

FINANCIAL STATEMENTS

253	Directors' Report
259	Statement by Directors
259	Statutory Declaration
260	Independent Auditors' Report
265	Statements of Profit or Loss
266	Statements of Comprehensive Income
267	Statements of Financial Position
271	Statements of Changes in Equity
273	Statements of Cash Flows
275	Notes to the Financial Statements

DIRECTORS' REPORT

The directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

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

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

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

Other information relating to the subsidiaries is disclosed in Note 46 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit, net of tax	85,902	7,881
Attributable to:		
Owners of the parent		
Profit for the year from continuing operations	76,971	7,881
Loss for the year from discontinued operation	(1,244)	-
Non-controlling interests		
Profit for the year from continuing operations	10,478	-
Loss for the year from discontinued operation	(303)	-
	85,902	7,881

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

DIVIDEND

The amount of dividends paid by the Company since 31 December 2022 is as follows:

	RM'000
In respect of the financial year ended 31 December 2022:	
Single-tier tax exempt dividend of 0.5 sen per share on 5,058,476,221 ordinary shares paid on 22 May 2023	25,292

On 27 February 2024, the Board of Directors has declared a single-tier tax exempt dividend of 0.75 sen per share on 5,058,476,221 ordinary shares amounting to RM37,938,000 in respect of the financial year ended 31 December 2023 to be paid on 24 May 2024 to shareholders registered at the close of business on 30 April 2024. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

DIRECTORS

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

Datuk Mohamad Hishammudin Hamdan	[appointed on 1 July 2023]
Christina Foo	
Dato' Mohd Izani Ghani	
Zaida Khalida Shaari**	
Reagan Chan Chung Cheng	[appointed on 1 July 2023]
Chari Thandalam Veeravalli Thirumala	
Poh Ying Loo	
Datin Sri Badrunnisa Mohd Yasin Khan	
Yeow Wai Siaw	
Dato' Sr. Azmar Talib	[appointed on 11 March 2024]
Dato' Noorazman Abd Aziz	[resigned on 1 July 2023]
Effizal Faiz Zulkify	[resigned on 1 July 2023]

** Also a director of a subsidiary of the Company.

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

Sufian Abdullah
 Wong Koon Keng
 Liong Kok Kit
 Saniman Md Apandi
 Lee Pek Kee
 Ong Chee Wei
 Liew Irene
 Hasniza Mohamed
 Vijayan Balan
 Dato' Mohammad Imran Ismail
 Chong Chai Wea
 Tan Sri Dato' Yap Suan Chee
 Lim Tong Hee
 Chan Chee Yean

DIRECTORS (CONT'D.)

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

Aminah Othman	
Azri Zaharuddin	
Professor Philip Sutton Cox	
Victor Johan Zacharias	
Dumisani Blessing Mnganga	
Azmy Mahbot	(appointed on 13 January 2023)
Irwin Mohd Eusoff	(appointed on 13 January 2023)
Lim Poh Ling	(appointed on 13 January 2023)
Muhammad Safwan Mohd Shukri	(appointed on 13 January 2023)
Ng Chee Chi	(appointed on 13 January 2023)
Siti Naizah Mohamed A'asi	(appointed on 13 January 2023)
Siti Nurkhairiah Mohd Nasir	(appointed on 13 January 2023)
Ammar Mohd Nawi	(appointed on 12 June 2023)
Yap Wei Sam	(appointed on 12 July 2023)
Hafizuddin Sulaiman	(appointed on 1 October 2023)
Lim Yew Phin	(appointed on 15 November 2023)
Chua Siew Pei	(resigned on 13 January 2023)
Emilia Azyyati Abdul Rahman	(resigned on 13 January 2023)
Enita Azlina Osman	(resigned on 13 January 2023)
Raja Norasikin Tengku Aziz	(resigned on 13 January 2023)
Sarimah Talib	(resigned on 13 January 2023)
Siew Chee Seng	(resigned on 31 March 2023)
Kong Kwai Ching	(resigned on 12 June 2023)
Cheah Jit Peng	(resigned on 12 July 2023)
Syahid Mohd Zain	(resigned on 1 October 2023)
Sophia Lim Siew Fay	(resigned on 15 November 2023)
Erika Mushtarina Mat Ariffin	(resigned on 15 March 2024)

DIRECTORS' REMUNERATION

Total directors' remuneration incurred by the Group or the Company for the financial year ended 31 December 2023 were RM1.2 million. In addition, the estimated monetary value of benefits-in-kind provided to directors of the Group or the Company during the financial year amounted to RM20,400. The directors did not receive any benefits from the subsidiaries. Further details are disclosed in Note 6(i) to the financial statements.

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.

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 6(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 41 to the financial statements.

Directors' Report

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' INDEMNITY

During the financial year, the directors and officers of the Group are covered under the Directors' and Officers' Liability Insurance ("DOLI") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the directors and officers of the Company subject to the terms of the DOLI policy procured for its group of companies. The indemnity coverage and total amount of insurance premium paid for the DOLI by the Company were RM50 million and RM185,340 respectively.

BUSINESS OUTLOOK

The Malaysia's Gross Domestic Product ("GDP") has moderated to 3.7% in 2023, following a recorded growth of 8.7% in 2022. Our economic growth softened amid a challenging external environment due to slower global trade, the global tech downcycle, geopolitical tensions and tighter monetary policies. Similarly, the headline inflation in 2023 declined to 2.5% (2022: 3.3%) largely driven by an easing in services sub-segments.

While there was surge in investment activity fuelled by the gradual completion of multi-year projects and increased capacity expansion by the private sector, exports remained subdued attributed to prolonged weakness in external demand alongside heightened imports. The commodities sector saw growth buoyed by higher oil and gas production, along with expansion in the agriculture sector due to improved labour supply. Concurrently, the services and construction sectors continued to expand on influx of investments, tourism and improved commercial activities, to offset for a softer manufacturing sector resulted from the ongoing weaknesses in the electrical and electronics industry¹.

For 2024, Malaysia's economy is expected to improve due to resilient domestic expenditure and a recovery in exports. Global trade is projected to rebound to 3.3% in 2024 from 0.4% in 2023 which is supported by tech upcycle and improvement in the tourism section. On the local front, the economic growth is supported by improvements in employment and wage, spending from tourist arrivals is expected to further improve and continued progress of multi-year investment projects by both the private and public sector¹. Additionally, inflation is projected to remain modest ranging from 2.1% to 3.6% in 2024, though the inflation outlook remains highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments¹.

The rebound in the Malaysian property market continued with more than 399,000 transactions valued at nearly RM200 billion in 2023, representing an increase of 2.5% and 9.9%, respectively as compared to 2022. Meanwhile, unsold or overhang residential properties declined to 26,000 units, or equivalent to RM17.7 billion in 2023 from 28,000 units, or RM18.4 billion a year ago. The property market sector is expected to continue its recovery momentum despite facing global economic challenges, supported by ongoing stimulus plans through the MADANI Budget 2024². We expect the focus of the residential property market to be on landed residences, affordably priced high-rise apartments in strategic locations, smaller built-ups which are attainable, and niche high-end products in prime locations³.

The Company's financial performance for the year ended 31 December 2023 reflected the successful completion of the **Triage** phase with recovery in profitability levels. Continuing from 2023, the Company has set a Launch GDV target of RM0.8 billion in 2024 leveraging the proposed Johor-Singapore Special Economic Zone (JS-SEZ) in Iskandar Malaysia, with projects such as Aspira Hills Phase 1 in Gerbang Nusajaya, DiReka Square, Laman DiReka, Estuari ParkHomes Phase 2C-1 and Estuari Greens Phase 1B-1 to be launched. Whilst in the Central region, the Company plans to launch new phases in Symphony Hills and Serene Heights. Through these planned launches for the current year, the Company aims to deliver on our sales target of RM1.0 billion for 2024.

BUSINESS OUTLOOK (CONT'D.)

The Company remains committed to its three-phase strategic turnaround plan: **Triage**, **Stabilise**, and **Sustain**. Having successfully concluded the **Triage** phase in 2023, we have transitioned into the initial stage of **Stabilise** (2024 to 2025), where digitalisation and innovation serve as pivotal drivers for enhancing operational efficiency. Looking ahead, the **Sustain** phase extends beyond 2026, aiming to diversify income streams and bolster overall revenue. Our ultimate goal is to evolve into a well-rounded real estate entity, ensuring financial stability and relevance in the ever-evolving landscape of the future.

1. *Bank Negara Malaysia's Economic and Financial Developments in Malaysia in 4Q 2023, Feb 2024.*
2. *Valuation & Property Services Department, Ministry of Finance Malaysia, Press Release Property Market 2023 dated 6 March 2024.*
3. *Malaysia Property Outlook 2024 by Henry Butcher Malaysia.*

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss 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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; 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 provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D.)

- (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.

AUDITORS

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
EY and its affiliates	1,551	208

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2024.

Datuk Mohamad Hishammudin Hamdan

Dato' Mohd Izani Ghani

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Mohamad Hishammudin Hamdan and Dato' Mohd Izani Ghani, 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 265 to 369 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2024.

Datuk Mohamad Hishammudin Hamdan

Dato' Mohd Izani Ghani

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Hafizuddin Sulaiman, 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 265 to 369 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Hafizuddin Sulaiman
at Kuala Lumpur in the Federal Territory
on 29 March 2024

Hafizuddin Sulaiman
(MIA Membership No. 22384)

Before me,
Abdul Shukor bin Md Noor (No. W725)
Commissioner for 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 2023 of the Group and of the Company, and the statements of profit or loss and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 265 to 369.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics for Professional Accountants (including International Independence Standards) ("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. The key audit matters for the audit of the financial statements of the Group and the Company are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters in respect of the financial statements of the Group

1. *Impairment of goodwill*

As at 31 December 2023, the carrying amount of goodwill recognised by the Group stood at RM621,409,000 which represents 6.6% and 4.8% of the Group's total non-current assets and total assets respectively.

The 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 estimated the recoverable amount of goodwill by assessing the cash generating unit ("CGU") comprising of projects, land and investment properties based on the higher of fair value less costs to sell ("FVLCS") or value in use ("VIU").

*Key audit matters (cont'd.)**Key audit matters in respect of the financial statements of the Group (cont'd.)*1. *Impairment of goodwill (cont'd.)*

Our procedures to address this area of audit focus include, amongst others, the following:

- (i) obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGU or groups of CGUs;
- (ii) assessed and tested the reasonableness of the key assumptions to which the recoverable amount of the CGUs are most sensitive such as estimated selling price, budgeted gross margin, market value of identifiable assets, the weighted average cost of capital, by comparing them to internal empirical data and external valuers' reports;
- (iii) 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; and
- (iv) considered the historical accuracy of management's estimates of profits for similar completed property development activities; and also assessed whether the future cash flows used were based on the Annual Operating Plan 2024 – 2030 approved by the Board of Directors.

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

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

For recoverable amounts of land properties and investment properties that are based on FVLCS, the Group benchmarked the carrying values of the properties against recently transacted prices of properties at nearby locations or rely on external valuers' reports. We have reviewed such comparison by making reference to property transactions registered with the local authorities or reviewed external valuers' reports where applicable.

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 22 to the financial statements.

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

A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 31 December 2023, property development revenue of RM907,199,000 and cost of sales of RM673,689,000 accounted for approximately 67.7% and 77.9% of the Group's revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for these property development contracts.

The amount of revenue and profit recognised from property development activities are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive the percentage-of-completion; the actual number of units sold and the estimated total revenue for each of the respective projects. We identified revenue and cost of sales from property development activities as areas requiring audit focus as significant management judgement and estimates are involved in estimating the total property development costs.

Independent Auditors' Report

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

Key audit matters (cont'd.)

Key audit matters in respect of the financial statements of the Group (cont'd.)

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

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

- (i) obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the total property development cost including the provisions and allocations of low-cost housing and common infrastructure costs over the life of township development, profit margin and percentage-of-completion of property development activities;
- (ii) performed detailed procedures, for individually significant projects, on the contractual terms and conditions and their relationship to revenue and costs incurred. These procedures include, perusing the terms and conditions stipulated in the sale and purchase agreements entered into with customers to obtain an understanding of the specific terms and conditions. We also read the construction contracts including letters of award entered into with main and sub-contractors. We evaluated the determination of percentage-of-completion by examining supporting evidence such as contractors' progress claims and suppliers' invoices;
- (iii) observed the progress of the property development phases by performing site visits and examined physical progress reports. We have also discussed the status of on-going property development phases with management, finance personnel and project officials; and
- (iv) evaluated the estimates used, which include both budgeted gross development value and budgeted gross development cost for significant on-going projects by comparing the selling price and development cost per built up area and gross margin of the past similar projects.

Our assessment was performed after taking into consideration the historical accuracy of management estimates, identification and analysis of changes in assumptions from prior periods, and an assessment of the consistency of assumptions across other projects. We have assessed 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.

Refer to Notes 4, 5 and 51.4 (a) (v) to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the information included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Independent Auditors' Report

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- (i) identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (iii) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (iv) conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (v) evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (vi) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 46 to the financial statements.

Other matters

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

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

Kuala Lumpur, Malaysia
29 March 2024

Tan Shium Jye
No. 02991/05/2024 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations					
Revenue	4	1,339,060	1,473,428	177,242	185,536
Cost of sales	5	(865,351)	(1,042,246)	(106,832)	(93,228)
Gross profit		473,709	431,182	70,410	92,308
Other income		78,590	65,126	179,435	158,219
Selling and distribution expenses		(24,298)	(15,703)	-	-
Other expenses		(251,653)	(231,583)	(31,824)	(57,695)
Operating profit	6	276,348	249,022	218,021	192,832
Finance costs	7	(157,781)	(143,470)	(207,131)	(182,417)
Share of results of associates		1,735	5,884	-	-
Share of results of joint ventures		20,190	23,948	-	-
Profit before income tax and zakat from continuing operations		140,492	135,384	10,890	10,415
Zakat	8	(1,531)	-	-	-
Income tax expenses	9	(51,512)	(51,479)	(3,009)	(2,952)
Profit for the year from continuing operations		87,449	83,905	7,881	7,463
Discontinued operation					
Loss from discontinued operation	32(a)	(1,547)	(1,841)	-	-
Profit for the year		85,902	82,064	7,881	7,463
Profit/(loss) attributable to:					
Owners of the parent					
- Continuing operations		76,971	82,019	7,881	7,463
- Discontinuing operation		(1,244)	(1,480)	-	-
		75,727	80,539	7,881	7,463
Non-controlling interests					
- Continuing operations		10,478	1,886	-	-
- Discontinuing operation		(303)	(361)	-	-
		10,175	1,525	-	-
		85,902	82,064	7,881	7,463
* Earnings per share attributable to owners of the parent (sen):	11	1.5	1.6		

* Included loss per share from discontinued operation amounting to 0.02 sen (2022: 0.03 sen).

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the year	85,902	82,064	7,881	7,463
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent period:				
- Foreign currency translation gain/(loss) of foreign operations	18,353	(4,447)	-	-
Total comprehensive income for the year	104,255	77,617	7,881	7,463
Total comprehensive income attributable to:				
Owners of the parent	94,062	76,081	7,881	7,463
Non-controlling interests	10,193	1,536	-	-
	104,255	77,617	7,881	7,463

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Group	Note	2023 RM'000	2022 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	410,045	407,260
Investment properties	13	744,649	780,014
Right-of-use assets	14(a)	17,723	21,831
Inventories - land held for property development	15	5,224,711	5,158,456
Interests in associates	17	839,177	844,980
Interests in joint ventures	19	870,981	891,191
Amounts due from joint ventures	20	184,800	156,982
Goodwill	22	621,409	621,409
Deferred tax assets	24	268,424	283,003
Long term receivables	28(a)	240,855	360,295
		9,422,774	9,525,421
Current assets			
Inventories - property development costs	25	710,753	767,859
Contract cost assets	26	221,894	210,843
Inventories - completed properties and others	27(a)	127,417	203,005
Inventories - land held for sale/assets under contract of sale	27(b)	154,227	102,096
Receivables	28(a)	528,882	586,981
Tax recoverable	28(b)	121,946	85,988
Contract assets	29	330,423	374,672
Amounts due from associates	18	610	612
Amounts due from joint ventures	20	212,915	103,473
Short term investments	31	90,560	45,005
Cash, bank balances and deposits	23	1,001,572	1,025,551
		3,501,199	3,506,085
Assets classified as held for sale	32	49,561	22,397
Total assets		12,973,534	13,053,903

Statements of Financial Position

As at 31 December 2023 (cont'd.)

Group	Note	2023 RM'000	2022 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	33	4,960,276	4,960,276
Reserves			
Merger relief reserve	33	34,330	34,330
Other reserves	34(a)	96,675	78,340
Retained profits	34(b)	1,746,690	1,696,255
		6,837,971	6,769,201
Non-controlling interests	35	114,660	104,467
Total equity		6,952,631	6,873,668
Non-current liabilities			
Borrowings	36	3,164,259	2,360,637
Lease liabilities	14(b)	14,608	18,414
Payables	38	23,952	45,976
Contract liabilities	29	210,081	239,678
Deferred income	39	243,652	162,839
Provisions	37	9,310	68,317
Deferred tax liabilities	24	120,028	163,395
		3,785,890	3,059,256
Current liabilities			
Provisions	37	145,013	104,003
Payables	38	942,266	937,938
Contract liabilities	29	66,503	105,041
Borrowings	36	1,015,672	1,954,611
Lease liabilities	14(b)	3,970	3,617
Tax payable		61,589	15,769
		2,235,013	3,120,979
Total liabilities		6,020,903	6,180,235
Total equity and liabilities		12,973,534	13,053,903

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2023 (cont'd.)

