arising from land<br>sales | <b>(11,066)</b>                  | (11,166)       | <b>(51,311)</b>                        | (53,990)       | -                             | -              | <b>(62,377)</b>  | (65,156)       |
| Carrying value of<br>Group's interest           | <b>90,602</b>                    | 105,332        | <b>364,747</b>                         | 458,193        | <b>152,337</b>                | 148,430        | <b>607,686</b>   | 711,955        |

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

### Aggregate information of joint ventures that are not individually material

|  | 2016<br>RM'000 | 2015<br>RM'000 |
|--|----------------|----------------|
| The Group's share of profit before tax | <b>13,171</b>  | 20,303         |
| The Group's share of profit after tax  | <b>8,252</b>   | 19,449         |



# NOTES TO THE FINANCIAL STATEMENTS

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

During the financial year, there were additional investment in joint venture entities as detailed below:

- (a) UEM Land subscribed for 250,000 ordinary shares of RM1.00 each for a cash consideration of RM250,000 in Gerbang Leisure Park Sdn. Bhd., which is the intended joint venture company under the Joint Venture cum Shareholders' Agreement, resulting in Gerbang Leisure Park Sdn. Bhd. becoming a 50% owned joint venture company of the Group.
- (b) UEM Land subscribed to additional 16,632 RCPS of RM0.10 each at the issue price of RM1,000 per share for a total consideration of RM16,632,000 in FASTrack Iskandar Sdn. Bhd. for the development of Motorsports City in Gerbang Nusajaya.
- (c) UEM Land subscribed to additional 4,000,000 ordinary shares of RM1.00 each and 17,200,000 RPS of RM0.01 each at a premium of RM0.99 each for a total consideration of RM4,000,000 and RM17,200,000 respectively in Nusajaya Tech Park Sdn. Bhd.

The above does not have a material impact to the financial statements of the Group.

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

## 16b. AMOUNT DUE FROM JOINT VENTURES

|                                | Group          |                | Company        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Amount due from joint ventures |                |                |                |                |
| – Non-current (Note i)         | 235,652        | 67,353         | 55,495         | –              |
| – Non-current (Note ii)        | –              | 5,344          | –              | –              |
|                                | 235,652        | 72,697         | 55,495         | –              |
| – Current (Note iii)           | 98,755         | 239,635        | 82,028         | 130,348        |
|                                | 334,407        | 312,332        | 137,523        | 130,348        |

- (i) Amount due from joint ventures are unsecured, no fixed repayment term and bears interest at an average rate of 6.8% (2015: 6.0%) per annum.
- (ii) In previous financial year, amount due from a joint venture which arose from sale of land in prior year was unsecured with renegotiated repayment term during the financial year and bears an interest of 6.0% per annum.
- (iii) Amounts due from these joint ventures are unsecured, non-interest bearing and repayable on demand except for amounts of RM Nil (2015: RM214,307,000) which bear interest at an average rate of Nil (2015: 7.0%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

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## 17. OTHER INVESTMENTS

|                                     | Group          |                |
|-------------------------------------|----------------|----------------|
|                                     | 2016<br>RM'000 | 2015<br>RM'000 |
| Available-for-sale investments      |                |                |
| At cost:                            |                |                |
| Unquoted shares in Malaysia         | 22,525         | 22,525         |
| Less: Accumulated impairment losses | (22,525)       | (22,525)       |
|                                     | -              | -              |

## 18. GOODWILL

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

|                             | Group          |                |
|-----------------------------|----------------|----------------|
|                             | 2016<br>RM'000 | 2015<br>RM'000 |
| At 1 January                | 621,409        | 621,409        |
| Acquisition of a subsidiary | -              | 375            |
| Written-off (Note 5)        | -              | (375)          |
| At 31 December              | 621,409        | 621,409        |

### Assumptions and approach used

The recoverable amounts of the CGU have been determined based on 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% (2015: 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.
- Market value of identifiable assets – Investment properties are valued by certified external valuers as at financial year end.

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 18. GOODWILL (CONT'D.)

### Impact of possible changes in key assumptions

The sensitivity tests indicated that with an increase in the discount rate by 2%, there will be no impairment loss required where other realistic variations are remained the same.

## 19. CASH, BANK BALANCES AND DEPOSITS

|                                   | Group          |                | Company        |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Deposits with licensed banks      | <b>147,946</b> | 30,373         | <b>76,500</b>  | -              |
| Cash and bank balances (Note (i)) | <b>640,596</b> | 975,227        | <b>3,196</b>   | 6,570          |
|                                   | <b>788,542</b> | 1,005,600      | <b>79,696</b>  | 6,570          |
| Bank overdraft (Note 33)          | -              | (5,544)        | -              | -              |
| Cash and cash equivalents         | <b>788,542</b> | 1,000,056      | <b>79,696</b>  | 6,570          |

### (i) Cash and bank balances

Included in cash and bank balances of the Group is an amount of RM316,164,000 (2015: RM217,638,000) held in Housing Development Accounts as required by Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

The average interest rates and maturity of deposits of the Group as at financial year end were 3.22% (2015: 3.29%) and 12 days (2015: 36 days) respectively.

The average interest rates and maturity of deposits of the Company as at financial year end were 3% (2015: nil) and 6 days (2015: nil) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 20. DEFERRED TAXATION

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| At 1 January                             | (16,986)       | 34,032         | (169)          | -              |
| Recognised in income statement (Note 8)  | (33,461)       | (15,176)       | (53)           | (169)          |
| Foreign currency translation             | (856)          | (2,064)        | -              | -              |
| Arising from unrealised profit (Note 36) | -              | (33,778)       | -              | -              |
| At 31 December                           | (51,303)       | (16,986)       | (222)          | (169)          |

Presented as follows:

|                          |           |           |       |       |
|--------------------------|-----------|-----------|-------|-------|
| Deferred tax liabilities | 203,668   | 204,058   | -     | -     |
| Deferred tax assets      | (254,971) | (221,044) | (222) | (169) |
|                          | (51,303)  | (16,986)  | (222) | (169) |

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<br>adjustment<br>of land and<br>building<br>RM'000 | Interest<br>capitalised<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|------------------------------------|---|-----------------------------------|------------------|-----------------|
| At 1 January 2016                  | 161,732   | 108,413                           | 13,176           | 283,321         |
| Recognised in the income statement | (1)   | 2,291                             | (426)            | 1,864           |
| At 31 December 2016                | 161,731   | 110,704                           | 12,750           | 285,185         |
| At 1 January 2015                  | 162,455   | 109,239                           | 13,607           | 285,301         |
| Recognised in the income statement | (723)   | (826)                             | (431)            | (1,980)         |
| At 31 December 2015                | 161,732   | 108,413                           | 13,176           | 283,321         |

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. DEFERRED TAXATION (CONT'D.)

### Deferred tax assets of the Group:

|  | Provisions<br>RM'000 | Tax losses<br>and capital<br>allowances<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|--|----------------------|---|------------------|-----------------|
| At 1 January 2016                        | (180,410)            | (86,119)  | (33,778)         | (300,307)       |
| Recognised in the income statement       | (6,430)              | (27,037)  | (1,858)          | (35,325)        |
| Foreign currency translation             | 12                   | (868)   | -                | (856)           |
| At 31 December 2016                      | (186,828)            | (114,024)   | (35,636)         | (336,488)       |
| At 1 January 2015                        | (185,538)            | (65,731)  | -                | (251,269)       |
| Recognised in the income statement       | 5,185                | (18,381)  | -                | (13,196)        |
| Foreign currency translation             | (57)                 | (2,007)   | -                | (2,064)         |
| Arising from unrealised profit (Note 36) | -                    | -   | (33,778)         | (33,778)        |
| At 31 December 2015                      | (180,410)            | (86,119)  | (33,778)         | (300,307)       |

### Deferred tax liabilities of the Company:

|                                    | Provisions     |                |
|------------------------------------|----------------|----------------|
|                                    | 2016<br>RM'000 | 2015<br>RM'000 |
| At 1 January                       | (169)          | -              |
| Recognised in the income statement | (53)           | (169)          |
| At 31 December                     | (222)          | (169)          |

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

### 20. DEFERRED TAXATION (CONT'D.)

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

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Unused tax losses                          | <b>116,894</b> | 104,966        | <b>79,871</b>  | 58,032         |
| Others                                     | <b>39,131</b>  | 15,869         | -              | -              |
|  | <b>156,025</b> | 120,835        | <b>79,871</b>  | 58,032         |
| Deferred tax benefit at 24%, if recognised | <b>37,446</b>  | 29,000         | <b>19,169</b>  | 13,928         |

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group are subject to no substantial changes in shareholdings of the respective companies under the Income Tax Act, 1967, and guidelines issued by the tax authority.

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

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## 21. PROPERTY DEVELOPMENT COSTS

|  | Group              |                |
|--|--------------------|----------------|
|  | 2016<br>RM'000     | 2015<br>RM'000 |
| At 1 January                                     | 5,728,666          | 5,348,988      |
| Development costs incurred during the year       | 1,704,131          | 1,731,632      |
| Transfer from/(to):                              |                    |                |
| – land held for property development (Note 13)   | 29,769             | 363,830        |
| – property, plant and equipment (Note 11)        | 1,342              | 7,030          |
| – inventory                                      | (205,256)          | (239,015)      |
| – receivables                                    | –                  | (2,865)        |
| Reversal of cost arising from completed projects | (921,008)          | (1,521,324)    |
| Foreign currency translation                     | 13,996             | 40,390         |
|  | <b>622,974</b>     | 379,678        |
| At 31 December                                   | <b>6,351,640</b>   | 5,728,666      |
| Costs recognised in profit or loss               |                    |                |
| At 1 January                                     | (3,447,032)        | (3,770,405)    |
| Recognised during the year                       | (1,168,468)        | (1,168,850)    |
| Reversal of cost arising from completed projects | 921,008            | 1,521,324      |
| Foreign currency translation                     | (21,793)           | (29,101)       |
| At 31 December                                   | <b>(3,716,285)</b> | (3,447,032)    |
| Property development costs as at 31 December     | <b>2,635,355</b>   | 2,281,634      |

Included in costs incurred during the year are:

|                           | Group          |                |
|---------------------------|----------------|----------------|
|                           | 2016<br>RM'000 | 2015<br>RM'000 |
| Interest expense (Note 6) | 64,761         | 40,711         |
| Staff costs (Note 5(ii))  | 12,211         | 10,738         |

As at the reporting date, freehold land and related development expenditure of RM25,569,000 (2015: RM44,009,000) are pledged as securities for the borrowing facilities granted to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

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## 22. INVENTORIES

|                                | Group          |                |
|--------------------------------|----------------|----------------|
|                                | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>At cost</b>                 |                |                |
| Completed properties           | 554,441        | 365,208        |
| Consumables                    | 472            | 584            |
|                                | <b>554,913</b> | 365,792        |
| <b>At net realisable value</b> |                |                |
| Completed properties           | 665            | 6,762          |
| Golf memberships *             | 29,666         | 30,545         |
|                                | <b>585,244</b> | 403,099        |

The cost of inventories recognised as cost of sales during the year amounted to RM42,348,000 (2015: RM196,104,000).

\* Under the terms of the Development Agreement dated 16 June 2005 between Horizon Hills Development Sdn. Bhd. ("HHDSB") and Nusajaya Greens Sdn. Bhd., HHDSB shall settle 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.



# NOTES TO THE FINANCIAL STATEMENTS

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## 23. RECEIVABLES

|   | Note  | Group            |                | Company        |                |
|---|-------|------------------|----------------|----------------|----------------|
|   |       | 2016<br>RM'000   | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Trade receivables   | (i)   | <b>395,069</b>   | 291,004        | -              | -              |
| Accrued billings in respect of property development costs |       | <b>1,002,853</b> | 678,207        | -              | -              |
| Amounts due from related parties                          | (ii)  | <b>872</b>       | 700            | -              | -              |
| Other receivables   | (iii) | <b>372,218</b>   | 316,467        | <b>43,438</b>  | 387,694        |
|   |       | <b>1,771,012</b> | 1,286,378      | <b>43,438</b>  | 387,694        |
| Less: Allowance for impairment                            | (iv)  | <b>(17,494)</b>  | (12,029)       | -              | -              |
|   |       | <b>1,753,518</b> | 1,274,349      | <b>43,438</b>  | 387,694        |
| Analysed into:  |       |                  |                |                |                |
| Non-current   | (v)   | <b>43,491</b>    | 54,849         | -              | -              |
| Current   |       | <b>1,710,027</b> | 1,219,500      | <b>43,438</b>  | 387,694        |
|   |       | <b>1,753,518</b> | 1,274,349      | <b>43,438</b>  | 387,694        |

(i) Included in the current year trade receivables is an amount of RM34,781,000 (2015: RM28,500,000) owing from a joint venture entity arising from sale of land in the prior year which bear an interest of 6% (2015: 6%) per annum.

(ii) Related parties refer to those as specified in Note 38.

(iii) Other receivables

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Dividend receivable                       | -              | -              | <b>40,000</b>  | 385,146        |
| Sundry debtors and prepayments (Note (a)) | <b>155,616</b> | 152,850        | <b>956</b>     | 116            |
| Tax recoverable (Note (a))                | <b>176,721</b> | 124,202        | <b>2,482</b>   | 2,432          |
| Interest receivable                       | -              | 147            | -              | -              |
| Deposits (Note (b))                       | <b>39,881</b>  | 39,268         | -              | -              |
|   | <b>372,218</b> | 316,467        | <b>43,438</b>  | 387,694        |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 23. RECEIVABLES (CONT'D.)

### (iii) Other receivables (cont'd.)

(a) 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 to Inland Revenue Board as further disclosed in Note 39(a).

(b) Included in deposits are:

(i) an amount of RM7.0 million (2015: RM7.0 million) representing a deposit paid by a subsidiary for the acquisition of one parcel of freehold land held under Lot 2581, at Mukim Batu, Kuala Lumpur.

(ii) an amount of RM15.0 million (2015: RM nil) representing a deposit paid by a subsidiary for the joint development of two parcel of freehold lands held under Lot 461 and Lot 493, Section 19, Bandar of Kuala Lumpur, Kuala Lumpur.

The details of the joint land development agreement is disclosed in Note 43(c).

### (iv) Allowance for impairment

|                                 | Group          |                |
|---------------------------------|----------------|----------------|
|                                 | 2016<br>RM'000 | 2015<br>RM'000 |
| Trade receivables               | 2,670          | 4,696          |
| Amount due from related parties | 628            | 581            |
| Sundry debtors                  | 14,196         | 6,752          |
|                                 | <b>17,494</b>  | <b>12,029</b>  |

(v) Long term receivables relate to the amount rechargeable to land purchasers for the sum paid by UEM Land Berhad, as a master developer of Puteri Harbour to the Johor State Government.

Pursuant to the measurement and recognition requirement of FRS 139, the amounts due from the land purchasers are measured at fair value which are computed based on estimated future cash flows discounted at the Group's cost of borrowing as follows:

|                                | Group          |                |
|--------------------------------|----------------|----------------|
|                                | 2016<br>RM'000 | 2015<br>RM'000 |
| At 1 January                   | 54,849         | 59,105         |
| Settlement                     | (4,065)        | (7,046)        |
| Fair value adjustment (Note 5) | (9,177)        | -              |
| Accretion of interest          | 1,884          | 2,790          |
| At 31 December                 | <b>43,491</b>  | <b>54,849</b>  |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 23. RECEIVABLES (CONT'D.)

(vi) The Group's normal trade credit terms range from 30 to 90 days (2015: 30 to 90 days). For strategic land sales and sale of developed land, credit terms are negotiated and approved on a case by case basis.

(vii) Ageing analysis

### Ageing analysis of trade receivables

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

|   | <b>Group</b>   |               |
|---|----------------|---------------|
|   | <b>2016</b>    | <b>2015</b>   |
|   | <b>RM'000</b>  | <b>RM'000</b> |
| Neither past due nor impaired           | <b>245,419</b> | 180,324       |
| 1 to 30 days past due not impaired      | <b>52,258</b>  | 43,474        |
| 31 to 60 days past due not impaired     | <b>28,177</b>  | 14,141        |
| 61 to 90 days past due not impaired     | <b>18,479</b>  | 6,202         |
| More than 90 days past due not impaired | <b>34,861</b>  | 23,647        |
| Past due but not impaired               | <b>133,775</b> | 87,464        |
| Impaired                                | <b>15,875</b>  | 23,216        |
|   | <b>395,069</b> | 291,004       |
| <u>Individually impaired</u>            |                |               |
| Nominal amount                          | <b>15,875</b>  | 23,216        |
| Allowance for impairment                | <b>(2,670)</b> | (4,696)       |
|   | <b>13,205</b>  | 18,520        |

### 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. In previous financial year, an amount of RM28,500,000 owing from a joint venture entity arising from sale of land in prior year has been renegotiated.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 23. RECEIVABLES (CONT'D.)

