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Statement of Responsibility by the Board of Directors

In Respect of the Audited Financial Statement for the Financial Year Ended 31 December 2023

The Directors are responsible for the preparation, integrity and fair representation of the annual financial statements of Sime Darby Property Berhad Group. As required by the Companies Act, 2016 (the Act) in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 31 December 2023, as presented on pages 276 to 383, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

The Directors consider that in preparing the financial statements, the Group and the Company have used the appropriate accounting policies, which are consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows for the financial year.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and the Company and to enable the Directors to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Directors' Report

For the financial year ended 31 December 2023

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into three segments namely property development, investment and asset management, and leisure. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 44 to the financial statements.

There has been no significant change in the principal activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

The results of the Group and the Company for the financial year ended 31 December 2023 are as follows:

	Group RM thousand	Company RM thousand
Profit before taxation	610,306	252,553
Taxation	(192,776)	(15,056)
Profit for the financial year	417,530	237,497
Profit for the financial year attributable to:		
– owners of the Company	407,914	237,497
– non-controlling interests	9,616	–
Profit for the financial year	417,530	237,497

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

DIVIDENDS

Since the end of the previous financial year, the Company had declared and paid the following dividends:

	RM thousand
In respect of the financial year ended 31 December 2022, second single tier dividend of 1.0 sen per ordinary share which was paid on 28 March 2023	68,008
In respect of the financial year ended 31 December 2023, a single tier dividend of 1.0 sen per ordinary share which was paid on 19 October 2023	68,008
	136,016

The Board of Directors had on 23 February 2024, declared a second single tier dividend in respect of the financial year ended 31 December 2023 of 1.5 sen per ordinary share amounting to RM102.0 million. The second single tier dividend is payable on 8 May 2024 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 15 April 2024.

Directors' Report
For the financial year ended 31 December 2023

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year have been disclosed in the financial statements.

SHARE CAPITAL AND DEBENTURES

The Company issued RM600.0 million in nominal value Islamic Medium Term Notes ("IMTN") under its existing RM4,500.0 million IMTN (Sukuk Musharakah) Programme on 21 August 2023. The terms of the issuance are disclosed in Note 34(d) to the financial statements. The proceeds from issuance of the Sukuk Musharakah were largely used to part fund the Group's land acquisitions.

There were no other issuances of shares and debentures during the financial year.

DIRECTORS

The Directors who have held office since the end of the previous financial year are as follows:

Dato' Rizal Rickman Ramli (Chairman)	
Dato' Azmir Merican Azmi Merican (Group Managing Director)	
Dato' Soam Heng Choon	
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	
Tan Sri Jaganath Derek Steven Sabapathy	
Dato' Seri Ahmad Johan Mohammad Raslan	
Datin Norazah Mohamed Razali	
Mohamed Ridza Mohamed Abdulla	
Dato' Hamidah Naziadin	
Dr. Lisa Lim Poh Lin	
Nur Farahbi Shaari	(Appointed on 1 September 2023)
Khalid Mohammed Noor (Alternate Director to Nur Farahbi Shaari)	(Appointed on 1 September 2023)

By way of relief order dated 30 January 2024, granted by the Companies Commission of Malaysia, the names of directors of subsidiary companies as required under Section 253(2) of the Companies Act 2016 in Malaysia are not disclosed in this Report. Their names are set out in the respective subsidiaries directors' report for the financial year ended 31 December 2023 and the said information is deemed incorporated herein by such reference and shall form part hereof.

DIRECTORS' REMUNERATION AND BENEFITS

Details of Directors' remuneration are as follows:

	Group/Company RM thousand
Fees	3,671
Salaries, allowances and bonus	5,193
Defined contribution plan	753
Long-term employee benefits	2,113
	11,730

Estimated monetary value of benefits received by the Directors from the Company amounted to RM213,500. The Directors did not receive any benefits from the subsidiaries. Details of the Directors' remuneration and benefits is disclosed in Note 10 to the financial statements.

Directors' Report

For the financial year ended 31 December 2023

DIRECTORS' REMUNERATION AND BENEFITS (CONTINUED)

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the 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 for any benefits which may be deemed to have arisen from the transactions disclosed in Note 40 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the Company and the total premium incurred during the financial year amounted to RM158,958.

DIRECTORS' INTEREST IN SHARES

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 in, or debentures of, the Company during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

a. Before the financial statements of the Group and 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 all known bad debts had been written off and adequate provision had been made for doubtful debts; and

    ii. to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to amounts which the current assets might be expected so to realise.

b. At the date of this Report, the Directors are not aware of any circumstances:

    i. which would render the amounts written off for bad debts or the amounts of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

    ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

    iii. 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.

c. As at the date of this Report:

    i. there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and

    ii. there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.

Directors' Report

For the financial year ended 31 December 2023

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

d. At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or financial statements which would render any amount stated in the financial statements misleading.

e. 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 and of the Company to meet their obligations as and when they fall due; and

   ii. except as disclosed in financial statements, 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 and of the Company for the financial year in which this Report is made.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

AUDITORS

The auditors' remuneration of the Group and the Company for the financial year ended 31 December 2023 amounted to RM2.8 million and RM0.6 million respectively.

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146) have expressed their willingness to accept re-appointment as auditors.

This Report was approved by the Board of Directors on 26 March 2024.

DATO' RIZAL RICKMAN RAMLI
Chairman

DATO' AZMIR MERICAN AZMI MERICAN
Group Managing Director

Petaling Jaya
26 March 2024

Statement by Directors

Section 251(2) of the Companies Act 2016

We, Dato' Rizal Rickman Ramli and Dato' Azmir Merican Azmi Merican, being two of the Directors of Sime Darby Property Berhad, hereby state that, in the opinion of the Directors, the financial statements set out on pages 276 to 383 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of the financial performance of the Group and the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors of Sime Darby Property Berhad and dated on 26 March 2024.

DATO' RIZAL RICKMAN RAMLI
Chairman

DATO' AZMIR MERICAN AZMI MERICAN
Group Managing Director

Petaling Jaya

Statutory Declaration

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

I, Betty Lau Sui Hing, the Officer primarily responsible for the financial management of Sime Darby Property Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 276 to 383 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 in Malaysia.

BETTY LAU SUI HING
(MIA No. 8511)
Group Chief Financial Officer

Subscribed and solemnly declared by the abovenamed Betty Lau Sui Hing, at Petaling Jaya in the state of Selangor Darul Ehsan on 26 March 2024.

Before me:

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Sime Darby Property Berhad ("the Company") and its subsidiaries ("the Group") 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 financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, 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, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 276 to 383.

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 opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue and cost recognition – property development activities	
The Group and the Company recognise revenue and costs relating to the property development activities using the stage of completion method. The stage of completion is measured using the output method, which is based on the level of completion of the development phase of the project as certified by professional consultants. The Group and the Company recognised revenue of RM2,974.8 million and RM219.7 million respectively and costs of RM2,066.9 million and RM137.5 million respectively from property development activities recognised over time for the financial year ended 31 December 2023. Revenue and cost recognised on property development activities have an inherent risk as it involves judgement and estimates. We focused on this area because there is key judgement involved in determining the following: • Stage of completion; • Extent of property development costs incurred to date; • Estimated total property development costs; • Estimation of provision due to liquidated ascertained damages as a reduction of revenue; and • Estimation of common costs allocation to the project phases from the total budgeted common costs attributable to the respective property development projects. Refer to Notes 4(a), 6 and 7 to the financial statements.	We performed the following audit procedures: • We tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets, including the total estimated property development cost and the control over the extent of costs incurred for work done to-date. • We checked the stage of completion of property development projects, on a sample basis, to certifications from professional consultants (i.e. internal or external quantity surveyors). • We agreed, on a sample basis, costs incurred to supporting documentation such as contractor claim certificates and invoices from vendors. • We checked the reasonableness of the estimated total property development costs of major projects, allocation of common costs and subsequent changes to the costs by checking to supporting documentation such as approved budgets, letter of awards, contracts, quotations, correspondences, and variation orders with contractors. • We tested on a sample basis, actual sales of development properties to signed sales and purchase agreements. • In instances where projects have been delayed, we have tested management's estimates of the liquidated ascertained damages provisions required to supporting documentation such as project progress report, extension of time approvals, legal opinion, correspondence with the relevant parties, where applicable. • On a test basis, we checked the mathematical accuracy of the percentage of completion and tested that the percentage of revenue and costs recognised in the statements of comprehensive income is mathematically accurate. We also tested the journal entries to ensure the revenue and costs are recorded appropriately. Based on the above procedures performed, we noted no material exceptions.

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Fair value of Investment Properties

Investment properties of the Group are measured at fair value except for investment properties under construction which are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.

As at 31 December 2023, the Group's investment properties, which are carried at fair value, amounted to RM1,136.1 million. The valuation of the Group's investment properties were performed by independent external valuers. The valuers have considered factors related to the investment properties' overall condition and demand as a whole in arriving at the fair values.

We focused on this area due to complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the appropriate valuation methodology and the underlying assumptions to be applied, which include amongst others, estimated rental revenues, yield rates, reversion rates and void rates which are based on current and future market or economic conditions.

Refer to Notes 4(c) and 20 to the financial statements.</td><td>We performed the following audit procedures:
• We read the valuation reports issued by independent external valuers from management. Based on these reports, we discussed and assessed the appropriateness of the valuation methodology and assumptions used in the valuation by the independent external valuers.
• We assessed the independent external valuers' competency, capabilities and objectivity by checking the valuers' qualification and their registration to the respective boards.
• We carried out the following procedures to assess the inputs underpinning the valuation of the investment properties:
– Tested the accuracy of rental rates, rental periods, net lettable area and outgoing expenses to the underlying tenancy agreements where applicable, and held discussions with valuers to understand the factors they have considered in adjusting the inputs, including any market factors;
– Benchmarked the term yield, reversion yield and allowance for void used by the valuers to comparable properties;
– Discussed with valuers to understand the basis of adjustments made to transacted price per square foot of comparable peers by considering factors related to the characteristics of each individual property, such as location, accessibility to the location, size, tenure and comparable transaction dates; and
– Challenged the valuers on certain key inputs and estimates used in consideration of the current market conditions.
• For investment properties under construction, we assessed management's justification to support the basis that the properties cannot be measured reliably.
• We assessed the adequacy of the disclosure and sensitivity analysis prepared by management on the key parameters underpinning the valuation, where applicable.

Based on the above procedures performed, we did not identify any material exceptions.</td></tr>
</table>

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Recoverability of properties under development and completed properties held for sale	
The Group and the Company have RM6,250.6 million and RM1,259.4 million of properties under development respectively, as well as RM243.4 million and RM6.0 million of completed properties held for sale respectively as at the reporting date. The carrying amounts of the properties under development and completed properties held for sale have been classified as inventories in the financial statements of the Group and of the Company. The recoverability of properties under development and completed properties held for sale are assessed based on estimation of the net realisable value ("NRV") of the underlying properties. This involves considerable analyses of estimated costs to completion, committed contracts and expected future selling price based on prevailing market conditions such as current market prices of comparable standards and locations. We focused on the recoverability of the carrying amount of inventories because of the estimates made by management in determining the net realisable values of inventories. Based on management's assessment, the Group and the Company recognised a write-down of RM8.8 million and RM Nil respectively; and a write-off of RM10.5 million and RM Nil million respectively in respect of inventories during the financial year. Refer to Notes 4(b), 7 and 21 to the financial statements.	We performed the following audit procedures: • We discussed with management on the basis used to write-down inventories at period end to its NRV. • For properties under development, we tested the operating effectiveness of the key control in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to-date. • Based on the approved project cost budgets, on a sample basis, we assessed the profitability of the projects for indication of NRV. • For those unsold completed development units which have recent sale transactions, we compared the carrying amount of these completed development units, on a sample basis, to the selling prices stated in the signed sale and purchase agreements, net of discounts given and an estimated cost to sell. • For those unsold completed development units which did not have recent sale transactions, on a sample basis, we obtained the recently transacted prices of comparable development units in similar or nearby locations, and taking into consideration of the estimated cost necessary to complete the sales. Based on the above procedures performed, we did not identify any material exceptions.

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessments of non-financial assets with impairment indicators	
Management performed impairment assessments of the non-financial assets of the Group and of the Company, which had impairment indicators. Management prepared projected cash flows for impairment assessment of the non-financial assets of the Group and of the Company. As a result, an impairment loss on property, plant and equipment of RM0.5 million and net impairment loss on investment in subsidiaries of RM93.8 million were recorded in the financial statements of the Group and Company respectively for the financial year ended 31 December 2023. We focused on this area as the recoverable amounts of the non-financial assets are determined based on assessment of projected cash flow, in which the computation of the recoverable amount involves significant judgements and estimates. Refer to Notes 4(d), 13, 19 and 22 to the financial statements.	We performed the following audit procedures: • In determining the recoverable amounts of the non-financial assets, we have considered the following: – The cash flows available for distribution to the Group and the Company; and – The reliability and reasonableness of management's cash flows projections against the approved project's profitabilty; and – Latest available external valuation and benchmarked comparable market price of the surrounding areas; and confirmation from external valuer of the relevance of external valuation performed in the past. • Evaluated the input used in management's cash flows projections including timing of the completion of respective project phases and discount rate adopted. • Assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on the above procedures performed, we did not identify any material exceptions.

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 Statement on Risk Management and Internal Control, Risk Management Committee Report, Directors' Report, Corporate Governance Overview Statement and Management Discussion and Analysis, which we obtained prior to the date of this auditors' report, and Audit Committee Report, Sustainability Report, Chairman's Message and other sections of the 2023 Integrated Report, which are expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not 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 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.

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the 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:

(a) 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.

(b) 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 of the Company's internal control.

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

(d) 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 on 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.