Company	Note	2023 RM'000	2022 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	10,861	17,656
Right-of-use assets	14(a)	17,665	21,770
Interests in subsidiaries	16	4,307,636	4,339,037
Interests in joint ventures	19	287,497	295,567
Amounts due from joint ventures	20	10,200	11,000
Amounts due from subsidiaries	30	2,561,013	2,610,176
		7,194,872	7,295,206
Current assets			
Receivables	28(a)	68,762	102,767
Tax recoverable	28(b)	-	62
Amounts due from subsidiaries	30	1,816,925	1,693,458
Amount due from an associate	17	221	221
Amounts due from joint ventures	20	39,127	32,662
Short term investments	31	90,554	45,000
Cash, bank balances and deposits	23	17,142	15,515
		2,032,731	1,889,685
Total assets		9,227,603	9,184,891
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	33	4,960,276	4,960,276
Merger relief reserve	33	34,330	34,330
Retained profits	34(b)	113,825	131,236
Total equity		5,108,431	5,125,842
Non-current liabilities			
Borrowings	36	3,132,739	2,346,637
Amounts due to subsidiaries	30	-	37,054
Lease liabilities	14(b)	14,598	18,414
		3,147,337	2,402,105

Statements of Financial Position

As at 31 December 2023 (cont'd.)

Company	Note	2023 RM'000	2022 RM'000
Current liabilities			
Payables	38	61,921	48,653
Amounts due to subsidiaries	30	1,969	5,686
Borrowings	36	903,469	1,599,113
Lease liabilities	14(b)	3,916	3,492
Tax payable		560	-
		971,835	1,656,944
Total liabilities		4,119,172	4,059,049
Total equity and liabilities		9,227,603	9,184,891

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Attributable to owners of the parent						Non-controlling interests (Note 35) RM'000	Total equity RM'000
	Non-distributable			Distributable				
	Share capital (Note 33) RM'000	Merger relief reserve (Note 33) RM'000	Other reserves (Note 34(a)) RM'000	Retained profits (Note 34(b)) RM'000	Total RM'000			
At 1 January 2023	4,960,276	34,330	78,340	1,696,255	6,769,201	104,467	6,873,668	
Total comprehensive income for the year	-	-	18,335	75,727	94,062	10,193	104,255	
Dividend paid (Note 10)	-	-	-	(25,292)	(25,292)	-	(25,292)	
At 31 December 2023	4,960,276	34,330	96,675	1,746,690	6,837,971	114,660	6,952,631	
At 1 January 2022	4,960,276	34,330	82,798	1,615,716	6,693,120	102,931	6,796,051	
Total comprehensive income for the year	-	-	(4,458)	80,539	76,081	1,536	77,617	
At 31 December 2022	4,960,276	34,330	78,340	1,696,255	6,769,201	104,467	6,873,668	

The accompanying notes form an integral part of the financial statements.

Statements of Changes In Equity

For the financial year ended 31 December 2023 (cont'd.)

Company	Non-distributable		Distributable	Total equity RM'000
	Share capital (Note 33) RM'000	Merger relief reserve (Note 33) RM'000	Retained profits (Note 34(b)) RM'000	
At 1 January 2023	4,960,276	34,330	131,236	5,125,842
Total comprehensive income for the year	-	-	7,881	7,881
Dividend paid (Note 10)	-	-	(25,292)	(25,292)
At 31 December 2023	4,960,276	34,330	113,825	5,108,431
At 1 January 2022	4,960,276	34,330	123,773	5,118,379
Total comprehensive income for the year	-	-	7,463	7,463
At 31 December 2022	4,960,276	34,330	131,236	5,125,842

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities				
Cash receipts from customers	1,475,508	1,393,124	43	330
Cash receipts from subsidiaries	-	-	317,010	200,517
Receipts from other related parties	75,245	53,326	2,241	2,361
Cash payments to suppliers	(250,973)	(212,324)	-	-
Cash payments to contractors	(636,380)	(425,014)	-	-
Cash payments for land and development related costs	(10,007)	(135,744)	-	-
Cash payments to other related parties	(5,407)	(39,408)	(1,227)	(10,608)
Cash payments to employees, for selling and distribution and for general expenses	(239,812)	(243,048)	(137,362)	(125,946)
Cash generated from operations	408,174	390,912	180,705	66,654
Net income tax paid	(71,402)	(27,437)	(2,387)	(2,344)
Zakat paid	(1,531)	-	-	-
Interest received	25,401	19,430	3,526	1,728
Net cash generated from operating activities	360,642	382,905	181,844	66,038
Cash flows from investing activities				
Dividend received from joint ventures	36,000	31,000	-	-
Dividend received from subsidiaries	-	-	87,500	371,000
Proceeds from disposals of:				
- property, plant and equipment	2	23	1	7
Net proceeds from partial disposal of a joint venture (Note 50)	8,655	-	8,655	-
Purchase of:				
- property, plant and equipment (Note (a))	(645)	(2,021)	(559)	(1,140)
- investment properties (Note (b))	(9,551)	(22,214)	-	-
Advances to subsidiaries	-	-	(1,185,827)	(1,302,938)
Repayment from subsidiaries	-	-	1,086,740	770,144
Redemption by a joint venture	11,250	5,000	-	-
Redemption of Redeemable Preference Shares ("RPS") from an associate	-	6,400	-	-
Investment in land held for property development	(33,742)	(80,892)	-	-
Investment in a joint venture	(1,725)	(900)	(825)	-
Net proceeds from disposal of:				
- a subsidiary (Note 49)	-	356	-	-
Net investment of short term investments	(252,032)	(65,276)	(41,391)	(39,862)
Net cash used in investing activities	(241,788)	(128,524)	(45,706)	(202,789)

Statements of Cash Flows

For the financial year ended 31 December 2023 (cont'd.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from financing activities				
Drawdown of term loans	154,108	63,272	-	-
Drawdown of Commodity Murabahah Finance	-	24,747	-	-
Drawdown of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP")	1,695,000	675,000	1,695,000	675,000
Drawdown of structured commodity	-	140,000	-	140,000
Drawdown of revolving credits	767,200	1,274,000	225,000	1,000,000
Repayment of term loans	(136,876)	(126,721)	-	-
Repayment of Commodity Murabahah Finance	-	(49,251)	-	-
Repayment of IMTN and ICP	(1,470,000)	(460,000)	(1,470,000)	(460,000)
Repayment of structured commodity	(50,000)	(140,000)	(50,000)	(140,000)
Repayment of revolving credits	(1,083,000)	(1,294,000)	(305,000)	(945,000)
Repayment of lease liabilities	(4,566)	(22,825)	(4,613)	(3,409)
Interest paid	(213,259)	(185,940)	(199,672)	(175,204)
Dividend paid	(25,292)	-	(25,292)	-
Net cash (used in)/generated from financing activities	(366,685)	(101,718)	(134,577)	91,387
Net increase in cash and cash equivalents	(247,831)	152,663	1,561	(45,364)
Effects of foreign exchange rate changes	15,377	(5,099)	66	(481)
Cash and cash equivalents at beginning of year	995,768	848,204	15,515	61,360
Cash and cash equivalents at end of year (Note 23)	763,314	995,768	17,142	15,515
Note (a):				
Additions of property, plant and equipment (Note 12)	4,136	4,757	559	1,140
Net accruals	(3,491)	(2,736)	-	-
Cash outflow for acquisition of property, plant and equipment	645	2,021	559	1,140
Note (b):				
Additions of investment properties (Note 13)	18,117	6,859	-	-
Interest capitalised (Note 7)	(28)	(740)	-	-
Net accruals	(8,538)	16,095	-	-
Cash outflow of purchase of investment property	9,551	22,214	-	-

* There is no cash flows attributable to discontinued operation.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. CORPORATE INFORMATION

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

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 March 2024.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise disclosed in the accounting policies below, and comply with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 51(a) to the financial statements.

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

The 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 RM, which is also the Company's functional currency.

Notes to the Financial Statements

31 December 2023

3. SEGMENT INFORMATION

(a) Business unit segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

- | | | | |
|-------|---|---|--|
| (i) | Property development | - | development and sales of residential and commercial properties, as well as sales of lands; |
| (ii) | Property investment and hotel operation | - | holds to earn rental income and/or capital appreciation including hotel operation; and |
| (iii) | Others | - | investment holding, assets and facilities management, project management, harvesting, land leasing, other income, and other dormant companies. |

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments have been entered into a normal course of business and have been established on mutually agreed terms and conditions. The reported segment revenue, segment results and eliminations exclude intercompany dividends.

(b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in four geographical areas:

- | | |
|-------|--|
| (i) | Malaysia - the operations in this area are principally development and sales of residential and commercial properties, development of investment properties, held to earn rental income and/or sales of lands, hotel operation, assets and facilities management, project management, harvesting, land leasing, other income, and other dormant companies; |
| (ii) | Australia - the operations in this area are principally development and sales of residential and commercial properties as well as development of investment properties, held to earn rental income; |
| (iii) | Singapore - the operation in this area is principally project management; and |
| (iv) | South Africa - the operations in this area are principally development and sales of residential and commercial properties. |

3. SEGMENT INFORMATION (CONT'D.)

Business segment information

At 31 December 2023	Property development RM'000	Property investment and hotel operation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	1,223,210	100,682	15,168	-	1,339,060
Inter-segment revenue	-	258	122,862	(123,120)	-
Total revenue	1,223,210	100,940	138,030	(123,120)	1,339,060
Results					
Segment results	297,640	21,764	(30,841)	(12,215)	276,348
Finance costs	(95,798)	(41,885)	(32,313)	12,215	(157,781)
Share of results of associates	188	-	-	-	188
Share of results of joint ventures	24,185	(3,995)	-	-	20,190
Profit/(loss) before income tax and zakat	226,215	(24,116)	(63,154)	-	138,945
Zakat	(1,531)	-	-	-	(1,531)
Tax expense	(48,258)	4	(3,258)	-	(51,512)
Profit/(loss) for the year	176,426	(24,112)	(66,412)	-	85,902
Attributable to:					
Owners of the parent	165,945	(24,112)	(66,106)	-	75,727
Non-controlling interests	10,481	-	(306)	-	10,175
Profit/(loss) for the year	176,426	(24,112)	(66,412)	-	85,902
Analysed as:					
Continuing operations	177,973	(24,112)	(66,412)	-	87,449
Discontinuing operations	(1,547)	-	-	-	(1,547)
	176,426	(24,112)	(66,412)	-	85,902

Notes to the Financial Statements

31 December 2023

3. SEGMENT INFORMATION (CONT'D.)

Business segment information (cont'd.)

At 31 December 2023	Property development RM'000	Property investment and hotel operation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segment assets	10,649,161	953,990	478,885	(990,167)	11,091,869
Interests in:					
- associates	839,175	-	2	-	839,177
- joint ventures	800,686	70,295	-	-	870,981
Income tax assets	118,835	330	2,781	-	121,946
	12,407,857	1,024,615	481,668	(990,167)	12,923,973
Assets held for sale (Note 32)	49,561	-	-	-	49,561
Total assets	12,457,418	1,024,615	481,668	(990,167)	12,973,534
Liabilities					
Segment liabilities	4,983,156	850,534	1,115,791	(990,167)	5,959,314
Income tax liabilities	61,589	-	-	-	61,589
Total liabilities	5,044,745	850,534	1,115,791	(990,167)	6,020,903
Other information					
Additions to non-current assets	228,791	19,415	5,015	-	253,221
Depreciation and amortisation	(4,423)	(29,541)	(17,328)	-	(51,292)

3. SEGMENT INFORMATION (CONT'D.)

Business segment information (cont'd.)

At 31 December 2022	Property development RM'000	Property investment and hotel operation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	1,361,400	91,256	20,772	-	1,473,428
Inter-segment revenue	-	582	100,263	(100,845)	-
Total revenue	1,361,400	91,838	121,035	(100,845)	1,473,428
Results					
Segment results	288,112	11,256	(29,665)	(20,681)	249,022
Finance costs	(96,730)	(40,155)	(27,266)	20,681	(143,470)
Share of results of associates	610	-	3,433	-	4,043
Share of results of joint ventures	26,442	(2,494)	-	-	23,948
Profit/(loss) before income tax	218,434	(31,393)	(53,498)	-	133,543
Tax expense	(46,977)	(540)	(3,962)	-	(51,479)
Profit/(loss) for the year	171,457	(31,933)	(57,460)	-	82,064
Attributable to:					
Owners of the parent	169,571	(31,933)	(57,099)	-	80,539
Non-controlling interests	1,886	-	(361)	-	1,525
Profit/(loss) for the year	171,457	(31,933)	(57,460)	-	82,064
Analysed as:					
Continuing operations	173,298	(31,933)	(57,460)	-	83,905
Discontinuing operations	(1,841)	-	-	-	(1,841)
	171,457	(31,933)	(57,460)	-	82,064

Notes to the Financial Statements

31 December 2023

3. SEGMENT INFORMATION (CONT'D.)

Business segment information (cont'd.)

At 31 December 2022	Property development RM'000	Property investment and hotel operation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segment assets	10,789,980	960,320	400,847	(941,800)	11,209,347
Interests in:					
- associates	844,978	-	2	-	844,980
- joint ventures	811,369	79,822	-	-	891,191
Income tax assets	82,916	330	2,742	-	85,988
	12,529,243	1,040,472	403,591	(941,800)	13,031,506
Assets held for sale (Note 32)	22,397	-	-	-	22,397
Total assets	12,551,640	1,040,472	403,591	(941,800)	13,053,903
Liabilities					
Segment liabilities	5,352,633	848,044	905,589	(941,800)	6,164,466
Income tax liabilities	15,769	-	-	-	15,769
Total liabilities	5,368,402	848,044	905,589	(941,800)	6,180,235
Other information					
Additions to non-current assets	99,573	11,942	22,345	-	133,860
Depreciation and amortisation	(8,757)	(24,943)	(18,683)	-	(52,383)

3. 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	
	2023	2022
	RM'000	RM'000
Malaysia	1,331,402	1,414,661
Australia	7,658	58,767
	1,339,060	1,473,428

	Non-current assets	
	2023	2022
	RM'000	RM'000
Malaysia	9,160,857	9,266,431
Australia	254,413	249,567
South Africa	7,504	9,423
	9,422,774	9,525,421

Notes to the Financial Statements

31 December 2023

4. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contract with customers	1,289,501	1,426,096	112,622	97,841
Revenue from other sources:				
- Rental income	49,559	47,332	-	-
- Dividend income from short term investments	-	-	4,120	195
- Dividend income from subsidiaries	-	-	60,500	87,500
	1,339,060	1,473,428	177,242	185,536
Revenue from contract with customers				
Property development:				
- Sales of development properties	946,648	1,054,313	-	-
- Sales of developed lands	10,307	173,705	-	-
	956,955	1,228,018	-	-
Strategic land sales	266,254	133,382	-	-
Car park operations	25,335	24,556	-	-
Hotel operations	25,789	19,368	-	-
Management fees from subsidiaries	-	-	112,622	97,841
Assets and facilities management and others	15,168	20,772	-	-
	1,289,501	1,426,096	112,622	97,841
Geographical market				
Malaysia	1,281,843	1,367,329	111,718	97,004
Australia	7,658	58,767	904	817
Singapore	-	-	-	20
	1,289,501	1,426,096	112,622	97,841
Timing of revenue				
At a point in time	382,302	469,086	112,622	97,841
Over time:				
- Property development (Note 29(a))	843,366	811,971	-	-
- Strategic land sales (Note 29(b))	53,526	32,270	-	-
- Sales of developed lands (Note 29(b))	10,307	112,769	-	-
	907,199	957,010	-	-
	1,289,501	1,426,096	112,622	97,841

4. REVENUE (CONT'D.)

4.1 Revenue from contract customers

Material accounting policy information

(a) Property development and strategic land sale

Revenue recognition from property development would be depending on the terms of the contract and the laws that apply to the contract, control of assets may transfer over the time or at a point in time.

This is generally established when:

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and
- the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payments.

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

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

(b) Completed properties and properties under contract of sale

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

(c) Assets and facilities management

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

(d) Car park operations

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

Notes to the Financial Statements

31 December 2023

4. REVENUE (CONT'D.)**4.1 Revenue from contract customers (cont'd.)****Material accounting policy information (cont'd.)**

(e) Hotel operations

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

(f) Management fees

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

4.2 Revenue from other sources

(a) Property investment

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

(b) Dividends

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

5. COST OF SALES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property development:				
- Sales of development properties	697,295	764,093	-	-
- Sales of developed lands	10,637	192,087	-	-
	707,932	956,180	-	-
Strategic land sales	110,764	49,609	-	-
Rental income and car park operations	14,082	10,871	-	-
Hotel operations	11,512	7,994	-	-
Costs of services rendered to subsidiaries	-	-	106,832	93,228
Assets and facilities management and others	21,061	17,592	-	-
	865,351	1,042,246	106,832	93,228

6. OPERATING PROFIT

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net allowance for doubtful debts				
- receivables (Note 28 (a)(iv))	6,759	3,544	-	-
- amounts due from subsidiaries (Note 30)	-	-	7,187	9,220
Auditors' remuneration:				
- Fees for statutory audit				
EY and its affiliates:				
- Malaysian operations (current)	993	998	208	236
- overseas operations (current)	558	556	-	-
Overprovision of audit fees	-	(20)	-	(39)
Other auditors	17	17	-	-
- Fees for assurance related services				
EY (current)	78	75	78	75
Underprovision of assurance related services	-	5	-	-
- Fees for non-audit services				
EY (current)	6	5	-	-
Affiliates of EY (current)	755	558	57	20
Overprovision of non-audit services	-	-	-	(1)
Rental expenses of:				
- short-term leases	950	883	951	577
- low-value assets	772	1,447	595	1,249
Depreciation of property, plant and equipment (Note 12)	23,394	22,860	7,354	7,210
Depreciation of investment properties (Note 13)	23,647	21,339	-	-
Depreciation of right-of-use assets (Note 14(a))	4,251	8,184	4,246	5,449
Directors' remuneration (Note (i))	1,211	1,341	1,211	1,341
Staff costs (Note (iii))	105,944	97,190	84,823	77,071
Net remeasurement of long term receivables (Note 28(a)(v))	1,333	(141)	-	-
Write back of allowance for impairment:				
- receivables (Note 28(a)(vii))	-	(576)	-	-
- amount due from subsidiaries (Note 30)	-	-	(649)	-
(Gain)/loss on foreign exchange:				
- unrealised	(2,628)	(6,483)	(77)	(11)
- realised	(644)	536	11	434

Notes to the Financial Statements

31 December 2023

6. OPERATING PROFIT (CONT'D.)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Direct operating expenses arising from investment properties that are:				
- generating rental income	18,258	15,682	-	-
- not generating rental income	5,842	4,927	-	-
Dividend income from short term investments	(4,120)	(268)	(4,120)	(195)
Interest income:				
- deposits with licensed banks	(22,613)	(7,560)	(3,526)	(1,603)
- accretion of interest on long term receivables (Note 28(a)(v))	(10,156)	(11,763)	-	-
- subsidiaries	-	-	(174,411)	(155,797)
- joint ventures	(9,316)	(9,595)	(776)	(778)
- others	(6,211)	(349)	-	-
Provision for impairment/(Write-back) of:				
- interests in subsidiaries (Note 16)	-	-	2,501	20,644
- investment properties (Note 13)	(6,581)	2,343	-	-
- property, plant and equipment (Note 12)	(2,224)	(2,050)	-	-
Written off cost for property, plant and equipment (Note 12)	383	879	-	-
Loss/(gain) on disposal of:				
- a subsidiary (Note 49)	-	479	-	-
- partial interest in a joint venture (Note 50)	(227)	-	(28)	-
- property, plant and equipment	-	(23)	(1)	(7)
Fair value adjustments of investment in an associate (Note 17)	-	2,957	-	-

6. OPERATING PROFIT (CONT'D.)

(i) Directors' remuneration

	Group/Company			
	2023		2022	
	Director fees ⁴ RM'000	Other emoluments ⁴ RM'000	Director fees ⁴ RM'000	Other emoluments ⁴ RM'000
Non-executive directors:				
Datuk Mohamad Hishammudin Hamdan ^a	- ³	-	-	-
Christina Foo	188	-	188	-
Dato' Mohd Izani Ghani	148 ²	-	148 ²	-
Zaida Khalida Shaari	163	-	163	-
Reagan Chan Chung Cheng ^a	- ³	-	-	-
Chari Thandalam Veeravalli Thirumala	163	-	163	-
Poh Ying Loo	168	-	168	-
Datin Sri Badrunnisa Mohd Yasin Khan	133	-	137	-
Yeow Wai Siaw	123	-	123	-
Dato' Noorazman Abd Aziz ^b	105	20 ¹	210	41 ¹
Effizal Faiz Zulkifly ^b	- ³	-	- ³	-
	1,191	20	1,300	41
Total directors' remuneration		1,211		1,341

^a Appointed on 1 July 2023.