(vii) Ageing analysis (cont'd.)

### Receivables that are past due but not impaired

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

### Receivables that are impaired

The movement in allowance account for receivables are as follows:

|                                      | Group          |                |
|--------------------------------------|----------------|----------------|
|                                      | 2016<br>RM'000 | 2015<br>RM'000 |
| At 1 January                         | 12,029         | 11,672         |
| Charge for the year (Note 5)         | 9,376          | 1,335          |
| Reversal of impairment loss (Note 5) | (1,062)        | (978)          |
| Write off                            | (2,849)        | -              |
| At 31 December                       | 17,494         | 12,029         |

## 24. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

|                              | Company        |                |
|------------------------------|----------------|----------------|
|                              | 2016<br>RM'000 | 2015<br>RM'000 |
| Amount due from subsidiaries |                |                |
| - Non-current (Note i)       | 2,126,757      | -              |
| - Current (Note ii)          | 856,333        | 1,940,833      |
|                              | 2,983,090      | 1,940,833      |
| Amount due to subsidiaries   | 678            | 1,464          |

(i) Amount due from subsidiaries are unsecured, repayable on demand and bears interest at rates ranging from 3.8% to 5.7% (2015: nil) per annum as at the financial year end.

(ii) Amount due from subsidiaries mainly comprise of advances, interest receivable and payment on behalf which are unsecured, non-interest bearing and repayable on demand except for amounts totalling RM631,451,000 (2015: RM1,744,000,000) which bears interest at rates ranging from 3.8% to 5.7% (2015: 4.25% to 4.9%) per annum as at the financial year end.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 25. SHORT TERM INVESTMENTS

|                                | Group          |                |
|--------------------------------|----------------|----------------|
|                                | 2016<br>RM'000 | 2015<br>RM'000 |
| In Malaysia:                   |                |                |
| Available-for-sale investments |                |                |
| – Quoted shares                | 8              | 7              |

## 26. ASSET HELD FOR SALE

The Group's investment in BIB Insurance Brokers Sdn. Bhd., an associate company, has been reclassified as asset held for sale following an approval to dispose its entire 30% equity interest, comprising 450,000 ordinary shares of RM1.00 each, by the Board on 17 June 2016.

|   | Group          |
|---|----------------|
|   | 2016<br>RM'000 |
| Investment in associate:  |                |
| Unquoted shares at cost - in Malaysia (Note 15)                         | 1,033          |
| Share of post-acquisition reserves (Note 15)                            | 10,197         |
|   | <b>11,230</b>  |
| Reserves relating to asset held for sale recognised directly in equity: |                |
| – Foreign exchange translation reserves                                 | 1,182          |
| – Available-for-sale reserves   | (241)          |
|   | <b>941</b>     |

The disposal was completed on 14 February 2017.

# NOTES TO THE FINANCIAL STATEMENTS

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## 27. SHARE CAPITAL, SHARE PREMIUM AND MERGER RELIEF RESERVE

### (i) Share capital

#### Authorised:

|                          | Group/Company                               |              |                  |                |
|--------------------------|---|--------------|------------------|----------------|
|                          | Number of ordinary<br>shares of RM0.50 each |              | Amount           |                |
|                          | 2016<br>'000                                | 2015<br>'000 | 2016<br>RM'000   | 2015<br>RM'000 |
| <b>Ordinary shares</b>   |   |              |                  |                |
| At 1 January/31 December | <b>7,004,000</b>                            | 7,004,000    | <b>3,502,000</b> | 3,502,000      |

|                          | Group/Company                                 |              |                |                |
|--------------------------|---|--------------|----------------|----------------|
|                          | Number of preference<br>shares of RM0.01 each |              | Amount         |                |
|                          | 2016<br>'000                                  | 2015<br>'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>RCPS</b>              |   |              |                |                |
| At 1 January/31 December | <b>1,500,000</b>                              | 1,500,000    | <b>15,000</b>  | 15,000         |

#### Issued and fully paid:

|                          | Group/Company                               |              |                  |                |
|--------------------------|---|--------------|------------------|----------------|
|                          | Number of ordinary<br>shares of RM0.50 each |              | Amount           |                |
|                          | 2016<br>'000                                | 2015<br>'000 | 2016<br>RM'000   | 2015<br>RM'000 |
| <b>Ordinary shares</b>   |   |              |                  |                |
| At 1 January/31 December | <b>4,537,436</b>                            | 4,537,436    | <b>2,268,718</b> | 2,268,718      |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### (i) Share capital (cont'd.)

#### Issued and fully paid: (cont'd.)

|  | Group/Company                                 |              |                  |                  |
|--|---|--------------|------------------|------------------|
|  | Number of preference<br>shares of RM0.01 each |              | Amount           |                  |
|  | 2016<br>'000                                  | 2015<br>'000 | 2016<br>RM'000   | 2015<br>RM'000   |
| <b>RCPS</b>  |   |              |                  |                  |
| At 1 January                                       | 792,516                                       | –            | 7,925            | –                |
| Issued during the year                             | –   | 792,516      | –                | 7,925            |
| At 31 December                                     | 792,516                                       | 792,516      | 7,925            | 7,925            |
| <b>Total share capital (issued and fully paid)</b> |   |              | <b>2,276,643</b> | <b>2,276,643</b> |

### (ii) Share premium

|                          | Group/Company                |              |                |                |
|--------------------------|------------------------------|--------------|----------------|----------------|
|                          | Number of<br>ordinary shares |              | Amount         |                |
|                          | 2016<br>'000                 | 2015<br>'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Ordinary shares</b>   |                              |              |                |                |
| At 1 January/31 December | 2,109,258                    | 2,109,258    | 2,044,955      | 2,044,955      |

|                            | Group/Company                                 |              |                  |                  |
|----------------------------|---|--------------|------------------|------------------|
|                            | Number of preference<br>shares of RM0.99 each |              | Amount           |                  |
|                            | 2016<br>'000                                  | 2015<br>'000 | 2016<br>RM'000   | 2015<br>RM'000   |
| <b>RCPS</b>                |   |              |                  |                  |
| At 1 January               | 792,516                                       | –            | 784,591          | –                |
| Issued during the year     | –   | 792,516      | –                | 784,591          |
| At 31 December             | 792,516                                       | 792,516      | 784,591          | 784,591          |
| <b>Total share premium</b> |   |              | <b>2,829,546</b> | <b>2,829,546</b> |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### (iii) Merger relief reserves

In accordance with Section 60(4) of the Companies Act, 1965, 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, was not required to be recorded as share premium, but instead is recognised together with the effects of the merger as merger relief reserves.

## 28. OTHER RESERVES AND RETAINED PROFITS

### (a) Other reserves

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| (i) Exchange fluctuation reserves       |                |                |                |                |
| At 1 January                            | 28,369         | (18,099)       | -              | -              |
| Foreign currency translation            | 42,428         | 46,468         | -              | -              |
| At 31 December                          | 70,797         | 28,369         | -              | -              |
| (ii) Merger reserve                     |                |                |                |                |
| At 1 January/31 December                | 32,112         | 32,112         | -              | -              |
| (iii) Fair value adjustments reserve    |                |                |                |                |
| At 1 January                            | (448)          | (274)          | -              | -              |
| Gain/(loss) on fair value changes       | 1              | (174)          | -              | -              |
| At 31 December                          | (447)          | (448)          | -              | -              |
| (iv) Share based payment reserve        |                |                |                |                |
| At 1 January                            | 51,319         | 70,304         | 51,319         | 70,304         |
| Remeasurement                           | (293)          | (11,655)       | (293)          | (11,655)       |
| Expiry of vested employee share options | (5,332)        | (7,330)        | (5,332)        | (7,330)        |
| At 31 December                          | 45,694         | 51,319         | 45,694         | 51,319         |



# NOTES TO THE FINANCIAL STATEMENTS

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

(a) Other reserves (cont'd.)

|                                | Group          |                | Company        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| (v) Capital redemption reserve |                |                |                |                |
| At 1 January/31 December       | <b>4,087</b>   | 4,087          | <b>4,087</b>   | 4,087          |
| (vi) Cash flow hedge reserve   |                |                |                |                |
| At 1 January                   | -              | -              | -              | -              |
| Loss on cash flow hedge        | <b>(223)</b>   | -              | -              | -              |
| At 31 December                 | <b>(223)</b>   | -              | -              | -              |
| Total                          | <b>152,020</b> | 115,439        | <b>49,781</b>  | 55,406         |

Cash flow hedge reserve represents the effective portion of the gain or loss on hedging instruments in the Group's cash flow hedges.

### Capital redemption reserve

The capital redemption reserve arose from the redemption of the RCPS of the Company in the previous years in accordance with Section 61(5) of the Companies Act, 1965.

(b) Retained profits

The Company may distribute dividends out of its entire retained profits as at 31 December 2016 under the single tier system.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 29. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS”)

As part 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 Company had on 30 October 2015 issued 792,515,753 RCPS of RM0.01 per RCPS at an issue price of RM1.00 per RCPS.

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).

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

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

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

- (h) Any dividends to be declared to the holders of the RCPS must be decided at the sole discretion of the Issuer whether to annually declare, any non-cumulative dividend and the quantum of such dividend to the Subscriber, provided always that:
- (i) Such dividend shall not be more than 4.75 sen per RCPS; and
  - (ii) If dividends are declared to its ordinary shareholders, then dividends in respect of the RCPS shall be paid to the Subscriber in preference.
- (i) The RCPS shall rank pari passu among themselves in respect of the right to receive dividends out of distributable profit. The Conversion Share to be issued upon conversion of the RCPS shall upon allotment and issue rank equal in all respects with the then existing shares of the Company.

## 30. EMPLOYEE SHARE OPTION RESERVE

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

## 31. EMPLOYEE BENEFITS

### Employee share option scheme (“ESOS”)

At an Extraordinary General Meeting held on 7 March 2012, the shareholders of the Company approved the implementation of an ESOS which will offer eligible employees and executive director(s) of the Company and its subsidiaries, options to subscribe for new ordinary shares of RM0.50 each 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 31. EMPLOYEE BENEFITS (CONT'D.)

### Employee share option scheme (“ESOS”) (cont'd.)

- (iii) If the Company undertakes a share buy-back exercise or any other corporate proposal resulting in the total number of ESOS shares made available under the ESOS to exceed 15% of the Company’s issued and paid-up ordinary share capital (excluding treasury shares), no further options shall be offered until the total number of ESOS shares to be made available under the ESOS falls below 15% of the Company’s issued and paid-up ordinary share capital (excluding treasury shares). Any option granted prior to the adjustments of the Company’s issued and paid-up ordinary share capital (excluding treasury shares) shall remain valid and exercisable (if applicable) in accordance with the provisions of the by-laws.
- (iv) Even if the maximum number of ESOS shares stipulated is allocated to Eligible Employees, the actual number of ESOS shares to be issued will be lesser in view of the Company’s adoption of Performance Vesting Criteria, whereby only Eligible Employees who are consistently “Excellent” performers for the whole duration of the ESOS would be entitled to the full vesting of their ESOS share allocation.
- (v) The total number of ESOS shares which may be allocated to any one Eligible Employee under the ESOS shall be at the absolute discretion of the Company’s Board/ESOS Committee, after taking into consideration, amongst others, the seniority (denoted by employee grade) of the Eligible Employees and such other criteria as the Board/ESOS Committee may deem relevant. Notwithstanding the foregoing, not more than 10% of ESOS shares made available under the ESOS shall be allocated to any Eligible Employee who, either individually or collectively through persons connected with the said Eligible Employee, holds 20% or more of the Company’s issued and paid-up share capital (excluding treasury shares).
- (vi) Not more than 30% of the ESOS shares shall be made available to the Company’s Executive Director(s) and senior management.
- (vii) Any employee (including Executive Director(s)) of the Group (other than the subsidiaries which are dormant) who fulfils the following as at the Offer Date shall be eligible to participate in the ESOS:
  - a) has attained the age of 18 years;
  - b) has entered into a full-time or fixed-term contract with, and is on the payroll of the Group (other than the subsidiaries which are dormant) and whose service has been confirmed (where applicable);
  - 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 31. EMPLOYEE BENEFITS (CONT'D.)

### Employee share option scheme (“ESOS”) (cont'd.)

#### 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:

|                            | 2016        |            | 2015        |            |
|----------------------------|-------------|------------|-------------|------------|
|                            | No.<br>'000 | WAEP<br>RM | No.<br>'000 | WAEP<br>RM |
| Outstanding at 1 January   | 145,849     | 2.81       | 145,889     | 2.77       |
| – Granted                  | 7,344       | 3.03       | 25,981      | 2.93       |
| – Lapsed                   | (25,385)    | 2.79       | (26,021)    | 2.72       |
| Outstanding at 31 December | 127,808     | 2.83       | 145,849     | 2.81       |
| Exercisable at 31 December | 91,057      | 2.76       | 64,856      | 2.65       |

The weighted average fair value of options granted during the financial year was RM0.02 (2015: RM0.07).

The exercise price for exercisable options outstanding at the end of the year ranged from RM2.23 to RM3.03. The weighted average of the remaining contractual life for these options is 3 years.

#### Fair value of share options granted

The fair value of the share options granted under ESOS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing models for the year ended 31 December 2016:

|                                   | Group          |                |
|-----------------------------------|----------------|----------------|
|                                   | 2016           | 2015           |
| Dividend yield (%)                | 1.77% to 2.0%  | 2.0%           |
| Expected volatility (%)           | 34.8% to 36%   | 33.0%          |
| Risk-free interest rate (%p.a)    | 2.79% to 3.21% | 3.39% to 3.56% |
| Expected life of option (years)   | 1.1 to 1.6     | 2.1 to 2.6     |
| Weighted average share price (RM) | 1.11           | 1.29           |

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. NON-CONTROLLING INTERESTS

On 13 June 2016, Sunrise Berhad (“SB”), a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement (“SSA”) with Melavest Sdn. Bhd. for the acquisition of 76,000 ordinary shares of RM1.00 each in Ibarat Duta Sdn. Bhd. (“IDSB”), representing the remaining 38% of the total issued and paid-up share capital of IDSB for a cash consideration of RM80,478,808.

The acquisition was completed on 10 August 2016 and IDSB became a wholly-owned subsidiary of SB.

The financial impact arising from this acquisition is as follows:

|  | <b>Group</b>  |
|--|---------------|
|  | <b>RM’000</b> |
| Cash consideration paid to non-controlling shareholder | 80,479        |
| Carrying value of 38% equity interest in IDSB          | 221           |
| Accretion loss recognised in retained profits          | 80,700        |

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

(i) Summarised statement of financial position

|                              | <b>Aura Muhibah Sdn. Bhd.</b> |               |
|------------------------------|-------------------------------|---------------|
|                              | <b>2016</b>                   | <b>2015</b>   |
|                              | <b>RM’000</b>                 | <b>RM’000</b> |
| Non-current assets           | <b>899,069</b>                | 871,200       |
| Current assets               | <b>4,547</b>                  | 29,060        |
| Total assets                 | <b>903,616</b>                | 900,260       |
| Current liabilities          | <b>351</b>                    | 98            |
| Total liabilities            | <b>351</b>                    | 98            |
| Net assets                   | <b>903,265</b>                | 900,162       |
| Net assets attributable to : |                               |               |
| Owner of the parent          | <b>541,959</b>                | 540,097       |
| Non-controlling interest     | <b>361,306</b>                | 360,065       |
|                              | <b>903,265</b>                | 900,162       |

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. NON-CONTROLLING INTERESTS (CONT'D.)