Independent Auditors' Report

To the members of Sime Darby Property Berhad
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(e) 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.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MAHESH A/L RAMESH
03428/04/2025 J
Chartered Accountant

Kuala Lumpur
26 March 2024

Statements of Profit or Loss

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

		Group		Company	
	Note	2023	2022 Restated	2023	2022
Revenue	6	**3,436,947**	2,742,136	**781,371**	642,672
Cost of sales	7	**(2,427,994)**	(1,915,563)	**(138,524)**	(123,053)
Gross profit		**1,008,953**	826,573	**642,847**	519,619
Other operating (expenses)/income	8	**(9,806)**	(29,233)	**2,625**	2,349
Marketing and selling expenses	9	**(149,857)**	(118,065)	**(19,561)**	(17,035)
Administrative and other expenses	9	**(242,866)**	(243,036)	**(250,057)**	(287,752)
Operating profit		**606,424**	436,239	**375,854**	217,181
Share of results of joint ventures	11	**(58,051)**	(27,756)	**–**	–
Share of results of associates	12	**5,309**	1,661	**–**	–
Other gains/(losses)	13	**16,630**	40,093	**(122,672)**	41,646
Profit before interest and taxation		**570,312**	450,237	**253,182**	258,827
Finance income	14	**113,663**	105,996	**64,036**	58,688
Finance costs	15	**(73,669)**	(97,373)	**(64,665)**	(54,809)
Profit before taxation		**610,306**	458,860	**252,553**	262,706
Taxation	16	**(192,776)**	(147,162)	**(15,056)**	(1,384)
Profit for the financial year		**417,530**	311,698	**237,497**	261,322
Profit for the financial year attributable to:					
– owners of the Company		**407,914**	315,839	**237,497**	261,322
– non-controlling interests		**9,616**	(4,141)	**–**	–
		417,530	311,698	**237,497**	261,322
Basic and diluted earnings per share attributable to owners of the Company (Sen)	17	**6.0**	4.6		

Statements of Comprehensive Income

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Group 2023	Group 2022 Restated	Company 2023	Company 2022
Profit for the financial year		**417,530**	311,698	**237,497**	261,322
Other comprehensive income/(loss)					
Items which will subsequently be reclassified to profit or loss (net of tax):					
Currency translation differences		**250,820**	(141,567)	**–**	–
Reclassified to profit or loss					
Currency translation differences on repayment of net investments		**(839)**	777	**–**	–
Currency translation differences on disposal of a subsidiary		**–**	(1,654)	**–**	–
		(839)	(877)	**–**	–
Items which will not subsequently be reclassified to profit or loss (net of tax):					
Share of other comprehensive (loss)/income of an associate	12	**(2,031)**	979	**–**	–
Net changes in the fair value of investment at fair value through other comprehensive income ("FVOCI")	23	**(4,192)**	1,279	**(5,501)**	(4,785)
		(6,223)	2,258	**(5,501)**	(4,785)
Other comprehensive income/(loss) for the financial year		**243,758**	(140,186)	**(5,501)**	(4,785)
Total comprehensive income for the financial year		**661,288**	171,512	**231,996**	256,537
Total comprehensive income for the financial year attributable to:					
– owners of the Company		**651,802**	175,334	**231,996**	256,537
– non-controlling interests		**9,486**	(3,822)	**–**	–
		661,288	171,512	**231,996**	256,537

Statements of Financial Position

As at 31 December 2023

Amounts in RM thousand unless otherwise stated

		Group	
	Note	**2023**	**2022**
NON-CURRENT ASSETS			
Property, plant and equipment	19	**593,345**	586,343
Investment properties	20	**1,201,105**	1,085,200
Inventories	21	**4,450,388**	4,016,559
Joint ventures	11	**3,135,789**	2,885,238
Associates	12	**136,322**	148,557
Investments	23	**43,132**	48,633
Intangible assets	24	**6,168**	6,577
Deferred tax assets	25	**549,156**	601,790
Receivables	26	**99,342**	102,718
Contract assets	27	**1,110,987**	1,199,242
		11,325,734	10,680,857
CURRENT ASSETS			
Inventories	21	**2,044,587**	1,527,278
Receivables	26	**689,748**	862,615
Contract assets	27	**1,138,868**	1,154,273
Prepayments		**10,232**	12,002
Tax recoverable		**48,144**	40,367
Cash held under Housing Development Accounts	28	**325,946**	386,092
Bank balances, deposits and cash	29	**276,635**	599,225
		4,534,160	4,581,852
Assets held for sale	30	**68,850**	–
TOTAL ASSETS		**15,928,744**	15,262,709

Statements of Financial Position

As at 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Group 2023	Group 2022
EQUITY			
Share capital	31	**6,800,839**	6,800,839
Fair value reserve		**20,380**	33,976
Exchange reserve		**212,393**	(37,718)
Retained profits		**3,023,484**	2,722,621
ATTRIBUTABLE TO OWNERS OF THE COMPANY		**10,057,096**	9,519,718
Non-controlling interests	32	**226,416**	125,078
TOTAL EQUITY		**10,283,512**	9,644,796
NON-CURRENT LIABILITIES			
Payables	33	**68,037**	72,134
Borrowings	34	**2,480,664**	2,283,984
Lease liabilities	35	**23,976**	24,149
Provisions	36	**171,115**	152,565
Contract liabilities	27	**262,591**	253,164
Deferred tax liabilities	25	**306,353**	316,650
		3,312,736	3,102,646
CURRENT LIABILITIES			
Payables	33	**1,542,493**	1,296,619
Borrowings	34	**413,358**	753,861
Lease liabilities	35	**21,458**	21,447
Provisions	36	**67,911**	82,530
Contract liabilities	27	**235,674**	332,895
Tax provision		**51,602**	27,915
		2,332,496	2,515,267
TOTAL LIABILITIES		**5,645,232**	5,617,913
TOTAL EQUITY AND LIABILITIES		**15,928,744**	15,262,709

Statements of Financial Position

As at 31 December 2023

Amounts in RM thousand unless otherwise stated

		Company	
	Note	2023	2022
NON-CURRENT ASSETS			
Property, plant and equipment	19	**53,292**	16,799
Subsidiaries	22	**8,354,814**	8,040,202
Inventories	21	**1,144,629**	1,076,741
Associates	12	**37,185**	49,152
Investments	23	**43,132**	48,633
Intangible assets	24	**5,130**	5,057
Deferred tax assets	25	**39,158**	35,498
Receivables	26	**1,797,550**	1,343,107
		11,474,890	10,615,189
CURRENT ASSETS			
Inventories	21	**120,764**	107,502
Receivables	26	**271,927**	322,685
Contract assets	27	**39,096**	19,027
Prepayments		**1,319**	349
Cash held under Housing Development Accounts	28	**3,133**	20,878
Bank balances, deposits and cash	29	**57,508**	143,369
		493,747	613,810
TOTAL ASSETS		**11,968,637**	11,228,999

Statements of Financial Position
As at 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Company 2023	Company 2022
EQUITY			
Share capital	31	**6,800,839**	6,800,839
Fair value reserve		**7,632**	13,133
Retained profits		**2,605,335**	2,503,854
ATTRIBUTABLE TO OWNERS OF THE COMPANY/TOTAL EQUITY		**9,413,806**	9,317,826
NON-CURRENT LIABILITIES			
Borrowings	34	**1,630,078**	1,097,286
Lease liabilities	35	**36,409**	107
Provisions	36	**14,404**	4,025
		1,680,891	1,101,418
CURRENT LIABILITIES			
Payables	33	**589,248**	329,124
Borrowings	34	**215,316**	373,627
Lease liabilities	35	**6,609**	7,904
Provisions	36	**7,086**	9,551
Contract liabilities	27	**47,129**	88,328
Tax payable		**8,552**	1,221
		873,940	809,755
TOTAL LIABILITIES		**2,554,831**	1,911,173
TOTAL EQUITY AND LIABILITIES		**11,968,637**	11,228,999

Statements of Changes in Equity

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

Group	Note	Share capital	Fair value reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
2023								
At 1 January 2023		**6,800,839**	**33,976**	**(37,718)**	**2,722,621**	**9,519,718**	**125,078**	**9,644,796**
Profit for the financial year		**–**	**–**	**–**	**407,914**	**407,914**	**9,616**	**417,530**
Other comprehensive (loss)/income for the year		**–**	**(6,223)**	**250,111**	**–**	**243,888**	**(130)**	**243,758**
Total other comprehensive (loss)/ income for the financial year		**–**	**(6,223)**	**250,111**	**407,914**	**651,802**	**9,486**	**661,288**
Transfer upon liquidation and de-recognition of an investment carried at fair value through other comprehensive income ("FVOCI")		**–**	**(7,373)**	**–**	**7,373**	**–**	**–**	**–**
Transactions with owners:								
– dividends paid	18	**–**	**–**	**–**	**(136,016)**	**(136,016)**	**(5,368)**	**(141,384)**
– acquisition of non-controlling interests	37	**–**	**–**	**–**	**21,592**	**21,592**	**97,220**	**118,812**
At 31 December 2023		**6,800,839**	**20,380**	**212,393**	**3,023,484**	**10,057,096**	**226,416**	**10,283,512**
2022								
At 1 January 2022		6,800,839	31,718	105,045	2,474,790	9,412,392	141,576	9,553,968
Profit for the financial year		–	–	–	315,839	315,839	(4,141)	311,698
Other comprehensive income/(loss) for the year		–	2,258	(142,763)	–	(140,505)	319	(140,186)
Total other comprehensive income/ (loss) for the financial year		–	2,258	(142,763)	315,839	175,334	(3,822)	171,512
Transactions with owners:								
– dividends paid	18	–	–	–	(68,008)	(68,008)	(10,772)	(78,780)
– disposal of a subsidiary		–	–	–	–	–	(1,904)	(1,904)
At 31 December 2022		6,800,839	33,976	(37,718)	2,722,621	9,519,718	125,078	9,644,796

Statements of Changes in Equity

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

Company	Note	Share capital	Fair value reserve	Retained profits	Total equity
2023					
At 1 January 2023		**6,800,839**	**13,133**	**2,503,854**	**9,317,826**
Profit for the financial year		**–**	**–**	**237,497**	**237,497**
Other comprehensive loss for the financial year		**–**	**(5,501)**	**–**	**(5,501)**
Total comprehensive (loss)/income for the financial year		**–**	**(5,501)**	**237,497**	**231,996**
Transactions with owners:					
– dividend paid	18	**–**	**–**	**(136,016)**	**(136,016)**
At 31 December 2023		**6,800,839**	**7,632**	**2,605,335**	**9,413,806**
2022					
At 1 January 2022		6,800,839	17,918	2,310,540	9,129,297
Profit for the financial year		–	–	261,322	261,322
Other comprehensive loss for the financial year		–	(4,785)	–	(4,785)
Total comprehensive (loss)/income for the financial year		–	(4,785)	261,322	256,537
Transactions with owners:					
– dividend paid	18	–	–	(68,008)	(68,008)
At 31 December 2022		6,800,839	13,133	2,503,854	9,317,826

Statements of Cash Flows

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

		Group		Company	
	Note	**2023**	2022	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		**417,530**	311,698	**237,497**	261,322
Adjustments for:					
Share of results of:					
– joint ventures		**58,051**	27,756	**–**	–
– associates		**(5,309)**	(1,661)	**–**	–
Amortisation of intangible assets		**2,134**	2,420	**1,404**	1,723
Depreciation of property, plant and equipment		**29,596**	29,587	**10,774**	9,310
Write-down of inventories		**8,756**	6,270	**–**	–
Write-off of inventories		**10,451**	3,125	**–**	–
Gain on disposal of:					
– subsidiaries		**–**	(53,020)	**–**	–
– property, plant and equipment		**(49)**	(2)	**(2)**	(3)
– investment properties		**12**	–	**–**	–
Net changes in fair value on investment properties		**33,576**	51,601	**–**	–
Net impairment losses on trade and other receivables		**(3,065)**	2,764	**3,429**	83,939
Loss on lease modification		**–**	12,788	**–**	–
Provisions		**374**	11,023	**7,914**	9,551
Finance income		**(113,663)**	(105,996)	**(64,036)**	(58,688)
Finance costs		**73,669**	97,373	**64,665**	54,809
Taxation		**192,776**	147,162	**15,056**	1,384
Foreign currency exchange (gain)/loss		**(8,937)**	138	**30,954**	(42,515)
Other items [note (a)]		**879**	(426)	**(254,796)**	(296,326)
		696,781	542,600	**52,859**	24,506
Changes in working capital:					
– inventories:					
– changes attributable to land acquisition		**(692,402)**	–	**–**	–
– others		**(389,762)**	34,722	**(81,150)**	(22 ,315)
– receivables and prepayments		**66,388**	177,837	**6,715**	72,435
– contract assets and contract liabilities		**99,298**	76,460	**(61,268)**	15,110
– payables and provisions		**281,077**	338,862	**31,923**	24,503
		61,380	1,170,481	**(50,921)**	114,239
Tax paid		**(136,495)**	(155,026)	**(11,385)**	(4,224)
Net cash (used in)/from operating activities		**(75,115)**	1,015,455	**(62,306)**	110,015

Statements of Cash Flows
For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2023	**2022**	**2023**	**2022**
CASH FLOWS FROM INVESTING ACTIVITIES					
Finance income received		**25,529**	14,869	**64,036**	58,688
Proceeds from sale of:					
– property, plant and equipment		**59**	5,034	**2**	3
– investment properties		**2,888**	–	**–**	–
Purchase of:					
– property, plant and equipment		**(34,926)**	(11,280)	**(4,356)**	(5,509)
– investment properties		**(170,748)**	(15,951)	**–**	–
– intangible assets		**(2,706)**	(1,739)	**(2,458)**	(1,056)
Repayment from/(Advances to):					
– subsidiaries		**–**	–	**(49,172)**	205,420
– an associate		**12,857**	(1,304)	**12,857**	(1,304)
Subscription of shares in subsidiaries		**–**	–	**(439,939)**	(217,789)
Net cash inflow from disposal of subsidiaries		**–**	8,451	**–**	–
Subscription of additional interest in joint ventures		**(72,051)**	(330,618)	**–**	–
Capital repayment from:					
– subsidiaries		**–**	–	**–**	92,685
– a joint venture		**163,986**	366,480	**–**	–
– an investment		**1,309**	6,064	**–**	–
Dividends received from investments, subsidiaries, joint ventures and associates		**2,800**	7,260	**13,682**	251,785
Net cash (used in)/from investing activities		**(71,003)**	47,266	**(405,348)**	382,923
CASH FLOW FROM FINANCING ACTIVITIES					
Finance costs paid		**(124,380)**	(128,880)	**(55,188)**	(54,909)
Borrowings raised	34	**741,403**	12,266	**599,593**	–
Repayments of borrowings	34	**(80,245)**	(385,419)	**(67,000)**	(67,000)
Revolving credits:					
– raised	34	**408,000**	215,469	**402,000**	215,469
– repaid	34	**(1,016,850)**	(599,623)	**(600,543)**	(571,623)
Repayments of lease liabilities	35	**(3,474)**	(22,299)	**(7,904)**	(7,663)
Net advances from subsidiaries	33	**–**	–	**229,106**	121,180
Acquisition of non-controlling interests	37	**(31,570)**	–	**–**	–
Dividends paid on ordinary shares		**(136,016)**	(68,008)	**(136,016)**	(68,008)
Dividends paid to non-controlling interests		**(5,368)**	(10,772)	**–**	–
Net cash (used in)/from financing activities		**(248,500)**	(987,266)	**364,048**	(432,554)

Statements of Cash Flows

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

	Note	Group 2023	Group 2022	Company 2023	Company 2022
Net (decrease)/increase in cash and cash equivalents		**(394,618)**	75,455	**(103,606)**	60,384
Foreign exchange differences		**11,882**	198	**–**	–
Cash and cash equivalents at the beginning of the financial year		**985,317**	909,664	**164,247**	103,863
Cash and cash equivalents at the end of the financial year [note (b)]		**602,581**	985,317	**60,641**	164,247
a. Other items:					
Dividend income		**–**	(430)	**(346,807)**	(299,665)
Net impairment losses on:					
– property, plant and equipment		**529**	3	**–**	–
– investment in subsidiaries		**–**	–	**93,757**	3,317
– investment in associates		**–**	–	**(1,746)**	–
Write-off of property, plant and equipment		**350**	1	**–**	–
Loss from liquidation of subsidiaries		**–**	–	**–**	22
		879	(426)	**(254,796)**	(296,326)
b. Cash and cash equivalents at the end of the financial year:					
Cash held under Housing Development Accounts	28	**325,946**	386,092	**3,133**	20,878
Bank balances, deposits and cash	29	**276,635**	599,225	**57,508**	143,369
		602,581	985,317	**60,641**	164,247

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

1 GENERAL INFORMATION

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into three segments namely property development, investment and asset management and leisure. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 44.