^b Resigned on 1 July 2023.

¹ Comprised car-related and other claimable benefits.

² Fees for nominees of UEM Group on the Board of the Company are paid to UEM.

³ Fees waived by UEM Group in line with the policy of Khazanah.

⁴ Excluding SST where applicable.

Notes to the Financial Statements

31 December 2023

6. OPERATING PROFIT (CONT'D.)

(ii) Staff costs

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages and salaries	76,469	75,948	52,675	48,082
Staff bonus, benefits and welfare	29,338	23,450	21,029	18,721
Statutory contribution to EPF and social security costs	13,332	11,162	10,103	9,460
Training expenses	1,166	1,138	1,016	808
	120,305	111,698	84,823	77,071
Capitalised to:				
Land held for property development (Note 15)	(335)	(933)	-	-
Property development costs (Note 25)	(14,026)	(13,575)	-	-
	105,944	97,190	84,823	77,071

Material accounting policy information

Defined contribution plans are post-employment benefits 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 contribution 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 contribution are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contribution to the Employees Provident Fund ("EPF").

7. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Finance costs incurred and accrued during the year on:				
- IMTN, ICP, term loans and structured commodity	207,100	186,557	203,809	173,752
- revolving credits and bank overdraft	5,528	12,844	1,065	4,235
- loan from subsidiaries	-	-	1,301	4,225
- interest on lease liabilities (Note 14(b))	926	236	920	175
- accretion of interest on long term payables	2,142	3,808	-	-
- bank charges	767	1,023	36	30
	216,463	204,468	207,131	182,417

7. FINANCE COSTS (CONT'D.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capitalised in:				
- land held for property development (Note 15)	(56,675)	(56,236)	-	-
- property development costs (Note 25)	(1,979)	(4,022)	-	-
- investment properties (Note 13)	(28)	(740)	-	-
	(58,682)	(60,998)	-	-
	157,781	143,470	207,131	182,417

Finance 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 assets including land held for property development, property development costs and investment properties. Capitalisation of finance costs commences when the activities to prepare the assets for its intended use or sale are in progress and the expenditures and borrowing costs are incurred.

Finance costs are capitalised until the assets are substantially completed for their intended use.

The interest and profit rates for borrowing cost capitalised during the financial year range from 4.00% to 6.89% (2022: 3.03% to 5.50%) per annum.

8. ZAKAT

	Group	
	2023 RM'000	2022 RM'000
Expensed and paid in the financial year	1,531	-

Notes to the Financial Statements

31 December 2023

9. INCOME TAX EXPENSES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations				
Income tax:				
Malaysian income tax	82,225	62,512	2,743	1,953
Foreign tax	741	(1,587)	-	-
(Over)/underprovision in prior years	(1,331)	3,099	266	999
	81,635	64,024	3,009	2,952
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	(25,783)	(1,005)	-	-
Overprovision of deferred tax in prior years	(3,969)	(11,098)	-	-
	(29,752)	(12,103)	-	-
Discontinued operations				
Income tax:				
Malaysian income tax	(371)	(442)	-	-
Total income tax expenses	51,512	51,479	3,009	2,952

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

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

9. INCOME TAX EXPENSES (CONT'D.)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations				
Profit before zakat and income tax	140,492	135,384	10,890	10,415
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	33,718	32,492	2,614	2,500
Effect of different tax rates in other country	(52)	95	-	-
Income not subject to tax	(1,316)	(2,498)	(15,466)	(21,033)
Expenses not deductible for tax purposes	11,325	22,818	15,595	20,486
Deferred tax assets not recognised during the year	19,847	13,731	-	-
Utilisation of previously unrecognised tax losses and other deductible temporary differences	(1,066)	-	-	-
Tax effect on share of associates' and joint ventures' results	(5,262)	(6,718)	-	-
(Over)/underprovision of income tax in prior years	(1,331)	3,099	266	999
Over provision of deferred tax in prior years	(3,969)	(11,098)	-	-
Zakat deduction	(382)	-	-	-
Tax expenses for the year	51,512	51,921	3,009	2,952
Discontinued operations				
Loss before zakat and income tax	(1,547)	(1,841)	-	-
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	(371)	(442)	-	-
Tax effect on share of associates'	371	442	-	-
Tax expenses for the year	-	-	-	-
Total income tax expense for the year	51,512	51,921	3,009	2,952

Notes to the Financial Statements

31 December 2023

10. DIVIDEND

	Company	
	2023 RM'000	2022 RM'000
In respect of financial year ended 31 December 2022		
Interim single tier dividend of 0.5 sen per share on 5,058,476,221 ordinary shares paid on 22 May 2023	25,292	-

In respect of the financial year ended 31 December 2023, the Board of Directors has declared a single-tier tax exempt dividend of 0.75 sen per share on 5,058,476,221 ordinary shares amounting to RM37,938,572. The proposed dividend will be paid on 24 May 2024 to shareholders registered at the close of business on 30 April 2024.

The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

11. EARNINGS PER SHARE

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

	Group	
	2023	2022
Profit for the year attributable to owners of the parent (RM'000)	75,727	80,539
Weighted average number of ordinary shares in issue ('000)	5,058,476	5,058,476
* Earnings per share (sen)	1.5	1.6

* Included loss per share from discontinued operations amounting to 0.02 sen (2022: 0.03 sen).

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

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building RM'000	Capital work-in-progress RM'000	Plant and machinery RM'000	Floating pontoons RM'000	Motor vehicles RM'000	Renovation, equipment and others RM'000	Total RM'000
At 31 December 2023								
Net carrying amount at 1 January 2023	12,199	314,174	865	55,381	-	3	24,638	407,260
Additions	-	-	-	1,941	-	-	2,195	4,136
Disposal	-	-	-	-	-	-	(2)	(2)
Foreign currency translation	-	224	-	-	-	-	142	366
Transfer from assets held for sale (Note 32)	2,694	17,144	-	-	-	-	-	19,838
Write-off (Note 6)	-	-	(19)	(210)	-	-	(154)	(383)
Depreciation charge (Note 6)	-	(8,190)	-	(5,337)	-	-	(9,867)	(23,394)
Write-back of impairment (Note 6)	-	-	-	2,224	-	-	-	2,224
Net carrying amount at 31 December 2023	14,893	323,352	846	53,999	-	3	16,952	410,045
Cost	14,893	374,502	846	105,243	6,476	8,107	113,057	623,124
Accumulated depreciation	-	(51,150)	-	(44,228)	(6,476)	(8,104)	(96,105)	(206,063)
Accumulated impairment	-	-	-	(7,016)	-	-	-	(7,016)
Net carrying amount	14,893	323,352	846	53,999	-	3	16,952	410,045

Notes to the Financial Statements

31 December 2023

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

Group	Freehold land RM'000	Building RM'000	Capital work-in-progress RM'000	Plant and machinery RM'000	Floating pontoons RM'000	Motor vehicles RM'000	Renovation, equipment and others RM'000	Total RM'000
At 31 December 2022								
Net carrying amount at 1 January 2022	14,896	336,251	3,626	57,551	-	9	34,354	446,687
Additions	-	2,571	464	-	-	-	1,722	4,757
Disposal of a subsidiary	-	-	-	-	-	-	(119)	(119)
Foreign currency translation	(3)	276	-	-	-	-	(252)	21
Transfer to assets held for sale (Note 32)	(2,694)	(17,068)	(2,635)	-	-	-	-	(22,397)
Write-off (Note 6)	-	-	(590)	(170)	-	-	(119)	(879)
Depreciation charge (Note 6)	-	(7,856)	-	(4,050)	-	(6)	(10,948)	(22,860)
Write-back of impairment (Note 6)	-	-	-	2,050	-	-	-	2,050
Net carrying amount at 31 December 2022	12,199	314,174	865	55,381	-	3	24,638	407,260
Cost	12,199	357,134	865	103,822	6,476	8,107	110,994	599,597
Accumulated depreciation	-	(42,960)	-	(39,201)	(6,476)	(8,104)	(86,356)	(183,097)
Accumulated impairment	-	-	-	(9,240)	-	-	-	(9,240)
Net carrying amount	12,199	314,174	865	55,381	-	3	24,638	407,260

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

Company	Capital work-in- progress RM'000	Renovation, equipment and others RM'000	Total RM'000
At 31 December 2023			
Net carrying amount at 1 January 2023	80	17,576	17,656
Additions	59	500	559
Reclassification	(80)	80	-
Depreciation charge (Note 6)	-	(7,354)	(7,354)
Net carrying amount at 31 December 2023	59	10,802	10,861
Cost	59	43,884	43,943
Accumulated depreciation	-	(33,082)	(33,082)
Net carrying amount	59	10,802	10,861
At 31 December 2022			
Net carrying amount at 1 January 2022	93	23,633	23,726
Additions	80	1,060	1,140
Reclassification	(93)	93	-
Depreciation charge (Note 6)	-	(7,210)	(7,210)
Net carrying amount at 31 December 2022	80	17,576	17,656
Cost	80	43,311	43,391
Accumulated depreciation	-	(25,735)	(25,735)
Net carrying amount	80	17,576	17,656

Material accounting policy information

All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land and capital work in progress are not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building	2% - 5%
Plant and machinery	2.5% - 20%
Floating pontoons	10%
Motor vehicles	20% - 25%
Renovation, equipment and others	5% - 50%

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

Notes to the Financial Statements

31 December 2023

13. INVESTMENT PROPERTIES

Group	Investment properties under construction RM'000	Completed investment properties RM'000	Total RM'000
Cost			
At 1 January 2023	6,938	978,525	985,463
Additions	16,232	1,885	18,117
Reclassification	(4,153)	4,153	-
Foreign translation	-	4,407	4,407
Transfer to asset held for sale (Note 32)	-	(53,662)	(53,662)
At 31 December 2023	19,017	935,308	954,325
Accumulated depreciation			
At 1 January 2023	-	(163,876)	(163,876)
Depreciation charge (Note 6)	-	(23,647)	(23,647)
Transfer to asset held for sale	-	12,839	12,839
At 31 December 2023	-	(174,684)	(174,684)
Accumulated impairment			
At 1 January 2023	-	(41,573)	(41,573)
Reversal of impairment (Note 6)	-	6,581	6,581
At 31 December 2023	-	(34,992)	(34,992)
Net carrying amount	19,017	725,632	744,649
Fair value of investment properties (Note 44)	#	1,121,557	1,121,557

Impairment losses of investment properties

On the reporting date, the Group conducted an impairment review of its investment properties, principally based on the independent accredited third-party valuers assessment, which represents the directors' estimation of the fair value less costs to sell. During the year, the Group has recognised a write-back of impairment of RM6,581,000 and in prior year the impairment of RM2,343,000 was recognised.

13. INVESTMENT PROPERTIES (CONT'D.)

Group	Investment properties under construction RM'000	Completed investment properties RM'000	Total RM'000
Cost			
At 1 January 2022	22,105	957,709	979,814
Additions	6,859	-	6,859
Reclassification	(22,026)	22,026	-
Foreign translation	-	(1,210)	(1,210)
At 31 December 2022	6,938	978,525	985,463
Accumulated depreciation			
At 1 January 2022	-	(142,537)	(142,537)
Depreciation charge (Note 6)	-	(21,339)	(21,339)
At 31 December 2022	-	(163,876)	(163,876)
Accumulated impairment			
At 1 January 2022	-	(39,230)	(39,230)
Impairment charge (Note 6)	-	(2,343)	(2,343)
At 31 December 2022	-	(41,573)	(41,573)
Net carrying amount	6,938	773,076	780,014
Fair value of investment properties (Note 44)	#	1,123,590	1,123,590

The fair value of the investment properties under construction cannot be reliably determined and accordingly, no fair value information is being disclosed.

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

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

The fair value of investment properties described above was based on conditions existing as at 31 December 2023.

Included in investment properties under construction is the borrowing cost of RM28,000 (2022: RM740,000) for the construction of a building.

Notes to the Financial Statements

31 December 2023

13. INVESTMENT PROPERTIES (CONT'D.)**Material accounting policy information**

- (a) 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.
- (b) Depreciation of completed investment properties is provided for at 2% to 10% per annum on a straight line basis to write off the cost of each assets to its residual value or over the estimated useful life. Investment properties under construction are not depreciated.
- (c) Investment properties are derecognised when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits is expected. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the year which they arise.

14(a). RIGHT-OF-USE ASSETS

Group	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At 1 January 2023	21,827	4	21,831
Addition	143	-	143
Depreciation (Note 6)	(4,247)	(4)	(4,251)
At 31 December 2023	17,723	-	17,723
At 1 January 2022	7,674	10	7,684
Addition	22,331	-	22,331
Depreciation (Note 6)	(8,178)	(6)	(8,184)
At 31 December 2022	21,827	4	21,831

Company	Buildings	
	2023 RM'000	2022 RM'000
At 1 January	21,770	4,987
Addition	141	22,232
Depreciation (Note 6)	(4,246)	(5,449)
At 31 December	17,665	21,770

The Group and the Company lease a number of offices and buildings for a period of between 1 year and 6 years, with fixed rents and an option to renew the lease.

14(a). RIGHT-OF-USE ASSETS (CONT'D.)**Material accounting policy information**

- (a) The Group has elected not to recognise for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments on a straight-line basis over the lease term.
- (b) The right-of-use asset is depreciated using the straight-line method, at the following annual rates:
- | | |
|---------------------|-----------|
| Plant and equipment | 20% - 30% |
|---------------------|-----------|
- (c) In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

14(b). LEASE LIABILITIES

Group	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At 1 January 2023	22,025	6	22,031
Addition	142	-	142
Accretion of interest (Note 7)	926	-	926
Billings	(4,515)	(6)	(4,521)
At 31 December 2023	18,578	-	18,578
Analysed into:			
Non-current	3,970	-	3,970
Current	14,608	-	14,608
	18,578	-	18,578
At 1 January 2022	8,990	12	9,002
Addition	22,331	-	22,331
Accretion of interest (Note 7)	236	-	236
Billings	(9,532)	(6)	(9,538)
At 31 December 2022	22,025	6	22,031
Analysed into:			
Non-current	18,414	-	18,414
Current	3,611	6	3,617
	22,025	6	22,031

Notes to the Financial Statements

31 December 2023

14(b). LEASE LIABILITIES (CONT'D.)

Company	Buildings	
	2023 RM'000	2022 RM'000
At 1 January	21,906	5,469
Addition	141	22,232
Accretion of interest (Note 7)	920	175
Billings	(4,453)	(5,970)
At 31 December	18,514	21,906
Analysed into:		
Non-current	14,598	18,414
Current	3,916	3,492
	18,514	21,906

The maturity analysis of lease liabilities is disclosed as below:

Group	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2023			
Within 1 year	4,722	752	3,970
Between 1 to 2 years	4,738	566	4,172
Between 2 to 5 years	10,995	559	10,436
2022			
Within 1 year	4,535	918	3,617
Between 1 to 2 years	4,616	747	3,869
Between 2 to 5 years	14,034	1,095	12,939
More than 5 years	1,634	28	1,606

14(b). LEASE LIABILITIES (CONT'D.)

The maturity analysis of lease liabilities is disclosed as below: (cont'd.)

Company	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2023			
Within 1 year	4,666	750	3,916
Between 1 to 2 years	4,728	565	4,163
Between 2 to 5 years	10,994	559	10,435
2022			
Within 1 year	4,408	916	3,492
Between 1 to 2 years	4,616	747	3,869
Between 2 to 5 years	14,034	1,095	12,939
More than 5 years	1,634	28	1,606

15. INVENTORIES - LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2023 RM'000	2022 RM'000
Cost		
At 1 January	5,158,456	5,462,947
Additions	229,100	98,035
Disposal	(144,426)	(21,670)
Termination of purchase of land	(39,554)	-
Transfer from/(to) property development costs (Note 25)	20,946	(381,204)
Foreign currency translation	189	348
At 31 December	5,224,711	5,158,456

As at the reporting date, land and related development expenditures of RM838,551,000 (2022: RM804,330,000) are pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 36(a).