(ii) Summarised statement of comprehensive income

|  | Aura Muhibah Sdn. Bhd. |        |
|--|------------------------|--------|
|  | 2016                   | 2015   |
|  | RM'000                 | RM'000 |
| Profit/(loss) for the year                             | 3,103                  | (1)    |
| Profit/(loss) attributable to owners of the Company    | 1,862                  | (1)    |
| Profit/(loss) attributable to non-controlling interest | 1,241                  | -      |
| Total comprehensive income/(loss)                      | 3,103                  | (1)    |

(iii) Summarised statement of cash flows:

|  | Aura Muhibah Sdn. Bhd. |           |
|--|------------------------|-----------|
|  | 2016                   | 2015      |
|  | RM'000                 | RM'000    |
| Net cash used in operating activities                  | (25,784)               | (784,080) |
| Net cash generated from financing activities           | 681                    | 812,000   |
| Net change in cash and cash equivalents                | (25,103)               | 27,920    |
| Cash and cash equivalents at the beginning of the year | 29,059                 | 1,139     |
| Cash and cash equivalents at the end of the year       | 3,956                  | 29,059    |

## 33. BORROWINGS

|                             | Note | Group            |           | Company          |           |
|-----------------------------|------|------------------|-----------|------------------|-----------|
|                             |      | 2016             | 2015      | 2016             | 2015      |
|                             |      | RM'000           | RM'000    | RM'000           | RM'000    |
| <b>Long term borrowings</b> |      |                  |           |                  |           |
| <b>Secured</b>              |      |                  |           |                  |           |
| Term loans                  | (a)  | 156,248          | 114,103   | -                | -         |
| Revolving credit            | (a)  | -                | 3,000     | -                | -         |
| <b>Unsecured</b>            |      |                  |           |                  |           |
| IMTN                        | (b)  | 1,907,789        | 2,003,611 | 1,907,789        | 2,003,611 |
| Commodity Murabahah Finance | (c)  | 340,187          | 106,880   | -                | -         |
|                             |      | <b>2,404,224</b> | 2,227,594 | <b>1,907,789</b> | 2,003,611 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 33. BORROWINGS (CONT'D.)

|                                     | Note | Group            |                | Company          |                |
|-------------------------------------|------|------------------|----------------|------------------|----------------|
|                                     |      | 2016<br>RM'000   | 2015<br>RM'000 | 2016<br>RM'000   | 2015<br>RM'000 |
| <b>Short term borrowings</b>        |      |                  |                |                  |                |
| <b>Secured</b>                      |      |                  |                |                  |                |
| Loan from immediate holding company | (d)  | 75,223           | 74,911         | -                | -              |
| Revolving credit                    | (a)  | 11,000           | 7,000          | -                | -              |
| Term loans                          | (a)  | 61,000           | 22,995         | -                | -              |
| <b>Unsecured</b>                    |      |                  |                |                  |                |
| Revolving credit                    | (a)  | 361,814          | 111,550        | 248,814          | -              |
| IMTN                                | (b)  | 700,373          | 200,000        | 700,373          | -              |
| Bank overdraft (Note 19)            | (e)  | -                | 5,544          | -                | -              |
| Structured commodity                | (f)  | 101,039          | 100,976        | 101,039          | 100,976        |
|                                     |      | <b>1,310,449</b> | 522,976        | <b>1,050,226</b> | 100,976        |
| <b>Total borrowings</b>             |      | <b>3,714,673</b> | 2,750,570      | <b>2,958,015</b> | 2,104,587      |

Analysed as follows:

|   |                  |           |                  |           |
|---|------------------|-----------|------------------|-----------|
| - Government related financial institutions | -                | 200,000   | -                | -         |
| - Other financial institutions              | <b>3,714,673</b> | 2,550,570 | <b>2,958,015</b> | 2,104,587 |
|   | <b>3,714,673</b> | 2,750,570 | <b>2,958,015</b> | 2,104,587 |

### Maturities of borrowings:

|  |                  |           |                  |           |
|--|------------------|-----------|------------------|-----------|
| Not later than one year                      | <b>1,310,449</b> | 522,976   | <b>1,050,226</b> | 100,976   |
| Later than 1 year and not later than 5 years | <b>1,754,224</b> | 1,877,594 | <b>1,257,789</b> | 1,653,611 |
| More than 5 years                            | <b>650,000</b>   | 350,000   | <b>650,000</b>   | 350,000   |
|  | <b>3,714,673</b> | 2,750,570 | <b>2,958,015</b> | 2,104,587 |



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 33. BORROWINGS (CONT'D.)

- (a) The term loans, revolving credits and bank overdraft facilities obtained from various banks, taken by certain subsidiaries, which bear interest rate of 4.36% to 5.30% (2015: 4.36% to 7.80%) per annum, are secured by certain land held for property development and property development cost as disclosed in Notes 13 and 21.

During the financial year, the Company obtained two Short Term Revolving Credit-i Facilities (“STRC-i”), each with a limit of RM100 million and RM200 million respectively, which bear an average interest of 4.84% per annum.

- (b) (i) Sunrise Berhad, a wholly-owned subsidiary of the Company issued a RM150 million Islamic Medium Term Note Programme (“IMTN Programme”) on 1 September 2005. The IMTN Programme size was subsequently increased to RM400 million on 18 December 2007. It has a tenure of 10 years from the date of the first issuance, 25 July 2006.

The outstanding balance in previous year which consist of fifth and sixth tranche of RM100 million each had been fully settled during the financial year.

- (ii) In year 2012, the Company established its Islamic Commercial Paper Programme (“ICP Programme”) and IMTN Programme with a combined nominal value of RM2.0 billion and a sub-limit on the ICP Programme of RM500.0 million in nominal value. Malaysia Rating Corporation Berhad (“MARC”) has assigned a rating of MARC-1is/AA-is for the ICP and IMTN Programme respectively.

The details of the ICP/IMTN issuance are as follows:

| Issuance date    | Amount RM'million | Tenures (Years) | Profit Rate |
|------------------|-------------------|-----------------|-------------|
| 21 December 2012 | 600               | 5               | 4.25%       |
| 13 December 2013 | 700               | 5               | 4.60%       |
| 30 June 2014     | 200               | 5               | 4.72%       |
| 30 June 2014     | 200               | 7               | 4.90%       |
| 10 April 2015    | 150               | 5               | 4.58%       |
| 10 April 2015    | 150               | 7               | 4.80%       |
|                  | 2,000             |                 |             |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 33. BORROWINGS (CONT'D.)

(b) (cont'd.)

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

The details of the ICP/IMTN issuance are as follows:

| Issuance date | Amount<br>RM'million | Tenures<br>(Years) | Profit<br>Rate |
|---------------|----------------------|--------------------|----------------|
| 20 May 2016   | 500                  | 7 years            | 5.00%          |
| 9 August 2016 | 100                  | 6 months           | 3.80%          |
|               | 600                  |                    |                |

- (c) On 14 September 2015, UEM Sunrise (Australia) Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Commodity Murabahah Financing-i Facility (“Facility”) of up to AUD150 million to part finance the equity portion of the development of Aurora Melbourne Central Project.

During the financial year, an additional AUD70 million of the Facility was utilised which bears profit rate at 4.36% (2015: 4.36%) per annum.

- (d) The loan from immediate holding company bears interest at 4.70% (2015: 4.60%) per annum and is secured by land titles of approximately 114 acres (2015: 114 acres) of freehold land which are deposited with the immediate holding company.
- (e) The bank overdraft taken by Sunrise Berhad, a wholly-owned subsidiary of the Company, bears an average interest at 7.73% (2015: 7.59%) per annum. It was fully settled during the year.
- (f) The Structured Commodity Financing-i (“SCF-i”) Facility of RM50 million was obtained by the Company in year 2013. In previous financial year, the Company entered into an additional SCF-i Facility of RM50 million. Both the facilities were utilised for projects and working capital purposes which bear an average profit at 5.08% (2015: 5.39%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 34. PROVISIONS

|                    | Provision for<br>customer<br>rebates and<br>free<br>maintenance<br>RM'000<br>(Note a) | Provision for<br>construction<br>costs<br>RM'000<br>(Note b) | Provision for<br>foreseeable<br>losses<br>RM'000<br>(Note c) | Provision for<br>liquidated<br>ascertained<br>damages<br>RM'000<br>(Note d) | Total<br>RM'000 |
|--------------------|---|--|--|---|-----------------|
| <b>2016</b>        |   |  |  |   |                 |
| <b>Non-Current</b> |   |  |  |   |                 |
| At 1 January       | -   | 411,436  | -  | -   | 411,436         |
| Addition           | -   | -  | 549,675  | -   | 549,675         |
| Utilised           | -   | (1,438)  | -  | -   | (1,438)         |
| Reclassification   | -   | (29,451)   | -  | -   | (29,451)        |
| At 31 December     | -   | 380,547  | 549,675  | -   | 930,222         |
| <b>Current</b>     |   |  |  |   |                 |
| At 1 January       | 31,940  | 276,041  | 133,973  | 14,552  | 456,506         |
| Addition           | 14,822  | 43,758   | 24,856   | 42,189  | 125,625         |
| Utilised           | (10,742)  | (102,594)  | (37,974)   | (6,925)   | (158,235)       |
| Reversal           | (1,993)   | (7,436)  | (4,176)  | -   | (13,605)        |
| Reclassification   | -   | 29,451   | -  | -   | 29,451          |
| At 31 December     | 34,027  | 239,220  | 116,679  | 49,816  | 439,742         |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 34. PROVISIONS (CONT'D.)

|                    | Provision for<br>customer<br>rebates and<br>free<br>maintenance<br>RM'000<br>(Note a) | Provision for<br>construction<br>costs<br>RM'000<br>(Note b) | Provision for<br>foreseeable<br>losses<br>RM'000<br>(Note c) | Provision for<br>liquidated<br>ascertained<br>damages<br>RM'000<br>(Note d) | Total<br>RM'000 |
|--------------------|---|--|--|---|-----------------|
| <b>2015</b>        |   |  |  |   |                 |
| <b>Non-Current</b> |   |  |  |   |                 |
| At 1 January       | –   | 436,432  | –  | –   | 436,432         |
| Reclassification   | –   | (24,996)   | –  | –   | (24,996)        |
| At 31 December     | –   | 411,436  | –  | –   | 411,436         |
| <b>Current</b>     |   |  |  |   |                 |
| At 1 January       | 71,333  | 251,347  | 24,147   | 26,244  | 373,071         |
| Addition           | 19,968  | 173,714  | 122,573  | 16,125  | 332,380         |
| Utilised           | (50,921)  | (144,621)  | (11,402)   | (24,066)  | (231,010)       |
| Reversal           | (8,440)   | (29,395)   | (1,345)  | (3,751)   | (42,931)        |
| Reclassification   | –   | 24,996   | –  | –   | 24,996          |
| At 31 December     | 31,940  | 276,041  | 133,973  | 14,552  | 456,506         |

### (a) Provision for customer rebates and free maintenance

Provision for customer rebates refer to cash given to customers for purchases of properties developed by the Group.

Provision for free maintenance comprises maintenance costs for the benefit of property purchasers.

### (b) Provision for construction costs

This relates to estimated final claims by contractors which have not been finalised and provision for property development, infrastructure and land related cost relating to portions of land sold.

### (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 State Government.

### (d) Provision for liquidated ascertained damages

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 35. PAYABLES

|                                    | Note  | Group          |                | Company        |                |
|------------------------------------|-------|----------------|----------------|----------------|----------------|
|                                    |       | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Trade payables and accruals        | (i)   | <b>741,276</b> | 559,883        | -              | -              |
| Amounts due to related parties     |       | <b>685</b>     | 1,850          | -              | -              |
| Amount due to minority shareholder | (ii)  | -              | 30,952         | -              | -              |
| Other payables and accruals        | (iii) | <b>138,783</b> | 179,520        | <b>1,067</b>   | 980            |
|                                    |       | <b>880,744</b> | 772,205        | <b>1,067</b>   | 980            |

Analysed into:

|             |                |         |              |     |
|-------------|----------------|---------|--------------|-----|
| Non-current | <b>95,923</b>  | 66,143  | -            | -   |
| Current     | <b>784,821</b> | 706,062 | <b>1,067</b> | 980 |
|             | <b>880,744</b> | 772,205 | <b>1,067</b> | 980 |

The normal trade credit terms granted to the Group range from 30 to 60 days (2015: 30 to 60 days).

- (i) Included in trade payables and accruals is an amount of RM151.8 million (2015: RM134.6 million) representing accrued project development cost.
- (ii) In the previous financial year, amount due to minority shareholder arose from advances given by minority shareholders of a subsidiary company for the acquisition of a piece of land. Based on a joint venture agreement, the subsidiary and the minority shareholder will jointly develop that piece of land. The amount is unsecured, non-interest bearing, repayable on demand and was fully settled in the current financial year.
- (iii) Other payables and accruals

|                   | Group          |                | Company        |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Sundry creditors  | <b>51,370</b>  | 69,874         | <b>111</b>     | 203            |
| Deposits received | <b>22,436</b>  | 27,469         | -              | -              |
| Accruals          | <b>56,558</b>  | 65,424         | <b>956</b>     | 777            |
| Employee benefits | <b>8,419</b>   | 16,753         | -              | -              |
|                   | <b>138,783</b> | 179,520        | <b>1,067</b>   | 980            |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 36. DEFERRED INCOME

### Unrealised profit

In the previous financial year, the Group completed the sale of land to an associate. The land sale profit recognised from the disposal of land by the subsidiaries to the associate is eliminated to the extent of the Group's interest in the associate in accordance with the basis of consolidation as disclosed in Note 2.2(a)(ii).

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

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

To ensure a sound system of internal controls, the Board has established a risk management framework for the Group.

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

- The overall Risk Management policy of the Group
- The key objectives of Risk Management
- The Risk Management Guiding Principles
- The Group's Risk Appetite and how different magnitudes of risk exposures are to be managed and monitored
- The risks which are unacceptable to the Group and to be avoided; and
- The roles of the Board, the Management, the Risk Management Committee ("RMC"), the Risk Owners and Risk Management Secretariat

In implementing this framework, a RMC comprising of the senior management from various functional responsibilities was set up to assist the Board of Directors in carrying out its responsibilities. The Group Managing Director/Chief Executive Officer is the Chairman of RMC. The RMC will deliberate on significant risks faced by the Group and reports the results of these to Audit Committee which assist the Board of Directors in deliberating on the identified risks and ensuring the implementation of appropriate systems and controls to manage these risks.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

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

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default 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 counter party nor does it have any major concentration of credit risk related to any financial instrument except as disclosed in Note 23.

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

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

|  | Group          |                | Company          |                |
|--|----------------|----------------|------------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000   | 2015<br>RM'000 |
| <u>Available-for-sale</u>                      |                |                |                  |                |
| Investment in subsidiaries:                    |                |                |                  |                |
| – Unquoted RCPS (Note 14)                      | –              | –              | <b>1,363,675</b> | 1,354,313      |
| Interests in an associate:                     |                |                |                  |                |
| – Unquoted RPS (Note 15)                       | <b>360,000</b> | 360,000        | –                | –              |
| Interests in joint ventures:                   |                |                |                  |                |
| – Unquoted RCULS, RCPS and RPS<br>(Note 16(a)) | <b>636,066</b> | 602,234        | <b>441,707</b>   | 441,707        |
|  | <b>996,066</b> | 962,234        | <b>1,805,382</b> | 1,796,020      |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 37. 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 of the Company at the reporting date: (cont'd.)

|  | Group            |                | Company          |                |
|--|------------------|----------------|------------------|----------------|
|  | 2016<br>RM'000   | 2015<br>RM'000 | 2016<br>RM'000   | 2015<br>RM'000 |
| <u>Loans and receivables</u>                     |                  |                |                  |                |
| Receivables                                      |                  |                |                  |                |
| – Non-current (Note 23)                          | <b>43,491</b>    | 54,849         | –                | –              |
| – Current*                                       | <b>515,303</b>   | 410,477        | <b>40,956</b>    | 385,262        |
| Amount due from subsidiaries                     |                  |                |                  |                |
| – Non-current (Note 24)                          | –                | –              | <b>2,126,757</b> | –              |
| – Current (Note 24)                              | –                | –              | <b>856,333</b>   | 1,940,833      |
| Interest in joint ventures                       |                  |                |                  |                |
| – Amount due from<br>joint ventures (Note 16(a)) | <b>167,889</b>   | 167,931        | –                | –              |
| Amount due from joint ventures                   |                  |                |                  |                |
| – Non-current (Note 16(b))                       | <b>235,652</b>   | 72,697         | <b>55,495</b>    | –              |
| – Current (Note 16(b))                           | <b>98,755</b>    | 239,635        | <b>82,028</b>    | 130,348        |
| Cash, bank balances and deposits<br>(Note 19)    |                  |                |                  |                |
|  | <b>788,542</b>   | 1,005,600      | <b>79,696</b>    | 6,570          |
|  | <b>1,849,632</b> | 1,951,189      | <b>3,241,265</b> | 2,463,013      |

\* Trade and other receivables exclude prepayments, tax recoverables and accrued billings in respect of property development costs.