There has been no significant change in the principal activities of the Group and the Company during the financial year.

2 BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention except as disclosed in the material accounting policy information in Note 3. The financial statements are presented in Ringgit Malaysia in thousands (RM thousand) unless otherwise stated.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

a. Accounting pronouncements that are adopted during the financial year

i. Amendments that are effective and adopted during the financial year:

MFRS 17 – Insurance Contracts, and its amendments
Amendments to MFRS 101 and MFRS Practice Statement 2 – Disclosure of Accounting Policies
Amendments to MFRS 108 – Definition of Accounting Estimates
Amendments to MFRS 112 – 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 did not result in any significant changes to the Group's results and financial position except for MFRS 17 as disclosed in Note 11(a) to the Financial Statements.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

2 BASIS OF PREPARATION (CONTINUED)

b. Accounting pronouncements that are not yet effective and have not been early adopted

i. New amendments that are effective on or after 1 January 2024:

Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 101	Classification of Liabilities as Current and Non-Current
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The Group and the Company are currently assessing the financial impact for the above amendments.

ii. The effective date for the amendment to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) has been deferred to a date to be determined by MASB.

3 MATERIAL ACCOUNTING POLICY INFORMATION

These material accounting policy information have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial year presented, unless otherwise stated.

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

i. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the date of acquisition and any corresponding gain or loss is recognised in the profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in the profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

a. Basis of consolidation (continued)

i. Subsidiaries (continued)

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated on consolidation to the extent of the cost of the asset that can be recovered, and the balance is recognised in the profit or loss as reduction in net realisable value or as impairment loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statements of changes in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of its net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

ii. Joint ventures

Joint ventures are separate vehicles in which the Group has rights to its net assets and where its strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Joint ventures are accounted using the equity method. Equity method is a method of accounting whereby the investment is recorded at cost inclusive of goodwill and adjusted thereafter for the Group's share of the post-acquisition results and other changes in the net assets of the joint ventures based on their latest audited financial statements or management accounts. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of joint ventures used by the Group in applying the equity method to ensure consistency of accounting policies with those of the Group.

After application of the equity method, the carrying amount of the joint ventures will be assessed for impairment. Equity method is discontinued when the carrying amount of the joint venture reaches zero, or reaches the limit of the obligations in the case where the Group has incurred legal or constructive obligations in respect of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures, and among the joint ventures, are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment loss on the assets transferred are recognised in profit or loss.

When joint control ceases, the disposal proceeds and the fair value of any retained investment are compared to the carrying amount of the joint venture. The difference together with the exchange reserve that relate to the joint venture is recognised in the profit or loss as gain or loss on disposal. In the case of partial disposal without losing joint control, the difference between the proceeds and the carrying amount disposed, and the proportionate exchange reserve is recognised as gain or loss on disposal. Shareholder's advances to joint ventures of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investments in the joint ventures.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

a. Basis of consolidation (continued)

iii. Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investment in associates are accounted for using the equity method, similar to Note 3(a)(ii) above.

b. Foreign currencies

i. Presentation and functional currency

Ringgit Malaysia is the presentation currency of the Group and the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

ii. Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in the profit or loss.

iii. Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal (via capital repayment or disposal of shares) without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated as it has indefinite life. Assets in the course of construction are shown as work in progress. Depreciation on these assets commences when they are ready for use. Other property, plant and equipment are depreciated on a straight-line basis to Write-down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 35 to 99 years
Buildings	2% to 5%, or over the lease term if shorter
Plant and machinery	20% to 33.3%
Renovation, fixtures, equipment and vehicles	20% to 33.3%

d. Investment properties

Investment properties, comprising principally land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is carried at fair value. Changes in fair values are recognised in profit or loss for the period in which it rises. Gains/(losses) are presented as part of the results of operating activities of the Group. Fair value is derived from analysis of market evidence, such as, active market prices, market net income and yield, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by external, independent and qualified valuers.

The Group accounts for the land and building as a single unit of account for investment properties. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

If a property undergoes a change in use and becomes an investment property, any difference resulting between the carrying amount of the property and the fair value of such investment property at the date of transfer is recognised in accordance with the applicable MFRS. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Notes to the Financial Statements
For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

e. Right-of-use ("ROU") assets

The right to use an underlying asset for the lease term is recognised as a ROU asset.

The cost of ROU includes an amount equal to the lease liability at the inception of the lease, lease payments made at or before commencement date less lease incentives received, initial direct costs incurred and an estimate of costs to restore, dismantle and remove the underlying asset or to restore the site on which it is located.

ROUs that are not investment properties are presented under property, plant and equipment and are stated at cost less accumulated amortisation and accumulated impairment losses. The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment property owned by the Group (refer to Note 3(d)).

The upfront payment represent prepaid lease payments for lease of land and building is amortised on the straight-line basis over the lease period.

f. Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates and loans, which are treated as part of the Company's net investment in the investee, are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

g. Inventories

i. Land held for property development

Land held for property development where development activities are not expected to be completed within the normal operating cycle, is classified as non-current and carried at the lower of cost and net realisable value.

The cost includes cost of land and development costs common to the whole project.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

ii. Property development costs

Property development costs are stated at the lower of cost and net realisable value. The cost includes cost of land, related development costs common to whole project and direct building costs less cumulative amounts recognised as cost of sales in the profit or loss.

Property development cost of unsold unit is transferred to completed development unit once the property is completed.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

g. Inventories (continued)

iii. Completed development units

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value.

iv. Finished goods, raw materials and consumable stores

Finished goods, raw materials and consumable stores are stated at the lower of cost and net realisable value. Cost includes cost of purchase plus incidental cost and other costs of bringing the inventories to their present location and condition. The cost of inventories is determined on a weighted average basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs to completion and selling expenses.

h. Financial assets

The Group's and the Company's financial assets are classified into three categories: (i) amortised cost, (ii) fair value through profit or loss ("FVTPL") and (iii) fair value through other comprehensive income ("FVOCI"). Investments in quoted equity instruments are measured at FVTPL whilst investments on unquoted equity instruments are measured at FVOCI. All other financial assets are measured at amortised cost.

i. Amortised cost

Receivables, amounts due from subsidiaries, cash held under Housing Development Accounts and bank balances, deposits and cash are held for collection of contractual cash flows. Their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value at inception plus transaction cost and thereafter at amortised cost less accumulated impairment losses.

Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

ii. Fair value through profit or loss ("FVTPL") and Fair value through other comprehensive income ("FVOCI")

Investments in quoted equity instruments are measured at FVTPL. The investments are recorded initially at fair value plus transaction cost and thereafter, they are measured at fair value. Changes in the fair value and dividend income from the investment are recognised in profit or loss.

At initial recognition, the Group and the Company elected to designate the investments in unquoted equity instruments as financial assets measured at FVOCI. The investments are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Changes in fair value of the investments are recognised in other comprehensive income, whilst dividend income are recognised in profit or loss. On derecognition of the investment measured at FVOCI, the fair value reserve is transferred to retained profits.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. Assets held for sale

Assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Depreciation ceases when an asset is classified as asset held for sale. Assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

j. Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and concession arrangement, contract asset is the excess of cumulative revenue earned over the billings to date, for which the billings to-date are based on progress milestone set out in the contract or agreement with the customers. Contract asset is stated at cost less accumulated impairment losses.

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or has billed the customer. In the case of property development and concession arrangement, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include the golf club membership fees, down payments received from customers and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

k. Impairment

Non-financial assets and interest in subsidiaries, joint ventures and associates are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets and contract assets, impairment loss is recognised based on expected credit losses.

The recognition and measurement of impairment losses are as follows:

i. Non-financial assets, interest in subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount and is charged to the profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets that were previously impaired are reviewed for possible reversal of the impairment losses at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss.

ii. Financial assets and contract assets

An impairment loss is recognised based on expected credit losses and is charged to profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment loss not been recognised previously.

The Group and the Company apply the simplified approach to measure the impairment losses on trade receivables and contract assets at lifetime expected credit losses ("Lifetime ECL"). Expected credit losses of all other financial assets are measured at an amount equal to 12 month expected credit losses ("12-month ECL") if credit risk on a financial asset has not increased significantly. The Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition to ascertain whether there is a significant increase in credit risk. The assessment takes into consideration the macroeconomic information, credit rating and other supportable forward-looking information.

Notes to the Financial Statements
For the financial year ended 31 December 2023

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3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

l. Share capital

Proceeds from shares issued are accounted for in equity. Cost directly attributable to the issuance of new equity shares are deducted from equity.

Dividends to owners of the Company and non-controlling interests are recognised in the statements of changes in equity in the financial year in which they are paid or declared.

m. Provisions

Provisions are recognised when the Group and the Company have a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provisions due to the passage of time is recognised as finance costs.

The Group and the Company recognise provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

n. Employee costs

i. Short-term employee benefits

Wages, salaries and paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.

ii. Defined contribution plans

A defined contribution pension plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity. The Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has various defined contribution plans in accordance with local conditions and practices in the countries in which it operates. The Group's and the Company's contributions to defined contribution plans are charged to the profit or loss in the financial year in which they relate.

iii. Other long-term benefits

The Group operates a Long-term Incentive Plan ("LTIP"), which is awarded to employees who hold senior management positions and key roles within the Group, and who have fulfiled the eligibility criteria and have been approved for participation by the Nomination and Remuneration Committee. The LTIP aims to incentivise and retain key employess whom will have direct impact in driving and delivering the Group's FY2023 to FY2025 transformation plan.

The LTIP is payable in cash in 3 tranches between FY2025 and FY2026. The expenses related to LTIP are charged to the profit or loss as employee costs under the category of "long-term employee benefit" over the period in which the performance criteria and services are fulfilled, with a corresponding liability in "provisions". The payout are estimated by reference to the total amount granted and the expected Group's achievement on the relevant key performance indicators ("KPI"). At each reporting date, the Group and the Company review its estimates and assumptions on the likelihood of achieving the relevant KPIs which, in turn, determines the amount of payout under the LTIP. The impact of revision of original estimates, if any, are charged to profit or loss with a corresponding adjustment to provisions.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

o. Financial liabilities

The Group's and the Company's borrowings and payables are classified as financial liabilities measured at amortised cost. They are measured initially at fair value net of transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the end of the reporting period, otherwise the balance is classified as non-current. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

p. Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits held at call with banks and cash held under Housing Development Accounts.

q. Revenue recognition

i. Revenue from property development

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.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement, net of expected liquidated ascertained damages ("LAD") payment.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to-date, certified by professional consultants.

The subject 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. The purchasers could enforce its rights to the subject properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the subject property for another use is substantive and the subject properties sold to the purchasers do not have an alternative use to the Group and the Company. The Group and the Company have the right to payment for performance completed to-date, are entitled to continue to transfer the subject properties to the customer, and have the rights to complete the construction of the properties and enforce its rights to full payment.

Notes to the Financial Statements
For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

q. Revenue recognition (continued)

i. Revenue from property development (continued)

The Group and the Company recognise sales at a point in time for the sale of completed properties when the control of the properties has been transferred to the purchasers and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange for the assets sold.

ii. Revenue from concession arrangement

Maintenance service charges and supply of chilled water are recognised over the period which services are rendered or supply is delivered.

iii. Revenue from leisure

Revenue from golf club activities consist of golfing, golf club membership fees, driving range, sports and other recreation facilities, which are separate performance obligation. Golf club membership fees is received upfront and recognised on a straight-line basis over the tenure of the membership.

Revenue from sale of food and beverages is recognised when consideration is received or receivable upon delivery of goods and services, net of discounts and indirect taxes.

iv. Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent-related income is recognised in the accounting period in which the services have been rendered.

v. Interest income

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

vi. Dividend income

Dividend income is recognised when the right to receive payment is established.

vii. Management fees

Management fee is recognised over time during the period in which the services are rendered.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

r. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

i. expenditure for the asset is being incurred;
ii. borrowing costs are being incurred; and
iii. activities that are necessary to prepare the assets for its intended use or sale are in progress.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed. Properties under construction where control of these properties is transferred over time are excluded as qualifying assets for the purposes of borrowing cost capitalisation.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

s. Taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge for the Group and for the Company is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
For the financial year ended 31 December 2023

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3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

t. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such balances and transactions are between Group companies within a single segment. Inter-segment pricing is based on similar terms as those available to external parties.

u. Contingent liabilities

The Group and the Company do not recognise contingent liabilities, but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events which existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conforming to MFRS and IFRS require the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group’s accounting policies. Estimates and assumptions are based on the Directors’ best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

a. Revenue and cost recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

Where control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the project progress as the certification of the physical progress of each phase are based on methodologies employed by, and the expert judgement of, the professional consultants.