Notes to the Financial Statements

31 December 2023

15. INVENTORIES - LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D.)

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

	Group	
	2023	2022
	RM'000	RM'000
Interest capitalised (Note 7)	56,675	56,236
Staff costs capitalised (Note 6(ii))	335	933

Material accounting policy information

- (a) 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 stated at cost less impairment losses. Cost consists of land and development expenditure which include borrowing costs relating to the financing of the development and staff costs for activities carried out for the development.
- (b) Land held for property development is transferred to property development costs when the development activities has commenced.

16. INTERESTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM'000	RM'000
Investment in subsidiaries, unquoted shares		
At 1 January/31 December	3,181,299	3,181,299
Investment in RCPS/RPS, issued by subsidiaries		
At 1 January	1,197,212	1,155,212
Addition	-	42,000
Redemption of investment	(28,900)	-
At 31 December	1,168,312	1,197,212
Impairment losses		
At 1 January	(39,474)	(18,830)
Impairment losses (Note 6)	(2,501)	(20,644)
At 31 December	(41,975)	(39,474)
	4,307,636	4,339,037

Details of the subsidiaries are disclosed in Note 46.

Impairment losses of interests in subsidiaries

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

17. INTERESTS IN ASSOCIATES

Material accounting policy information

The Group's interest in its associates are accounted for using the equity method.

	Group	
	2023 RM'000	2022 RM'000
Investment in associates, unquoted shares		
At 1 January	55,383	55,383
Transfer to asset held for sale (Note 32)	(45,614)	-
At 31 December	9,769	55,383
Investment in RPS, issued by an associate		
At 1 January	707,801	717,158
Redemption of investment	-	(6,400)
Fair value adjustment (Note 6)	-	(2,957)
At 31 December	707,801	707,801
Share of post-acquisition reserves		
At 1 January	108,484	104,439
Share of reserve during the year	188	4,045
Transfer to asset held for sale (Note 32)	12,935	-
At 31 December	121,607	108,484
Foreign currency translation		
At 1 January	(26,688)	(26,688)
Foreign currency translation	796	-
Transfer to asset held for sale (Note 32)	25,892	-
At 31 December	-	(26,688)
	839,177	844,980

Notes to the Financial Statements

31 December 2023

17. INTERESTS IN ASSOCIATES (CONT'D.)

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

Summarised statement of financial position

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.		Aura Muhibah Sdn. Bhd.	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current assets	883,923	883,910	82,180	142,530	901,874	901,768
Current assets	19,224	18,854	658,618	704,091	14,770	7,407
Total assets	903,147	902,764	740,798	846,621	916,644	909,175
Non-current liabilities	-	-	-	-	637	-
Current liabilities	26	73	84,349	185,393	766	829
Total liabilities	26	73	84,349	185,393	1,403	829
Net assets	903,121	902,691	656,449	661,228	915,241	908,346

Summarised statement of comprehensive income

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.		Aura Muhibah Sdn. Bhd.	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	-	-	130,728	98,542	-	-
Profit/(loss) before income tax	533	365	(5,926)	11,585	8,550	10,643
Total comprehensive income/(expense)	430	294	(4,779)	9,343	6,895	8,583

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

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.		Aura Muhibah Sdn. Bhd.	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net assets at 1 January	902,691	902,397	661,228	651,885	908,346	915,763
Profit/(loss) for the year	430	294	(4,779)	9,343	6,895	8,583
Redemption of investment	-	-	-	-	-	(16,000)
Net assets at 31 December	903,121	902,691	656,449	661,228	915,241	908,346
Interests in associate	40%	40%	25%	25%	40%	40%
Unrealised profit arising from land sales	361,248	361,076	164,112	165,307	366,096	363,338
Fair value adjustments of options in investments	(35,902)	(35,902)	-	-	-	-
Fair value adjustments of options in investments	-	-	-	-	(12,770)	(12,770)
Carrying value of Group's interest	325,346	325,174	164,112	165,307	353,326	350,568

17. INTERESTS IN ASSOCIATES (CONT'D.)**Aggregate information of associates that are not individually material**

	2023 RM'000	2022 RM'000
Discontinued operation:		
The Group's share of loss before income tax	(1,547)	(1,841)
The Group's share of loss after income tax	(1,547)	(1,841)

Share of loss for the year from discontinued operation is as disclosed in Note 32(a) to the financial statements.

Apart from as disclosed in Note 42, there is no material contingent liability and capital commitment relating to associates as at 31 December 2023 and 31 December 2022.

18. AMOUNTS DUE FROM ASSOCIATES

Group	2023 RM'000	2022 RM'000
Amount due from associates	16,197	16,199
Accumulated impairment losses		
At 1 January/31 December	(15,587)	(15,587)
	610	612
Analysed into:		
Current	610	612

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

Company

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

Notes to the Financial Statements

31 December 2023

19. INTERESTS IN JOINT VENTURES**Material accounting policy information**

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

Group	2023 RM'000	2022 RM'000
Investment in joint ventures, unquoted shares		
At 1 January	33,704	33,954
Dissolution of a joint venture (Note (ii))	-	(250)
Partial disposal of joint ventures	(600)	-
At 31 December	33,104	33,704
Investment in Redeemable Convertible Loan Stocks ("RCULS"), RCPS and RPS, issued by joint ventures		
At 1 January	699,699	697,921
Additional investment (Note (i))	1,725	1,878
Dissolution of a joint venture (Note (ii))	-	(100)
Partial disposal of joint ventures	(13,277)	-
At 31 December	688,147	699,699
Share of post-acquisition reserves		
At 1 January	35,757	38,278
Share of post-acquisition	(8,712)	(2,521)
Partial disposal of joint venture	(87)	-
At 31 December	26,958	35,757
Amounts due from joint ventures (Note (iii))	184,092	183,351
Accumulated impairment losses	(61,320)	(61,320)
At 31 December	870,981	891,191
Analysed into:		
Non-current	870,981	891,191

19. INTERESTS IN JOINT VENTURES (CONT'D.)

Company	2023 RM'000	2022 RM'000
Investments in joint ventures, unquoted shares		
At 1 January	23,580	23,580
Partial disposal of joint venture (Note 50)	(600)	-
At 31 December	22,980	23,580
Investment in RCULS, RCPS and RPS, issued by joint ventures		
At 1 January	503,540	502,562
Additional investment (Note (ii))	825	978
Partial disposal of joint venture (Note 50)	(13,277)	-
At 31 December	491,088	503,540
Accumulated impairment losses		
At 1 January	(231,553)	(231,553)
Partial disposal of joint venture (Note 50)	4,982	-
At 31 December	(226,571)	(231,553)
At 31 December	287,497	295,567
Analysed into:		
Non-current	287,497	295,567

(i) In current financial year, the Company subscribed for additional 825,000 Redeemable Preference Shares at RM1.00 per share in Nusajaya Lifestyle Sdn. Bhd. amounting to RM825,000.

In addition, UEM Land Berhad, a wholly-owned subsidiary of the Company subscribed for additional 900 Redeemable Preference Shares at RM1,000 per share in FASTrack Iskandar Sdn. Bhd. amounting to RM900,000.

(ii) In prior year, Gerbang Leisure Park Sdn. Bhd., a 50% owned joint venture was dissolved on 3 March 2022.

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

(iv) Apart from as disclosed in Note 42, there is no material contingent liability and capital commitment relating to joint ventures as at 31 December 2023 and 31 December 2022.

(v) On the reporting date, the Company conducted an impairment review of its interests in certain joint ventures, principally based on the share of net assets in these joint ventures, which represents the directors' estimation of fair value less costs to sell in these joint ventures.

Notes to the Financial Statements

31 December 2023

19. INTERESTS IN JOINT VENTURES (CONT'D.)

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

Summarised statements of financial position

	FASTrack Iskandar Sdn. Bhd.		Nusajaya Tech Park Sdn. Bhd.		Nusajaya Lifestyle Sdn. Bhd.		Horizon Hills Development Sdn. Bhd.		Nusajaya Premier Sdn. Bhd.		Sunrise MCL Land Sdn. Bhd.		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	244,310	243,410	387	2,473	169,763	173,556	231,514	291,234	193,981	194,127	111,555	121,283	951,510	1,026,083
Cash and cash equivalents	1,745	2,279	90,784	33,591	1,992	837	54,664	59,262	13,860	13,744	41,383	15,502	204,428	125,215
Other current assets	51,136	50,358	248,973	164,743	2,289	2,236	626,555	613,655	3,210	3,392	107,539	111,273	1,039,702	945,657
Total current assets	52,881	52,637	339,757	198,334	4,281	3,073	681,219	671,917	17,070	17,136	148,922	126,775	1,244,130	1,070,872
Total assets	297,191	296,047	340,144	200,807	174,044	176,629	912,733	964,151	211,051	211,263	260,477	248,058	2,195,640	2,096,955
Current liabilities	34	34	-	-	-	-	35,669	35,692	17,582	17,477	23,067	12,061	76,352	65,264
Trade and other payables and provisions	117	21	71,737	9,060	30,626	31,738	55,656	55,999	977	1,263	7,150	3,351	166,263	101,432
Total current liabilities	151	55	71,737	9,060	30,626	31,738	91,325	91,691	18,559	18,740	30,217	15,412	242,615	166,696
Non-current liabilities	-	-	45,359	-	-	-	179,629	207,360	-	-	-	-	224,988	207,360
Trade and other payables and provision	-	-	-	-	-	-	3,460	2,018	-	-	-	-	3,460	2,018
Total non-current liabilities	-	-	45,359	-	-	-	183,089	209,378	-	-	-	-	228,448	209,378
Total liabilities	151	55	117,096	9,060	30,626	31,738	274,414	301,069	18,559	18,740	30,217	15,412	471,063	376,074
Net assets	297,040	295,992	223,048	191,747	143,418	144,891	638,319	663,082	192,492	192,523	230,260	232,646	1,724,577	1,720,881

19. INTERESTS IN JOINT VENTURES (CONT'D.)

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

Summarised statements of comprehensive income

	FASTrack Iskandar Sdn. Bhd.		Nusajaya Tech Park Sdn. Bhd.		Nusajaya Lifestyle Sdn. Bhd.		Horizon Hills Development Sdn. Bhd.		Nusajaya Premier Sdn. Bhd.		Sunrise MCL Land Sdn. Bhd.		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	101,290	86,848	2,994	2,699	218,228	109,044	-	-	137,085	71,947	459,597	270,538
Depreciation, amortisation & impairment loss	-	-	-	-	(979)	(1,735)	(2,931)	(1,177)	-	-	(207)	(198)	(4,117)	(3,110)
Interest income	44	17	1,653	516	692	583	-	-	391	281	1,173	845	3,953	2,242
Interest expenses	-	-	(1,056)	(20)	(923)	(881)	(2,763)	(1,051)	(765)	(785)	(85)	(92)	(5,592)	(2,829)
(Loss)/profit before tax	(1,952)	(1,790)	41,186	41,385	(2,973)	(1,221)	59,522	61,562	(31)	672	29,097	19,789	124,849	120,397
Income tax expenses	-	-	(9,885)	(10,083)	-	-	(14,285)	(14,775)	-	-	(6,983)	(4,749)	(31,153)	(29,607)
(Loss)/profit after tax	(1,952)	(1,790)	31,301	31,302	(2,973)	(1,221)	45,237	46,787	(31)	511	22,114	15,040	93,696	90,629
Total comprehensive (expense)/income	(1,952)	(1,790)	31,301	31,302	(2,973)	(1,221)	45,237	46,787	(31)	511	22,114	15,040	93,696	90,629

Notes to the Financial Statements

31 December 2023

19. INTERESTS IN JOINT VENTURES (CONT'D.)

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

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

	FASTrack Iskandar Sdn. Bhd.		Nusajaya Tech Park Sdn. Bhd.		Nusajaya Lifestyle Sdn. Bhd.		Horizon Hills Development Sdn. Bhd.		Nusajaya Premier Sdn. Bhd.		Sunrise MCL Land Sdn. Bhd.		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net assets at 1 January	295,992	294,782	191,747	160,445	144,891	144,334	663,082	676,295	192,523	192,012	232,646	229,606	1,720,881	1,697,474
(Loss)/profit for the year	(1,952)	(1,790)	31,301	31,302	(2,973)	(1,221)	45,237	46,787	(31)	511	22,114	15,040	93,696	90,629
Additional issuance of RPS	3,000	3,000	-	-	1,500	1,778	-	-	-	-	-	-	4,500	4,778
Dividend paid	-	-	-	-	-	-	(70,000)	(60,000)	-	-	(2,000)	(2,000)	(72,000)	(62,000)
Redemption of investment	-	-	-	-	-	-	-	-	-	-	(22,500)	(10,000)	(22,500)	(10,000)
Net assets at 31 December	297,040	295,992	223,048	191,747	143,418	144,891	638,319	663,082	192,492	192,523	230,260	232,646	1,724,577	1,720,881
Interest in joint venture	30%	30%	40%	40%	49%	55%	50%	50%	80%	80%	50%	50%	836,890	847,069
Share of net assets of the Group	89,112	88,798	89,219	76,699	70,275	79,690	319,160	331,541	153,994	154,018	115,130	116,323	836,890	847,069
Unrealised profit arising from land sales or interest charged	-	-	-	-	-	-	(32,074)	(35,252)	-	-	-	-	(32,074)	(35,252)
Elimination of management fees	-	-	-	-	-	-	-	-	-	(2,495)	-	-	-	(2,495)
Carrying value of Group's interest	89,112	88,798	89,219	76,699	70,275	79,690	287,086	296,289	153,994	151,523	115,130	116,323	804,816	809,322

Aggregate information of joint ventures that are not individually material

Group	2023 RM'000	2022 RM'000
The Group's share of profit before tax	(23,740)	(20,726)
The Group's share of profit after tax	(23,740)	(18,686)

20. AMOUNTS DUE FROM JOINT VENTURES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amounts due from joint ventures				
- Non-current (Note (i))	184,800	156,982	10,200	11,000
- Current (Note (ii))	212,915	103,473	39,127	32,662
	397,715	260,455	49,327	43,662

Group

- (i) Amounts due from joint ventures are unsecured, not expected to be repayable in the next 12 months and bear interest at an average rate of 6.1% (2022: 6.0%) per annum.
- (ii) Amounts due from these joint ventures are unsecured, non-interest bearing and repayable on demand except for an amount of RM5,100,000 (2022: RM6,020,000) which bears interest at an average rate of 7.7% (2022: 7.4%) per annum.

Company

- (i) Amounts due from joint ventures are unsecured, not expected to be repayable in the next 12 months and bear interest an average rate of 7.30% (2022: 6.89%) per annum.
- (ii) Amounts due from these joint ventures are unsecured, non-interest bearing and repayable on demand.

21. OTHER INVESTMENTS

	Group	
	2023 RM'000	2022 RM'000
Unquoted shares in Malaysia	22,525	22,525
Less: Accumulated impairment losses	(22,525)	(22,525)
	-	-

22. GOODWILL

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

	Group	
	2023 RM'000	2022 RM'000
At 1 January/31 December	621,409	621,409

Notes to the Financial Statements

31 December 2023

22. GOODWILL (CONT'D.)**Assumptions and approach used**

The recoverable amounts of the CGU have been determined based on fair value less costs to sell and value-in-use calculations using cash flow projections from financial budgets approved by the management covering a five-year period. The management has applied a pre-tax discount rate of 13.2% (2022: 12.9%).

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

Budgeted gross margins - Gross margins are based on historical trend of gross margins for the CGU.

Pre-tax discount rates - Discount rates reflect the weighted average cost of capital of the CGU.

Sales take-up rate - Sales take-up rate is based on historical trend of the market of which the CGU operates.

In determining fair value less costs to sell of the properties, the Group relies on the works performed by the accredited independent valuers. In the absence of such valuation, the Group applies the recently transacted prices of properties at nearby locations.

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

Impact of possible changes in key assumptions

The sensitivity tests indicated that with an increase in the discount rate by 1% (2022: 2%) or a reduction in the market value of identifiable assets by 6% (2022: 9%) or a reduction in the net development value of property sales by 3% (2022: 7%), there will be no impairment loss required where other realistic variations remained the same.

The calculation for value-in-use for the CGU described above was based on conditions existing as at 31 December 2023. The Group will continue to monitor and assess the assumptions applied.

23. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with licensed banks (Note (i))	383,466	52,778	-	-
Cash and bank balances (Note (ii))	618,106	972,773	17,142	15,515
	1,001,572	1,025,551	17,142	15,515
Less:				
Deposits with tenures of more than 3 months	(236,055)	(25,413)	-	-
Bank overdraft (Note 36)	(2,203)	(4,370)	-	-
Cash and cash equivalents	763,314	995,768	17,142	15,515

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

- (i) The interest rate and maturity of deposits of the Group as at financial year end ranges from 1.85% to 4.66% (2022: 1.58% to 2.85%) per annum and average of 360 days (2022: 360 days) respectively.
- (ii) Included in cash and bank balances of the Group are:

	Group	
	2023 RM'000	2022 RM'000
- Housing Development Accounts	404,695	341,485
- Securities under credit facilities*	425	1,654

* Included in the cash and bank balances are monies restricted for use for certain payments under the requirements of the financing facility agreements amounting to RM425,000 (2022: RM1,654,000).