# NOTES TO THE FINANCIAL STATEMENTS

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

### (b) Foreign currency risk

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

The Group maintains 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. 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 the Group's currency exposures, i.e. those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the income statement. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating currency of the operating units involved.

|                              | Functional currency of Group |                |
|------------------------------|------------------------------|----------------|
|                              | 2016<br>RM'000               | 2015<br>RM'000 |
| Canadian Dollar ("CAD")      | 37                           | 14,201         |
| Singapore Dollar ("SGD")     | 917                          | 5,683          |
| South Africa Rand ("ZAR")    | 27,742                       | 23,491         |
| Australian Dollar ("AUD")    | 340,187                      | 106,880        |
| United States Dollar ("USD") | 17,841                       | 17,116         |
|                              | <b>386,724</b>               | <b>167,371</b> |

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

|                            | Group          |                |
|----------------------------|----------------|----------------|
|                            | 2016<br>RM'000 | 2015<br>RM'000 |
| CAD / RM (strengthened 5%) | 1              | 533            |
| SGD / RM (strengthened 5%) | 35             | 213            |
| ZAR / RM (strengthened 5%) | 1,054          | 881            |
| AUD / RM (strengthened 5%) | 12,927         | 4,008          |
| USD / RM (strengthened 5%) | 678            | 642            |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### (c) Liquidity and cash flow risk

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

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

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

|                          | Group            |                  | Company          |                  |
|--------------------------|------------------|------------------|------------------|------------------|
|                          | 2016<br>RM'000   | 2015<br>RM'000   | 2016<br>RM'000   | 2015<br>RM'000   |
| Trade and other payables | 880,744          | 772,205          | 1,067            | 980              |
| Borrowings               | 3,714,673        | 2,750,570        | 2,958,015        | 2,104,587        |
|                          | <b>4,595,417</b> | <b>3,522,775</b> | <b>2,959,082</b> | <b>2,105,567</b> |

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

|                          | 2016                       |                           |                                |                  |
|--------------------------|----------------------------|---------------------------|--------------------------------|------------------|
|                          | Within<br>1 year<br>RM'000 | 2 to<br>5 years<br>RM'000 | 5 years<br>and above<br>RM'000 | Total<br>RM'000  |
| <b>Group</b>             |                            |                           |                                |                  |
| Trade and other payables | 784,821                    | 95,923                    | -                              | 880,744          |
| Loans and borrowings     | 1,481,514                  | 2,048,630                 | 686,542                        | 4,216,686        |
|                          | <b>2,266,335</b>           | <b>2,144,553</b>          | <b>686,542</b>                 | <b>5,097,430</b> |
| <b>Company</b>           |                            |                           |                                |                  |
| Trade and other payables | 1,067                      | -                         | -                              | 1,067            |
| Loans and borrowings     | 1,164,546                  | 1,473,409                 | 686,542                        | 3,324,497        |
|                          | <b>1,165,613</b>           | <b>1,473,409</b>          | <b>686,542</b>                 | <b>3,325,564</b> |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 37. 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 are disclosed as follows: (cont'd.)

|                          | 2015                       |                           |                                |                 |
|--------------------------|----------------------------|---------------------------|--------------------------------|-----------------|
|                          | Within<br>1 year<br>RM'000 | 2 to<br>5 years<br>RM'000 | 5 years<br>and above<br>RM'000 | Total<br>RM'000 |
| <b>Group</b>             |                            |                           |                                |                 |
| Trade and other payables | 706,062                    | 66,143                    | –                              | 772,205         |
| Loans and borrowings     | 602,782                    | 2,113,728                 | 356,793                        | 3,073,303       |
|                          | 1,308,844                  | 2,179,871                 | 356,793                        | 3,845,508       |
| <b>Company</b>           |                            |                           |                                |                 |
| Trade and other payables | 980                        | –                         | –                              | 980             |
| Loans and borrowings     | 192,686                    | 1,858,834                 | 356,793                        | 2,408,313       |
|                          | 193,666                    | 1,858,834                 | 356,793                        | 2,409,293       |

### Hedging activities

The Group had entered into an interest rate swap to hedge the cash flow risk in relation to the floating interest rate of a borrowing denominated in AUD as disclosed in Note 33(c). The interest rate swap has the same nominal value of RM340,187,295 and is settled every quarterly, consistent with the interest repayment schedule of the borrowings.

Details of derivative financial instruments outstanding as at 31 December 2016 is as follows:

|   | Contractual<br>amount<br>RM'000 | Fair<br>Value<br>RM'000 |
|---|---------------------------------|-------------------------|
| <b>At 31 December 2016</b>                            |                                 |                         |
| Interest rate swaps designated as hedging instruments | 340,187                         | (223)                   |

During the financial year, fair value loss of RM223,000 was recognised in OCI.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### (d) Interest rate risk

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

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

|                              | Group     |           |
|------------------------------|-----------|-----------|
|                              | 2016<br>% | 2015<br>% |
| <b>Financial assets</b>      |           |           |
| Floating rate                | 3.22      | 3.29      |
| <b>Financial liabilities</b> |           |           |
| Fixed rate                   | 4.54      | 4.33      |
| Floating rate                | 4.96      | 4.76      |

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

|                                     | Group     |           |
|-------------------------------------|-----------|-----------|
|                                     | 2016<br>% | 2015<br>% |
| <b>Financial liabilities</b>        |           |           |
| Loan from immediate holding company | 4.70%     | 4.60%     |
| Commodity Murabahah Finance         | 4.36%     | 4.36%     |
| Term loan                           | 5.00%     | 4.82%     |
| Revolving credit                    | 4.94%     | 4.91%     |
| Bank overdraft                      | 7.73%     | 7.59%     |
| IMTN                                | 4.64%     | 4.52%     |
| Structured commodity                | 5.08%     | 5.39%     |

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 RM224,000 (2015: RM454,000) as a result of lower/higher interest expense on borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### (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 are small compared to its total assets.

## 38. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

|   | Group          |                |
|---|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 |
| Interest payable to UEM                   | (2,457)        | (2,417)        |
| Training fees paid/payable to:            |                |                |
| – UEM                                     | (368)          | –              |
| – UEM Group Management Sdn. Bhd.          | –              | (1,462)        |
| Management fees payable to:               |                |                |
| – UEM                                     | (146)          | –              |
| – UEM Group Management Sdn. Bhd.          | –              | (194)          |
| Management fees payable to an associate:  |                |                |
| – UEM Sunrise Edgenta TMS Sdn. Bhd.       | (2,300)        | –              |
| Sale of land and building to UEM          | –              | 130,000        |
| Rental paid/ payable to:                  |                |                |
| – UEM                                     | (5,512)        | –              |
| – First Impact Sdn. Bhd.                  | (506)          | (1,054)        |
| Reversal of sale of land to an associate: |                |                |
| – Scope Energy Sdn. Bhd.                  | –              | (9,298)        |
| Sale of land to joint ventures:           |                |                |
| – Horizon Hills Development Sdn. Bhd.     | 6,597          | 7,454          |
| – Nusajaya Consolidated Sdn. Bhd.         | 236            | 835            |
| – Haute Property Sdn. Bhd.                | 2,038          | 2,468          |
| – Malaysian Bio-XCell Sdn. Bhd.           | 319            | 17,233         |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

- (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: (cont'd.)

|  | Group          |                |
|--|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 |
| Interest income from joint ventures:                                   |                |                |
| – Haute Property Sdn. Bhd.   | 3,224          | 4,816          |
| – Nusajaya Consolidated Sdn. Bhd.                                      | 491            | 1,026          |
| – Nusajaya Premier Sdn. Bhd.   | –              | 35             |
| – Nusajaya Lifestyle Sdn. Bhd.   | 1,021          | 384            |
| – Desaru North Course Residences Sdn. Bhd.                             | 2,889          | 2,882          |
| – Desaru South Course Land Sdn. Bhd.                                   | 85             | 84             |
| – Desaru South Course Residences Sdn. Bhd.                             | 4,180          | 7,469          |
| – Sime Darby Sunrise Development Sdn. Bhd.                             | 408            | –              |
| Interest income from investment in a joint venture:                    |                |                |
| – Malaysian Bio-XCell Sdn. Bhd.  | 943            | 2,582          |
| Management fee received and receivable from joint ventures:            |                |                |
| – Nusajaya Consolidated Sdn. Bhd.                                      | –              | 164            |
| – Nusajaya Tech Park Sdn. Bhd.   | 517            | 243            |
| – Cahaya Jauhar Sdn. Bhd.  | 420            | 420            |
| Management fees received and receivable from a subsidiary of Khazanah: |                |                |
| – Themed Attractions and Resorts Sdn. Bhd.                             | –              | 531            |
| Profit sharing received from:  |                |                |
| – Faber Union Sdn. Bhd.  | –              | 5,135          |
| Professional services rendered by a firm related to a director:        |                |                |
| – KPK Quantity Surveyor (Semenanjung) Sdn. Bhd.                        | (195)          | (774)          |
| – COX Architecture Pty. Ltd.   | –              | (427)          |
| – Nawawi Tie Leung Property Consultants Sdn. Bhd.                      | 369            | –              |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

- (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: (cont'd.)

|   | <b>Group</b>          |                       |
|---|-----------------------|-----------------------|
|   | <b>2016</b><br>RM'000 | <b>2015</b><br>RM'000 |
| Sale of property to directors of subsidiaries                   | -                     | 19,220                |
| Sale of property to key management personnel of holding company | -                     | 23,412                |
| Sale of property to directors of the Company                    | <b>77</b>             | 27,191                |
| Sale of property to directors of related companies              | -                     | 10,306                |
| Government related financial institution:                       |                       |                       |
| – Interest income   | -                     | 5,297                 |
| – Repayment of borrowings                                       | <b>(200,000)</b>      | -                     |

|  | <b>Company</b>        |                       |
|--|-----------------------|-----------------------|
|  | <b>2016</b><br>RM'000 | <b>2015</b><br>RM'000 |
| Interest income from subsidiaries                  | <b>92,099</b>         | 69,335                |
| Interest income from joint ventures                | <b>7,154</b>          | 7,169                 |
| Interest income from investment in a joint venture | <b>943</b>            | 2,582                 |
| Dividend from subsidiaries during the year         | <b>40,000</b>         | 100,000               |

Related parties of the Group include:

- subsidiaries, associates and joint ventures of the Company and their subsidiaries;
- Khazanah Nasional Berhad, the ultimate holding company, its subsidiaries, associates and joint ventures;
- 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 2016

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

(b) Compensation of key management personnel

The remuneration of members of key management during the year are as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Salaries and other emoluments   | 5,689          | 5,669          | 1,267          | 1,020          |
| Employee share option scheme  | (24)           | (1,261)        | -              | -              |
| Bonus   | 924            | 740            | 161            | -              |
| Defined contribution plan   | 929            | 923            | 148            | 122            |
| Benefits-in-kind  | 585            | 689            | 108            | 71             |
| Ex-gratia   | 56             | 340            | -              | -              |
| Other benefits  | 67             | 50             | -              | -              |
|   | <b>8,226</b>   | 7,150          | <b>1,684</b>   | 1,213          |
| Included in compensation of key management personnel are directors' remuneration (Note 5) | <b>1,684</b>   | 1,213          | <b>1,684</b>   | 1,213          |

## 39. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2016<br>RM'000 | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| <b>Unsecured</b>  |      |                |                |                |                |
| Corporate guarantee given to bank for credit facilities granted to a subsidiary |      | -              | -              | 344,119        | 106,880        |
| Income tax assessment   | (a)  | -              | 73,837         | -              | -              |
| Litigation, claims and legal suits  | (b)  | 47,386         | -              | -              | -              |
|   |      | <b>47,386</b>  | 73,837         | <b>344,119</b> | 106,880        |



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 39. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE (CONT'D.)

### (a) Income tax assessment

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

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

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

On 26 January 2015, the FC heard the oral submission of both parties in respect to the IRB’s application for leave and unanimously decided to allow IRB’s application. Subsequently, FC called for case management on 30 April 2015 and the Court Registrar instructed IRB to enclose the grounds of judgment, together with the CoA’s sealed order as part of IRB’s record of appeal. Case management was fixed before the Deputy Registrar of FC on 14 July 2015, 28 September 2015 and 10 December 2015.

The case management was concluded on 1 March 2016. Upon conclusion of case management, the FC fixed 26 July 2016 for filing of written submission and 9 August 2016 for hearing on the merit of the case with respect to the interpretation of Section 22(2)(a) of the Income Tax Act, 1967.

On 18 October 2016, the FC reversed the decisions of the CoA and the KLHC and ordered that BND should have appealed by way of filing a notice of appeal to the Special Commissioners of Income Tax. No reasons were provided by the FC in arriving at this conclusion. The FC’s decision has resulted in the Form JA issued by the IRB dated 22 September 2011 totalling RM73.8 million to become due and payable within 30 days of which has been paid in full on 5 December 2016.

On 25 October 2016 and 26 October 2016, BND filed in a notice of appeal (Form Q) and the notice was rejected by IRB on 25 October 2016 and 26 October 2016 respectively. On 10 November 2016, BND filed a notice for extension of time to make an appeal to the Special Commissioners of Income Tax (Form N) for which was rejected by the IRB on 8 February 2017, as well a judicial review application against the rejection of the Form Q on 17 January 2017. The judicial review application case management was heard on 7 February 2017 and 24 April 2017 has been set as the hearing date.

The Company’s solicitors are of the view that BND has a good case to commence judicial review proceedings via KLHC to contend that the IRB’s rejection of the Form Q and Form N is without any legal basis. In addition to the judicial review, the Company’s solicitors filed a written representation directly to the Special Commissioners of Income Tax (“SCIT”) requesting for approval to file the Form Q. The SCIT granted their approval via their Deciding Order dated 3 March 2017 for the Company to file the Form Q. Provided that the IRB does not lodge an appeal by 10 April 2017, upon receipt of the court date from the SCIT, the Company’s solicitors can then proceed to present the merits of the case to the SCIT. In respect of the merit of the case, the Company’s solicitors are of the view that BND has a strong case to argue that IRB has no legal or factual basis to issue the notice of additional assessment nor is there legal or factual basis for IRB to impose the penalty.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 39. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE (CONT'D.)

(b) Potential claim by Magnum Projects Ltd

On 4 November 2016, the Company received notification that UEM Sunrise (Canada) Development Ltd (“USCDL”) and UEM Sunrise (Canada) Alderbridge Ltd (“USCAL”) (collectively referred as “Defendants”), both of which are indirect wholly-owned subsidiaries of the Company, had been served with the Notice of Civil Claim (“NOCC”) dated 26 October 2016 filed at the Vancouver Registry of the Supreme Court of British Columbia, Canada by Magnum Projects Ltd (“Magnum”). USCDL and USCAL have appointed solicitors to respond to the NOCC dated 26 October 2016.

The NOCC alleges breach of an Agency Agreement (“AA”) dated 27 March 2015 whereby Magnum had been appointed as the sole and exclusive agent for the purpose of selling market residential, non-market residential and strata office strata lots that were to be developed on certain lands and premises located in Canada at:

- (i) 7960 Alderbridge Way, Richmond, British Columbia,
- (ii) 5333 No. 3 Road, Richmond, British Columbia, and
- (iii) 5411/5491 No. 3 Road, Richmond, British Columbia.

The principal relief sought in the NOCC is a declaration that the Defendants are jointly and severally liable to Magnum for damages on the basis of anticipatory breach, a declaration that the Defendants jointly and severally breached one or more of the terms of the AA and are liable to Magnum for damages as a result, and damages in the amount of at least CAD15,139,284.33 (equivalent to RM47,386,000 based on an exchange rate of RM3.13 to CAD1.00) (“Claim”).

As at the date of this report, the Company is negotiating with Magnum for the withdrawal of the case.

## 40. CAPITAL COMMITMENTS

|  | Group          |                |
|--|----------------|----------------|
|  | 2016<br>RM'000 | 2015<br>RM'000 |
| In respect of purchase of property, plant and machinery, and investment properties |                |                |
| Approved and contracted for  | 4,655          | 83,721         |
| Approved but not contracted for  | 469,300        | 454,407        |
|  | <b>473,955</b> | 538,128        |

# NOTES TO THE FINANCIAL STATEMENTS

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## 41. FAIR VALUES

The following are the fair value of financial instruments by classes:

|                                  | Carrying<br>amount<br>RM'000 | Fair<br>values<br>RM'000 |
|----------------------------------|------------------------------|--------------------------|
| <b>Group</b>                     |                              |                          |
| <b>2016</b>                      |                              |                          |
| Borrowings (non-current portion) | 2,404,224                    | 2,400,545                |
| <b>2015</b>                      |                              |                          |
| Borrowings (non-current portion) | 2,227,594                    | 2,223,827                |
| <b>Company</b>                   |                              |                          |
| <b>2016</b>                      |                              |                          |
| Borrowings (non-current portion) | 1,907,789                    | 1,904,111                |
| <b>2015</b>                      |                              |                          |
| Borrowings (non-current portion) | 2,003,611                    | 1,999,495                |

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 2016

## 41. FAIR VALUES (CONT'D.)

The following table presents the Group's other financial assets and financial liabilities that are measured at fair value:

|   | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| <b>At 31 December 2016:</b>                           |                   |                   |                   |                 |
| <b>Assets</b>   |                   |                   |                   |                 |
| <b>Short term investments:</b>                        |                   |                   |                   |                 |
| Financial asset available for sale                    | 8                 | -                 | -                 | 8               |
| <b>Liabilities</b>                                    |                   |                   |                   |                 |
| <b>Derivative liability</b>                           |                   |                   |                   |                 |
| Interest rate swaps designated as hedging instruments | -                 | 223               | -                 | 223             |

### At 31 December 2015:

#### Assets

##### Short term investments:

|                                    |   |   |   |   |
|------------------------------------|---|---|---|---|
| Financial asset available for sale | 7 | - | - | 7 |
|------------------------------------|---|---|---|---|

#### 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:

|             | Note |
|-------------|------|
| Receivables | 23   |
| Payables    | 35   |

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair values due to their short term nature.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 41. FAIR VALUES (CONT'D.)