During the financial year ended 31 December 2023, for activities recognised over time using the stage of completion method, the Group and the Company recognised revenue of RM2,974.8 million (2022: RM2,224.1 million) and RM219.7 million (2022: RM175.8 million) respectively and cost of RM2,066.9 million (2022: RM1,571.1 million) and RM137.5 million (2022: RM114.1 million) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

b. Write-down and write-off of inventories to net realisable value

The Group and the Company write-down the inventories to their net realisable values based on the estimated selling prices by reference to recent sales transactions of similar properties or comparable properties in similar or nearby locations net of the estimated cost necessary to complete the sale. For inventories of property development costs, the estimated cost necessary to complete the property have been considered. The Group considered the current economic outlook, future property market conditions and adjustment factors such as the size and demand (ceiling price) of the particular properties in determining its net realisable values.

The Group and the Company also write-off the development costs based on the latest pipeline launches, which depends on various factors, such as changes to development plans due to replanning, zoning issues with local authorities, etc and is therefore subject to significant inherent uncertainties.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the selling price and the related cost to complete the sale, the estimates may differ from the actual transactions achieved in future periods and these differences may, in certain circumstances, be significant.

During the financial year ended 31 December 2023, the Group recognised a write-down of RM8.8 million and a write-off of RM10.5 million in respect of inventories during the financial year.

c. Fair value of investment properties

The valuations of the Group's investment properties were performed by independent external valuers. There are complexities in determining the fair value of the investment properties, which involve significant estimates and judgements in determining the appropriate valuation methodology and estimating the underlying assumptions to be applied. The list of significant unobservable inputs and its sensitivity analysis are disclosed in Note 20(c) to the financial statements.

The Directors are of the view that the fair value of certain investment properties under early stage of development are not reliably determinable as at the reporting date, given the various valuation adjustments to be made due to the early stages of construction which are highly judgemental and contingent upon various unknown factors. As these properties will take substantial time to complete, there are uncertainties attached to the reliability of the assumptions adopted for valuation, such as the gross rental rate, developer's profit margin, discount rate, void rate and market capitalisation rate.

d. Impairment assessment of non-financial assets – investments in subsidiaries and property, plant and equipment

The Group and/or the Company assesses whether there is any indication that the cost of investment in subsidiaries and property, plant and equipment are impaired at the end of each reporting date. Impairment loss is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell and value-in-use for that asset. Value-in-use of asset is estimated using discounted cash flow analysis, considering market value indicators, recent arms-length market transactions and benchmark against valuation done by valuer. These estimates provide reasonable approximations to the computation of recoverable amounts. For discounted cash flows, significant judgement is applied in determining the assumptions and discount rates used for the estimation of the present value of future cash flows generated by the assets. Changes in assumptions could affect the outcome of the Group's assessment for impairment of assets.

Following impairment assessments of the non-financial assets of the Group and of the Company during the financial year, an impairment loss on property, plant and equipment of RM0.5 million and net impairment loss on investment in subsidiaries of RM93.8 million were recorded in the financial statements of the Group and Company respectively for the financial year ended 31 December 2023.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES

a. Financial risk management

The Group's and the Company's operations expose them to a variety of financial risks, including interest rate risk, credit risk, liquidity and cash flow risk and foreign currency exchange risk. The Group's overall financial risk management policies seek to manage and minimise the potential adverse effects of these risks on the financial performance of the Group.

The Group's and the Company's exposure to these financial risks are managed through risk reviews, internal control systems, insurance programmes and adherence to Group Policies and Authorities which are implemented on a group-wide basis. The Board regularly reviews these risks and approves the policies covering the management of these risks.

i. Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. The Group and the Company manage their interest rate risk by maintaining a mix of fixed and floating rate borrowings.

The interest-bearing assets are primarily the amounts due from joint ventures, associates and subsidiaries and short-term bank deposits with financial institutions. All interest-bearing amounts due to the Group and the Company bear interest at floating rate except those under negotiated terms where fixed rates are used after taking into account the borrower's risk profile. The interest rates on short-term bank deposits are monitored closely to ensure that the deposits are maintained at favourable rates and placements are made at varying maturities. The Group and the Company consider the risk of significant changes to interest rates to be low and the sensitivity is disclosed in Note 42(a).

ii. Credit risk

Financial assets that are primarily exposed to credit risk are receivables, contract assets and bank balances.

Credit risk arising from sales made on credit terms

The Group and the Company seek to control credit risk by dealing with counterparties with appropriate credit histories. Customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known. Credit terms and limit are set based on this assessment, and where appropriate, guarantees or securities are obtained to limit credit risk.

Credit risk arising from property development

The Group and the Company do not have any significant credit risk as its services and products are predominantly rendered and sold to a large number of customers comprising substantially property purchasers with financing facilities from reputable end-financiers. Credit risks with respect to property purchasers with no end-financing facilities are limited as the ownership and rights to the properties revert to the Group and the Company in the event of default. The Group and the Company do not have any significant exposure to any individual or counterparty nor any major concentration of credit risk related to any financial instruments.

Credit risk arising from concession arrangements

The Group has concentration of credit risk arising from the outstanding receivables and contract assets under concession arrangement which are primarily from the Government of Malaysia. The Group monitors the trade receivables and contract assets on an ongoing basis and no additional credit risk beyond the amounts allowed for collection losses is inherent in the trade receivables of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial risk management (continued)

ii. Credit risk (continued)

Credit risk arising from property investment

Credit risk arising from outstanding receivables from tenants is minimised by closely monitoring their credit worthiness and credit period. In addition, the tenants have placed security deposits with the Group which act as collateral.

Credit risk arising from golfing and sporting activities

Concentration of credit risk with respect to amounts due from members is limited due to the large number of members, the security deposits paid by members and advance payment of annual licence fees for individual members. Sales to members are usually suspended when outstanding amounts are overdue exceeding 180 days.

Credit risk arising from deposits with licensed banks

Credit risk also arises from deposits with licensed banks. The deposits are placed with credit worthy financial institutions. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Credit risk arising from other receivables

The Group's and the Company's historical experience in collection of other receivables fall within the recorded allowances. No additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and in the Company's other receivables.

Credit risk arising from subsidiaries, joint ventures and associates

The amounts due from subsidiaries, joint ventures and associates are monitored closely by the Group and the Company. The Group and the Company are of the view that the carrying amounts as at the reporting date are recoverable.

The Group's and the Company's maximum credit risk exposure are disclosed in Note 42(c).

iii. Liquidity and cash flow risks

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources and keeping an adequate amount of credit facilities to provide an ample liquidity cushion.

The Group and the Company perform quarterly twelve-months rolling cash flow projections to ensure that requirements are identified as early as possible so that the Group and the Company have sufficient cash to meet operational needs. Such projections take into consideration the Group's and the Company's financing plans and are also used for monitoring of covenant compliance.

Notes to the Financial Statements
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5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial risk management (continued)

iii. Liquidity and cash flow risks (continued)

The Group and the Company maintain centralised treasury functions where all funding requirements are managed. As at 31 December 2023, the Group and the Company have unutilised Islamic Medium Term Notes of RM3,100.0 million (2022: RM3,700.0 million). The Group and the Company also have unutilised credit facilities of RM1,764.3 million (2022: RM1,679.1 million) and RM1,764.3 million (2022: RM1,675.1 million) respectively which it can tap upon at an appropriate time.

Cash and cash equivalents of the Group and the Company comprise the following:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Cash held under Housing Development Accounts [Note 28]	**325,946**	386,092	**3,133**	20,878
Bank balances, deposits and cash [Note 29]	**276,635**	599,225	**57,508**	143,369
	602,581	985,317	**60,641**	164,247

The Group believes that its contractual obligations, including those shown in contingent liabilities, material litigation and capital commitments in Note 38 can be met from existing cash and investments, operating cash flows, credit lines available and other financing that the Group reasonably expects to be able to secure should the need arises.

Further details on the undiscounted contractual cash flows of the Group's and the Company's financial liabilities as at the reporting date are disclosed in Note 42(b).

iv. Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group has significant exposure to foreign currency translation risk due to its 40% interest in Battersea Project Holding Company Limited group in the United Kingdom. The Group does not enter into hedges for its long-term investment in foreign operations. Instead, the Group funds its investments with borrowings denominated in the same currencies as a natural hedge, where applicable, to minimise adverse impact arising from fluctuation in foreign currency exchange rates.

Notes to the Financial Statements
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5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

b. Capital management

Capital management refers to implementing measures to maintain sufficient capital to support its businesses. The Group's and the Company's capital man agement objectives are to ensure its ability to continue as a going concern, provide a competitive cost of capital and to maximise shareholders' value. The Group and the Company are committed towards optimising their capital structure, which includes balancing between debt and equity, and putting in place appropriate dividend and financing policies which influence the level of debt and equity.

i. Rating by External Rating Agency

Malaysian Rating Corporation Berhad has reaffirmed its $AA+_{IS}$ rating with a stable outlook on the Company's Islamic Medium Term Notes (IMTN) Programme of RM4.5 billion.

ii. Gearing ratios

The Group and the Company use the gearing ratio to assess the appropriateness of their debt levels, hence determining their capital structure. The Group and the Company maintain a debt to equity ratio that complies with debt covenants and regulatory requirements. The ratio is calculated as total debt divided by total equity.

The Group's and the Company's gearing ratios are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Borrowings				
– principal	**2,878,261**	3,029,076	**1,833,920**	1,468,233
– interest	**15,761**	8,769	**11,474**	2,680
Total borrowings	**2,894,022**	3,037,845	**1,845,394**	1,470,913
Lease liabilities	**45,434**	45,596	**43,018**	8,011
Total debt	**2,939,456**	3,083,441	**1,888,412**	1,478,924
Total equity	**10,283,512**	9,644,796	**9,413,806**	9,317,826
Gearing ratio	**28.6%**	32.0%	**20.1%**	15.9%

Given the moderate gearing level, the Group and the Company still have the capacity to borrow for expansion, provided an acceptable level of gearing ratio is maintained.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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6 REVENUE

	Group		Company	
	2023	2022 Restated	2023	2022
Revenue from contracts with customers	**3,366,988**	2,663,767	**430,920**	337,911
Revenue from other sources:				
– rental income from investment properties and other assets	**69,959**	78,369	**3,644**	5,096
– dividend income from subsidiaries	**–**	–	**345,007**	298,308
– dividend income from associates	**–**	–	**1,800**	1,080
– dividend income from an investment	**–**	–	**–**	277
	3,436,947	2,742,136	**781,371**	642,672
Disaggregation of the revenue from contract with customers:				
Property development	**3,218,967**	2,530,031	**219,697**	193,079
Concession arrangement:				
– maintenance service charges	**30,039**	28,504	**–**	–
– supply of chilled water	**6,995**	6,969	**–**	–
– others	**3,947**	1,836	**–**	–
Parking fees, utilities and others	**15,987**	13,619	**–**	–
Leisure:				
– golf club activities	**61,553**	56,021	**–**	–
– food and beverages	**27,660**	22,600	**–**	–
– others	**1,840**	4,187	**–**	–
Management fee charged to subsidiaries	**–**	–	**211,223**	144,832
	3,366,988	2,663,767	**430,920**	337,911
Geographical markets				
Malaysia	**3,366,988**	2,663,767	**430,678**	337,686
United Kingdom	**–**	–	**153**	124
Singapore	**–**	–	**89**	101
	3,366,988	2,663,767	**430,920**	337,911
Timing of revenue recognition				
Over time	**3,062,609**	2,306,418	**430,920**	320,583
At a point in time	**304,379**	357,349	**–**	17,328
	3,366,988	2,663,767	**430,920**	337,911

Revenue from contracts with customers of the Group and of the Company include RM332.9 million (2022: RM230.8 million) and RM88.3 million (2022: RM92.8 million) respectively that were included in contract liabilities at the beginning of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

7 COST OF SALES

	Group		Company	
	2023	2022	2023	2022
Property development costs	**2,066,946**	1,571,078	**137,548**	114,143
Cost of completed development units sold	**107,262**	102,336	**–**	–
Write-down of inventories	**8,756**	6,270	**–**	–
Write-off of inventories	**10,451**	3,125	**–**	–
Other direct expenses	**111,515**	119,623	**(593)**	6,848
Cost under concession arrangement	**23,611**	21,462	**–**	–
Employee costs	**91,408**	83,984	**1,551**	2,045
Depreciation of property, plant and equipment	**6,546**	6,254	**18**	17
Amortisation of intangible assets	**238**	236	**–**	–
Rental of land and buildings	**27**	330	**–**	–
Hire of plant and machinery	**1,234**	865	**–**	–
	2,427,994	1,915,563	**138,524**	123,053

8 OTHER OPERATING (EXPENSES)/INCOME

	Group		Company	
	2023	2022 Restated	2023	2022
Net changes in fair value on investment properties	**(33,576)**	(51,601)	**–**	–
Forfeiture income	**13,674**	3,995	**80**	249
Interest from stakeholders, customers and others	**2,674**	9,609	**44**	622
Recoveries and claims	**1,125**	1,403	**1,122**	–
Rental income	**1,182**	1,481	**491**	608
Non-refundable tender deposits	**1,061**	942	**76**	70
Maintenance charges	**1,328**	462	**55**	114
Other miscellaneous income	**2,726**	4,476	**757**	686
	(9,806)	(29,233)	**2,625**	2,349

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES

	Group		Company	
	2023	2022	2023	2022
Selling and marketing expenses	**149,857**	118,065	**19,561**	17,035
Administrative and other expenses	**242,866**	243,036	**250,057**	287,752
	392,723	361,101	**269,618**	304,787
Selling, marketing, administrative and other expenses comprise the following:				
Depreciation, amortisation, impairment losses and write-off				
Depreciation of property, plant and equipment	**23,050**	23,333	**10,756**	9,293
Amortisation of intangible assets	**1,896**	2,184	**1,404**	1,723
Impairment losses on:				
– amount due from subsidiaries *	**–**	–	**2,939**	83,383
– receivables	**3,364**	4,591	**490**	556
Reversal of impairment losses on receivables	**(6,429)**	(1,827)	**–**	–
Write-off of property, plant and equipment	**350**	1	**–**	–
	22,231	28,282	**15,589**	94,955
Auditors' remuneration				
Fees for statutory audits				
– PricewaterhouseCoopers PLT, Malaysia	**1,623**	1,621	**360**	358
– PricewaterhouseCoopers International Limited	**626**	470	**–**	–
– other firm	**150**	144	**–**	–
Fees for other assurance-related services				
– PricewaterhouseCoopers PLT, Malaysia	**357**	354	**270**	269
	2,756	2,589	**630**	627
Fees for non-audit services				
– PricewaterhouseCoopers PLT, Malaysia	**30**	120	**10**	107
– PricewaterhouseCoopers International Limited	**37**	144	**–**	–
	2,823	2,853	**640**	734

* During the financial year, the Company recognised net impairment loss on amount due from subsidiaries of RM2.9 million. The net impairment loss on amount due from subsidiaries of RM2.9 million represents a net reversal of impairment loss on amount due from subsidiaries of RM28.6 million (Note 26) offset by an impairment loss on an investment in a subsidiary of RM31.6 million (Note 22).