24. DEFERRED TAXATION

	Group	
	2023 RM'000	2022 RM'000
At 1 January	(119,608)	(111,582)
Recognised in profit or loss (Note 9)	(29,752)	(12,103)
Foreign currency translation	964	4,077
At 31 December	(148,396)	(119,608)
Presented as follows:		
- Deferred tax liabilities	120,028	163,395
- Deferred tax assets	(268,424)	(283,003)
	(148,396)	(119,608)

Notes to the Financial Statements

31 December 2023

24. DEFERRED TAXATION (CONT'D.)

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

Deferred tax liabilities of the Group:

	Fair value adjustment of land and building RM'000	Interest capitalised RM'000	Others RM'000	Total RM'000
At 1 January 2023	149,831	118,948	-	268,779
Recognised in profit or loss	(34,461)	(12,682)	972	(46,171)
At 31 December 2023	115,370	106,266	972	222,608
At 1 January 2022	152,758	114,754	73	267,585
Recognised in profit or loss	(2,927)	4,194	(73)	1,194
At 31 December 2022	149,831	118,948	-	268,779

Deferred tax assets of the Group:

	Provisions RM'000	Tax losses and capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2023	(195,518)	(153,182)	(39,687)	(388,387)
Recognised in profit or loss	21,481	(2,537)	(2,525)	16,419
Foreign currency translation	-	964	-	964
At 31 December 2023	(174,037)	(154,755)	(42,212)	(371,004)
At 1 January 2022	(184,454)	(152,235)	(42,478)	(379,167)
Recognised in profit or loss	(11,064)	(5,024)	2,791	(13,297)
Foreign currency translation	-	4,077	-	4,077
At 31 December 2022	(195,518)	(153,182)	(39,687)	(388,387)

24. DEFERRED TAXATION (CONT'D.)

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

	Group	
	2023 RM'000	2022 RM'000
Unutilised tax losses	430,698	359,678
Others	135,227	127,992
	565,925	487,670
Deferred tax benefit at 24%, if recognised	135,822	117,041

Deferred tax assets have not been recognised in respect of the following item:

	Group	
	2023 RM'000	2022 RM'000
Unutilised tax losses		
- Expires in FY2028	199,697	228,678
- Expires in FY2029	26,216	28,186
- Expires in FY2030	37,363	37,363
- Expires in FY2031	37,421	37,421
- Expires in FY2032	28,030	28,030
- Expires in FY2033	101,971	-
	430,698	359,678

Effective from year of assessment 2019, the unutilised tax losses shall be allowed to be carried forward for a maximum period of ten consecutive years of assessment. Any amount which is not utilised at the end of the carry forward period shall be disregarded.

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.

Material accounting policy information

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with interests in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

31 December 2023

24. DEFERRED TAXATION (CONT'D.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unutilised tax credits and unutilised 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 unutilised tax credits and unutilised tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with interests in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

25. INVENTORIES - PROPERTY DEVELOPMENT COSTS

Material accounting policy information

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

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

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

Property development costs is recognised as an expense when the corresponding revenue is recognised in Note 51.4(a)(v).

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

25. INVENTORIES - PROPERTY DEVELOPMENT COSTS (CONT'D.)

	Group	
	2023 RM'000	2022 RM'000
At 1 January	767,859	681,241
Development costs incurred during the year	171,302	109,767
Transfer (to)/from:		
- contract cost assets (Note 26)	(176,069)	(379,141)
- land held for property development (Note 15)	(20,946)	381,204
- inventories held for sale	(31,393)	(5,431)
- inventories under contract of sale	-	(19,781)
	(57,106)	86,618
At 31 December	710,753	767,859

Included in costs incurred during the financial year are:

	Group	
	2023 RM'000	2022 RM'000
Interest capitalised (Note 7)	1,979	4,022
Staff costs capitalised (Note 6(ii))	14,026	13,575

As at the reporting date, freehold land and related development expenditure of RM348,959,000 (2022: RM398,222,000) are pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 36(a).

26. CONTRACT COST ASSETS**Material accounting policy information****(i) Incremental costs of obtaining contract**

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

(ii) Cost to fulfil a contract

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

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

Notes to the Financial Statements

31 December 2023

26. CONTRACT COST ASSETS (CONT'D.)

	Group	
	2023 RM'000	2022 RM'000
Contract cost assets:		
Costs to fulfil contracts with customers	203,834	187,245
Incremental costs to obtain contracts with customers	18,060	23,598
	221,894	210,843

	Group	
	2023 RM'000	2022 RM'000
(a) Costs to fulfil contracts with customers		
At 1 January	187,245	107,957
Cost transferred from inventories - property development cost (Note 25)	176,069	379,141
Cost incurred during the year	471,935	431,538
Cost recognised in profit or loss during the year	(631,415)	(731,391)
At 31 December	203,834	187,245
(b) Costs to obtain contracts with customers		
At 1 January	23,598	31,341
Cost incurred during the year	12,825	5,017
Cost recognised in profit or loss during the year	(18,363)	(12,760)
At 31 December	18,060	23,598

27. INVENTORIES**(a) Inventories held for sale****Material accounting policy information**

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

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

27. INVENTORIES (CONT'D.)**(a) Inventories held for sale (cont'd.)**

	Group	
	2023 RM'000	2022 RM'000
At cost		
Completed properties	20,447	55,359
Consumables	-	8
	20,447	55,367
At net realisable value		
Completed properties	78,969	119,469
Golf memberships*	28,001	28,169
	127,417	203,005

The cost of inventories recognised as cost of sales during the year amounted to RM77,762,777 (2022: RM197,424,000).

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

(b) Inventories under contract of sale**Material accounting policy information**

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

	Group	
	2023 RM'000	2022 RM'000
At cost		
Completed properties	154,227	102,096

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

Notes to the Financial Statements

31 December 2023

28(a). RECEIVABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables	(i),(iv),(vii)	679,677	841,910	-	-
Amounts due from related parties	(ii)	96	2,502	-	-
Other receivables	(iii)	127,845	133,986	68,762	102,767
		807,618	978,398	68,762	102,767
Less: Allowance for impairment	(v)	(37,881)	(31,122)	-	-
		769,737	947,276	68,762	102,767
Analysed into:					
Non-current	(vi)	240,855	360,295	-	-
Current		528,882	586,981	68,762	102,767
		769,737	947,276	68,762	102,767

(i) Included in trade receivables is an amount of RM31,792,000 (2022: RM32,281,000) owing from a joint venture entity that arose from a sale of land in prior years and bears interest at 6% (2022: 6%) per annum.

(ii) Related parties refer to those as specified in Note 41. Amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

(iii) Other receivables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Dividend receivable	-	-	60,500	87,500
Sundry debtors and prepayments (Note (a))	103,418	106,932	8,262	15,267
Deposits	24,427	27,054	-	-
	127,845	133,986	68,762	102,767

(a) Included in the sundry debtors are amounting to RM22.9 million (2022: RM22.9 million) representing additional tax and penalty paid under protest and subject to appeal to Inland Revenue Board (Note 42).

(iv) Allowance for impairment

	Group	
	2023 RM'000	2022 RM'000
Trade receivables	10,673	8,644
Amounts due from related parties	628	628
Sundry debtors	26,580	21,850
	37,881	31,122

28(a). RECEIVABLES (CONT'D.)

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

The amounts due from the customers are measured at fair value which are computed based on estimated future cash flows discounted at the debtor's cost of borrowing as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	360,295	293,116
Additions	3,437	183,482
Reclassification to current receivables	(131,700)	(128,207)
Remeasurement (Note 6)	(1,333)	141
Accretion of interest (Note 6)	10,156	11,763
At 31 December	240,855	360,295

- (vi) The Group's normal trade credit terms range from 30 to 90 days (2022: 30 to 90 days). For strategic land sales and sales of developed land, credit terms are negotiated and approved on a case-by-case basis.

- (vii) Ageing analysis

Ageing analysis of trade receivables

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

	Group	
	2023 RM'000	2022 RM'000
Neither past due nor impaired	498,668	458,129
1 to 30 days past due not impaired	18,502	219,898
31 to 60 days past due not impaired	18,990	23,680
61 to 90 days past due not impaired	7,023	29,834
More than 90 days past due not impaired	125,821	101,725
Past due but not impaired	170,336	375,137
Impaired	10,673	8,644
	679,677	841,910
<u>Individually impaired</u>		
Nominal amount	10,673	8,644
Allowance for impairment	(10,673)	(8,644)
	-	-

Notes to the Financial Statements

31 December 2023

28(a). RECEIVABLES (CONT'D.)

(vii) Ageing analysis (cont'd.)

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

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

The methods, assumptions and information used to measure expected credit loss ("ECL") at the reporting date were based on conditions existing as at 31 December 2023.

The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group has performed its assessment based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In making this assessment, the Group also takes into consideration that it would maintain its name as the registered owner of the properties until full settlement is made by purchasers or the purchasers' end-financiers.

The movement in allowance account for receivables is as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	31,122	30,482
Charge for the year (Note 6)	6,759	3,544
Reversal of impairment loss (Note 6)	-	(576)
Write off	-	(2,328)
At 31 December	37,881	31,122

28(b). TAX RECOVERABLE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tax recoverable	121,946	85,988	-	62

Included in the tax recoverable amounting to RM50.9 million (2022: RM50.9 million) representing additional tax and penalty paid under protest and subject to appeal to Inland Revenue Board (Note 42).

29. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Contract assets		
Contract assets from property development (Note (a))	330,423	374,672
Contract liabilities		
Contract liabilities from property development (Note (a))	10,915	54,947
Contract liabilities from strategic land sales (Note (b))	265,669	289,772
Carrying amount at the end of the financial year	276,584	344,719
Analysed into:		
Non-current	210,081	239,678
Current	66,503	105,041
	276,584	344,719

Material accounting policy information

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

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

(a) Contract assets and contract liabilities from property development

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

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

	Group	
	2023 RM'000	2022 RM'000
Contract assets	330,423	374,672
Contract liabilities	(10,915)	(54,947)
	319,508	319,725
As at 1 January	319,725	423,077
Revenue recognised during the financial year (Note 4)	843,366	811,971
Progress billings during the financial year	(843,583)	(915,323)
As at 31 December	319,508	319,725

Notes to the Financial Statements

31 December 2023

29. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)**(b) Contract assets and contract liabilities from land sales**

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

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

	Group	
	2023 RM'000	2022 RM'000
Contract liabilities	(265,669)	(289,772)
As at 1 January	(289,772)	(299,980)
Revenue recognised during the financial year (Note 4)	63,833	145,039
Deferred during the financial year	(39,730)	(134,831)
As at 31 December	(265,669)	(289,772)

(c) Unsatisfied performance obligations

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

	Group	
	2023 RM'000	2022 RM'000
Within 1 year	791,523	1,155,781
Between 1 and 4 years	591,052	286,078
More than 4 years	169,909	181,004
	1,552,484	1,622,863

30. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Amounts due from subsidiaries		
- Non-current (Note (i))	2,561,013	2,610,176
- Current (Note (ii))	1,816,925	1,693,458
	4,377,938	4,303,634
At 31 December	4,484,401	4,403,559
Impairment loss	(106,463)	(99,925)
	4,377,938	4,303,634
Amounts due to subsidiaries		
- Non-current (Note (iii))	-	37,054
- Current (Note (iv))	1,969	5,686
	1,969	42,740

During the financial year, the Company has made a provision for impairment on the amounts due from subsidiaries of RM7,187,000 (2022: RM9,220,000) and a write-back of allowance for impairment of RM649,000.

- (i) Amounts due from subsidiaries are unsecured, not expected to be repayable in the next 12 months and bear interest rates ranging from 4.80% to 5.19% (2022: 4.62% to 4.82%) per annum.
- (ii) Amounts due from subsidiaries mainly comprise advances, interest receivable and payment on behalf which are unsecured, repayable on demand and non-interest bearing except for amounts totalling of RM871,603,000 (2022: RM728,785,000) which bear interest rates ranging from 4.80% to 5.19% (2022: 4.67% to 4.82%) per annum.
- (iii) In prior financial year, amounts due to subsidiaries not expected to be paid within the next 12 months mainly comprise advances, interest payable and payment on behalf which are unsecured and bear interest rates ranging from 3.02% to 4.81% per annum. In current financial year, the amount was fully settled.
- (iv) Amounts due to subsidiaries mainly comprise advances, interest payable and payment on behalf which are unsecured, repayable on demand and non-interest bearing.

Notes to the Financial Statements

31 December 2023

31. SHORT TERM INVESTMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
In Malaysia:				
Financial assets at fair value through other comprehensive income				
- quoted shares	6	5	-	-
Financial assets at fair value through profit or loss				
- unquoted unit trust [#]	90,554	45,000	90,554	45,000
	90,560	45,005	90,554	45,000

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

32. ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if they meet certain conditions and their carrying amounts will be recovered principally through sale transactions rather than through continuing use. The condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject to terms that are usual and customary and the sale is highly probable.

Non-current assets or disposal groups held for sale 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.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

	Group	
	2023 RM'000	2022 RM'000
Assets classified as held for sale	49,561	22,397

The Board of Directors of the Company approved the proposed disposal of certain plots of land and buildings as well as related capital work in progress held by the subsidiaries of the Company as disclosed in Note 12 and 13.

In addition, the assets classified as held for sale also includes proposed disposal of 80.4% of equity interest in Roc-Union Proprietary Limited ("Roc-Union") and the Group has received 10% of purchase consideration amounting to RM2.95 million. The Group and the acquirer have mutually agreed for the remaining 90% balance of the purchase consideration to be paid in accordance with a payment plan and the deadline is extended to 31 December 2024. Other details are disclosed in Note 17.

32. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D.)

On 31 December 2023, the remaining 19.6% non-controlling interest in Roc-Union amounting to RM2,385,000.

(a) The financial results of the discontinued operation of disposal of Roc-Union is as follows:

	2023 RM'000	2022 RM'000
Share of results from associates/Loss for the year from discontinued operation	(1,547)	(1,841)
Attributable to:		
Owners of the Parents	(1,244)	(1,480)
Non-controlling interests	(303)	(361)
	(1,547)	(1,841)

The details assets transferred to assets held for sale is as follows:

	2023 RM'000	2022 RM'000
Assets		
Interest in an associate	6,787	3,928

* 2022 comparative figures of assets held for sale has been reclassified to be consistent with 2023 classification.

33. SHARE CAPITAL AND MERGER RELIEF RESERVE**(i) Share capital****Issued and fully paid up**

	← Group /Company →	
	2023 RM'000	2022 RM'000
Ordinary shares		
At 1 January/31 December	4,960,276	4,960,276

(ii) Merger relief reserve

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

Notes to the Financial Statements

31 December 2023

34. OTHER RESERVES AND RETAINED PROFITS

(a) Other reserves

	Group	
	2023 RM'000	2022 RM'000
(i) Exchange fluctuation reserve		
At 1 January	46,435	50,893
Foreign currency translation	18,335	(4,458)
At 31 December	64,770	46,435
(ii) Merger reserve		
At 1 January/31 December	32,112	32,112
(iii) Fair value adjustments reserve		
At 1 January/31 December	(207)	(207)
	96,675	78,340

The merger reserve is arising from initial public offering undertaken by the group in 2008.

(b) Retained profits

The Company may distribute dividends out of its entire retained profits as at 31 December 2023 under the single-tier system.

35. NON-CONTROLLING INTERESTS

	Proportion of equity held by non-controlling interests	
	2023	2022
Name of subsidiaries		
Mega Legacy (M) Sdn. Bhd.	50%	50%
Marak Unggul Sdn. Bhd.	50%	50%
Roc-Union (Proprietary) Ltd.	20%	20%

35. NON-CONTROLLING INTERESTS (CONT'D.)

Total non-controlling interests of the Group are as follows:

	2023 RM'000	2022 RM'000
Mega Legacy (M) Sdn. Bhd.	116,558	106,077
Marak Unggul Sdn. Bhd.	487	555
Roc-Union (Proprietary) Ltd.	(2,385)	(2,165)
	114,660	104,467

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

(i) Summarised statement of financial position

	Mega Legacy (M) Sdn. Bhd.	
	2023 RM'000	2022 RM'000
Non-current assets	686,132	671,931
Current assets	229,170	150,249
Total assets	915,302	822,180
Non-current liabilities	194,319	113,547
Current liabilities	487,867	496,479
Total liabilities	682,186	610,026
Net assets	233,116	212,154
Net assets attributable to:		
Owner of the parent	116,558	106,077
Non-controlling interest	116,558	106,077
	233,116	212,154

(ii) Summarised statement of comprehensive income

	Mega Legacy (M) Sdn. Bhd.	
	2023 RM'000	2022 RM'000
Profit for the year	20,962	3,772
Profit attributable to owners of the Company	10,481	1,886
Profit attributable to non-controlling interest	10,481	1,886
	20,962	3,772

Notes to the Financial Statements

31 December 2023

35. NON-CONTROLLING INTERESTS (CONT'D.)**(iii) Summarised statement of cash flows**

	Mega Legacy (M) Sdn. Bhd.	
	2023 RM'000	2022 RM'000
Net cash generated from/(used in) operating activities	14,314	(18,805)
Net cash generated from/(used in) investing activities	1,884	(2,526)
Net cash generated from financing activities	4,376	5,921
Net change in cash and cash equivalents	20,574	(15,410)
Cash and cash equivalents at the beginning of the year	838	16,248
Cash and cash equivalents at the end of the year	21,412	838

36. BORROWINGS

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current borrowings					
Secured					
Term loans	(a)	31,519	14,000	-	-
Unsecured					
IMTN and ICP	(b)	3,132,740	2,346,637	3,132,739	2,346,637
		3,164,259	2,360,637	3,132,739	2,346,637
Current borrowings					
Secured					
Revolving credits	(a)	86,200	277,120	-	-
Term loans	(a)	23,800	30,008	-	-
Bank overdraft	(c)	2,203	4,370	-	-
Unsecured					
Revolving credits	(a)	-	124,000	-	80,000
IMTN	(b)	903,469	1,469,113	903,469	1,469,113
Structured commodity	(d)	-	50,000	-	50,000
		1,015,672	1,954,611	903,469	1,599,113
Total borrowings		4,179,931	4,315,248	4,036,208	3,945,750

36. BORROWINGS (CONT'D.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Maturities of borrowings:				
Not later than one year	1,015,672	1,954,611	903,469	1,599,113
Later than 1 year and not later 2 years	898,179	643,767	898,179	629,767
Later than 2 years and not later 5 years	2,116,080	1,716,870	2,234,560	1,716,870
More than 5 years	150,000	-	-	-
	4,179,931	4,315,248	4,036,208	3,945,750

(a) The term loans and revolving credits facilities obtained from various banks, by the Company and certain subsidiaries, bear interest rates of 5.25% to 5.73% (2022: 4.09% to 5.35%) per annum. Certain loans are secured by land held for property development and property development costs as disclosed in Note 15 and Note 25.

(i) Mega Legacy (M) Sdn. Bhd. ("MLSB"), a subsidiary via Sunrise Berhad, has obtained the following banking facilities:

- Credit Facilities of up to RM199 million ("Credit Facilities 1");
- Credit Facilities of up to RM210 million ("Credit Facilities 2"); and
- Commodity Murabahah Revolving Financing ("CMRF-i"), with a limit of RM70 million to part-finance the development of Kiara Bay project in Kepong, Kuala Lumpur, secured by the following:-

Credit Facilities 1:

- Letter of Guarantee from Shareholders;
- Letter of Subordination of Debts from Shareholders and related party;
- Letter of Undertaking from Shareholders and related party; and
- First Party Legal Charge over land held for property development as disclosed in Note 15.