### Determination of fair values (cont'd.)

The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximations of fair values: (cont'd.)

(a) Borrowings (current)

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(b) Unquoted debt securities and corporate bonds

Fair value is estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses, market rates of interest, prepayment rates and assumptions regarding market liquidity.

(c) Long term receivables/payables

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

### **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<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| <b>As at 31 December 2016:</b>                    |                   |                   |                   |                 |
| <b>Assets for which fair value are disclosed:</b> |                   |                   |                   |                 |
| Investment properties (Note 12)                   | -                 | -                 | 763,200           | 763,200         |
| <b>As at 31 December 2015:</b>                    |                   |                   |                   |                 |
| <b>Assets for which fair value are disclosed:</b> |                   |                   |                   |                 |
| Investment properties (Note 12)                   | -                 | -                 | 721,700           | 721,700         |

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 41. FAIR VALUES (CONT'D.)

### Non financial instruments (cont'd.)

Description of valuation techniques used and key inputs:

| Properties             | Valuation technique      |
|------------------------|--------------------------|
| Offices and food court | Income approach          |
| Car parks              | Income approach          |
| Retail                 | Income approach          |
| Ferry terminal         | Comparison/cost approach |

As at 31 December 2016, accredited independent valuers had been engaged to perform a valuation of the Group's properties. Depending on the types of properties, the independent valuers applied various valuation techniques.

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/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands in surrounding with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics. 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 obsolescence and existing physical condition of the building.

## 42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

There are no externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

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## 43. SIGNIFICANT AND SUBSEQUENT EVENTS

### (a) A Joint Venture cum Shareholders' Agreement with Leisure Farm Corporation Sdn. Bhd.

On 16 February 2016, a wholly-owned subsidiary of the Company, UEM Land entered into a Joint Venture cum Shareholders' Agreement with Leisure Farm Corporation Sdn. Bhd. ("LFC"), a wholly-owned subsidiary of Mulpha International Berhad ("MIB") and JV Axis Sdn. Bhd. ("JVASB"), the intended joint venture company for the proposed collaboration between UEM Land and LFC ("JVA").

Both UEM Land and LFC wish to work together as strategic joint development partners to jointly develop thirty-eight (38) parcels of freehold lands (located in Gerbang Nusajaya and near the Leisure Farm Resort) within Mukim Pulai, District of Johor Bahru, Johor. Part of the land parcels are owned by Nusajaya Seaview Sdn. Bhd. ("NSSB") and Nusajaya Rise Sdn. Bhd. ("NRSB"), both are indirect wholly-owned subsidiaries of the Company measuring 98.24 acres and 41.89 acres respectively or collectively as UEMS Lands whilst the balance of thirty-six (36) land parcels owned by LFC with a total of 91.22 acres ("LFC Lands"). (Both UEMS Lands and LFC Lands are collectively referred as "JV Lands").

On the same day, NSSB and NRSB have entered into a Master Agreement with both JVASB and LFC ("Master Agreement") to record the agreed framework and parameters for the disposal of the JV Lands by NSSB, NRSB and LFC to JVASB.

The Master Agreement is conditional upon certain conditions precedent and to be fulfilled by the respective landowners within twenty-four (24) months from the date of the Master Agreement.

On 15 June 2016, JVASB changed its name to Gerbang Leisure Park Sdn. Bhd.

As at the date of this report, the conditions precedent of the Master Agreement are still pending fulfillment by the respective landowners.

### (b) A Joint Venture Agreement with SUTL Marina Holdings Pte. Ltd.

On 22 February 2016, UEM Land entered into a Joint Venture Agreement ("JVA") with SUTL Marina Holdings Pte. Ltd. ("SUTL") to establish a joint venture company with a 40% : 60% (UEM Land : SUTL) equity share to co-operate in incorporating, financing and operating a joint venture company in Malaysia for the purpose of carrying out the following businesses:

- (i) developing (1) the portion of the Public Marina which has yet to be developed (2) the Private Marina and (3) the Mega Yacht Marina and operating the Public Marina, the Private Marina and the Mega Yacht Marina;
- (ii) developing and operating the Private Yacht Club via the Private Yacht Club Corporation; and
- (iii) operating the sports centre in Puteri Harbour.

The JVA is conditional upon certain conditions precedent and to be fulfilled within 12 months from the date of the JVA or such other extended period as may be mutually agreed by the parties.

As at the date of this report, the conditions precedent of the JVA are still outstanding.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 43. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

### (c) A Joint Land Development Agreement with Telekom Malaysia Berhad

On 27 May 2016, Sunrise Quality Sdn. Bhd. ("SQSB"), an indirect wholly-owned subsidiary of the Company, entered into a Joint Land Development Agreement ("JLDA") with Telekom Malaysia Berhad ("TM") for the development of Lot 461 and Lot 493, Section 19, Bandar Kuala Lumpur, District of Kuala Lumpur measuring approximately 1.69 acres ("Said Lands") into a high rise mixed development project ("Project").

TM is the registered and beneficial owner of the Said Lands. Pursuant to the JLDA, TM agrees to grant SQSB the sole and exclusive rights to develop the Said Lands into a Project. In return, SQSB agrees to pay TM a guaranteed land cost ("GLC") of RM150 million and TM is also entitled to 5% of the agreed gross development value of the Project.

The JLDA is subject to certain conditions precedent. A deposit of RM15.0 million equivalent to 10% of the total GLC was paid by SQSB on 28 May 2016 whilst the remaining 90% of the total GLC will be payable in accordance to the payment schedule set out in the JLDA.

As at the date of this report, the conditions precedent of the JLDA are still pending fulfillment by the respective parties to the agreement.

## 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
- (ii) Property investment – development of investment properties, holds to earn rental income and/or capital appreciation
- (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 are on arm's length basis in a manner similar to transactions with third parties.



# NOTES TO THE FINANCIAL STATEMENTS

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## 44. SEGMENT INFORMATION (CONT'D.)

### (b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in five geographical areas:

- (i) Malaysia – the operations in this area are principally development and sales of residential and commercial properties, development of investment properties, holds to earn rental income and/or capital appreciation, assets and facilities management, project management, harvesting, land leasing, other income, and other dormant companies
- (ii) Canada – the operations in this area are principally development and sales of residential and commercial properties
- (iii) Australia – the operations in this area are principally development and sales of residential and commercial properties
- (iv) Singapore – the operation in this area is principally project management
- (v) South Africa – the operation in this area is principally development and sales of residential and commercial properties

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 44. SEGMENT INFORMATION (CONT'D.)

### Business segment information

|   | Property<br>development<br>RM'000 | Property<br>investment<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|---|-----------------------------------|----------------------------------|------------------|------------------------|------------------------|
| <b>As at 31 December 2016</b>             |                                   |                                  |                  |                        |                        |
| <b>Revenue</b>                            |                                   |                                  |                  |                        |                        |
| External revenue                          | 1,728,277                         | 58,157                           | 55,045           | -                      | 1,841,479              |
| Inter-segment revenue                     | -                                 | 1,085                            | 12,643           | (13,728)               | -                      |
| Total revenue                             | 1,728,277                         | 59,242                           | 67,688           | (13,728)               | 1,841,479              |
| <b>Results</b>                            |                                   |                                  |                  |                        |                        |
| Segment results                           | 200,237                           | 7,753                            | 29,067           | (19,197)               | 217,860                |
| Finance costs                             | (62,509)                          | (13,667)                         | (19,013)         | 19,197                 | (75,992)               |
| Share of results of associates            | 15,190                            | -                                | (614)            | -                      | 14,576                 |
| Share of results of joint ventures        | 77,916                            | (1,882)                          | (14,830)         | -                      | 61,204                 |
| Profit/(loss) before zakat and income tax | 230,834                           | (7,796)                          | (5,390)          | -                      | 217,648                |
| Zakat                                     | (4,719)                           | -                                | -                | -                      | (4,719)                |
| Tax expense                               | (63,713)                          | (120)                            | (757)            | -                      | (64,590)               |
| Profit/(loss) for the year                | 162,402                           | (7,916)                          | (6,147)          | -                      | 148,339                |
| <b>Attributable to:</b>                   |                                   |                                  |                  |                        |                        |
| Owners of the parent                      | 162,402                           | (7,916)                          | (7,184)          | -                      | 147,302                |
| Non-controlling interest                  | -                                 | -                                | 1,037            | -                      | 1,037                  |
| Profit/(loss) for the year                | 162,402                           | (7,916)                          | (6,147)          | -                      | 148,339                |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 44. SEGMENT INFORMATION (CONT'D.)

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

|                                 | Property<br>development<br>RM'000 | Property<br>investment<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|---------------------------------|-----------------------------------|----------------------------------|------------------|------------------------|------------------------|
| <b>As at 31 December 2016</b>   |                                   |                                  |                  |                        |                        |
| <b>Assets</b>                   |                                   |                                  |                  |                        |                        |
| Segment assets                  | 11,465,198                        | 733,207                          | 168,981          | (592,281)              | 11,775,105             |
| Interest in:                    |                                   |                                  |                  |                        |                        |
| – associates                    | 486,384                           | –                                | 6,007            | –                      | 492,391                |
| – joint ventures                | 896,201                           | 92,950                           | 90,602           | –                      | 1,079,753              |
| Income tax assets               | 172,319                           | 1,533                            | 2,869            | –                      | 176,721                |
| <b>Total assets</b>             | <b>13,020,102</b>                 | <b>827,690</b>                   | <b>268,459</b>   | <b>(592,281)</b>       | <b>13,523,970</b>      |
| <b>Liabilities</b>              |                                   |                                  |                  |                        |                        |
| Segment liabilities             | 6,214,205                         | 576,621                          | 82,272           | (592,279)              | 6,280,819              |
| Income tax liabilities          | 49,044                            | –                                | 755              | –                      | 49,799                 |
| <b>Total liabilities</b>        | <b>6,263,249</b>                  | <b>576,621</b>                   | <b>83,027</b>    | <b>(592,279)</b>       | <b>6,330,618</b>       |
| <b>Other information</b>        |                                   |                                  |                  |                        |                        |
| Additions to non-current assets | 767,458                           | 69,810                           | 28,283           | –                      | 865,551                |
| Depreciation and amortisation   | (9,216)                           | (13,077)                         | (4,107)          | –                      | (26,400)               |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 44. SEGMENT INFORMATION (CONT'D.)

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

|   | Property<br>development<br>RM'000 | Property<br>investment<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|---|-----------------------------------|----------------------------------|------------------|------------------------|------------------------|
| <b>As at 31 December 2015</b>             |                                   |                                  |                  |                        |                        |
| <b>Revenue</b>                            |                                   |                                  |                  |                        |                        |
| External revenue                          | 1,640,778                         | 62,842                           | 46,246           | -                      | 1,749,866              |
| Inter-segment revenue                     | -                                 | 196                              | 14,258           | (14,454)               | -                      |
| <b>Total revenue</b>                      | <b>1,640,778</b>                  | <b>63,038</b>                    | <b>60,504</b>    | <b>(14,454)</b>        | <b>1,749,866</b>       |
| <b>Results</b>                            |                                   |                                  |                  |                        |                        |
| Segment results                           | 281,156                           | 13,387                           | 11,882           | (13,348)               | 293,077                |
| Finance costs                             | (54,810)                          | (13,154)                         | (19,252)         | 13,348                 | (73,868)               |
| Share of results of associates            | 9,193                             | -                                | 2,618            | -                      | 11,811                 |
| Share of results of joint ventures        | 131,932                           | (1,572)                          | (18,341)         | -                      | 112,019                |
| Profit/(loss) before zakat and income tax | 367,471                           | (1,339)                          | (23,093)         | -                      | 343,039                |
| Zakat                                     | (8,662)                           | -                                | -                | -                      | (8,662)                |
| Tax expense                               | (75,289)                          | (1,344)                          | (754)            | -                      | (77,387)               |
| <b>Profit/(loss) for the year</b>         | <b>283,520</b>                    | <b>(2,683)</b>                   | <b>(23,847)</b>  | <b>-</b>               | <b>256,990</b>         |
| <b>Attributable to:</b>                   |                                   |                                  |                  |                        |                        |
| Owners of the parent                      | 283,572                           | (2,683)                          | (23,677)         | -                      | 257,212                |
| Non-controlling interest                  | (52)                              | -                                | (170)            | -                      | (222)                  |
| <b>Profit/(loss) for the year</b>         | <b>283,520</b>                    | <b>(2,683)</b>                   | <b>(23,847)</b>  | <b>-</b>               | <b>256,990</b>         |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 44. SEGMENT INFORMATION (CONT'D.)

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

|                                 | Property<br>development<br>RM'000 | Property<br>investment<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|---------------------------------|-----------------------------------|----------------------------------|------------------|------------------------|------------------------|
| <b>As at 31 December 2015</b>   |                                   |                                  |                  |                        |                        |
| <b>Assets</b>                   |                                   |                                  |                  |                        |                        |
| Segment assets                  | 9,844,169                         | 677,629                          | 147,641          | (529,850)              | 10,139,589             |
| Interest in:                    |                                   |                                  |                  |                        |                        |
| – associates                    | 468,824                           | –                                | 19,011           | –                      | 487,835                |
| – joint ventures                | 943,610                           | 94,832                           | 105,332          | –                      | 1,143,774              |
| Income tax assets               | 120,148                           | 1,394                            | 2,660            | –                      | 124,202                |
| <b>Total assets</b>             | <b>11,376,751</b>                 | <b>773,855</b>                   | <b>274,644</b>   | <b>(529,850)</b>       | <b>11,895,400</b>      |
| <b>Liabilities</b>              |                                   |                                  |                  |                        |                        |
| Segment liabilities             | 4,673,965                         | 513,646                          | 48,888           | (529,850)              | 4,706,649              |
| Income tax liabilities          | 19,273                            | –                                | 573              | –                      | 19,846                 |
| <b>Total liabilities</b>        | <b>4,693,238</b>                  | <b>513,646</b>                   | <b>49,461</b>    | <b>(529,850)</b>       | <b>4,726,495</b>       |
| <b>Other information</b>        |                                   |                                  |                  |                        |                        |
| Additions to non-current assets | 998,600                           | 99,372                           | 17,338           | –                      | 1,115,310              |
| Depreciation and amortisation   | (11,569)                          | (12,596)                         | (5,443)          | –                      | (29,608)               |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 44. SEGMENT INFORMATION (CONT'D.)

### Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

|              | Revenue            |                  |
|--------------|--------------------|------------------|
|              | 2016<br>RM'000     | 2015<br>RM'000   |
| Malaysia     | 1,483,699          | 1,455,188        |
| Canada       | 18,385             | 143,159          |
| Australia    | 325,462            | 138,533          |
| Singapore    | 13,933             | 12,986           |
|              | <b>1,841,479</b>   | <b>1,749,866</b> |
|              | Non-current assets |                  |
|              | 2016<br>RM'000     | 2015<br>RM'000   |
| Malaysia     | 7,170,735          | 6,464,797        |
| Canada       | 251,701            | 224,962          |
| Australia    | 249,466            | 35,964           |
| South Africa | 22,885             | 20,190           |
| Singapore    | 22                 | 12               |
|              | <b>7,694,809</b>   | <b>6,745,925</b> |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 45. SUBSIDIARIES

| Name of subsidiaries                      | Principal activities  | Country of incorporation | Effective interest |        |
|---|---|--------------------------|--------------------|--------|
|   |   |                          | 2016 %             | 2015 % |
| Nusajaya Resort Sdn. Bhd.                 | Operator of the East Ledang Clubhouse and Symphony Hills Clubhouse  | 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    |
| Nusajaya Five O Sdn. Bhd.                 | Provision of security services  | Malaysia                 | 100                | 100    |
| <b>Subsidiaries of Sunrise Berhad</b>     |   |                          |                    |        |
| Arcoris Sdn. Bhd.                         | Property investment and development   | Malaysia                 | 100                | 100    |
| Ascot Assets Sdn. Bhd.                    | Property development  | Malaysia                 | 100                | 100    |
| Aston Star Sdn. Bhd.                      | Property construction   | Malaysia                 | 100                | 100    |
| Aurora Tower at KLCC 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    |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 45. SUBSIDIARIES (CONT'D.)

| Name of subsidiaries                            | Principal activities   | Country of incorporation | Effective interest |        |
|---|--|--------------------------|--------------------|--------|
|   |  |                          | 2016 %             | 2015 % |
| <b>Subsidiaries of Sunrise Berhad (cont'd.)</b> |  |                          |                    |        |
| Lucky Bright Star Sdn. Bhd.                     | Property investment and development  | Malaysia                 | 100                | 100    |
| Milik Harta Sdn. Bhd.                           | Property development   | Malaysia                 | 100                | 100    |
| New Planet Trading Sdn. Bhd.                    | Property investment and development  | Malaysia                 | 100                | 100    |
| Prinsip Eramaju Sdn. Bhd.                       | Property development   | Malaysia                 | 100                | 100    |
| Saga Centennial Sdn. Bhd.                       | Ceased operations  | 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 Hospitality and Leisure Sdn. Bhd.       | Provision of ancillary services to property related projects                                 | 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 MS Pte. Ltd.                            | Provision of consultancy, advisory and technical services in relation to project development | Republic of Singapore    | 100                | 100    |



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 45. SUBSIDIARIES (CONT'D.)

| Name of subsidiaries  | Principal activities   | Country of incorporation      | Effective interest |        |
|---|--|-------------------------------|--------------------|--------|
|   |  |                               | 2016 %             | 2015 % |
| <b>Subsidiaries of Sunrise Berhad (cont'd.)</b>             |  |                               |                    |        |
| 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 Overseas (S) Pte. Ltd.                              | Promotion and management services relating to the Group's properties in Malaysia | Republic of Singapore         | 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.                                 | Investment holding   | Malaysia                      | 100                | 100    |
| Sun Victory Sdn. Bhd.                                       | Property investment and development  | Malaysia                      | 100                | 100    |
| Ibarat Duta Sdn. Bhd.                                       | Property development   | Malaysia                      | 100                | 62     |
| <b>Subsidiary of Sunrise Oscar Sdn. Bhd.</b>                |  |                               |                    |        |
| Sunrise DCS Sdn. Bhd.                                       | Provision of cooling plant facility services                                     | Malaysia                      | 100                | 100    |
| <b>Subsidiary of Sunrise International Development Ltd.</b> |  |                               |                    |        |
| # Sunrise Holdings S.à.r.l.                                 | Investment holding   | The Grand Duchy of Luxembourg | 100                | 100    |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 45. SUBSIDIARIES (CONT'D.)

| Name of subsidiaries                                    | Principal activities  | Country of incorporation | Effective interest |        |
|---|---|--------------------------|--------------------|--------|
|   |   |                          | 2016 %             | 2015 % |
| <b>Subsidiary of Sunrise Holdings S.à.r.l.</b>          |   |                          |                    |        |
| * Canada Sunrise Development Corp.                      | Property investment and development   | Canada                   | 100                | 100    |
| <b>Subsidiaries of Canada Sunrise Development Corp.</b> |   |                          |                    |        |
| * Canada Sunrise Developments (Richmond) Ltd.           | Property investment and development   | Canada                   | 100                | 100    |
| * 0757422 B.C. Ltd.                                     | Property investment and development   | Canada                   | 100                | 100    |
| <b>Subsidiaries of UEM Land Berhad</b>                  |   |                          |                    |        |
| 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    |
| Hatibudi Nominees (Tempatan) Sdn. Bhd.                  | Investment holding  | Malaysia                 | 100                | 100    |
| Mahisa Sdn. Bhd.  | Property developer and undertaking construction and turnkey development contracts                   | Malaysia                 | 100                | 100    |
| Marina Management Sdn. Bhd.                             | Marina management and property management   | Malaysia                 | 100                | 100    |
| Nusajaya Business Park Sdn. Bhd.                        | Dormant   | Malaysia                 | 100                | 100    |
| Nusajaya Development Sdn. Bhd.                          | Property development  | Malaysia                 | 100                | 100    |
| * Nusajaya Medical Park Sdn. Bhd.                       | Construct, manage and/or operate specialised buildings for long term lease and property development | Malaysia                 | 100                | 100    |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 45. SUBSIDIARIES (CONT'D.)

| Name of subsidiaries   | Principal activities                                      | Country of incorporation | Effective interest |        |
|--|---|--------------------------|--------------------|--------|
|  |   |                          | 2016 %             | 2015 % |
| <b>Subsidiaries of UEM Land Berhad (cont'd.)</b>   |   |                          |                    |        |
| Projek Usahasama Transit Ringan Automatik Sdn. Bhd.  | In creditors' voluntary liquidation                       | Malaysia                 | 100                | 100    |
| UEM Sunrise Nusantara Sdn. Bhd. (formerly known as Renong Nusantara Sdn. Bhd.)                       | Investment holding  | Malaysia                 | 100                | 100    |
| UEM Sunrise Overseas Corporation Sdn. Bhd. (formerly known as Renong Overseas Corporation Sdn. Bhd.) | Investment holding  | Malaysia                 | 100                | 100    |
| UEM Sunrise Pacific Sdn. Bhd. (formerly known as Renong Pacific Sdn. Bhd.)                           | Investment holding  | Malaysia                 | 100                | 100    |
| UEM Sunrise Ventures Sdn. Bhd. (formerly known as Renong Ventures Sdn. Bhd.)                         | Investment holding  | Malaysia                 | 100                | 100    |
| Aura Muhibah Sdn. Bhd.   | Property development                                      | Malaysia                 | 60                 | 60     |
| Marak Unggul Sdn. Bhd.   | Dormant   | Malaysia                 | 50                 | 50     |
| ** Sarandra Malaysia Sdn. Bhd.   | Dormant   | Malaysia                 | 100                | -      |
| <b>Subsidiaries of Bandar Nusajaya Development Sdn. Bhd.</b>   |   |                          |                    |        |
| Nusajaya Gardens Sdn. Bhd.   | Land trading and investment holding                       | Malaysia                 | 100                | 100    |
| Nusajaya Greens Sdn. Bhd.  | Property development, land trading and investment holding | Malaysia                 | 100                | 100    |
| Nusajaya Heights Sdn. Bhd.   | Property development, land trading and investment holding | Malaysia                 | 100                | 100    |
| Nusajaya Industrial Park Sdn. Bhd.   | Property development                                      | Malaysia                 | 100                | 100    |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 45. SUBSIDIARIES (CONT'D.)

| Name of subsidiaries   | Principal activities                                      | Country of incorporation | Effective interest |        |
|--|---|--------------------------|--------------------|--------|
|  |   |                          | 2016 %             | 2015 % |
| <b>Subsidiaries of Bandar Nusajaya Development Sdn. Bhd. (cont'd.)</b>   |   |                          |                    |        |
| Nusajaya Land Sdn. Bhd.  | Property development                                      | Malaysia                 | 100                | 100    |
| Nusajaya Rise Sdn. Bhd.  | Property development, land trading and investment holding | Malaysia                 | 100                | 100    |
| Nusajaya Seaview Sdn. Bhd.   | Land trading and investment holding                       | Malaysia                 | 100                | 100    |
| Symphony Hills Sdn. Bhd.   | Property development, land trading and investment holding | Malaysia                 | 100                | 100    |
| Preferred Resources Sdn. Bhd.  | Dormant   | Malaysia                 | 70                 | 70     |
| <b>Subsidiary of UEM Sunrise Nusantara Sdn. Bhd. (formerly known as Renong Nusantara Sdn. Bhd.)</b>                                |   |                          |                    |        |
| P.T. Bias Permata  | Investment holding  | Indonesia                | 100                | 100    |
| <b>Subsidiary of UEM Sunrise Overseas Corporation Sdn. Bhd. (formerly known as Renong Overseas Corporation Sdn. Bhd.)</b>          |   |                          |                    |        |
| * UEM Sunrise South Africa (Pty) Ltd. (formerly known as Renong Overseas Corporation (S.A.) (Proprietary) Ltd.)                    | Investment holding  | South Africa             | 100                | 100    |
| <b>Subsidiary of UEM Sunrise South Africa (Pty) Ltd. (formerly known as Renong Overseas Corporation (S.A.) (Proprietary) Ltd.)</b> |   |                          |                    |        |
| * R.O.C Management Services (Proprietary) Ltd.   | Representation of holding company in South Africa         | South Africa             | 100                | 100    |
| * Roc-Union (Proprietary) Ltd.   | Investment holding  | South Africa             | 80.4               | 80.4   |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 45. SUBSIDIARIES (CONT'D.)

| Name of subsidiaries  | Principal activities                | Country of incorporation | Effective interest |        |
|---|-------------------------------------|--------------------------|--------------------|--------|
|   |                                     |                          | 2016 %             | 2015 % |
| <b>Subsidiary of Roc-Union (Proprietary) Ltd.</b>           |                                     |                          |                    |        |
| * Rocpoint (Proprietary) Ltd.                               | Acquisition and development of land | South Africa             | <b>80.4</b>        | 80.4   |
| <b>Subsidiary of UEM Sunrise (Australia) Sdn. Bhd.</b>      |                                     |                          |                    |        |
| # UEM Sunrise (Land) Pty. Ltd.                              | Holding and financing company       | Australia                | <b>100</b>         | 100    |
| # UEM Sunrise (Developments) Pty. Ltd.                      | Holding and financing company       | Australia                | <b>100</b>         | 100    |
| <b>Subsidiaries of UEM Sunrise (Land) Pty. Ltd.</b>         |                                     |                          |                    |        |
| # UEM Sunrise (La Trobe Street) Pty. Ltd.                   | Trustee company                     | Australia                | <b>100</b>         | 100    |
| # UEM Sunrise (Mackenzie Street) Pty. Ltd.                  | Trustee company                     | Australia                | <b>100</b>         | 100    |
| # UEM Sunrise (St Kilda Road) Pty. Ltd.                     | Trustee company                     | Australia                | <b>100</b>         | 100    |
| # UEM Sunrise (La Trobe Street) Unit Trust                  | Landowning entity                   | Australia                | <b>100</b>         | 100    |
| # UEM Sunrise (Mackenzie Street) Unit Trust                 | Landowning entity                   | Australia                | <b>100</b>         | 100    |
| # UEM Sunrise (St Kilda Road) Unit Trust                    | Landowning entity                   | Australia                | <b>100</b>         | 100    |
| <b>Subsidiaries of UEM Sunrise (Developments) Pty. Ltd.</b> |                                     |                          |                    |        |
| # UEM Sunrise (La Trobe Street Development) Pty. Ltd.       | Development company                 | Australia                | <b>100</b>         | 100    |
| # UEM Sunrise (Mackenzie Street Development) Pty. Ltd.      | Development company                 | Australia                | <b>100</b>         | 100    |
| UEM Sunrise (St Kilda Road Development) Pty. Ltd.           | Development company                 | Australia                | <b>100</b>         | 100    |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 45. SUBSIDIARIES (CONT'D.)

| Name of subsidiaries   | Principal activities                         | Country of incorporation | Effective interest |        |
|--|--|--------------------------|--------------------|--------|
|  |  |                          | 2016 %             | 2015 % |
| <b>Subsidiary of UEM Sunrise (Canada) Sdn. Bhd.</b>              |  |                          |                    |        |
| UEM Sunrise (Canada) Development Ltd.                            | Real estate acquisition and development      | Canada                   | 100                | 100    |
| <b>Subsidiary of UEM Sunrise (Canada) Development Ltd</b>        |  |                          |                    |        |
| UEM Sunrise (Canada) Alderbridge Ltd.                            | Real estate acquisition and development      | Canada                   | 100                | 100    |
| <b>Subsidiaries of UEM Sunrise Management Services Sdn. Bhd.</b> |  |                          |                    |        |
| UEM Sunrise Project Services Sdn. Bhd.                           | Project management for property development  | Malaysia                 | 100                | 100    |
| UEM Sunrise Nusajaya Property Services Sdn. Bhd.                 | Provision of property management services    | Malaysia                 | 100                | 100    |
| <b>Subsidiaries of UEM Sunrise Properties Sdn. Bhd.</b>          |  |                          |                    |        |
| UEM Sunrise Nusajaya Properties Sdn. Bhd.                        | Property investment                          | Malaysia                 | 100                | 100    |
| Nusajaya DCS Sdn. Bhd.   | Provision of cooling plant facility services | Malaysia                 | 100                | 100    |
| Opera Retreat Sdn. Bhd.  | Property investment                          | Malaysia                 | 100                | 100    |
| Puteri Harbour Convention Centre Sdn. Bhd.                       | Own and operate a convention centre          | Malaysia                 | 100                | 100    |

**Note:**

\* Subsidiaries not audited by Ernst & Young

# The financial statements of these subsidiary companies are audited for consolidation purposes

\*\* Auditors not appointed yet

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 46. ASSOCIATES

| Name of associates   | Principal activities   | Country of incorporation | Effective interest |        |
|--|--|--------------------------|--------------------|--------|
|  |  |                          | 2016 %             | 2015 % |
| UEM Sunrise Edgenta TMS Sdn. Bhd.                          | Management of real estate  | Malaysia                 | 30                 | 30     |
| <b>Associates of UEM Land Berhad</b>                       |  |                          |                    |        |
| @ Ekuiti Mahir Sdn. Bhd.                                   | Temporarily ceased operations  | Malaysia                 | 25                 | 25     |
| @ 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     |
| @ Inneonusa Sdn. Bhd.                                      | Provision of information communication technology (ICT) system security and smart building services including smart tenant services for building owners, operators, residents and visitors | Malaysia                 | 39                 | 39     |
| <b>Associate of Hatibudi Nominees (Tempatan) Sdn. Bhd.</b> |  |                          |                    |        |
| @ # BIB Insurance Brokers Sdn. Bhd.                        | Insurance brokers, insurance consultants, commission agents and investment holding   | Malaysia                 | 30                 | 30     |
| <b>Associate of Rocpoint (Proprietary) Ltd.</b>            |  |                          |                    |        |
| Durban Point Development Company (Proprietary) Ltd.        | Property development   | South Africa             | 40.2               | 40.2   |

### Note:

@ Associates not audited by Ernst & Young

# Associate classified as asset held for sale

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 47. JOINT VENTURES

| Name of joint ventures                   | Principal activities   | Country of incorporation | Effective interest |        |
|--|--|--------------------------|--------------------|--------|
|  |  |                          | 2016 %             | 2015 % |
| @ Malaysian Bio-XCell Sdn. Bhd.          | Development and operation of a biotechnology park in the Southern Industrial Logistics Cluster in Iskandar Puteri, Iskandar Malaysia   | Malaysia                 | 40                 | 40     |
| 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     |
| 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     |
| <b>Joint Ventures of UEM Land Berhad</b> |  |                          |                    |        |
| Horizon Hills Development Sdn. Bhd.      | Property development   | Malaysia                 | 50                 | 50     |
| @ Nusajaya Consolidated Sdn. Bhd.        | Property development and related activities  | Malaysia                 | 50                 | 50     |
| Haute Property Sdn. Bhd.                 | Property development and property marketing  | Malaysia                 | 40                 | 40     |
| Nusajaya Tech Park Sdn. Bhd.             | Property development   | Malaysia                 | 40                 | 40     |
| 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     |



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 47. JOINT VENTURES (CONT'D.)

| Name of joint ventures   | Principal activities                                      | Country of incorporation | Effective interest |        |
|--|---|--------------------------|--------------------|--------|
|  |   |                          | 2016 %             | 2015 % |
| <b>Joint Ventures of UEM Land Berhad (cont'd.)</b>                     |   |                          |                    |        |
| FASTrack Iskandar Sdn. Bhd.  | General trading and real property holding                 | Malaysia                 | 30                 | 30     |
| @ Gerbang Leisure Park Sdn. Bhd. (formerly known as JV Axis Sdn. Bhd.) | Property development                                      | Malaysia                 | 50                 | -      |
| <b>Joint Ventures of Sunrise Berhad</b>                                |   |                          |                    |        |
| @ Sime Darby Sunrise Development Sdn. Bhd.                             | Property development                                      | Malaysia                 | 50                 | 50     |
| @ Sunrise MCL Land Sdn. Bhd.   | Property development and property investment              | Malaysia                 | 50                 | 50     |
| <b>Subsidiaries of Horizon Hills Development Sdn. Bhd.</b>             |   |                          |                    |        |
| Horizon Hills Property Services Sdn. Bhd.                              | Provision of property management and maintenance services | Malaysia                 | 50                 | 50     |
| Horizon Hills Resort Berhad  | Proprietor of a club and management of a golf course      | Malaysia                 | 50                 | 50     |
| <b>Subsidiary of Nusajaya Consolidated Sdn. Bhd.</b>                   |   |                          |                    |        |
| @ Clear Dynamic Sdn. Bhd.  | Property development and related activities               | Malaysia                 | 50                 | 50     |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 47. JOINT VENTURES (CONT'D.)