Notes to the Financial Statements

For the financial year ended 31 December 2023

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9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES (CONTINUED)

	Group		Company	
	2023	2022	2023	2022
Selling, marketing, administrative and other expenses comprise the following: (continued)				
Employee and Directors costs				
Employee costs	**176,336**	152,405	**189,095**	154,892
Directors' fees and allowances	**3,671**	3,400	**3,671**	3,400
	180,007	155,805	**192,766**	158,292
Others				
Advertising and promotion	**80,650**	73,906	**17,934**	15,163
Sales commission	**25,336**	11,401	**1,627**	1,872
IT related expenses	**16,987**	16,281	**16,225**	15,543
Contribution to Yayasan Sime Darby	**9,476**	20,000	**–**	(3,300)
Rental of buildings	**112**	92	**–**	–
Hire of plant and machinery	**777**	752	**363**	418
Other operating expenses	**54,324**	51,729	**24,474**	21,110
	187,662	174,161	**60,623**	50,806
Total	**392,723**	361,101	**269,618**	304,787

Notes to the Financial Statements
For the financial year ended 31 December 2023

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10 EMPLOYEE AND DIRECTORS COSTS

	Group		Company	
	2023	**2022**	**2023**	**2022**
Employee and Directors costs included in:				
– cost of sales	**91,408**	83,984	**1,551**	2,045
– selling, marketing, administrative and other expenses	**180,007**	155,805	**192,766**	158,292
	271,415	239,789	**194,317**	160,337
Staff:				
– salaries, allowances, overtime and bonus	**194,843**	177,187	**134,958**	117,880
– defined contribution plan	**29,716**	27,942	**21,443**	17,890
– long-term employee benefit	**8,173**	–	**8,173**	–
– training, insurance and other benefits	**26,953**	26,627	**18,013**	16,534
	259,685	231,756	**182,587**	152,304
Executive Directors:				
– salaries, allowances and bonus	**5,193**	3,994	**5,193**	3,994
– defined contribution plan	**753**	639	**753**	639
– long-term employee benefit	**2,113**	–	**2,113**	–
	8,059	4,633	**8,059**	4,633
Non-Executive Directors:				
– fees	**3,671**	3,400	**3,671**	3,400
Total	**271,415**	239,789	**194,317**	160,337

Non-Executive Directors fees include fees paid to Permodalan Nasional Berhad ("PNB") for the Chairman and a director of the Company, whom are nominee directors representing PNB.

Estimated monetary value of benefits received by the Executive and Non-Executive Directors from the Company amounted to RM17,030 (2022: RM23,058) and RM196,470 (2022: RM317,792) respectively. The Directors did not receive any benefits from the subsidiaries.

During the financial year, a Director of the Company purchased a property amounting to RM0.5 million (2022: RM1.9 million).

Other than as disclosed above, there were no compensation to Directors for loss of office, no loans, quasi-loans and other dealings in favour of Directors and no material contracts subsisting as at 31 December 2023 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors.

Notes to the Financial Statements

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11 JOINT VENTURES

The Group's interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 44.

The Group's joint ventures are accounted for using the equity method in the financial statements.

In the opinion of the Directors, the joint ventures that are material to the Group are as follows:

Name of joint ventures	Description
Battersea Project Holding Company Limited ("Battersea")	Battersea is a joint venture between Setia International Limited, Kwasa Global (Jersey) Limited and Sime Darby Property (Hong Kong) Limited. Battersea was formed to acquire and develop the Battersea Power Station site in London, United Kingdom, which is a strategic investment for the Group to expand its footprint into a key international market for property development and investment.
Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) ("IDF" or "the Fund")	The IDF was formed, in partnership with LOGOS Property Group Limited ("LOGOS Property") as co-sponsor and investors in the Fund. The Fund is also anchored by Ombak Real Estate 2 Sdn Bhd ("OMBAK"), a wholly-owned subsidiary of Permodalan Nasional Berhad ("PNB"), and Kumpulan Wang Persaraan (Diperbadankan) ("KWAP"). The investment objective of the Fund is to make Shariah compliant investments, directly or indirectly, in real estate and real estate related assets for industrial and logistics purposes in Malaysia. The IDF will invest principally in the development of build-to-lease and/or build-to-sell industrial & logistics projects and real estate assets located primarily in Bandar Bukit Raja, Selangor, Malaysia.

The Group's investments in joint ventures are as follows:

Group	Material joint ventures	Others	Total
2023			
Share of results	(110,260)	(9,669)	(119,929)
Group adjustments	61,878	–	61,878
Share of results after unrealised profit	(48,382)	(9,669)	(58,051)
Unquoted shares, at costs	3,190,143	125,788	3,315,931
Group adjustments	(10,457)	–	(10,457)
Share of post-acquisition reserves	(283,979)	49,898	(234,081)
Shareholder's advances	–	64,396	64,396
Carrying amount as at 31 December 2023	2,895,707	240,082	3,135,789
Dividend income	–	1,000	1,000
Unrecognised share of loss:			
– At 1 January 2023	–	39,015	39,015
– Total for the financial year	–	5,543	5,543
– At 31 December 2023	–	44,558	44,558

Notes to the Financial Statements

For the financial year ended 31 December 2023

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11 JOINT VENTURES (CONTINUED)

The Group's investments in joint ventures are as follows: (continued)

Group	Material joint ventures	Others	Total
2022			
Share of results	(24,295)	15,008	(9,287)
Group adjustments	(18,469)	–	(18,469)
Share of results after unrealised profit	(42,764)	15,008	(27,756)
Unquoted shares, at costs	3,177,366	109,613	3,286,979
Group adjustments	(72,335)	–	(72,335)
Share of post-acquisition reserves	(451,392)	57,590	(393,802)
Shareholder's advances	–	64,396	64,396
Carrying amount as at 31 December 2022	2,653,639	231,599	2,885,238
Dividend income	–	5,750	5,750
Unrecognised share of loss:			
– At 1 January 2022	–	35,920	35,920
– Total for the financial year	–	3,095	3,095
– At 31 December 2022	–	39,015	39,015

The Company's investment in a joint venture is as follows:

	Company	
	2023	**2022**
Unquoted shares, at costs	**125**	125
Shareholder's advance	**28,785**	28,785
Accumulated impairment losses	**(28,910)**	(28,910)
Carrying amount at the end of the financial year	**–**	–

The shareholder's advance to joint ventures of the Group and the Company are unsecured and interest free with no fixed term of repayment. The advance is considered as part of the Group's and the Company's investment in the joint venture.

Notes to the Financial Statements

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11 JOINT VENTURES (CONTINUED)

a. Material joint ventures of the Group

Summarised financial information

The information below reflects the amounts presented in the consolidated financial statements of the Group's material joint ventures.

i. The summarised statements of comprehensive income of the material joint ventures are as follows:

	IDF		Battersea	
	2023	**2022**	**2023**	**2022**
Revenue	**–**	–	**1,484,102**	5,478,435
Write-down of inventories	**–**	–	**(149,169)**	(28,930)
Net fair value gain/(loss) on investment properties	**300**	–	**(21,004)**	101,713
Depreciation and amortisation	**–**	–	**(5,582)**	(3,924)
Finance income	**20**	56	**3,193**	585
Finance cost	**(1,157)**	(725)	**(119,988)**	(38,252)
Loss before taxation	**(4,667)**	(5,758)	**(265,702)**	(52,672)
Taxation	**–**	–	**(3,531)**	(148)
Loss for the financial year	**(4,667)**	(5,758)	**(269,233)**	(52,820)
Share of results	**(2,567)**	(3,167)	**(107,693)**	(21,128)

Share of results from Battersea for the current financial year includes a share of profit amounting to RM16.5 million from the adoption of MFRS 17 "Insurance Contracts", which is effective for the current financial year. Battersea has applied MFRS 17 in relation to its rights and obligation under a sale and purchase agreement ("SPA") on the disposal of a property. Under the SPA, Battersea provides a 5-year rental guarantee in return for an upside adjustment at the end of the fifth year following practical completion if the net operating income exceeds a prescribed yield or vice versa. No retrospective adjustment to prior years have been made as the impact is insignificant.

Notes to the Financial Statements
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11 JOINT VENTURES (CONTINUED)

a. Material joint ventures of the Group (continued)

Summarised financial information (continued)

The information below reflects the amounts presented in the consolidated financial statements of the Group's material joint ventures. (continued)

ii. The summarised statements of financial position of the material joint ventures are as follows:

	IDF		Battersea	
	2023	**2022 Restated**	**2023**	**2022**
Non-current assets	**708,416**	395,526	**5,960,483**	3,123,328
Current assets				
Cash and cash equivalents	**9,394**	15,227	**421,562**	289,958
Other current assets	**13,309**	20,316	**5,599,196**	7,775,172
	22,703	35,543	**6,020,758**	8,065,130
Non-current liabilities				
Financial liabilities (excluding payables)	**263,218**	115,809	**2,506,092**	3,437,272
Other non-current liabilities	**–**	–	**38,778**	142,299
	263,218	115,809	**2,544,870**	3,579,571
Current liabilities				
Financial liabilities (excluding payables)	**183,221**	127,506	**1,798,081**	180,703
Other current liabilities	**–**	–	**764,314**	871,412
	183,221	127,506	**2,562,395**	1,052,115
Net assets	**284,680**	187,754	**6,873,976**	6,556,772

Notes to the Financial Statements

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11 JOINT VENTURES (CONTINUED)

a. Material joint ventures of the Group (continued)

Summarised financial information (continued)

Reconciliation of share of net assets:

	IDF		Battersea	
	2023	**2022**	**2023**	**2022**
Net assets				
At 1 January	**187,754**	–	**6,556,772**	7,723,490
Capital injection during the financial year	**101,593**	193,512	**–**	538,377
Total comprehensive loss for the financial year	**(4,667)**	(5,758)	**(269,233)**	(52,820)
Capital repayment during the financial year	**–**	–	**(107,746)**	(1,214,436)
Exchange differences	**–**	–	**694,183**	(437,839)
At 31 December	**284,680**	187,754	**6,873,976**	6,556,772
Group's interest in the joint venture	**55%**	55%	**40%**	40%
Group's share of net assets	**156,574**	103,265	**2,749,590**	2,622,709
Group adjustments	**(10,457)**	(72,335)	**–**	–
Carrying amount at the end of the financial year	**146,117**	30,930	**2,749,590**	2,622,709

Capital commitments and contingent liabilities

There are no contingent liabilities relating to the Group's interest in the joint ventures. The Group's commitments in relation to its joint ventures are disclosed in Note 38(c)(ii).

Notes to the Financial Statements

For the financial year ended 31 December 2023

Amounts in RM thousand unless otherwise stated

12 ASSOCIATES

The Group's interest in the associates, their respective principal activities and countries of incorporation are shown in Note 44.

The Group's associates are accounted for using the equity method in the financial statements.

In the opinion of the Directors, the Group has no associate which is individually material as at 31 December 2023.

The Group's and the Company's investments in associates are as follows:

	Group	
	2023	**2022**
Share of results	**5,309**	1,661
Share of other comprehensive (loss)/income	**(2,031)**	979
Share of total comprehensive income for the financial year	**3,278**	2,640
Dividend income	**1,800**	1,080

	Group	
	2023	**2022**
Unquoted shares, at costs	**36,203**	36,203
Share of post-acquisition reserves	**99,101**	99,259
Shareholder's advance	**1,185**	14,898
Accumulated impairment losses	**(167)**	(1,803)
Carrying amount at the end of the financial year	**136,322**	148,557

	Company	
	2023	**2022**
Unquoted shares, at costs	**36,000**	36,000
Shareholder's advance	**1,185**	14,898
Accumulated impairment losses	**–**	(1,746)
Carrying amount at the end of the financial year	**37,185**	49,152
Dividend income	**1,800**	1,080

The shareholder's advance to an associate is unsecured and bears interest at a rate of 7.65% (2022: 6.40%) per annum. The advance is considered as part of the Group's and the Company's investment in the associate.

Capital commitments and contingent liabilities

There are neither capital commitment nor contingent liabilities relating to the Group's interest in the associates.

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13 OTHER GAINS/(LOSSES)

	Group		Company	
	2023	**2022 Restated**	**2023**	**2022**
Gain/(Loss) on disposal of:				
– subsidiares	**–**	53,020	**–**	–
– property, plant and equipment	**49**	2	**2**	3
– investment properties	**(12)**	–	**–**	–
Loss on lease modification	**–**	(12,788)	**–**	–
(Impairment losses)/Reversal of impairment losses on:				
– property, plant and equipment	**(529)**	(3)	**–**	–
– investment in subsidiaries *	**–**	–	**(93,757)**	(3,317)
– investment in an associate	**–**	–	**1,746**	–
Loss from liquidation of subsidiaries	**(1,516)**	–	**–**	(22)
Reversal of provision on obligation for a property disposed	**9,701**	–	**–**	–
Foreign currency exchange gains/(losses)	**8,937**	(138)	**(30,663)**	44,982
	16,630	40,093	**(122,672)**	41,646

* During the financial year, the Company recognised net impairment loss on investment in subsidiaries amounting to RM93.8 million. The net impairment loss on investment in subsidiaries of RM93.8 million represents impairment on investment in subsidiaries of RM125.3 million (Note 22) and a reversal of impairment loss on amount due from subsidiaries of RM31.6 million (Note 26).