Credit Facilities 2:

- Letter of Undertaking from Shareholders and MLSB; and
- First Party Legal Charge over the development's land and several parcels of land held for property development as disclosed in Note 15.

CMRF-i:

- Corporate Guarantee from Shareholders; and
- A first party charge over several parcels of land held for property development is as disclosed in Note 15.

MLSB's Credit Facilities 1, Credit Facilities 2 and CMRF-i bear interest rates ranging from 5.43% to 5.73% (2022: 4.45% to 5.21%) per annum.

(ii) During the financial year, Sunrise Alliance Sdn Bhd ("SASB"), a wholly-owned subsidiary of the Company via Sunrise Berhad, obtained Islamic Banking Facilities ("IBF") of up to RM208 million, to part-finance the development of KAIA Heights project in Seri Kembangan, Selangor, secured by the following:

- Corporate Guarantee from Sunrise Berhad, wholly-owned subsidiary of the Company;
- First Party Legal Charge over the development's land as disclosed in Note 24; and
- Letter of undertaking from Sunrise Berhad and SASB.

The IBF bear interest rates ranging from 5.25% to 5.40%.

Notes to the Financial Statements

31 December 2023

36. BORROWINGS (CONT'D.)

- (b) (i) The Company established its Islamic Commercial Paper Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") with a combined nominal value of RM2 billion and a sub-limit on the ICP Programme of RM500 million in nominal value. The ICP Programme expired in 2019. Malaysian Rating Corporation Berhad ("MARC") has assigned a rating of AA-is for the IMTN Programme.

The details of the IMTN issuances are as follows:

	Tenures	Profit	At 1 January	Issuance	Repayment	At 31 December
22 March 2019	5	4.75%	300	-	-	300
10 June 2020	3	4.00%	270	-	(270)	-
12 June 2020	3	4.00%	150	-	(150)	-
21 September 2020	3	3.90%	350	-	(350)	-
20 May 2021	5	4.60%	300	-	-	300
08 September 2021	5	4.40%	290	-	-	290
21 September 2021	4	4.25%	150	-	-	150
			1,810	-	(770)	1,040
Adjustment			(5)			(4)
			1,805			1,036

- (ii) The Company further established its second programme: ICP Programme and IMTN Programme with a combined nominal value of RM2 billion and a sub-limit on the ICP Programme of RM500 million in nominal value. The ICP Programme has expired during the financial year. MARC has assigned a rating of AA-is for the IMTN Programme.

The details of the IMTN issuances are as follows:

	Tenures	Profit	At 1 January	Issuance	Repayment	At 31 December
20 May 2016	7	5.00%	500	-	(500)	-
11 December 2017	7	5.32%	100	-	-	100
31 October 2018	5	4.98%	100	-	(100)	-
31 October 2018	7	5.15%	250	-	-	250
18 February 2021	3	4.00%	230	-	-	230
18 February 2021	5	4.30%	170	-	-	170
			1,350	-	(600)	750
Adjustment			(1)			-
			1,349			750

36. BORROWINGS (CONT'D.)

- (b) (iii) The Company established its third programme: ICP Programme and IMTN Programme with a combined aggregate limit of up to RM4 billion in nominal value. MARC has assigned a rating of MARC-1 is /AA-is for the ICP and IMTN Programmes respectively.

The details of the IMTN and the ICP issuances are as follows:

	Tenures	Profit	At 1 January	Issuance	Repayment	At 31 December
15 February 2022	3	4.60%	40	-	-	40
12 April 2022	3	4.79%	110	-	-	110
12 April 2022	1	3.55%	100	-	(100)	-
19 September 2022	5	5.37%	145	-	-	145
19 September 2022	3	5.03%	150	-	-	150
13 December 2022	3	5.50%	120	-	-	120
30 January 2023	3	5.45%	-	255	-	255
07 March 2023	3	5.39%	-	165	-	165
07 April 2023	3	5.34%	-	70	-	70
14 April 2023	1	5.05%	-	160	-	160
14 April 2023	2	5.25%	-	80	-	80
14 April 2023	5	5.44%	-	100	-	100
19 April 2023	1	5.00%	-	115	-	115
19 June 2023	3	5.30%	-	120	-	120
20 June 2023	4	5.45%	-	280	-	280
29 September 2023	5	4.87%	-	200	-	200
29 September 2023	7	5.09%	-	150	-	150
			665	1,695	(100)	2,260
Adjustment			(4)			(10)
			661			2,250

- (c) The bank overdraft taken by MLSB, bears interest rates of 6.89% (2022: 6.39%) per annum as at end of the financial year.
- (d) The Structured Commodity Financing-i facility ("SCF-i") of RM50 million was obtained by the Company in 2013. In 2015, the Company entered into an additional SCF-i Facility of RM50 million.

In the previous financial year, the remaining RM50 million was utilised for projects and working capital purposes, which bore profit rate of 4.60% to 5.04% per annum. The facility has been fully repaid and cancelled in previous financial year.

Notes to the Financial Statements

31 December 2023

36. BORROWINGS (CONT'D.)

(e) Reconciliation of liabilities arising from financing activities:

Group	2023 RM'000	2022 RM'000	Movement		
			Cash flows	Non-cash changes Interest cost and fair value movements	
			Principal movement RM'000	Interest paid RM'000	RM'000
IMTN and ICP	4,036,208	3,815,750	225,000	(197,980)	193,438
Term loans	55,320	44,008	17,232	(7,681)	1,760
Revolving credits	86,200	401,120	(315,800)	(6,921)	7,801
Bank overdraft	2,203	4,370	-	(72)	(2,095) [^]
Structured commodity	-	50,000	(50,000)	(605)	605
	4,179,931	4,315,248	(123,568)	(213,259)	201,509

Presented in statements of financial position

	2023 RM'000	2022 RM'000
Non-current	3,164,259	2,360,637
Current	1,015,672	1,954,611
	4,179,931	4,315,248

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

36. BORROWINGS (CONT'D.)

(e) Reconciliation of liabilities arising from financing activities: (cont'd.)

Group	2022 RM'000	2021 RM'000	Movement		
			Principal movement RM'000	Interest paid RM'000	Non-cash changes Interest cost and fair value movements RM'000
IMTN and ICP	3,815,750	3,602,708	215,000	(165,248)	163,290
Term loans	44,008	102,293	(63,449)	(4,721)	9,885
Commodity Murabahah Financing	-	24,504	(24,504)	(10,973)	10,973
Revolving credits	401,120	420,640	(20,000)	(4,121)	4,601
Bank overdraft	4,370	4,823	-	-	(453)^
Structured commodity	50,000	50,000	-	(877)	877
	4,315,248	4,204,968	107,047	(185,940)	189,173

Presented in statements of financial position

	2022 RM'000	2021 RM'000
Non-current	2,360,637	3,205,262
Current	1,954,611	999,706
	4,315,248	4,204,968

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

Notes to the Financial Statements

31 December 2023

36. BORROWINGS (CONT'D.)

(e) Reconciliation of liabilities arising from financing activities: (cont'd.)

Company	2023 RM'000	2022 RM'000	Movement		
			Principal movement RM'000	Interest paid RM'000	Interest cost and others RM'000
IMTN and ICP	4,036,208	3,815,750	225,000	(197,979)	193,437
Revolving credits	-	80,000	(80,000)	(1,088)	1,088
Structured commodity	-	50,000	(50,000)	(605)	605
	4,036,208	3,945,750	95,000	(199,672)	195,130

Presented in statements of financial position

	2023 RM'000	2022 RM'000
Non-current	3,132,739	2,346,637
Current	903,469	1,599,113
	4,036,208	3,945,750

Company	2022 RM'000	2021 RM'000	Movement		
			Principal movement RM'000	Interest paid RM'000	Interest cost and others RM'000
IMTN and ICP	3,815,750	3,602,708	215,000	(171,521)	169,563 [^]
Revolving credits	80,000	25,000	55,000	(2,806)	2,806
Structured commodity	50,000	50,000	-	(877)	877
	3,945,750	3,677,708	270,000	(175,204)	173,246

Presented in statements of financial position

	2022 RM'000	2021 RM'000
Non-current	2,346,637	3,152,708
Current	1,599,113	525,000
	3,945,750	3,677,708

[^] Including movement excluding in cash flow other than financing activities.

37. PROVISIONS

Group	Provision for public infrastructure RM'000 (Note a)	Provision for construction costs RM'000 (Note b)	Provision for foreseeable losses RM'000 (Note c)	Other provisions RM'000 (Note d)	Total RM'000
2023					
Non-current					
At 1 January	19,953	-	48,364	-	68,317
Reversal	(19,953)	-	(39,054)	-	(59,007)
At 31 December	-	-	9,310	-	9,310
Current					
At 1 January	2,388	79,603	20,097	1,915	104,003
Additions	4,299	117,406	174	-	121,879
Utilisation	(4,299)	(47,281)	-	-	(51,580)
Reversal	(2,388)	(10,341)	(16,544)	(16)	(29,289)
At 31 December	-	139,387	3,727	1,899	145,013
2022					
Non-current					
At 1 January	19,953	-	48,326	-	68,279
Additions	-	-	38	-	38
At 31 December	19,953	-	48,364	-	68,317
Current					
At 1 January	26,493	89,643	28,813	3,484	148,433
Additions	22,438	82,488	8,246	216	113,388
Utilisation	(46,543)	(60,516)	(16,962)	(1,785)	(125,806)
Reversal	-	(32,012)	-	-	(32,012)
At 31 December	2,388	79,603	20,097	1,915	104,003

(a) Provision for public infrastructure

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

(b) Provision for construction costs

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

(c) Provision for foreseeable losses

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

(d) Other provisions

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

Notes to the Financial Statements

31 December 2023

38. PAYABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables and accruals	(i)	415,976	438,452	-	-
Amount due to immediate holding company	(ii)	198	5,806	244	533
Amounts due to related parties	(ii)	344	345	-	-
Amount due to a director of minority shareholder of a subsidiary	(iii)	41,080	41,080	-	-
Other payables and accruals	(iv)	508,620	498,231	61,677	48,120
		966,218	983,914	61,921	48,653
Analysed into:					
Non-current		23,952	45,976	-	-
Current		942,266	937,938	61,921	48,653
		966,218	983,914	61,921	48,653

The normal trade credit terms granted to the Group range from 30 to 60 days (2022: 30 to 60 days).

- (i) Included in trade payables and accruals is an amount of RM86.8 million (2022: RM61.6 million) representing accrued project development cost.
- (ii) Amounts due to immediate holding company and related parties are unsecured and non-interest bearing with monthly installment of payment over the periods and credit terms of 30 days (2022: 30 days).
- (iii) Amounts due to a director of minority shareholder of a subsidiary is unsecured, non-interest bearing and repayable on demand.
- (iv) Other payables and accruals

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sundry creditors*	125,916	143,894	2,185	2,384
Deposits received	35,939	115,742	-	-
Accruals**	346,765	228,351	48,874	38,429
Employee benefits	-	10,244	10,618	7,307
	508,620	498,231	61,677	48,120

* Included in the current financial year's sundry creditors of the Group is the remaining purchase consideration of RM31.9 million (2022: RM63.8 million) payable for the land acquisition in Cheras, Selangor.

** Included in accruals of the Group is an amount of accrued development charges payable Datuk Bandar Kuala Lumpur amounting RM72.0 million.

39. DEFERRED INCOME**Unrealised profits**

	Group	
	2023	2022
	RM'000	RM'000
At 1 January	162,839	163,509
Addition	81,265	-
Realised during the year	(452)	(670)
At 31 December	243,652	162,839

The unrealised profits relate to land sale by the Group to its associates and joint ventures. The profit recognised from the sales of land by the Group to the associates and a joint venture to-date is eliminated to the extent of the Group's interests in the companies.

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

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

In the domain of enterprise risk management, the Board of Directors ("Board"), assisted by the Board Governance & Risk Committee ("BGRC"), is ultimately responsible for the Group's risk management activities and sets the strategic directions, risk appetite and relevant risk management practises for the Group. The Group Risk Management Guidelines ("Framework") comprises the risk management policy, risk assessment methodology, lines of responsibility and accountability.

In implementing this Framework, the Risk Management Committee ("RMC") chaired by the Chief Executive Officer ("CEO"), serves as the platform for the Management to deliberate on the identification, assessment and treatment of the Group's risks as well as an avenue to communicate, monitor and review the risks. The deliberation on the identified key risks and its mitigation plans is subsequently tabled to the BGRC as well as the Board.

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

(a) Credit risk

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

Notes to the Financial Statements

31 December 2023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(a) Credit risk (cont'd.)**

Generally, the Group does not require collateral in respect of its financial assets. The Group is not duly exposed to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument except as disclosed in Note 28. Furthermore, for property development in Malaysia, the developer has the option to terminate the sale and purchase agreement in the event of default by the purchaser.

The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statements of financial position. The Group's main financial assets are its receivables. Ageing analysis is disclosed in Note 28(a)(vii).

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or group of receivables except for land sales receivables representing 24% (2022: 22%) of the total gross receivables.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or group of receivables except for the dividend receivable from a subsidiary representing 88% (2022: 85%) of the total gross receivables and amount owing by a subsidiary representing 41% (2022: 47%) of the total gross amount due from subsidiaries as disclosed in Note 30.

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets				
Receivables				
- Non-current (Note 28)	240,855	360,295	-	-
- Current*	523,122	580,425	66,627	100,046
Amounts due from subsidiaries				
- Non-current (Note 30)	-	-	2,561,013	2,610,176
- Current (Note 30)	-	-	1,816,925	1,693,458
Amounts due from associates				
- Current (Note 18)	610	612	221	221
Interests in joint ventures				
- Amounts due from joint ventures (Note 19)	184,092	183,351	-	-
Amounts due from joint ventures				
- Non-current (Note 20)	184,800	156,982	10,200	11,000
- Current (Note 20)	212,915	103,473	39,127	32,662
Short term investments (Note 31)	90,560	45,005	90,554	45,000
Cash, bank balances and deposits (Note 23)	1,001,572	1,025,551	17,142	15,515
	2,438,526	2,455,694	4,601,809	4,508,078

* Trade and other receivables excluding prepayment.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(b) Foreign currency risk**

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

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

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

	Functional currency of Group		Functional currency of Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Australian Dollar ("AUD")	81	29,927	-	-
United States Dollar ("USD")	(18,253)	(17,458)	-	-

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

	Effect on profit after tax			
	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
AUD / RM (strengthened 5%)	3	1,137	-	-
USD / RM (strengthened 5%)	(694)	(663)	-	-

(c) Liquidity and cash flow risk

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

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

Notes to the Financial Statements

31 December 2023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(c) Liquidity and cash flow risk (cont'd.)**

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade and other payables (Note 38)	966,218	983,914	61,921	48,653
Borrowings (Note 36)	4,179,931	4,315,248	4,036,208	3,945,750
Lease liabilities (Note 14(b))	18,578	22,025	18,514	21,906
Amounts due to subsidiaries (Note 30)	-	-	1,969	42,740
	5,164,727	5,321,187	4,118,612	4,059,049

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

	2023				
	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group					
Trade and other payables	942,266	23,952	-	-	966,218
Loans and borrowings	1,035,321	972,858	2,429,729	201,500	4,639,408
Lease liabilities (Note 14(b))	4,722	4,738	10,995	-	20,455
Corporate guarantee**	19,155	-	-	-	19,155
	2,001,464	1,001,548	2,440,724	201,500	5,645,236
Company					
Trade and other payables	61,921	-	-	-	61,921
Loans and borrowings	916,959	972,858	2,592,854	-	4,482,671
Lease liabilities (Note 14(b))	4,666	4,728	10,994	-	20,388
Amounts due to subsidiaries	1,969	-	-	-	1,969
	985,515	977,586	2,603,848	-	4,566,949

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

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

The analysis of financial liabilities maturity profile of the Group and of the Company, based on undiscounted amounts is disclosed as follows: (cont'd.)

	2022				Total RM'000
	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	
Group					
Trade and other payables (Note 38)	937,938	45,976	-	-	983,914
Loans and borrowings (Note 36)	1,998,635	682,694	1,980,071	-	4,661,400
Lease liabilities (Note 14(b))	4,535	4,616	14,034	1,634	24,819
Corporate guarantee**	238	-	-	-	238
	2,941,346	733,286	1,994,105	1,634	5,670,371
Company					
Trade and other payables	48,653	-	-	-	48,653
Loans and borrowings	1,630,332	667,967	1,980,071	-	4,278,370
Lease liabilities (Note 14(b))	4,408	4,616	14,034	1,634	24,692
Corporate guarantee**	260,225	-	-	-	260,225
Amounts due to subsidiaries	5,686	40,085	-	-	45,771
	1,949,304	712,668	1,994,105	1,634	4,657,711

** As at the end of the reporting period, the Company did not recognise any allowance for impairment in respect of financial guarantees since the fair value on initial recognition was not material.

Notes to the Financial Statements

31 December 2023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(d) Interest rate risk**

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

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

	Group	
	2023 %	2022 %
Financial assets		
Floating rate	3.88	2.63
Financial liabilities		
Fixed rate	4.94	4.57
Floating rate	5.55	4.47

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

	Group	
	2023 %	2022 %
Financial liabilities		
Term loans	5.56	4.75
Revolving credits	5.52	4.36
Bank overdraft	6.89	6.39
IMTN	4.94	4.57
Lease liabilities	4.90	4.90
Structured commodity	-	4.95

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 RM144,000 (2022: RM500,000) as a result of lower/higher interest expense on borrowings and lease liabilities.