| Name of joint ventures                         | Principal activities   | Country of incorporation | Effective interest |           |
|--|--|--------------------------|--------------------|-----------|
|  |  |                          | 2016<br>%          | 2015<br>% |
| <b>Subsidiaries of Cahaya Jauhar Sdn. Bhd.</b> |  |                          |                    |           |
| CJ Capital Sdn. Bhd.                           | Special purpose vehicle solely to undertake the issue of Sukuk Murabahah and any other activities incidental to its function as a special purpose vehicle in relation to the Sukuk Murabahah | Malaysia                 | <b>60</b>          | 60        |
| CJ Bina Maju Sdn. Bhd.                         | Development of government projects and provision of facilities maintenance and management  | Malaysia                 | <b>60</b>          | 60        |
| CJ Residentials Sdn. Bhd.                      | Development of government projects and provision of facilities maintenance and management  | Malaysia                 | <b>60</b>          | 60        |
| CJ Developments Sdn. Bhd.                      | Development of government projects and provision of facilities maintenance and management  | Malaysia                 | <b>60</b>          | 60        |
| CJ Ledang Development Sdn. Bhd.                | Development of government projects and provision of facilities maintenance and management  | Malaysia                 | <b>60</b>          | 60        |

**Note:**

@ Joint ventures not audited by Ernst & Young

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 48. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits of the Group and of the Company as at 31 December 2016 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

|   | Group            |                | Company        |                |
|---|------------------|----------------|----------------|----------------|
|   | 2016<br>RM'000   | 2015<br>RM'000 | 2016<br>RM'000 | 2015<br>RM'000 |
| Total retained profits                              |                  |                |                |                |
| – realised  | <b>1,091,446</b> | 1,044,475      | <b>45,835</b>  | 114,255        |
| – unrealised  | <b>157,542</b>   | 159,135        | -              | -              |
| Total share of retained profits from associates     |                  |                |                |                |
| – realised  | <b>122,960</b>   | 108,292        | -              | -              |
| – unrealised  | <b>2,259</b>     | 2,351          | -              | -              |
| Total share of retained profits from joint ventures |                  |                |                |                |
| – realised  | <b>479,621</b>   | 422,747        | -              | -              |
| – unrealised  | <b>12,166</b>    | 7,836          | -              | -              |
|   | <b>1,865,994</b> | 1,744,836      | <b>45,835</b>  | 114,255        |
| Less: Consolidation adjustments                     | <b>(326,737)</b> | (192,234)      | -              | -              |
| Total retained profits                              | <b>1,539,257</b> | 1,552,602      | <b>45,835</b>  | 114,255        |

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

## SHARE CAPITAL

|                            |   |  |
|----------------------------|---|--|
| Issued and Paid-up Capital | : | 5,329,951,790  |
| Class of securities        | : | 1. 4,537,436,037 ordinary shares<br>2. 792,515,753 redeemable convertible preference shares (“RCPS”)                                     |
| Voting Rights              | : | 1. One vote per ordinary share held<br>2. RCPS have no voting rights other than those provided in the Constitution of UEM Sunrise Berhad |

## DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

As at 31 March 2017

| Size of Holdings  | No. of<br>shareholders | %             | Total<br>shareholdings | %             |
|---|------------------------|---------------|------------------------|---------------|
| Less than 100   | 2,882                  | 8.45          | 100,563                | 0.00          |
| 100 to 1,000  | 9,946                  | 29.17         | 5,325,863              | 0.12          |
| 1,001 to 10,000   | 15,506                 | 45.48         | 67,183,431             | 1.48          |
| 10,001 to 100,000   | 4,942                  | 14.50         | 152,293,957            | 3.36          |
| 100,001 to 226,871,800 (less than 5%<br>of issued shares) | 814                    | 2.39          | 991,226,044            | 21.84         |
| 226,871,801 (5% of issued shares) and above               | 2                      | 0.01          | 3,321,306,179          | 73.20         |
| <b>Total</b>  | <b>34,092</b>          | <b>100.00</b> | <b>4,537,436,037</b>   | <b>100.00</b> |

## 30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

As at 31 March 2017

| No. | Name of Shareholder   | No. of<br>ordinary shares | % of<br>issued shares |
|-----|---|---------------------------|-----------------------|
| 1.  | UEM GROUP BERHAD  | 2,997,491,779             | 66.06                 |
| 2.  | LEMBAGA TABUNG HAJI   | 302,794,100               | 6.67                  |
| 3.  | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EMPLOYEES PROVIDENT FUND BOARD                                 | 82,678,237                | 1.82                  |
| 4.  | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1) | 54,689,100                | 1.21                  |
| 5.  | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.K.)         | 46,499,201                | 1.02                  |
| 6.  | CITIGROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)                  | 37,489,166                | 0.83                  |

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

(cont'd.)

## 30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONT'D.)

As at 31 March 2017

| No. | Name of Shareholder  | No. of<br>ordinary shares | % of<br>issued shares |
|-----|--|---------------------------|-----------------------|
| 7.  | HSBC NOMINEES (ASING) SDN BHD<br>BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND  | 27,030,700                | 0.60                  |
| 8.  | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)  | 21,938,600                | 0.48                  |
| 9.  | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR AIA BHD.  | 21,123,925                | 0.47                  |
| 10. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (VCAM EQUITY FD)  | 20,000,000                | 0.44                  |
| 11. | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A)   | 18,813,765                | 0.41                  |
| 12. | LIEW SWEE MIO @ LIEW HOI FOO   | 17,300,000                | 0.38                  |
| 13. | DB (MALAYSIA) NOMINEE (ASING) SDN BHD<br>THE BANK OF NEW YORK MELLON FOR DELAWARE GROUP GLOBAL &<br>INTERNATIONAL FUNDS DELAWARE EMERGING MARKETS FUND | 17,000,000                | 0.37                  |
| 14. | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD<br>CIMB BANK BERHAD (EDP 2)   | 16,483,200                | 0.36                  |
| 15. | CITIGROUP NOMINEES (ASING) SDN BHD<br>MERRILL LYNCH PROFESSIONAL CLEARING CORP.  | 14,795,400                | 0.33                  |
| 16. | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC ISLAMIC SELECT ENTERPRISES FUND   | 14,373,900                | 0.32                  |
| 17. | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC ITTIKAL SEQUEL FUND   | 13,772,800                | 0.30                  |
| 18. | CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND   | 13,055,845                | 0.29                  |
| 19. | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC SAVINGS FUND  | 12,771,400                | 0.28                  |
| 20. | CITIGROUP NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 12)   | 12,252,100                | 0.27                  |
| 21. | DB (MALAYSIA) NOMINEE (ASING) SDN BHD<br>STATE STREET LONDON FUND 33ZX FOR OMNIS PORTFOLIO<br>INVESTMENTS ICVC-OMNIS EMERGING MARKETS EQUITY FUND      | 12,238,600                | 0.27                  |
| 22. | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC ISLAMIC DIVIDEND FUND   | 10,376,500                | 0.23                  |

## ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

(cont'd.)

### 30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONT'D.)

As at 31 March 2017

| No.          | Name of Shareholder  | No. of<br>ordinary shares | % of<br>issued shares |
|--------------|--|---------------------------|-----------------------|
| 23.          | CARTABAN NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)     | 9,778,100                 | 0.22                  |
| 24.          | HSBC NOMINEES (ASING) SDN BHD<br>HSBC BK PLC FOR KUWAIT INVESTMENT OFFICE (KIO)                          | 9,500,000                 | 0.21                  |
| 25.          | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)    | 9,369,600                 | 0.21                  |
| 26.          | CARTABAN NOMINEES (TEMPATAN) SDN BHD<br>PAMB FOR PARTICIPATING FUND                                      | 9,225,400                 | 0.20                  |
| 27.          | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC ISLAMIC SELECT TREASURES FUND                                       | 9,177,700                 | 0.20                  |
| 28.          | DB (MALAYSIA) NOMINEE (ASING) SDN BHD<br>SSBT FUND PLD2 FOR POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC | 8,419,500                 | 0.19                  |
| 29.          | MALAYSIA NOMINEE (TEMPATAN) SENDIRIAN BERHAD<br>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)    | 8,245,000                 | 0.18                  |
| 30.          | HSBC NOMINEES (ASING) SDN BHD<br>EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)               | 8,052,890                 | 0.18                  |
| <b>TOTAL</b> |  | <b>3,856,736,508</b>      | <b>85.00</b>          |

### SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

As at 31 March 2017

| No. | Name                      | No. of ordinary shares |       |               |       |
|-----|---------------------------|------------------------|-------|---------------|-------|
|     |                           | Direct                 | %     | Indirect      | %     |
| 1.  | UEM Group Berhad          | 2,997,491,779          | 66.06 | -             | -     |
| 2.  | Khazanah Nasional Berhad* | -                      | -     | 2,997,491,779 | 66.06 |
| 3.  | Lembaga Tabung Haji       | 307,014,400            | 6.77  | -             | -     |

**Note:**

\* Deemed interested by virtue of being the holding company of UEM Group Berhad

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

(cont'd.)

## LIST OF RCPS HOLDER

As at 31 March 2017

| No. | Name             | No. of preference shares | %      |
|-----|------------------|--------------------------|--------|
| 1.  | UEM Group Berhad | 792,515,753              | 100.00 |

## STATEMENT OF DIRECTORS' INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

As at 31 March 2017

### Directors' interests in the Securities of UEM Sunrise Berhad

| No. | Name                               | No. of ordinary shares |   |          |   | No. of options * |
|-----|------------------------------------|------------------------|---|----------|---|------------------|
|     |                                    | Direct                 | % | Indirect | % |                  |
| 1.  | Tan Sri Dr. Ir. Ahmad Tajuddin Ali | -                      | - | -        | - | -                |
| 2.  | Anwar Syahrin Abdul Ajib           | 100,000                | @ | -        | - | 3,580,000        |
| 3.  | Dato' Izzaddin Idris               | -                      | - | -        | - | -                |
| 4.  | Zaida Khalida Shaari               | -                      | - | -        | - | -                |
| 5.  | Professor Philip Sutton Cox        | -                      | - | -        | - | -                |
| 6.  | Lim Tian Huat                      | -                      | - | -        | - | -                |
| 7.  | Dato' Srikandan Kanagaintiram      | -                      | - | -        | - | -                |
| 8.  | Ungku Suseelawati Ungku Omar       | -                      | - | -        | - | -                |
| 9.  | Subimal Sen Gupta                  | -                      | - | -        | - | -                |

**Note:**

@ Less than 0.01%.

\* Options granted under the Employee Share Option Scheme ("ESOS") as approved by the shareholders at the Extraordinary General Meeting held on 7 March 2012. The ESOS shall be for a term of 7 years commencing 9 April 2012.

# MATERIAL PROPERTIES OF UEM SUNRISE BERHAD GROUP

AS AT 31 DECEMBER 2016

| 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 31/12/2016 RM'000 | Date of revaluation/ acquisition |
|--|--|------------------|---------------------------|-------------------------|--|----------------------------------|
| Iskandar Puteri (fka Bandar Nusajaya) Iskandar Development Region Johor Darul Takzim   | Land held for property development and development in progress | 17,292,268       | Freehold                  | -                       | 1,554,328                              | 1995                             |
| HSD 64677 PTD 108319 & HSD 64682 PTD 108325 GM 1408, Lot 1033, GM 1410, Lot 1080 Mukim Senai, District of Kulai Johor Darul Takzim   | Land held for property development                             | 10,116,200       | Freehold                  | -                       | 899,070                                | 6-Oct-15                         |
| PTD 2994, 2995, 2999, 3001-4, 3006-15, 3050, 3053 Taman Industri Perintis Mukim of Tanjung Kupang Iskandar Puteri Johor Darul Takzim | Industrial and agriculture land                                | 231,446          | Freehold                  | -                       | 48,485                                 | 17-Nov-08                        |
| Solaris Dutamas 1 Jalan Dutamas 1 50480 Kuala Lumpur   | Building - Retail and Carpark                                  | 150,187          | Freehold                  | 6                       | 419,332                                | 25-Jul-11*                       |
| GM 4733 Lot 149 Seksyen 58 Bandar of Kuala Lumpur Daerah Kuala Lumpur  | Land held for property development                             | 6,434            | Freehold                  | -                       | 321,636                                | 4-Jun-11*                        |
| Geran 6086 Lot 5868, Mukim Batu Daerah Kuala Lumpur  | Land held for property development                             | 60,614           | Freehold                  | -                       | 223,838                                | 14-Jun-11*                       |
| Arcoris GM 9305 Lot 80199 Mukim Batu Daerah Kuala Lumpur   | Work in Progress - Hotel, Retail and Carpark                   | 66,397           | Freehold                  | -                       | 210,106                                | 20-Mar-12                        |
| Geran 60863 Lot 58689, Mukim Batu Daerah Kuala Lumpur  | Land held for property development                             | 15,307           | Freehold                  | -                       | 53,671                                 | 14-Jun-11*                       |
| Solaris Mont'Kiara, Jalan Solaris 50480 Kuala Lumpur   | Building - Carpark   | 63,302           | Freehold                  | 9                       | 48,062                                 | 29-Jun-11*                       |



## MATERIAL PROPERTIES OF UEM SUNRISE BERHAD GROUP

AS AT 31 DECEMBER 2016

(cont'd.)

| 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 31/12/2016 RM'000 | Date of revaluation/ acquisition |
|---|---------------------------------------|------------------|---|-------------------------|--|----------------------------------|
| Summer Suites<br>PN No. 48654, Lot 196<br>Seksyen 44<br>Bandar of Kuala Lumpur<br>Daerah Kuala Lumpur | Building - Retail and<br>Carpark      | 26,605           | 99 years<br>lease<br>expiring on<br>22-Jan-2108 | 2                       | 40,925                                 | 20-Mar-12                        |
| PN 9988 Lot 1108,<br>Pekan Kajang<br>Daerah Ulu Langat<br>Selangor Darul Ehsan                        | Land held for property<br>development | 136,204          | 99 years<br>lease<br>expiring on<br>22-Oct-2090 | -                       | 97,217                                 | 14-Jun-11*                       |
| PN 9989 Lot 1109,<br>Pekan Kajang<br>Daerah Ulu Langat<br>Selangor Darul Ehsan                        | Land held for property<br>development | 98,329           | 99 years<br>lease<br>expiring on<br>22-Oct-2090 | -                       | 63,041                                 | 14-Jun-11*                       |
| PTD 4936-4955 and 7905<br>Mukim of Batang Padang<br>Daerah Batang Padang<br>Perak Darul Ridzuan       | Agriculture land                      | 9,729,923        | Leasehold<br>expiring on<br>18-Aug-2109         | -                       | 76,346                                 | 19-Aug-10                        |
| 5333, 5411 No. 3 Road<br>and 7960<br>Alderbridge Way,<br>Richmond,<br>British Columbia                | Land held for property<br>development | 19,847           | Freehold  | -                       | 250,363                                | 1-Apr-14                         |
| 412, St Kilda Road,<br>Melbourne<br>Australia   | Land held for property<br>development | 1,578            | Freehold  | -                       | 214,498                                | 22-Apr-16                        |

\* Revaluation date

## RECURRENT RELATED PARTY TRANSACTIONS

Each year during UEM Sunrise Berhad's ("UEM Sunrise" or the "Company") Annual General Meeting ("AGM"), the Company will obtain the approval of its shareholders for UEM Sunrise and/or its subsidiaries (the "Group") to enter into recurrent related party transactions ("Recurrent Transactions") in their ordinary course of business, with certain related parties in order to comply with Chapter 10, Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Shareholders Mandates").

The Shareholders Mandates are for the period from the date of the AGM until the date of the next AGM.