14 FINANCE INCOME

	Group		Company	
	2023	**2022**	**2023**	**2022**
Finance income arising from:				
– accretion of interest on:				
– contract assets [Note 27(a)]	**83,351**	86,654	**–**	–
– receivables	**80**	95	**–**	–
– banks and other financial institutions	**23,467**	15,354	**2,240**	3,509
– subsidiaries	**–**	–	**55,031**	51,426
– joint ventures	**4,704**	3,893	**4,704**	3,753
– an associate	**2,061**	–	**2,061**	–
	113,663	105,996	**64,036**	58,688

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15 FINANCE COSTS

	Group		Company	
	2023	**2022**	**2023**	**2022**
Finance costs charged by:				
– banks and other financial institutions	**21,860**	24,731	**–**	5,234
– non-controlling interest	**5,472**	6,349	**–**	–
– lease liabilities [Note 35]	**1,493**	2,118	**141**	383
Accretion of interest on:				
– payables	**4,134**	4,329	**–**	–
– provisions [Note 36]	**4,542**	4,131	**–**	–
	37,501	41,658	**141**	5,617
Islamic financing distribution payment:				
– Syndicated Islamic term financing	**35,660**	40,696	**–**	–
– Islamic Medium Term Notes	**36,251**	27,370	**36,251**	27,370
– Term loans and revolving credits	**37,159**	35,801	**28,273**	21,822
	109,070	103,867	**64,524**	49,192
Total finance costs	**146,571**	145,525	**64,665**	54,809
Interest capitalised in:				
– investment properties [Note 20]	**(8,970)**	–	**–**	–
– inventories [Note 21]	**(63,932)**	(48,152)	**–**	–
Net finance costs	**73,669**	97,373	**64,665**	54,809

The Group's weighted average capitalisation rate in determining interest eligible for capitalisation is 4.6% (2022: 4.5%) per annum.

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16 TAXATION

	Group		Company	
	2023	**2022**	**2023**	**2022**
Income tax:				
In respect of current financial year				
– Malaysian income tax	**160,615**	142,287	**17,700**	11,318
In respect of prior financial years				
– Malaysian income tax	**(8,210)**	163	**1,016**	(312)
Total income tax	**152,405**	142,450	**18,716**	11,006
Deferred tax: [Note 25]				
– origination and reversal of temporary differences	**40,302**	(2,047)	**(3,259)**	(6,815)
– under/(over) provision in prior financial years	**69**	6,759	**(401)**	(2,807)
Total deferred tax expense/(credit)	**40,371**	4,712	**(3,660)**	(9,622)
Total taxation	**192,776**	147,162	**15,056**	1,384

Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Profit before taxation	**610,306**	458,860	**252,553**	262,706
Less:				
Share of results of:				
– joint ventures [Note 11]	**58,051**	27,756	**–**	–
– associates [Note 12]	**(5,309)**	(1,661)	**–**	–
	663,048	484,955	**252,553**	262,706

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16 TAXATION (CONTINUED)

Tax reconciliation (continued)

Reconciliation from tax at applicable tax rate to tax expense are as follows: (continued)

	Group		Company	
	2023	2022 Restated	2023	2022
Tax at the domestic rates applicable to profits in the country concerned	**169,124**	119,331	**60,613**	63,049
Effect of tax incentives and income not subject to tax:				
– single tier and tax exempt dividends	**–**	–	**(83,234)**	(71,920)
– foreign currency exchange gains (net)	**(1,424)**	(429)	**–**	(10,790)
– others	**(4,655)**	(89)	**–**	–
Effect of expenses not deductible for tax purposes:				
– impairment losses on amounts due from subsidiaries	**–**	–	**705**	20,145
– impairment losses on investment in subsidiaries and an associate (net)	**–**	–	**22,083**	796
– depreciation and amortisation	**6,660**	4,720	**1,076**	818
– foreign currency exchange losses (net)	**–**	–	**7,359**	–
– others	**11,806**	4,939	**5,839**	2,405
Different tax rates arising from fair value of investment properties at real property gains tax rate	**288**	1,511	**–**	–
Differences in tax rate under "Cukai Makmur" (prosperity tax)*	**–**	8,487	**–**	–
Movement in unrecognised deferred tax assets	**19,118**	1,770	**–**	–
(Over)/Under provision in prior years	**(8,141)**	6,922	**615**	(3,119)
Taxation for the financial year	**192,776**	147,162	**15,056**	1,384
Applicable tax rate (%)	**17.0 – 24.0**	17.0 – 33.0*	**24.0**	24.0
Effective tax rate (%)	**30.3**	28.9	**5.7**	1.7

The applicable tax of the Group represents the applicable taxes of all companies under the Group based on their respective domestic tax rate.

* For year of assessment 2022, the Cukai Makmur is applicable for companies within the Group with chargeable income in excess of RM100.0 million, whereby chargeable income for the first RM100.0 million is taxed at 24% and the portion of chargeable income in excess of RM100.0 million is taxed at 33%.

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17 EARNINGS PER SHARE

Basic earnings per share attributable to owners of the Company are computed as follows:

	Group	
	2023	**2022**
Profit for the financial year attributable to the owners of the Company	**407,914**	315,839
Number of ordinary shares in issue (thousand)	**6,800,839**	6,800,839
Basic earnings per share (sen)	**6.0**	4.6

The basic and diluted earnings per share is the same as there is no dilutive potential ordinary shares in issue as at the end of the financial year.

18 DIVIDENDS

	Group/Company	
	2023	**2022**
In respect of the financial year ended 31 December 2023, a single tier dividend of 1.0 sen per ordinary share which was paid on 19 October 2023	**68,008**	–
In respect of the financial year ended 31 December 2022, second single tier dividend of 1.0 sen per ordinary share which was paid on 28 March 2023	**68,008**	–
In respect of the financial year ended 31 December 2022, a single tier dividend of 1.0 sen per ordinary share which was paid on 19 October 2022	**–**	68,008
	136,016	68,008

The Board of Directors had on 22 February 2024, declared a second single tier dividend in respect of the financial year ended 31 December 2023 of 1.5 sen per ordinary share amounting to RM102.0 million. The second single tier dividend is payable on 8 May 2024 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 15 April 2024.

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19 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Buildings and golf course	Plant and machinery	Renovation, fixtures, equipment and vehicles	Work in progress	Total
2023							
At 1 January 2023	**58,619**	**51,088**	**413,592**	**996**	**43,863**	**18,185**	**586,343**
Additions	**–**	**–**	**3,044**	**1,559**	**15,480**	**17,404**	**37,487**
Impairment losses	**–**	**–**	**(529)**	**–**	**–**	**–**	**(529)**
Write-off	**–**	**–**	**–**	**–**	**–**	**(350)**	**(350)**
Disposal	**–**	**–**	**–**	**–**	**(10)**	**–**	**(10)**
Reclassification	**–**	**14,860**	**(14,860)**	**–**	**3,153**	**(3,153)**	**–**
Depreciation [Notes 7 & 9]	**–**	**(1,030)**	**(16,086)**	**(387)**	**(12,093)**	**–**	**(29,596)**
At 31 December 2023	**58,619**	**64,918**	**385,161**	**2,168**	**50,393**	**32,086**	**593,345**
Cost	**58,619**	**84,614**	**656,369**	**42,237**	**219,027**	**32,086**	**1,092,952**
Accumulated depreciation	**–**	**(16,331)**	**(264,592)**	**(40,019)**	**(168,214)**	**–**	**(489,156)**
Accumulated impairment losses	**–**	**(3,365)**	**(6,616)**	**(50)**	**(420)**	**–**	**(10,451)**
Carrying amount at the end of the financial year	**58,619**	**64,918**	**385,161**	**2,168**	**50,393**	**32,086**	**593,345**
2022							
At 1 January 2022	58,619	52,118	440,994	1,366	47,309	14,841	615,247
Additions	–	–	508	18	6,572	4,182	11,280
Impairment losses	–	–	–	–	(3)	–	(3)
Write-off	–	–	–	–	(1)	–	(1)
Disposal	–	–	(5,032)	–	*	–	(5,032)
Disposal of subsidiaries	–	–	(5,380)	(40)	(17)	–	(5,437)
Reclassification	–	–	–	–	838	(838)	–
Depreciation [Notes 7 & 9]	–	(1,030)	(17,498)	(348)	(10,711)	–	(29,587)
Exchange differences	–	–	–	–	(124)	–	(124)
At 31 December 2022	58,619	51,088	413,592	996	43,863	18,185	586,343
Cost	58,619	61,643	681,748	40,687	209,215	18,185	1,070,097
Accumulated depreciation	–	(7,190)	(258,798)	(39,641)	(164,363)	–	(469,992)
Accumulated impairment losses	–	(3,365)	(9,358)	(50)	(989)	–	(13,762)
Carrying amount at the end of the financial year	58,619	51,088	413,592	996	43,863	18,185	586,343

* less than RM1,000

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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings	Renovation, fixtures, equipment and vehicles	Work in progress	Total
2023				
At 1 January 2023	**7,625**	**6,182**	**2,992**	**16,799**
Additions	**42,911**	**4,196**	**160**	**47,267**
Disposal	**–**	*****	**–**	*****
Reclassification	**–**	**3,152**	**(3,152)**	**–**
Depreciation [Notes 7 & 9]	**(7,625)**	**(3,149)**	**–**	**(10,774)**
At 31 December 2023	**42,911**	**10,381**	**–**	**53,292**
Cost	**42,911**	**52,596**	**–**	**95,507**
Accumulated depreciation	**–**	**(42,215)**	**–**	**(42,215)**
Carrying amount at the end of the financial year	**42,911**	**10,381**	**–**	**53,292**
2022				
At 1 January 2022	15,249	5,351	–	20,600
Additions	–	2,517	2,992	5,509
Disposal	–	*	–	*
Depreciation [Notes 7 & 9]	(7,624)	(1,686)	–	(9,310)
At 31 December 2022	7,625	6,182	2,992	16,799
Cost	22,874	45,327	2,992	71,193
Accumulated depreciation	(15,249)	(39,145)	–	(54,394)
Carrying amount at the end of the financial year	7,625	6,182	2,992	16,799

* less than RM1,000

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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Right-of-use assets

Right-of-use assets included in property, plant and equipment are as follows:

Group	Leasehold land	Buildings and golf course	Vehicles	Total
2023				
At 1 January 2023	**51,088**	**266,809**	**2,749**	**320,646**
Additions	**–**	**1,753**	**117**	**1,870**
Reclassification	**14,860**	**203**	**–**	**15,063**
Depreciation	**(1,030)**	**(8,713)**	**(1,576)**	**(11,319)**
At 31 December 2023	**64,918**	**260,052**	**1,290**	**326,260**
Cost	**84,614**	**413,587**	**7,436**	**505,637**
Accumulated depreciation	**(16,331)**	**(149,835)**	**(6,146)**	**(172,312)**
Accumulated impairment losses	**(3,365)**	**(3,700)**	**–**	**(7,065)**
Carrying amount at the end of the financial year	**64,918**	**260,052**	**1,290**	**326,260**
2022				
At 1 January 2022	52,118	280,641	4,282	337,041
Additions	–	238	–	238
Disposal of subsidiaries	–	(5,380)	–	(5,380)
Depreciation	(1,030)	(8,690)	(1,533)	(11,253)
At 31 December 2022	51,088	266,809	2,749	320,646
Cost	61,643	416,999	7,319	485,961
Accumulated depreciation	(7,190)	(143,219)	(4,570)	(154,979)
Accumulated impairment losses	(3,365)	(6,971)	–	(10,336)
Carrying amount at the end of the financial year	51,088	266,809	2,749	320,646

Notes to the Financial Statements

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19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

a. Right-of-use assets

Right-of-use assets included in property, plant and equipment are as follows:

Company	Buildings	Vehicles	Total
2023			
At 1 January 2023	**7,625**	**86**	**7,711**
Additions	**42,911**	**–**	**42,911**
Depreciation	**(7,625)**	**(80)**	**(7,705)**
At 31 December 2023	**42,911**	**6**	**42,917**
Cost	**42,911**	**297**	**43,208**
Accumulated depreciation	**–**	**(291)**	**(291)**
Carrying amount at the end of the financial year	**42,911**	**6**	**42,917**
2022			
At 1 January 2022	15,249	166	15,415
Depreciation	(7,624)	(80)	(7,704)
At 31 December 2022	7,625	86	7,711
Cost	22,874	297	23,171
Accumulated depreciation	(15,249)	(211)	(15,460)
Carrying amount at the end of the financial year	7,625	86	7,711

The Company's Right-of-use building is leased from a subsidiary company.

b. Assets pledged as security

As at 31 December 2023, property, plant and equipment of certain subsidiaries with a total carrying amount of RM65.3 million (2022: RM67.1 million) were pledged as security for borrowings of the Group (see Note 34).

c. Additions of property, plant and equipment

	Group		Company	
	2023	**2022**	**2023**	**2022**
Additions	**37,487**	11,280	**47,267**	5,509
Financed by lease liabilities	**(141)**	–	**(42,911)**	–
Movement in accruals	**(2,420)**	–	**–**	–
Total cash outflow	**34,926**	11,280	**4,356**	5,509

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20 INVESTMENT PROPERTIES

Group	Freehold land and buildings	Leasehold land and buildings	Work in progress	Total
2023				
At 1 January 2023	**816,591**	**61,860**	**206,749**	**1,085,200**
Additions	**119,429**	**1,791**	**75,403**	**196,623**
Transfer from inventories	**22,307**	**–**	**–**	**22,307**
Transfer to assets held for sale [Note 30]	**(68,850)**	**–**	**–**	**(68,850)**
Reclassification	**–**	**3,874**	**(3,874)**	**–**
Disposal	**(2,900)**	**–**	**–**	**(2,900)**
Net changes in fair value on investment properties	**(7,606)**	**(1,084)**	**(24,886)**	**(33,576)**
Exchange differences	**–**	**2,301**	**–**	**2,301**
At 31 December 2023	**878,971**	**68,742**	**253,392**	**1,201,105**
2022				
At 1 January 2022	809,518	88,652	89,116	987,286
Additions	1,507	–	23,522	25,029
Transfer from inventories [Note 21]	–	–	252,515	252,515
Disposal of subsidiaries	–	–	(113,468)	(113,468)
Adjustment on lease modification	–	(15,507)	–	(15,507)
Net changes in fair value on investment properties	5,566	(12,231)	(44,936)	(51,601)
Exchange differences	–	946	–	946
At 31 December 2022	816,591	61,860	206,749	1,085,200

Included in the above are:

	Group	
	2023	**2022**
Investment properties at fair value	**1,136,088**	1,025,986
Investment properties at cost	**65,017**	59,214
At end of the financial year	**1,201,105**	1,085,200

Movement of investment properties at cost during the financial year are mainly additions of RM60.9 million (2022: RM18.2 million), transfer to investment properties at fair value of RM55.0 million (2022: RM Nil), transfer from inventories of RM Nil (2022: RM65.4 million) and disposal of subsidiaries of RM Nil (2022: RM113.5 million).