(e) Market risk

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

41. 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	
	2023 RM'000	2022 RM'000
Paid/payable to UEM:		
- Rental	(2,438)	(7,032)
Realisation of land sales to joint ventures:		
- Horizon Hills Development Sdn. Bhd.	3,178	2,832
- Haute Property Sdn. Bhd.	324	516
Realisation of land sales to associate:		
- Sarandra Malaysia Sdn. Bhd.	252	274
Sale of land to a joint venture:		
- Nusajaya Tech Park Sdn. Bhd.	289,201	-
Paid/payable to Telekom Malaysia Berhad, Khazanah Group's associate company:		
- Smart building services	(222)	(842)
Interest income from joint ventures:		
- Desaru North Course Residences Sdn. Bhd.	351	349
- Sime Darby Property Sunrise Development Sdn. Bhd.	4,450	4,435
- Nusajaya Lifestyle Sdn. Bhd.	85	230
- Nusajaya Consolidated Sdn. Bhd.	788	709
- Haute Property Sdn. Bhd.	3,643	3,872
Management fees received/receivable from joint ventures:		
- Cahaya Jauhar Sdn. Bhd.	420	420
- Desaru North Course Residences Sdn. Bhd.	52	1,095
- Nusajaya Lifestyle Sdn. Bhd.	102	108
Maintenance expenses paid/payable to Projek Lebuhraya Usahasama Berhad	-	(3,000)
	Company	
	2023 RM'000	2022 RM'000
Dividend from subsidiaries	60,500	87,500
Management fees from subsidiaries	118,255	91,760
Interest income from subsidiaries	174,411	155,797
Interest income from joint ventures	776	778
Rental paid/payable to UEM	(2,244)	(502)
Rental paid/payable to subsidiaries	(1,295)	(3,704)

Notes to the Financial Statements

31 December 2023

41. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(a) (cont'd.)

Related parties refer to:

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

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

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and other emoluments	11,703	10,737	8,984	8,390
Bonus and separation scheme	1,126	490	1,016	434
Defined contribution plan	1,532	1,399	1,268	1,133
Benefits-in-kind	507	284	490	266
Other benefits	-	15	-	15
	14,868	12,925	11,758	10,238

42. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Corporate guarantees issued to bank for credit facilities granted to:				
- joint ventures	18,300	228	-	-
- a subsidiary	-	-	-	250,000
	18,300	228	-	250,000

42. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES (CONT'D)**Income tax assessment**

- (a) On 3 October 2011, Bandar Nusajaya Development Sdn Bhd ("BND") received a notice of additional assessment ("Form JA") from the Inland Revenue Board ("IRB") for additional tax and penalty amounting to RM73.8 million for the year of assessment 2006.

On 4 September 2012, the High Court ("HC") ruled in favour of BND that the IRB had no legal basis to raise the additional assessment.

On 20 May 2014, the Court of Appeal ("CoA") agreed with the decision of the HC which ruled in favour of BND.

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

The IRB had confirmed the receipt of BND's Form Q dated 20 March 2017, and served the Form Q to the SCIT vide a letter dated 14 March 2018.

The SCIT hearing took place on 2 October 2023. Following this, the SCIT gave instructions for filing and written submissions. The SCIT also intrusted parties to attend clarification on 12 January 2024. The SCIT has fixed the decision of the appeal on 15 March 2024.

On 15 March 2024, the SCIT had requested parties assistance to source and submit additional documents. The SCIT fixed a clarification date on 3 May 2024 and decision on 10 May 2024.

BND's solicitors are of the view that BND has an arguable case that the IRB has no legal or factual basis to issue the notice of additional assessment and to impose the penalty.

- (b) On 3 May 2021, UEM Land Berhad ("UEM Land") and Symphony Hills Sdn Bhd ("Symphony Hills") received notices of additional assessment from the IRB dated 30 April 2021, for additional taxes with penalties amounting to RM82.2 million ("Notices").

The Notices issued to UEM Land raised for the amount of RM8.5 million was for the years of assessment from 2013 to 2015 in relation to the removal of Bumiputera quota and low cost requirements for selected developments in Iskandar Puteri, while the Notices issued to Symphony Hills raised for the amount of RM73.7 million was for the reversal of tax losses utilisation for the years of assessment from 2006 to 2017.

On 24 May 2021 and 25 May 2021, Symphony Hills and UEM Land were both granted an interim stay of the Notices by the Kuala Lumpur High Court ("High Court") including the enforcement of the Notices until the hearing of the application to intervene by the IRB and until the disposal of the leave application, respectively.

On 13 March 2023, High Court's dismissed UEM Land's leave application to commence judicial review on IRB's decision to charge UEM Land additional assessment. This indicates that the interim stay of the additional assessments for UEM Land is no longer applicable resulting in UEM Land having to pay the additional taxes and penalties within 30 days of the High Courts decision. UEM Land has filed a Notice of Appeal to the Court of Appeal ("CoA") on 14 March 2023 and a Stay Application has been filed at the CoA on 23 March 2023. The first stay hearing before the CoA was adjourned from 3 May 2023 in which the next case management date at CoA has been fixed on 25 May 2023. The stay hearing before the CoA has been fixed on 18 July 2023. On 18 July 2023, the CoA dismissed UEM Land's Stay Application. However, the appeal is still pending before the CoA and the next case management date before the CoA is on 5 February 2024. The hearing before the CoA has been fixed on 21 May 2024. IRB has allowed for the payments to be made via instalments over the next 36 months until 15 March 2026.

Notes to the Financial Statements

31 December 2023

42. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE (CONT'D.)

Income tax assessment (cont'd.)

(b) (cont'd.)

On 5 March 2024 case management date, the CoA instructed both parties to file cause papers and the next case management date is on 18 April 2024.

On 28 March 2023, Symphony Hills' case management for the leave for judicial review application held which fixed the hearing date on 18 September 2023. Interim Stay of the Notices has been granted until the disposal of the leave application. The decision of the leave application has been fixed on 8 November 2023.

On 8 November 2023, the High Court dismissed Symphony Hill's leave application to commence judicial review. Symphony Hills has filed a Notice of Appeal to the CoA on 22 November 2023 and a Stay Application has been filed at the High Court on 8 December 2023. The High Court granted an interim stay of the Notices pending the disposal of the Stay Application at the High Court. A case management before the CoA has been fixed on 30 May 2024 and the stay hearing before the High Court has been fixed on 27 June 2024.

The Company will continue to take all necessary actions to protect its interest and will make further announcements when there are material development on this matter.

Material outstanding litigations

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

The Claim seeks, amongst others, for:

- (i) a declaration that the 2nd to 9th Defendants respectively had managed and conducted the affairs of the 1st Defendant and/or exercised their powers oppressively and/or disregarded and/or acted in a manner unfairly prejudicial to the interest of the Plaintiffs as members of Setia Haruman pursuant to Section 346 of the Companies Act 2016; and
- (ii) an order that the 2nd to 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impressive Circuit Sdn Bhd ("Impressive Circuit") defined at such price and on such terms as shall be determined by the Honorable Court.

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

On 25 June 2021, the High Court Judge, dismissed the Plaintiff's claim against all the Defendants and ordered the Plaintiff to pay costs in the sum of RM100,000 to each of the main parties in this suit ("High Court's Decision").

On 14 July 2021, the Plaintiff filed an appeal against the High Court's Decision.

The appeal was heard before the CoA on 28 April 2022, 13 September 2022 and 6 December 2022.

On 20 January 2023, the CoA found that there were no merits to the appeal and affirmed the High Court's decision. The CoA also ordered Impressive Circuit to pay costs of RM50,000 to each set of solicitors in the appeal.

42. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE (CONT'D.)**Material outstanding litigations (cont'd.)**

(c) (cont'd.)

On 17 February 2023, Impressive Circuit has filed an application to the Federal Court for leave to appeal to against the CoA's decision. UEM Land is opposing Impressive Circuit's application. The Hearing for Impressive Circuit's Leave application is scheduled on 27 June 2023. The parties are currently in the process of filing the necessary cause papers and written submissions in the Federal Court.

On 20 June 2023, the Federal Court vacated the Hearing for Impressive Circuit's Leave application that was originally scheduled on 27 June 2023.

On 27 June 2023, the Federal Court re-scheduled the Hearing for Impressive Circuit's Leave application on 15 August 2023. Parties are in the process of filing additional written submission in the Federal Court.

On 15 August 2023, the Federal Court has dismissed with cost Impressive Circuit Sdn Bhd's ("Impressive Circuit") application for leave to appeal against the decision of the CoA.

The Federal Court's decision brings these proceeding to an end as Impressive Circuit has no further avenue of appeal.

(d) By way of a Notice of Arbitration ("NoA") dated 17 April 2019, Ireka commenced arbitration proceedings against UEM Land for certain disputes arising from the Letter of Award dated 15 June 2012 ("LoA") for the construction of Imperia in Puteri Harbour, Iskandar Puteri, Johor ("Project"). The Asian International Arbitration Centre has appointed Mr. Wayne Martin from Australia as the arbitrator in this matter. Based on the Statement of Claim dated 27 December 2019, Ireka is seeking inter-alia, 372 days of extension of time or alternatively for time at large declaration, RM20,395,000 for loss and expense, RM29,250,000 for the amount allegedly due to Ireka pursuant to the Statement of Final Account or alternatively any other amount assessed by the Arbitral Tribunal, interest on all sums directed to be paid from such date as the Tribunal deems fit and costs.

In the Amended Statement of Defence and Amended Counterclaim dated 6 July 2020, UEM Land disputed liability on all of Ireka's claims and sought counterclaims amounting to a total sum of RM34,374,000. The breakdown of UEM Land's counterclaims are as follows:

- a. LAD in the sum of RM27,288,000 being damages for delay in completion;
- b. Costs for defects rectification in the sum of RM2,791,000;
- c. Back charges and losses and expenses payable amounting to RM3,152,000; and
- d. All direct payment made by UEM Land to Ireka's sub-contractor amounting to RM1,143,000.

On 8 August 2022, Ireka has been placed under Judicial Management and pursuant to Section 410(c) of the Companies Act 2016, Ireka's solicitors will not be able to act for Ireka in this arbitration unless leave has been granted by the Court. By an Order dated 17 December 2022, the arbitrator has temporarily suspended the arbitration proceedings until 9 December 2022 or such earlier time as Judicial Manager of Ireka might advise. Following the order for suspension, all further steps with regards to the proceedings including the direction to file written submissions are now suspended.

On 25 January 2023, Ireka's solicitors have discharged themselves from acting for Ireka. Following from the discharge, Ireka's solicitors added Interim Judicial Manager to address the Tribunal. There is no response or update from the Interim Judicial Manager till to-date. Based on the file search conducted, Ireka's judicial management proceedings were discontinued on 9 January 2023 which put the judicial management of Ireka to an end. UEM Land's solicitors have notified the Tribunal that the judicial management of Ireka has ended and therefore the suspension of the arbitral proceeding shall be lifted. The Tribunal has directed for a procedural hearing to be held on 9 May 2023 to provide further directions.

Notes to the Financial Statements

31 December 2023

42. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE (CONT'D.)**Material outstanding litigations (cont'd.)**

(d) (cont'd.)

The Tribunal has directed UEM Land to file the closing submission for its counterclaims by 9 July 2023. However, Ireka has been wound up on May 2023. The arbitration proceedings would have to be stayed and leave from the Court are required if UEM Land continue with the proceedings against Ireka as provided under Section 451(2) of the Companies Act 2016. The counterclaims will be time-barred if UEM Land discontinue the proceedings. UEM Land have instructed the solicitors to proceed to seek leave from the Court to continue the proceedings against Ireka.

UEM Land had filed the cause papers for the application for leave from court to continue with the arbitration proceedings on 31 October 2023. The registrar has fixed a hearing before the Judge on 4 March 2024 to hear UEM Land's leave application. On 4 March 2024, the Court have granted leave order and UEM Land will continue the proceedings against Ireka.

43. CAPITAL COMMITMENTS

	Group	
	2023 RM'000	2022 RM'000
In respect of purchase of property, plant and equipment, and investment properties:		
Approved and contracted for	34,020	67,418
Approved but not contracted for	44,655	33,700
	78,675	101,118

44. FAIR VALUES

The following are fair value of financial instruments by classes:

	2023		2022	
	Carrying amount RM'000	Fair values (Level 3) RM'000	Carrying amount RM'000	Fair values (Level 3) RM'000
Group				
Borrowings (non-current portion)	3,164,259	3,124,578	2,360,637	2,402,330
Company				
Borrowings (non-current portion)	3,132,739	3,093,058	2,346,637	2,388,330

44. FAIR VALUES (CONT'D.)

As stipulated in Amendments to MFRS 7: Financial Instruments: Disclosures, 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).

The following table presents the Group's and the Company's other financial assets and financial liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2023:				
Assets				
Group				
Short term investments:				
Financial and other assets at fair value through other comprehensive income	6	-	-	6
Financial asset at fair value through profit or loss	-	90,646	-	90,646
	6	90,646	-	90,652
Company				
Short term investment:				
Financial asset at fair value through profit or loss	-	90,646	-	90,646
At 31 December 2022:				
Assets				
Group				
Short term investments:				
Financial assets at fair value through other comprehensive income	5	-	-	5
Financial asset at fair value through profit or loss	-	45,048	-	45,048
	5	45,048	-	45,053
Company				
Short term investment:				
Financial asset at fair value through profit or loss	-	45,048	-	45,048

Notes to the Financial Statements

31 December 2023

44. FAIR VALUES (CONT'D.)

Determination of fair values

The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximations of fair values:

Receivables (Note 28)

Payables (Note 38)

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair values due to their short-term nature.

(a) Borrowings (current)

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(b) Unquoted debt securities and corporate bonds

Fair value is estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses, market rates of interest, prepayment rates and assumptions regarding market liquidity.

(c) Long term receivables/payables

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

(d) Corporate guarantees

Fair value of all unexpired corporate guarantees given to bank for credit facilities granted to subsidiaries was assessed to be RMNil (2022: RMNil) at the inception of issuance of the guarantees due to the likelihood of the guaranteed party defaulting is nil within the guaranteed period.

Non financial instruments

The following table provides the fair value measurement hierarchy of the Group's assets.

Quantitative disclosures fair value measurement hierarchy for asset:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2023:				
Assets for which fair value are disclosed:				
Investment properties (Note 13)	-	-	1,121,557	1,121,557
At 31 December 2022:				
Assets for which fair value are disclosed:				
Investment properties (Note 13)	-	-	1,123,590	1,123,590

44. FAIR VALUES (CONT'D.)**Non financial instruments (cont'd.)**

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

As at 31 December 2023, accredited independent valuers have been engaged to perform a valuation of the Group's properties. Depending on the types of properties, the independent valuers applied various valuation techniques.

Description of valuation techniques used and key inputs:

Properties	Valuation technique
Offices	Investment and comparison approaches
Car parks	Comparison and income approaches
Retail	Income, comparison, investment and depreciation replacement cost approaches
Ferry terminal	Comparison and cost approaches
Plant and equipment	Depreciation replacement cost and comparison approaches

The investment approach is an analysis based on the relationship between the rate of return that an investor or buyer expects or requires and the net income that a property produces.

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 approach seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, improvements made if any, surrounding developments, facilities and amenities available.

The comparison/cost approach of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of its depreciation and obsolescence to arrive at the depreciated building value.

Notes to the Financial Statements

31 December 2023

44. FAIR VALUES (CONT'D.)

Description of valuation techniques used and key inputs to valuation on investment properties are as below:

	Valuation Techniques	Significant unobservable inputs	Rate/ Range	
Office	Investment approach	Capitalisation rate	4.0% to 5.3%	
		Average rent	AUD551 to AUD681	
	Comparison approach	Adjustment factors to prices of comparable properties	-51.0% to -53.0%	
Car parks	Comparison approach	Adjustment factors to prices of comparable properties	-19.4% to 157.3%	
	Income approach	Market yield	6.0% to 7.5%	
		Average rent per carpark bay	RM4,788	
Retail	Income approach	Market yield	4.5% to 6.0%	
		Average rent per square metre	AUD3,492 to AUD9,403	
	Comparison approach	Adjustment factors to prices of comparable properties	-31.0% to 8.0%	
		Investment approach	Estimated rental value per square feet ("psf") per month	RM1.50 to RM8.50
			Void rate	5.0%
		Term yield	6.5%	
	Depreciation replacement cost approach	Construction cost psf	RM40 to RM430	
Ferry terminal	Comparison approach	Adjustment factors to prices of comparable properties	-20.0% to 20.0%	
	Cost approach	Construction cost psf	RM250 to RM450	
Plant and equipment	Depreciation replacement cost approach	Depreciation rate	5.0% to 6.0%	
		- Cooling plant		
- Building	Comparison approach	Adjustment factors to price of comparable properties	-5.0% to -70.0%	

45. 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.