The following is the breakdown of the aggregate value of the Recurrent Transactions that the Group entered into with related parties during the financial year ended 31 December 2016 ("FY 2016"):

### A) The Group receiving services and/or renting and/or acquiring land and/or land-based property from related parties.

| No           | Transacting Related Party   | Interested major shareholders, directors and persons connected with them  | Nature of relationship as at FY 2016   | Nature of Transaction   | Value (RM)       |
|--------------|---|---|--|---|------------------|
| 1.           | UEM Group Berhad ("UEM Group") and/or its subsidiaries ("UEMG Group") | Khazanah Nasional Berhad ("Khazanah"), UEM Group, Tan Sri Dr. Ir. Ahmad Tajuddin Ali, Dato' Izzaddin Idris and Zaida Khalida Shaari | 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                                     | 162,994          |
|              |   |   |  | Receipt of training and corporate advisory services                           | 612,373          |
|              |   |   |  | Renting of office space, meeting rooms and other facilities                   | 6,921,561        |
|              |   |   |  | Renting of parking space  | 35,184           |
|              |   |   |  | Receipt of electricity and air-conditioning facilities                        | 89,825           |
| <b>Total</b> |   |   |  |   | <b>7,821,937</b> |
| 2.           | UEM Edgenta Berhad ("UEM Edgenta") and/or its subsidiaries            | Khazanah, UEM Group, Tan Sri Dr. Ir. Ahmad Tajuddin Ali, Dato' Izzaddin Idris and Zaida Khalida Shaari                              | 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       | 556,764          |
|              |   |   |  | Receipt of office cleaning, pest control services and rental of potted plants | 11,592           |
| <b>Total</b> |   |   |  |   | <b>568,356</b>   |

## RECURRENT RELATED PARTY TRANSACTIONS

(cont'd.)

### A) The Group receiving services and/or renting and/or acquiring land and/or land-based property from related parties. (cont'd.)

| No           | Transacting Related Party   | Interested major shareholders, directors and persons connected with them                      | Nature of relationship as at FY 2016  | Nature of Transaction  | Value (RM)       |
|--------------|---|---|---|--|------------------|
| 3.           | Khazanah and/or its subsidiaries ("Khazanah Group")   | UEMG Group, Tan Sri Dr. Ir. Ahmad Tajuddin Ali, Dato' Izzaddin Idris and Zaida Khalida Shaari | 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      | -                |
| <b>Total</b> |   |   |   |  | <b>-</b>         |
| 4.           | Telekom Malaysia Berhad ("TM") and/or its subsidiaries ("TM Group")   | Khazanah and Zaida Khalida Shaari   | 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, smart building services and ICT support services | 4,054,618        |
| <b>Total</b> |   |   |   |  | <b>4,054,618</b> |
| 5.           | KPK Quantity Surveyor (Semenanjung) Sdn. Bhd. ("KPK")   | Dato' Srikandan Kanagainthiram  | Dato' Srikandan Kanagainthiram is the Managing Director and a substantial shareholder of KPK and a Director of UEM Sunrise                    | Receipt of consulting services   | 495,557          |
| <b>Total</b> |   |   |   |  | <b>495,557</b>   |
| 6.           | Nawawi Tie Leung Real Estate Consultants Sdn. Bhd. (formerly known as DTZ Nawawi Tie Leung Sdn. Bhd.) ("NTL") | Ungku Suseelawati<br>Ungku Omar   | Ungku Suseelawati Ungku Omar is a substantial shareholder of NTL and also a Director of UEM Sunrise   | Receipt of consulting services   | -                |
| <b>Total</b> |   |   |   |  | <b>-</b>         |

## RECURRENT RELATED PARTY TRANSACTIONS

(cont'd.)

### B) The Group providing services and/or renting and/or disposing land and/or land-based property to related parties.

| No           | Transacting Related Party  | Interested major shareholders, directors and persons connected with them                               | Nature of relationship as at FY 2016   | Nature of Transaction  | Value (RM)          |
|--------------|--|--|--|--|---------------------|
| 1.           | UEMG Group   | Khazanah, UEM Group, Tan Sri Dr. Ir. Ahmad Tajuddin Ali, Dato' Izzaddin Idris and Zaida Khalida Shaari | 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  | 318,752             |
| <b>Total</b> |  |  |  |  | <b>318,752</b>      |
| 2.           | Khazanah Group   | UEMG Group, Tan Sri Dr. Ir. Ahmad Tajuddin Ali, Dato' Izzaddin Idris and Zaida Khalida Shaari          | 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<br><br>Disposal of land or land based properties in the ordinary course of business | 13,017,898<br><br>- |
| <b>Total</b> |  |  |  |  | <b>13,017,898</b>   |
| 3.           | 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                     | <i>n/a</i>   | Sale of land and/or land based properties by the Group   | 77,000              |
| <b>Total</b> |  |  |  |  | <b>77,000</b>       |

## RECURRENT RELATED PARTY TRANSACTIONS

(cont'd.)

### B) The Group providing services and/or renting and/or disposing land and/or land-based property to related parties. (cont'd.)

| No           | Transacting Related Party                                 | Interested major shareholders, directors and persons connected with them | Nature of relationship as at FY 2016   | Nature of Transaction                                       | Value (RM)     |
|--------------|---|--|--|---|----------------|
| 4.           | edotco Malaysia Sdn. Bhd. ("edotco")                      | Khazanah and Zaida Khalida Shaari  | edotco is a wholly-owned subsidiary of edotco Group Sdn. Bhd., which in turn is a 69.88% subsidiary of Axiata Group Berhad. Khazanah also holds directly a minority equity stake in edotco Group Sdn. Bhd., which in turn is a holding company of UEM Group. UEM Sunrise is a 66.06% subsidiary of UEM Group | Provision of land tenancy for mobile network infrastructure | 63,600         |
| <b>Total</b> |   |  |  |   | <b>63,600</b>  |
| 5.           | Southern Marina Development Sdn. Bhd. ("Southern Marina") | Khazanah and Zaida Khalida binti Shaari                                  | Southern Marina is a 30.00% associate company of Tanjung Bidara Ventures Sdn. Bhd., which in turn is a wholly-owned subsidiary of Khazanah. 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    | 175,536        |
| <b>Total</b> |   |  |  |   | <b>175,536</b> |

# CORPORATE DIRECTORY

## CORPORATE HEADQUARTERS

UEM Sunrise Berhad (830144-W)  
Level U2, Block C5  
Solaris Dutamas  
No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur, Malaysia

Telephone : +603 2718 7788  
Customer Care : 1800-888-008 (within Malaysia only)  
Facsimile : +603-6207 9330

E-mail : **Corporate Communication**  
corpcomm@uemsunrise.uemnet.com

**Customer Care**  
customercare@uemsunrise.uemnet.com

**Investor Relations**  
ir@uemsunrise.uemnet.com

Website : www.uemsunrise.com

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## BUSINESS OFFICES, SALES & MARKETING OPERATIONS

### NUSAJAYA CENTRE

No. 8, Persiaran Ledang Heights  
79250 Iskandar Puteri  
Johor Darul Ta'zim, Malaysia  
Telephone : +607 277 3700  
Facsimile : +607 277 3701  
Website : www.nusajayacity.com

### PUTERI HARBOUR MARINA

Satellite Clubhouse  
Lot PTD 141090  
79000 Iskandar Puteri  
Johor Darul Ta'zim, Malaysia  
Telephone : +607 530 2122  
Facsimile : +607 530 2125 (Marina Office)  
: +607 530 2126 (Project Office)  
E-mail : puteriharbour@uemsunrise.uemnet.com  
Website : www.puteriharbourmarina.com

### KOTA ISKANDAR

Visitor Information Centre  
Pusat Pentadbiran Kerajaan Negeri Johor  
Kota Iskandar  
79000 Iskandar Puteri  
Johor Darul Ta'zim, Malaysia  
Telephone : +607 290 9080  
Facsimile : +607 290 9081/+607 237 4100  
E-mail : enquiries@kotaiskandar.com  
Website : www.kotaiskandar.com

### HORIZON HILLS GOLF & COUNTRY CLUB

No. 1, Jalan Eka, Horizon Hills  
79100 Iskandar Puteri  
Johor Darul Ta'zim, Malaysia  
Telephone : +607 232 3166  
Facsimile : +607 232 3919  
E-mail : general@hhgcc.com.my  
Website : www.hhgcc.com.my

### NUSA BAYU SALES GALLERY

No. 1, Lingkaran Bayu, Nusa Bayu  
79250 Iskandar Puteri  
Johor Darul Ta'zim, Malaysia  
Telephone : +607 509 6711  
Website : www.nusabayu.com

### NUSA IDAMAN SALES GALLERY

Jalan Idaman 1, Nusa Idaman  
79100 Iskandar Puteri  
Johor Darul Ta'zim, Malaysia  
Telephone : +607 232 6191/6187  
Website : www.nusaidaman.com

### MALL OF MEDINI

No. 4, Lebuhraya Medini Utara  
Medini Iskandar Malaysia  
79200 Iskandar Puteri  
Johor Darul Ta'zim, Malaysia  
Telephone : +607 509 9493  
E-mail : enquiries@kotaiskandar.com  
Website : www.facebook.com/MediniMall

## CORPORATE DIRECTORY

(cont'd.)

### **ANJUNG MANAGEMENT OFFICE**

Lot 25, Ground Floor  
Anjung Neighbourhood Centre  
No. 5, Persiaran Ledang Heights  
79250 Iskandar Puteri  
Johor Darul Ta'zim, Malaysia  
Telephone : +607 510 3137

### **LEDANG URBAN RETREAT**

No. 2, Jalan Bendahara  
79250 Iskandar Puteri  
Johor Darul Ta'zim, Malaysia  
Telephone : +607 510 2020

### **CAHAYA JAUHAR SDN. BHD.**

27 & 29, Jalan Indah 15/3  
Bukit Indah  
79100 Iskandar Puteri  
Johor Darul Ta'zim, Malaysia  
Telephone : +607 235 0800  
Facsimile : +607 235 0890  
E-mail : enquiries@cahayajauhar.com  
Website : www.cahayajauhar.com

### **SYMPHONY HILLS SDN. BHD.**

Persiaran Simfoni, Cyber 9  
63000 Cyberjaya, Selangor Darul Ehsan, Malaysia  
Telephone : +603 8312 7800  
Facsimile : +603 8318 3446  
E-mail : symphonyhills@uemsunrise.uemnet.com  
Website : www.symphonyhills.com.my

### **SERENE HEIGHTS SALES GALLERY/ SERENE HEIGHTS PROJECT OFFICE**

Persiaran Serene, Serene Heights  
43500 Semenyih, Selangor Darul Ehsan, Malaysia  
Telephone : +603 8723 2461/1687 (Sales Gallery)  
+603 8723 1420/1931/2196 (Project Office)  
Facsimile : +603 8723 1597 (Sales Gallery)  
+603 8723 1528 (Project Office)  
Website : www.sereneheights.com.my

### **RADIA BUKIT JELUTONG SALES GALLERY**

No.2A (Lot 64406), Persiaran Tebar Layar  
Seksyen U8, Bukit Jelutong  
40150 Shah Alam, Selangor Darul Ehsan, Malaysia  
Telephone : +603 7859 9801/6207 9471  
Website : www.radia.com.my

### **SUNRISE MCL LAND SDN. BHD.**

23 & 24G, Jalan Forest Heights 8  
70450 Seremban, Negeri Sembilan Darul Khusus, Malaysia  
Telephone : +606 761 8133/8120  
Fax : +606 761 0339  
E-mail : marketing@sunrisemcl.com.my  
Website : www.sunrisemcl.com.my

### **UEM SUNRISE SHOWCASE**

21 Jalan Kiara, Mont'Kiara  
50480 Kuala Lumpur, Malaysia  
Telephone : +603-6207 9471/6201 0657  
Facsimile : +603-6201 0625

### **UEM SUNRISE PROPERTY SHOWCASE @PUBLIKA**

Lot 20, Level G2  
Solaris Dutamas  
No 1, Jalan Dutamas 1  
50480 Kuala Lumpur, Malaysia  
Telephone : +603 6207 9471/6201 0657  
Facsimile : +603 6201 0625

### **PUBLIKA SHOPPING GALLERY**

Lot 8 & 8A, Level G1  
Solaris Dutamas  
No 1, Jalan Dutamas 1  
50480 Kuala Lumpur, Malaysia  
Telephone : +603 2718 7788  
Facsimile : +603 2714 2111  
E-mail : promo.publika@uemsunrise.uemnet.com  
Website : www.facebook.com/PublikaGallery

### **mapKL**

Level G2-01, Block A5, Solaris Dutamas  
No 1, Jalan Dutamas 1  
50480 Kuala Lumpur, Malaysia  
Telephone : +603 6207 9732  
Facsimile : +603 6207 9729

## **CORPORATE DIRECTORY**

(cont'd.)

### **UEM SUNRISE PROPERTY GALLERY**

21 Tan Quee Lan Street, #01-03A  
Heritage Place, Singapore 188108  
Telephone : +65 6835 7652  
Facsimile : +65 6835 7653

### **M+S PTE. LTD.**

3 Anson Road  
#18-01 Springleaf Tower  
Singapore 079909  
Telephone : +65 6329 1288  
Facsimile : +65 6329 1299  
E-mail : enquiries@ms-developments.com  
Website : www.duosingapore.com/  
www.marinaone.com.sg

### **CANADA SUNRISE DEVELOPMENT CORP.**

London Plaza 890-5951  
No 3 Road Richmond  
B.C. Canada  
Telephone : +1604 247 1911  
Email : info@quintetrichmond.com  
Website : www.quintetrichmond.com

### **UEM SUNRISE SOUTH AFRICA (PTY.) LTD.**

15, Timeball Boulevard  
Point Waterfront  
Durban 4001, KZN  
South Africa  
Telephone : +27 31 337 3460

### **UEM SUNRISE AUSTRALIA CORPORATE OFFICE**

Level 3  
160 Queen Street  
Melbourne 3000 VIC  
Australia  
Telephone : +61 9088 6268  
email : australia@uemsunrise.uemnet.com



# FORM OF PROXY



A member of UEM Group

I/We \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member of UEM Sunrise Berhad (“the Company”) hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

and/or failing him/her, \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Ninth Annual General Meeting (“AGM”) of the Company to be held at Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM 15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 May 2017 at 10.00 a.m., or at any adjournment thereof.

(Please indicate with a “X” or “√” in the boxes provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

| Ordinary Resolutions   | No. | For | Against |
|--|-----|-----|---------|
| To re-elect Dato’ Izzaddin Idris who is retiring pursuant to Article 85 of the Company’s Articles of Association.  | 1   |     |         |
| To re-elect Anwar Syahrin Abdul Ajib who is retiring pursuant to Article 85 of the Company’s Articles of Association.  | 2   |     |         |
| To approve the payment of Directors’ fees for the financial year ending 31 December 2017 on a quarterly basis.   | 3   |     |         |
| To approve the payment of Directors’ benefits (excluding Directors’ fees) to the Non-Executive Chairman and Non-Executive Directors for the period from 31 January 2017 until the next AGM of the Company. | 4   |     |         |
| To appoint Messrs Ernst & Young as Auditors and to authorise Directors to fix their remuneration.  | 5   |     |         |
| To empower Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares.   | 6   |     |         |
| To approve the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.  | 7   |     |         |
| To approve the Proposed New Shareholders’ Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature.  | 8   |     |         |

\_\_\_\_\_  
Signature or Common Seal of Member

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

|  |              |              |
|--|--------------|--------------|
| No. of shares  |              |              |
| CDS Account No.  |              |              |
| Telephone No.  |              |              |
| Proportion of holdings to be represented by each proxy | Proxy 1<br>% | Proxy 2<br>% |

## NOTES

- Every member is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend, speak and vote in his/her place. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. All resolutions set out in the Notice of the Meeting are to be voted by poll.
- To be valid, the **original** form of proxy duly completed must be deposited at the Share Registrar’s office, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 24 hours before the time of holding the Meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of its attorney.
- If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he/she thinks fit.
- If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act 1991.
- A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend, speak and vote at a general meeting who shall represent all the shares held by such member. A member holding more than one thousand (1,000) ordinary shares may appoint up to ten (10) proxies to attend, speak and vote at the same meeting and each proxy appointed shall represent a minimum of one thousand (1,000) ordinary shares. Where a member appoints one (1) or more proxies to attend, speak and vote at the same meeting, such appointments shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 April 2017.

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STAMP

The Share Registrar's Office  
**Symphony Share Registrars Sdn. Bhd.**  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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A member of **UEM Group**

**UEM Sunrise Berhad (830144-W)**

Level U2, Block C5  
Solaris Dutamas  
No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur, Malaysia

Tel: +603 2718 7788 Fax: +603 6207 9330  
Email: [corpcomm@uemsunrise.uemnet.com](mailto:corpcomm@uemsunrise.uemnet.com)

**[www.uemsunrise.com](http://www.uemsunrise.com)**