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20 INVESTMENT PROPERTIES (CONTINUED)

a. Additions of investment properties

	Group	
	2023	**2022**
Additions	**196,623**	25,029
Movement in accruals	**(16,905)**	(9,078)
Interest capitalised [Note 15]	**(8,970)**	–
Total cash outflow	**170,748**	15,951

b. Right-of-use assets

Right-of-use assets included in investment properties are as follows:

Group	Leasehold land and buildings	Work in progress	Total
2023			
At 1 January 2023	**61,860**	**151,192**	**213,052**
Additions	**1,791**	**13,452**	**15,243**
Reclassification	**3,874**	**(3,874)**	**–**
Fair value adjustments	**(1,084)**	**(23,653)**	**(24,737)**
Exchange differences	**2,301**	**–**	**2,301**
At 31 December 2023	**68,742**	**137,117**	**205,859**
2022			
At 1 January 2022	88,652	920	89,572
Additions	–	8,102	8,102
Transfer from inventories	–	187,106	187,106
Adjustment on lease modification	(15,507)	–	(15,507)
Fair value adjustments	(12,231)	(44,936)	(57,167)
Exchange differences	946	–	946
At 31 December 2022	61,860	151,192	213,052

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20 INVESTMENT PROPERTIES (CONTINUED)

c. Fair Value

The fair value of the Group's investment properties are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 – Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

Properties valued using the investment method are based on the rental expected to be achieved, location, size and condition of the properties, taking into consideration outgoings such as quit rent and assessment, utilities and other general expenses. Key inputs consist of term yield, reversion yield and rental per square foot. Properties valued using the comparable method are derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

Investment properties under construction are measured at cost until either the fair value becomes reliably determinable.

The Level 3 inputs or unobservable inputs include:

Term yield	Based on current contractual rentals and actual net lettable occupied, including revision upon renewal of tenancies during the financial year
Reversion yield	Current market rates with reference to the latest renewals concluded, asking rentals and also the term rentals passing
Price per square foot (psf)	Estimated price psf for which a property should exchange on the date of valuation between a willing buyer and a willing seller

The following table provides the fair value of the Group's investment properties measured at Level 3:

	Group	
	2023	**2022 Restated**
Investment properties:		
– Retail	**521,007**	504,651
– Commercial buildings	**356,353**	351,580
– Others	**258,728**	169,755
	1,136,088	1,025,986

Significant unobservable inputs	**Inter-relationship between significant unobservable inputs and fair value measurement**
Term and reversion yield	Higher yield, lower fair value
Price per square foot	Higher price, higher fair value

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20 INVESTMENT PROPERTIES (CONTINUED)

c. Fair Value (continued)

Impact of a reasonably possible change in key inputs for investment properties with significant changes in fair value during the year is illustrated below:

			Impact of changes in key input to fair value*	
Investment properties	**Valuation techniques**	**Significant unobservable input**	**2023**	**2022 Restated**
Retail	Comparison method	Price per square foot	**–**	15,500
	Investment method	Term and reversion yield	**49,000**	32,000
Commercial buildings	Comparison method	Price per square foot	**10,260**	10,260
	Investment method	Term and reversion yield	**21,459**	21,106
Others	Comparison method	Price per square foot	**22,752**	13,691
	Investment method	Term and reversion yield	**4,000**	4,000

* Changes in term and reversion yield rates by 50 basis points (2022: 50 basis points) and price per square foot by 10% (2022: 10%) are used as these are the key inputs subjected to changes in market conditions.

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3 are as follows:

		Significant unobservable inputs		
	Valuation techniques	**Term yield %**	**Reversion yield %**	**Price psf RM**
2023				
Retail	Investment method	**5.00 – 6.50**	**5.50 – 6.50**	**N/A**
Commercial buildings	Investment method	**5.75 – 6.25**	**6.00 – 6.50**	**N/A**
	Comparison method	**N/A**	**N/A**	**205 – 556**
Others	Investment method	**4.75**	**5.25**	**N/A**
	Comparison method	**N/A**	**N/A**	**3 – 93**
2022 Restated				
Retail	Investment method	5.75	6.25	N/A
	Comparison method	N/A	N/A	520
Commercial buildings	Investment method	5.75 – 6.25	6.00 – 6.50	N/A
	Comparison method	N/A	N/A	205 – 556
Others	Investment method	4.75	5.25	N/A
	Comparison method	N/A	N/A	3 – 24

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20 INVESTMENT PROPERTIES (CONTINUED)

d. Assets pledged as security

As at 31 December 2023, investment properties of certain subsidiaries with a total carrying amount of RM286.8 million (2022: RM334.4 million) were pledged as security for borrowings of the Group (see Note 34).

e. Operating leases

Rental income generated from and direct operating expenses incurred on the Group's investment properties are as follows:

	Group	
	2023	**2022**
Rental income	**61,537**	57,932
Direct operating expenses	**(38,783)**	(33,918)

The future minimum lease payments receivable under operating leases contracted for as at the end of reporting peiod but not recognised as receivable are as follows:

	Group	
	2023	**2022**
Lease payments due:		
– not later than 1 year	**45,899**	44,660
– later than 1 year and not later than 2 years	**37,383**	21,392
– later than 2 years and not later than 3 years	**21,998**	13,786
– later than 3 years and not later than 4 years	**8,986**	5,684
– later than 4 years and not later than 5 years	**6,313**	5,493
– later than 5 years	**90,187**	87,446
	210,766	178,461

The Group entered into non-cancellable operating lease agreements on its investment properties. These leases have remaining non-cancellable lease term ranging from 1 to 25 years (2022: ranging from 1 to 26 years).

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21 INVENTORIES

	Group		Company	
	2023	**2022**	**2023**	**2022**
Non-current				
Land held for property development [note (a)]	**4,450,388**	4,016,559	**1,144,629**	1,076,741
Current				
Cost:				
– completed development units	**165,899**	126,451	**6,001**	6,001
– finished goods, raw materials and consumables	**1,020**	640	**–**	–
Net realisable value:				
– completed development units	**77,467**	150,798	**–**	–
	244,386	277,889	**6,001**	6,001
Property development costs [note(b)]	**1,800,201**	1,249,389	**114,763**	101,501
	2,044,587	1,527,278	**120,764**	107,502
Total inventories	**6,494,975**	5,543,837	**1,265,393**	1,184,243

During the financial year, the Group and the Company recognised inventories cost of RM2,193.4 million (2022: RM1,682.8 million) and RM137.5 million (2022: RM114.1 million), respectively, as cost of sales.

The cost of sales included write-down of inventories to net realisable value by the Group of RM8.8 million (2022: RM6.3 million) and write-off of inventories by the Group of RM10.5 million (2022: RM3.1 million).

As at 31 December 2023, certain inventories of the Group with a total carrying amount of RM161.6 million (2022: RM230.8 million) were pledged as security for borrowings of the Group (see Note 34).

a. Land held for property development

	Group		Company	
	2023	**2022**	**2023**	**2022**
At 1 January	**4,016,559**	3,869,520	**1,076,741**	1,057,817
Additions				
– land cost	**789,226**	–	**–**	–
– development costs	**717,775**	469,864	**125,303**	94,524
Write-down	**(5,744)**	–	**–**	–
Write-off	**(5,552)**	(32)	**–**	–
Acquisition of non-controlling interests [Note 37]	**(147,048)**	–	**–**	–
Transfer to property development costs [note (b)]	**(914,828)**	(322,793)	**(57,415)**	(75,600)
At 31 December	**4,450,388**	4,016,559	**1,144,629**	1,076,741

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21 INVENTORIES (CONTINUED)

a. Land held for property development (continued)

Land held for property development is analysed as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Freehold land, at cost	**2,134,856**	1,401,603	**893,966**	899,071
Leasehold land, at cost	**417,985**	467,967	**–**	–
Development costs	**1,897,547**	2,146,989	**250,663**	177,670
	4,450,388	4,016,559	**1,144,629**	1,076,741

b. Property development costs

	Group		Company	
	2023	**2022**	**2023**	**2022**
At 1 January	**1,249,389**	1,592,449	**101,501**	98,110
Development costs incurred during the financial year	**1,814,277**	1,216,962	**93,395**	41,934
Costs recognised during the financial year [Note 7]	**(2,066,946)**	(1,571,078)	**(137,548)**	(114,143)
Transfer (to)/from:				
– investment properties [Note 20]	**–**	(252,515)	**–**	–
– land held for property development [note (a)]	**914,828**	322,793	**57,415**	75,600
– completed development units	**(106,448)**	(57,403)	**–**	–
Reversal of write-down	**–**	1,274	**–**	–
Write-off	**(4,899)**	(3,093)	**–**	–
At 31 December	**1,800,201**	1,249,389	**114,763**	101,501

Property development costs is analysed as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Freehold land, at cost	**178,345**	159,664	**18,780**	21,651
Leasehold land, at cost	**100,345**	89,536	**–**	–
Development costs	**1,521,511**	1,000,189	**95,983**	79,850
	1,800,201	1,249,389	**114,763**	101,501

Included in the Group's land held for property development and property development costs incurred during the financial year are finance costs capitalised amounting to RM63.9 million (2022: RM48.2 million) (see Note 15).

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22 SUBSIDIARIES

The Group's effective equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 44.

	Company	
	2023	**2022**
Unquoted shares:		
At cost	**9,778,858**	9,338,919
Accumulated impairment losses	**(1,424,044)**	(1,298,717)
Carrying amount at the end of the financial year	**8,354,814**	8,040,202

During the financial year ended 31 December 2023, movement in the carrying amount of subsidiaries include, amongst others, capital injections in subsidiaries of RM439.9 million (2022: RM217.8 million) and capital repayment received from subsidiaries of RM Nil (2022: RM92.7 million).

Movements in accumulated impairment losses are as follows:

	Company	
	2023	**2022**
At 1 January	**1,298,717**	1,340,757
Net impairment losses [note (a)]	**125,327**	3,317
Liquidation of subsidiaries	**–**	(45,357)
At 31 December	**1,424,044**	1,298,717

a. During the financial year, the Company recognised impairment losses of RM125.3 million, of which RM31.6 million relates to additional capital injection in a subsidiary. The impairment loss of RM31.6 million was offset against a corresponding reversal of impairment loss on amount due from the subsidiary following additional capital injection in that subsidiary (Note 26(c)(i)), resulting in the Company recognising a net impairment losses of RM93.8 million in other gains/(losses) (Note 13).

   The impairment losses mainly arises from a subsidiary where the cost of investment of the subsidiary exceeds the recoverable amount. The recoverable amount is determined after considering the estimated future distributions from the subsidiary. The estimated future distributions are, in turn, funded by future profits from the ongoing developments, inventories and properties of the subsidiary's underlying investment. The estimates are in line with the latest project budgets and estimates, barring any unforeseen deviations in project revenue and costs. The estimated future distributions are discounted at cost of equity of 9% in deriving the recoverable amount. A reasonably possible increase in discount rate by 20 basis points would result in additional impairment loss of RM37.0 million.

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23 INVESTMENTS

Group/Company	Quoted shares*	Unquoted shares	Total
2023			
At 1 January 2023	**–**	**48,633**	**48,633**
Net changes in fair value recognised in other comprehensive income	**–**	**(5,501)**	**(5,501)**
At 31 December 2023	**–**	**43,132**	**43,132**
2022			
At 1 January 2022	–	53,418	53,418
Net changes in fair value recognised in other comprehensive income	–	(4,785)	(4,785)
At 31 December 2022	–	48,633	48,633

* Quoted shares were fully written down to RM Nil fair value in prior years (2022: RM Nil).

24 INTANGIBLE ASSETS

	Group		Company	
	2023	**2022**	**2023**	**2022**
At 1 January	**6,577**	7,258	**5,057**	5,724
Additions	**1,725**	1,739	**1,477**	1,056
Amortisation [Notes 7 & 9]	**(2,134)**	(2,420)	**(1,404)**	(1,723)
At 31 December	**6,168**	6,577	**5,130**	5,057
Cost	**37,155**	35,430	**32,347**	30,870
Accumulated amortisation	**(30,987)**	(28,853)	**(27,217)**	(25,813)
Carrying amount at the end of the financial year				
	6,168	6,577	**5,130**	5,057

The intangible assets for the Group and the Company comprise mainly computer software.

a. Additions of intangible assets

	Group		Company	
	2023	**2022**	**2023**	**2022**
Additions	**1,725**	1,739	**1,477**	1,056
Movement in accruals	**981**	–	**981**	–
Total cash outflow	**2,706**	1,739	**2,458**	1,056

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25 DEFERRED TAX

	Group		Company	
	2023	**2022**	**2023**	2022
Deferred tax assets	**549,156**	601,790	**39,158**	35,498
Deferred tax liabilities	**(306,353)**	(316,650)	**–**	–
	242,803	285,140	**39,158**	35,498

The amount of deductible temporary differences, which have no expiry dates, and unutilised tax losses for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group		Company	
	2023	**2022 Restated**	**2023**	**2022**
Unutilised tax losses	**817,834**	759,489	**–**	–
Deductible temporary differences	**734,648**	713,335	**–**	–
	1,552,482	1,472,824	**–**	–
Deferred tax assets not recognised	**372,596**	353,478	**–**	–

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the time limit to utilise tax losses is limited to a maximum of 10 consecutive years, effective from year of assessment 2019 onwards. Unutilised tax losses brought forward from year of assessment 2018 and preceding years of assessment can be carried forward up to 2028 under the special provision.