46. SUBSIDIARIES

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2023 %	2022 %
Nusajaya Five O Sdn. Bhd.	Ceased operations	Malaysia	100	100
Nusajaya Resort Sdn. Bhd.	Operator of clubhouse and restaurant	Malaysia	100	100
Sunrise Berhad	Property development and investment holding	Malaysia	100	100
UEM Land Berhad	Property development, property investment, project procurement and management, and strategic investment holding	Malaysia	100	100
UEM Sunrise (Australia) Sdn. Bhd.	Investment holding	Malaysia	100	100
^^^ UEM Sunrise (Canada) Sdn. Bhd.	Investment holding, property development and general trading	Malaysia	100	100
UEM Sunrise Management Services Sdn. Bhd.	Investment holding	Malaysia	100	100
UEM Sunrise Properties Sdn. Bhd.	Investment holding, property development and general trading	Malaysia	100	100
Subsidiaries of Sunrise Berhad				
Arcoris Sdn. Bhd.	Property investment and development	Malaysia	100	100
Ascot Assets Sdn. Bhd.	Property development	Malaysia	100	100
Allevia Sdn. Bhd.	Property investment, development and construction	Malaysia	100	100
Aurora Tower at KLCC Sdn. Bhd.	Property development	Malaysia	100	100
Ibarat Duta Sdn. Bhd.	Property development	Malaysia	100	100
Laser Tower Sdn. Bhd. (formerly known as Minh Sdn. Bhd.)	Property development	Malaysia	100	100
Lembah Suria Sdn. Bhd.	Property development	Malaysia	100	100
Lucky Bright Star Sdn. Bhd.	Property investment and development	Malaysia	100	100
^ Mega Legacy (M) Sdn. Bhd.	Property development and investment	Malaysia	50	50
Milik Harta Sdn. Bhd.	Property development	Malaysia	100	100
New Planet Trading Sdn. Bhd.	Property investment and development	Malaysia	100	100
Prinsip Eramaju Sdn. Bhd.	Property development	Malaysia	100	100

Notes to the Financial Statements

31 December 2023

46. SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2023 %	2022 %
Subsidiaries of Sunrise Berhad (cont'd.)				
Solid Performance Sdn. Bhd.	Property development	Malaysia	100	100
Summer Suites Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Alliance Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Benchmark Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Century Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Innovations Sdn. Bhd.	Property development	Malaysia	100	100
* Sunrise International Development Ltd.	Investment holding	The Cayman Islands	100	100
Sunrise Landmark Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Mersing Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Oscar Sdn. Bhd.	Investment holding	Malaysia	100	100
Sunrise Overseas Corporation Sdn. Bhd.	Investment holding and provision of management services	Malaysia	100	100
Sunrise Paradigm Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Pioneer Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Project Services Sdn. Bhd.	Property development and project management for property development projects	Malaysia	100	100
Sunrise Quality Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Region Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Sovereign Sdn. Bhd.	Property development and investment holding	Malaysia	100	100
Sun Victory Sdn. Bhd.	Property investment and development, and hotel operation	Malaysia	100	100
Sunrise MS Pte. Ltd.	Provision of consultancy, advisory and technical services in relation to project development	Singapore	100	100
Sunrise Overseas (S) Pte. Ltd.	Promotion and management services relating to the Group's properties in Malaysia	Singapore	100	100

46. SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2023 %	2022 %
Subsidiary of Sunrise Oscar Sdn. Bhd.				
Sunrise DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	100	100
Subsidiary of Sunrise International Development Ltd.				
*^^ Sunrise Holdings S.à.r.l.	Dissolved	The Grand Duchy of Luxembourg	-	100
Subsidiary of Sunrise Holdings S.à.r.l.				
*^^^ Canada Sunrise Development Corp.	Dissolved	Canada	-	100
Subsidiaries of UEM Land Berhad				
Bandar Nusajaya Development Sdn. Bhd.	Investment holding, property development, land trading and an agent for its subsidiary companies	Malaysia	100	100
Finwares Sdn. Bhd.	Investment holding	Malaysia	100	100
Fleet Group Sdn. Bhd.	Investment holding	Malaysia	100	100
Mahisa Sdn. Bhd.	Property development and undertaking construction and turnkey development contracts	Malaysia	100	100
Marak Unggul Sdn. Bhd.	Dormant	Malaysia	50.1	50.1
Marina Management Sdn. Bhd.	Property management	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
UEM Sunrise Overseas Corporation Sdn. Bhd.	Investment holding	Malaysia	100	100
* Hatibudi Nominees (Tempatan) Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	100	100
* UEM Sunrise Nusantara Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	100	100

Notes to the Financial Statements

31 December 2023

46. SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2023 %	2022 %
Subsidiaries of Bandar Nusajaya Development Sdn. Bhd.				
Nusajaya Gardens Sdn. Bhd.	Land trading and investment holding	Malaysia	100	100
Nusajaya Greens Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
Nusajaya Heights Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
Nusajaya Industrial Park Sdn. Bhd.	Property development	Malaysia	100	100
Nusajaya Land Sdn. Bhd.	Property development	Malaysia	100	100
Nusajaya Rise Sdn. Bhd.	Property development, land trading, investment holding and licensed money lending activity	Malaysia	100	100
Nusajaya Seaview Sdn. Bhd.	Land trading and investment holding	Malaysia	100	100
Symphony Hills Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
Subsidiary of UEM Sunrise Nusantara Sdn. Bhd. (In Member's Voluntary Winding Up)				
* P.T. Bias Permata	Investment holding	Indonesia	100	100
Subsidiary of UEM Sunrise Overseas Corporation Sdn. Bhd.				
* UEM Sunrise South Africa (Pty) Ltd.	Property development	South Africa	100	100
Subsidiary of UEM Sunrise South Africa (Pty) Ltd.				
* Roc-Union (Proprietary) Ltd.	Investment holding	South Africa	80.4	80.4
Subsidiary of Roc-Union (Proprietary) Ltd.				
* Rocpoint (Proprietary) Ltd.	Property development	South Africa	80.4	80.4

46. SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2023 %	2022 %
Subsidiaries of UEM Sunrise (Australia) Sdn. Bhd.				
UEM Sunrise (Land) Pty. Ltd.	Holding and financing company	Australia	100	100
UEM Sunrise (Developments) Pty. Ltd.	Holding and financing company	Australia	100	100
Subsidiaries of UEM Sunrise (Land) Pty. Ltd.				
UEM Sunrise (La Trobe Street) Pty. Ltd.	Trustee company	Australia	100	100
UEM Sunrise (Mackenzie Street) Pty. Ltd.	Trustee company	Australia	100	100
UEM Sunrise (Collingwood) Pty. Ltd.	Trustee company	Australia	100	100
UEM Sunrise (Subiaco East) Pty. Ltd.	Trustee company	Australia	100	-
# UEM Sunrise (La Trobe Street) Unit Trust	Landowning entity	Australia	100	100
# UEM Sunrise (Mackenzie Street) Unit Trust	Landowning entity	Australia	100	100
# UEM Sunrise (Collingwood) Unit Trust	Land holding entity	Australia	100	100
# UEM Sunrise (Subiaco East) Unit Trust	Land holding entity	Australia	100	-
Subsidiaries of UEM Sunrise (Developments) Pty. Ltd.				
# UEM Sunrise (La Trobe Street Development) Pty. Ltd.	Development company	Australia	100	100
# UEM Sunrise (Mackenzie Street Development) Pty. Ltd.	Development company	Australia	100	100
# UEM Sunrise (Collingwood Development) Pty. Ltd.	Project Development	Australia	100	100
# UEM Sunrise (Subiaco East Development) Pty. Ltd.	Project Development	Australia	100	-
# UEM Sunrise (Aurora Melbourne Central Property Management) Pty. Ltd.	Property management services	Australia	100	100
# UEM Sunrise (Conservatory Melbourne Property Management) Pty. Ltd.	Property management services	Australia	100	100

Notes to the Financial Statements

31 December 2023

46. SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2023 %	2022 %
Subsidiaries of UEM Sunrise Management Services Sdn. Bhd.				
UEM Sunrise Project Services Sdn. Bhd.	Project management for property development	Malaysia	100	100
Rise Digital Sdn. Bhd.	Provision of digital services	Malaysia	100	100
Subsidiaries of UEM Sunrise Properties Sdn. Bhd.				
UEM Sunrise Nusajaya Properties Sdn. Bhd.	Property investment	Malaysia	100	100
Nusajaya DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	100	100
Opera Retreat Sdn. Bhd.	Property investment	Malaysia	100	100
Puteri Harbour Convention Centre Sdn. Bhd.	Own and operate a convention centre	Malaysia	100	100

Note:

* Subsidiaries not audited by Ernst & Young PLT or Ernst & Young.

The financial statements of these subsidiary companies are audited for consolidation purposes.

^ The company indirectly owned 50% + 1 share in the subsidiary.

^^ Dissolved on 21 December 2023.

^^^ Dissolved on 9 November 2023.

^^^^ Subsequent to year end, this subsidiary submitted its application to the Companies Commission of Malaysia ("CCM") to strike off its name from the register of CCM pursuant to Section 550 of the Companies Act 2016.

47. ASSOCIATES

Name of Associates	Principal activities	Country of incorporation	Effective interest	
			2023 %	2022 %
UEM Sunrise Edgenta TMS Sdn. Bhd.	Investment holding and provision of real estate management services	Malaysia	30	30
Associates of UEM Land Berhad				
* Aura Muhibah Sdn. Bhd.	Property development	Malaysia	40	40
*^ Inneonusa Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	39	39
* Setia Haruman Sdn. Bhd.	Township development, property development, project development and sale of land	Malaysia	25	25
* Scope Energy Sdn. Bhd.	Property development	Malaysia	40	40
Sarandra Malaysia Sdn. Bhd.	Managing and developing of marina club, investment holding and construction	Malaysia	40	40
Associate of Rocpoint (Proprietary) Ltd.				
* Durban Point Development Company (Proprietary) Ltd.	Property development	South Africa	40.2	40.2

Note:

* Associates not audited by Ernst & Young PLT or Ernst & Young.

^ Subsequent to year end, this associate has commenced its members' voluntary winding up in accordance with Section 439(1)(b) of the Companies Act 2016.

Notes to the Financial Statements

31 December 2023

48. JOINT VENTURES

Name of Joint ventures	Principal activities	Country of incorporation	Effective interest	
			2023 %	2022 %
Desaru North Course Residences Sdn. Bhd.	Property development	Malaysia	51	51
Desaru South Course Land Sdn. Bhd.	Property development	Malaysia	51	51
Desaru South Course Residences Sdn. Bhd.	Property development	Malaysia	51	51
Nusajaya Premier Sdn. Bhd.	Property development and investment holding	Malaysia	80	80
Nusajaya Lifestyle Sdn. Bhd.	Property and real estate development, management and property management	Malaysia	49	55
* Malaysian Bio-XCell Sdn. Bhd.	Development and operation of a biotechnology park in the Southern Industrial Logistics Cluster in Iskandar Puteri, Iskandar Malaysia, (In receivership and in liquidation)	Malaysia	40	40
Joint ventures of UEM Land Berhad				
Cahaya Jauhar Sdn. Bhd.	Undertake the Turnkey Design and Build contract for the development of the Johor State New Administrative Centre (now known as Kota Iskandar) and State Government staff housing in Iskandar Puteri, Johor and provision of facilities maintenance and management services	Malaysia	60	60
Horizon Hills Development Sdn. Bhd.	Property development	Malaysia	50	50
* Nusajaya Tech Park Sdn. Bhd.	Property development	Malaysia	40	40
* Nusajaya Consolidated Sdn. Bhd.	Property development and related activities	Malaysia	50	50
* Haute Property Sdn. Bhd.	Property development and property marketing	Malaysia	40	40
FASTrack Iskandar Sdn. Bhd.	Property development and to develop, construct, operate and manage a motorsport city with related facilities and services	Malaysia	30	30

48. JOINT VENTURES (CONT'D.)

Name of Joint ventures	Principal activities	Country of incorporation	Effective interest	
			2023 %	2022 %
Joint ventures of Sunrise Berhad				
* Sime Darby Property Sunrise Development Sdn. Bhd.	Property development	Malaysia	50	50
* Sunrise MCL Land Sdn. Bhd.	Property development and property investment	Malaysia	50	50
Joint venture of UEM Sunrise Properties Sdn. Bhd.				
* UEM Sunrise WOTSO Malaysia Sdn. Bhd.	Provision of flexible commercial office tenancies	Malaysia	50	50

Note:

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

49. DISPOSAL OF A SUBSIDIARY

On 18 March 2022, Sunrise Berhad a wholly owned subsidiary of the Company, completed the Share Sale and Purchase Agreement with SCM Property Management Sdn. Bhd. ("SCM Property Management") for the disposal of 100% equity interest in SCM Property Services Sdn. Bhd. ("SCM") for a total sale consideration of RM17 million. Consequently, SCM ceased to be an indirect subsidiary of the Company.

(a) The effects of the disposal to the statement of profit or loss of the Group are as follows:

	2022 RM'000
Proceeds from disposal	1,700
Carrying value of net assets deconsolidated	(2,179)
Loss on disposal of equity in SCM	(479)

(b) The effect of the disposal on statement of cash flows of the Group is as follows:

	2022 RM'000
Proceeds from disposal	1,700
Less: Deposit received in the prior year	(51)
Less: Cash and bank balances in SCM disposed	(1,293)
Net proceeds from SCM disposal	356

Notes to the Financial Statements

31 December 2023

49. DISPOSAL OF A SUBSIDIARY (CONT'D.)

(c) The effect of the disposal to the statement of financial position of the Group is as follows:

	2022 RM'000
Assets	
Property, plant and equipment	121
Receivables	1,930
Cash and bank balances	1,293
	3,344
Liability	
Payables	1,165
Net assets deconsolidated	2,179

50. PARTIAL DISPOSAL OF A JOINT VENTURES

On 20 October 2023, UEM Sunrise Berhad, completed the Share Sale and Purchase Agreement with Iskandar Harta Holdings Sdn Bhd ("IHH") for the disposal of 600,000 ordinary shares and 13,276,667 redeemable preference shares representing 6% equity interest in Nusajaya Lifestyle Sdn Bhd ("NLSB") for a total sale consideration of RM8.9 million. Following the completion of the Share Sale and Purchase Agreement, NLSB remained as a joint venture company of UEMS.

(a) The effects of the disposal to the statement of profit or loss of the Group and Company are as follows:

	2023	
	Group RM'000	Company RM'000
Proceeds from disposal	8,923	8,923
The Group's 6% share of net total asset of NLSB	(8,696)	-
The Company's carrying amount of 6% capital investment in NLSB	-	(8,895)
Gain on partial disposal interest in NLSB	227	28

(b) The effects of the disposal to the statements of cash flows of the Group and Company are as follows:

	Group/ Company 2023 RM'000
Proceeds from disposal	8,923
Less: Real property gain tax	(268)
Net proceeds received	8,655

(c) The effects of the disposal to the statement of financial position of the Group and Company are disclosed in Note 19.

51. MATERIAL ACCOUNTING POLICY INFORMATION

The Group also adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 - Disclosures of Accounting Policies from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity - specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

51.1 Changes in accounting policies

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

- (a) On 1 January 2023, the Group and the Company adopted the following amendments to MFRS mandatory for annual financial periods beginning on or after 1 January 2023:

Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9: Comparative Information

Amendments to MFRS 101: Presentation of Financial Statements and MFRS Practice Statement 2: Disclosure of Accounting Policies

Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform-Pillar Two Model Rules

The adoption of the above amendments does not have any significant impact on the financial performance or position of the Group and of the Company except for amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2, Disclosure of Accounting Policy. The Group and the Company shall disclose material accounting policy information and any accounting policy relates to immaterial transactions, other events or conditions is immaterial no disclosure is required.

51.2 Standards and interpretations issued but not yet effective

The Group and the Company have not adopted the following amendments to MFRS that have been issued but are not yet effective:

	Effective for the financial period beginning on or after
Amendments to MFRS 101: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7 : Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The directors expect that the adoption of the above amendments to MFRS will have no significant impact to the financial statements in the period of initial application.

Notes to the Financial Statements

31 December 2023

51. MATERIAL ACCOUNTING POLICY INFORMATION

51.3 Summary of material accounting policy information

(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, thus depicting the combination of those entities as if they have been in the combination for the current and previous financial years.

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

The consolidated financial statements comprise the financial statements of the Company and subsidiaries under its control as at 31 December 2023.

(b) Sales and Service Tax ("SST")

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

51.4 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.

(a) 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 42, Bandar Nusajaya Development Sdn. Bhd. ("BND") received an additional assessment from the Inland Revenue Board ("IRB") for additional tax payable and tax penalty in respect of year of assessment 2006 totalling to RM73.8 million which has been paid in full. As the Group is disputing the additional assessment, the amount paid is recorded as receivable instead of tax expense in the financial statements. The collectability of the receivable of RM73.8 million is dependent on the ultimate outcome of the legal proceedings.

51. MATERIAL ACCOUNTING POLICY INFORMATION

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

(a) Key sources of estimation uncertainty (cont'd.)

(ii) Additional tax assessment related to tax deductibility of bumiputra quota waiver

In 2021, the Group had initiated legal proceeding via UEM Land Berhad ("UEML") in relation to additional tax assessment on deductibility of bumiputra quota waiver being served to UEML amounted to RM8.5 million, details are disclosed in Note 42(d). In addition, a joint venture company was served with additional tax assessment of RM8.6 million, currently appealing at the High Court while certain subsidiaries of the Company are disputing the payment of RM6.5 million in relation to the additional assessment of the same matter.

Upon taking into account the advice from the Group's tax consultants and solicitors, the Group believes that there are reasonable grounds and good basis to appeal and contest the additional assessment. As such, none of the additional tax assessment have been expensed to profit or loss. The recognition of the tax expenses to profit or loss is dependent on the ultimate outcome of the legal proceedings.

(iii) Income tax and deferred tax assets

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

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

Deferred tax assets are recognised for all unutilised 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 24.

(iv) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and at other times when such indication exists. This requires an estimation of the fair value less costs to sell and value-in-use ("VIU") of the cash-generating units ("CGU") to which the goodwill is allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and also to apply a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill are disclosed in Note 22.

(v) Revenue recognition of property development activities

Revenue on property development activities are recognised in accordance with the accounting policy in Note 4. The terms of the property development contracts and the laws that apply to these contracts, will determine whether the control of the properties sold is transferred and the corresponding revenue is recognised over time or at a point of time.

Notes to the Financial Statements

31 December 2023

51. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

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

(a) Key sources of estimation uncertainty (cont'd.)

(v) Revenue recognition of property development activities (cont'd.)

The Group recognises certain of its property development activities over time or based on the percentage of completion method using the input method which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects. Revenue from property development activities of the Group that is recognised over time amounts to RM907,199,000 (2022: RM957,010,000).

Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation and this includes determining the extent of property development costs incurred and the total estimated costs of property development, which in turn is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group. In making these judgements, management relies on past experience and the work of specialist.

(vi) Provision for construction costs

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

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

The carrying amount of the Group's provision for construction costs as at reporting date is disclosed in Note 37.

(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 local Government attributable to a premium housing project. The Group is of the view that the expected costs should be accrued progressively as and when the premium housing is constructed.

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

The carrying amount of the Group's provision for foreseeable losses for low cost housing as at reporting date is disclosed in Note 37.

51. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**51.4 Critical judgements and accounting estimates (cont'd.)****(a) Key sources of estimation uncertainty (cont'd.)****(viii) Net realisable value of completed property development units classified as inventories**

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

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

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

The carrying amount of the Group's inventories held for sale as at 31 December 2023 is disclosed in Note 27(a).

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

At each reporting date, the Group and the Company assess if any indication of impairment exists. If there is any indication, the Group and the Company will make an estimate of the recoverable amounts of its interests. This requires an estimation of the fair value less costs to sell and value-in-use of the cash-generating units of its interests in subsidiaries, joint ventures and associates. Significant judgement is required in determining the estimated realisable value of the net assets and potential third party claims and other liabilities. In making the judgement, the Group relies on independent accredited third-party valuers assessment in determining the fair value less costs to sell.

The carrying amount as at 31 December 2023 is disclosed in Note 16, Note 17 and Note 19.