Unutilised tax losses for which no deferred tax asset is recognised:

	Group	
	2023	**2022 Restated**
– expiring in 2028	**320,925**	349,940
– expiring in 2029	**227,028**	228,159
– expiring in 2030	**96,380**	89,775
– expiring in 2031	**74,675**	71,825
– expiring in 2032	**27,410**	19,790
– expiring in 2033	**71,416**	–
	817,834	759,489

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For the financial year ended 31 December 2023

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25 DEFERRED TAX (CONTINUED)

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

Group	Property, plant and equipment	Investment properties	Inventories	Contract assets	Allowance and provision	Tax losses and unabsorbed capital allowances	Others	Total
2023								
At 1 January 2023	**5,254**	**(28,496)**	**363,359**	**(318,988)**	**138,700**	**90,638**	**34,673**	**285,140**
Reclassification	**–**	**–**	**(45,094)**	**45,094**	**–**	**–**	**–**	**–**
As restated	**5,254**	**(28,496)**	**318,265**	**(273,894)**	**138,700**	**90,638**	**34,673**	**285,140**
Recognised in profit or loss: [Note 16]								
– temporary differences	**163**	**(4,120)**	**(16,506)**	**(13,187)**	**11,828**	**(13,689)**	**(4,791)**	**(40,302)**
– (under)/over provision in prior financial years	**(179)**	**–**	**(3,746)**	**1,350**	**833**	**1,574**	**99**	**(69)**
– acquisition of non-controlling interests [Note 37]	**–**	**–**	**(1,802)**	**–**	**–**	**–**	**–**	**(1,802)**
Exchange differences	**–**	**(164)**	**–**	**–**	**–**	**–**	**–**	**(164)**
At 31 December 2023	**5,238**	**(32,780)**	**296,211**	**(285,731)**	**151,361**	**78,523**	**29,981**	**242,803**
2022								
Restated								
At 1 January 2022	5,356	(34,999)	405,404	(321,168)	125,114	92,054	28,485	300,246
Reclassification	–	–	(46,443)	46,443	–	–	–	–
As restated	5,356	(34,999)	358,961	(274,725)	125,114	92,054	28,485	300,246
Recognised in loss or profit : [Note 16]								
– temporary differences	(225)	6,503	(24,965)	671	8,221	6,112	5,730	2,047
– over/(under) provision in prior financial years	123	–	(5,281)	160	5,365	(7,528)	402	(6,759)
– disposal of subsidiaries	–	–	(10,450)	–	–	–	–	(10,450)
Others	–	–	–	–	–	–	56	56
At 31 December 2022	5,254	(28,496)	318,265	(273,894)	138,700	90,638	34,673	285,140

Notes to the Financial Statements

For the financial year ended 31 December 2023

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25 DEFERRED TAX (CONTINUED)

The components and movements of the deferred tax assets and liabilities during the financial year are as follows: (continued)

Company	Property, plant and equipment	Inventories	Contract assets	Allowance and provision	Total
2023					
At 1 January 2023	**(1,161)**	**18,240**	**–**	**18,419**	**35,498**
Reclassification	**–**	**(9,005)**	**9,005**	**–**	**–**
As restated	**(1,161)**	**9,235**	**9,005**	**18,419**	**35,498**
Recognised in profit or loss: [Note 16]					
– temporary differences	**83**	**4,501**	**(3,840)**	**2,515**	**3,259**
– over provision in prior financial years	**9**	**392**	**–**	**–**	**401**
At 31 December 2023	**(1,069)**	**14,128**	**5,165**	**20,934**	**39,158**
2022					
Restated					
At 1 January 2022	(567)	14,300	–	12,143	25,876
Reclassification	–	(12,697)	12,697	–	–
As restated	(567)	1,603	12,697	12,143	25,876
Recognised in profit or loss: [Note 16]					
– temporary differences	(268)	6,179	(3,692)	4,596	6,815
– (under)/over provision in prior financial years	(326)	1,453	–	1,680	2,807
At 31 December 2022	(1,161)	9,235	9,005	18,419	35,498

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26 RECEIVABLES

	Group		Company	
	2023	**2022 Restated**	**2023**	**2022**
Non-current				
Trade receivables	**47,552**	22,928	–	–
Deposit	**–**	28,000	–	–
Amounts due from:				
– joint ventures [note (a)]	**89,000**	89,000	89,000	89,000
– subsidiaries [note (b)]	**–**	–	1,850,104	1,427,231
	136,552	139,928	1,939,104	1,516,231
Accumulated impairment losses on: [note (c)]				
– amount due from a joint venture	**(37,210)**	(37,210)	(37,210)	(37,210)
– amounts due from subsidiaries	**–**	–	(104,344)	(135,914)
	99,342	102,718	1,797,550	1,343,107
Current				
Trade receivables	**506,047**	528,090	29,070	39,226
Other receivables	**50,276**	49,623	5,484	5,245
Contract cost assets	**20,835**	25,305	1,448	1,047
Deposits	**98,965**	133,722	9,186	7,382
Amounts due from:				
– joint ventures [note (a)]	**124,211**	241,362	124,205	123,246
– subsidiaries [note (b)]	**–**	–	115,922	156,498
	800,334	978,102	285,315	332,644
Accumulated impairment losses on: [note (c)]				
– trade receivables	**(69,832)**	(71,727)	–	–
– other receivables	**(36,218)**	(39,224)	(3,839)	(3,349)
– amounts due from joint ventures	**(4,536)**	(4,536)	(4,536)	(4,536)
– amounts due from subsidiaries	**–**	–	(5,013)	(2,074)
	(110,586)	(115,487)	(13,388)	(9,959)
	689,748	862,615	271,927	322,685
Total receivables	**789,090**	965,333	2,069,477	1,665,792

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26 RECEIVABLES (CONTINUED)

Credit quality of financial assets

Trade receivables that are neither past due nor impaired are amounts due from a large number of customers comprise substantially property purchasers with financing facilities from reputable end-financiers. In respect of property purchasers with no end-financing facilities, ownership and rights to the properties revert to the Group and to the Company in the event of default.

Trade receivables also include amounts due from tenants and golf club members. Amounts due from tenants are secured with deposits paid by tenants prior to occupancy of premises and rentals paid in advance. Amounts due from golf club members are those with good payment track records with the Group. Management monitors closely the trade receivables which are past due with outstanding balances exceeding the security deposits.

Other receivables and amounts due from joint ventures and subsidiaries which are not impaired are monitored closely.

a. Amounts due from joint ventures

The amounts due from joint ventures are unsecured, repayable on demand and are non-interest bearing except for the following:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Amounts due from joint ventures				
Interest bearing	**205,125**	205,125	**205,125**	205,125
Accumulated impairment losses				
At 1 January/31 December	**(37,210)**	(37,210)	**(37,210)**	(37,210)
	167,915	167,915	**167,915**	167,915
Non-current				
Due later than 1 year	**51,790**	51,790	**51,790**	51,790
Current				
Due not later than 1 year	**116,125**	116,125	**116,125**	116,125
	167,915	167,915	**167,915**	167,915

The amounts due from joint ventures of the Group and the Company bear interest at fixed rates ranging from 4.25% to 5.0% (2022: 3.8% to 5.0%) per annum.

b. Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, repayable on demand and are non-interest bearing except for an amount of RM1,719.5 million (2022: RM1,296.7 million) which bears effective interest at 3.90% (2022: 3.59%) per annum.

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26 RECEIVABLES (CONTINUED)

c. Movements in accumulated impairment losses

Movements in accumulated impairment losses on receivables are as follows:

Group	12-month ECL	Lifetime ECL	Total
2023			
At 1 January 2023	**6,240**	**146,457**	**152,697**
Impairment losses on trade and other receivables	**726**	**2,638**	**3,364**
Reversal of impairment losses on trade and other receivables	**(19)**	**(6,410)**	**(6,429)**
Write-off	**–**	**(1,836)**	**(1,836)**
At 31 December 2023	**6,947**	**140,849**	**147,796**
Gross carrying amount at the end of the financial year	**13,154**	**923,732**	**936,886**
Carrying value net of ECL at the end of the financial year	**6,207**	**782,883**	**789,090**
2022			
At 1 January 2022	6,370	158,012	164,382
Impairment losses on trade and other receivables	–	4,591	4,591
Reversal of impairment losses on trade and other receivables	(130)	(1,697)	(1,827)
Write-off	–	(14,449)	(14,449)
At 31 December 2022	6,240	146,457	152,697
Gross carrying amount at the end of the financial year	22,790	1,095,240	1,118,030
Carrying value net of ECL at the end of the financial year	16,550	948,783	965,333

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26 RECEIVABLES (CONTINUED)

c. Movements in accumulated impairment losses (continued)

Movements in accumulated impairment losses on receivables are as follows: (continued)

Company	12-month ECL	Lifetime ECL	Total
2023			
At 1 January 2023	**2,473**	**180,610**	**183,083**
Impairment losses recognised/(reversed) on amounts due from:			
– subsidiaries [note (i)]	**–**	**(28,631)**	**(28,631)**
– other receivables	**490**	**–**	**490**
At 31 December 2023	**2,963**	**151,979**	**154,942**
Gross carrying amount at the end of the financial year	**9,186**	**2,215,233**	**2,224,419**
Carrying value net of ECL at the end of the financial year	**6,223**	**2,063,254**	**2,069,477**
2022			
At 1 January 2022	1,917	111,676	113,593
Impairment losses on amounts due from:			
– subsidiaries	–	83,383	83,383
– other receivables	556	–	556
Write-off	–	(14,449)	(14,449)
At 31 December 2022	2,473	180,610	183,083
Gross carrying amount at the end of the financial year	7,382	1,841,493	1,848,875
Carrying value net of ECL at the end of the financial year	4,909	1,660,883	1,665,792

(i) During the financial year, the Company recognised a reversal of ECL amounting to RM31.6 million, with a corresponding impairment loss on investment in subsidiaries following additional capital injection in a subsidiary in other gains/(losses) (Note 13). The reversal of ECL was effectively reclassified to accumulated impairment loss on investment in subsidiaries to reflect the sequence of recovery of receivables and cost of investment.

Excluding this reclassification, the Company recognised ECL on the amounts due from subsidiaries of RM2.9 million (2022: RM83.4 million) as reflected in Note 9 to the financial statements. The ECL is determined after considering possible outcomes of expected future recoveries arising from the subsidiaries' ongoing developments, inventories and properties.

Notes to the Financial Statements

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27 CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group		Company	
	2023	**2022**	**2023**	**2022**
Contract Assets				
Contract assets from concession arrangement [note (a)]	**1,247,165**	1,343,660	**–**	–
Contract assets from property development [note (b)]	**1,002,690**	1,009,855	**39,096**	19,027
Carrying amount at the end of the financial year	**2,249,855**	2,353,515	**39,096**	19,027
Non-current				
Due later than 1 year	**1,110,987**	1,199,242	**–**	–
Current				
Due not later than 1 year	**1,138,868**	1,154,273	**39,096**	19,027
	2,249,855	2,353,515	**39,096**	19,027
Contract Liabilities				
Contract liabilities from property development [note (b)]	**227,862**	324,165	**47,129**	88,328
Golf club activities and golf club membership fees [note (c)]	**270,403**	261,894	**–**	–
Carrying amount at the end of the financial year	**498,265**	586,059	**47,129**	88,328
Non-current				
Due later than 1 year	**262,591**	253,164	**–**	–
Current				
Due not later than 1 year	**235,674**	332,895	**47,129**	88,328
	498,265	586,059	**47,129**	88,328

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27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

a. Concession arrangement

	Group	
	2023	**2022**
Revenue recognised to date	**1,577,741**	1,577,437
Accretion of interest to date	**764,619**	681,268
Progress billings to date	**(1,095,195)**	(915,045)
Carrying amount at the end of the financial year	**1,247,165**	1,343,660
Non-current		
Construction contract	**1,110,987**	1,170,156
Supply of teaching equipment	**–**	29,086
	1,110,987	1,199,242
Current		
Construction contract	**136,178**	136,178
Supply of teaching equipment	**–**	8,240
	136,178	144,418
Total	**1,247,165**	1,343,660

Contract assets from customers on concession arrangement represent revenue attributable to the concession arrangement entered into by Sime Darby Property Selatan Sdn Bhd and its subsidiaries for the construction and development of the Pagoh Education Hub ("the Project"). The Project is undertaken on a concession basis under the concept of "Build-Lease-Maintain-Transfer".

Under the Concession Agreements dated 7 November 2012, the Group agreed to undertake the construction works for Government of Malaysia ("GoM"), Universiti Tun Hussein Onn Malaysia ("UTHM"), International Islamic University Malaysia ("IIUM") and Universiti Teknologi Malaysia ("UTM") over a period of three years, together with the supply of teaching equipment. The construction commenced in May 2014. Upon completion of the construction works on 2 May 2017, the campuses were handed over to GoM, UTHM, IIUM and UTM. Under the Concession Agreements, the Group maintains the facilities and infrastructure of the campuses for a period of twenty (20) years.

In consideration of the construction works and the maintenance of the facilities, the Group receives Availability Charges and Asset Management Services Charges over the period of 20 years. Costs of teaching equipment are received based on delivery dates and agreed payment terms. The consideration is allocated by reference to the relative fair values of the construction works, asset management services and costs of teaching equipment, taking into account the deferred payment arrangement.

A maintenance reserve fund was established under the asset management programme by the GoM, UTHM, IIUM, UTM and the Group. The maintenance reserve fund is jointly managed by the Group, the GoM, UTHM, IIUM, and UTM. The monies deposited in these accounts can only be utilised for purposes of replacement and refurbishment works for the facilities and infrastructure of the campuses, of which the utilisation of the funds are subject to approval by the GoM, UTHM, IIUM and UTM. The Group is not entitled to the fund except for the above mentioned purpose. Upon expiry of the concession period, the GoM, UTHM, IIUM and UTM are entitled to the balance of the maintenance reserve fund including profit or interest earned from the said fund.

The contract asset is pledged as security for borrowings of the Group (see Note 34).

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27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

b. Property Development

The Group and the Company issue progress billings to purchasers when the billing milestones are attained and recognise revenue when the performance obligation are satisfied.

The Group's and the Company's contract assets and contract liabilities relating to the sale of properties as of each reporting period are as follows:

	Group		Company	
	2023	**2022 Restated**	**2023**	**2022**
Contract assets	**1,002,690**	1,009,855	**39,096**	19,027
Contract liabilities	**(227,862)**	(324,165)	**(47,129)**	(88,328)
	774,828	685,690	**(8,033)**	(69,301)
At 1 January	**685,690**	724,407	**(69,301)**	(54,191)
Revenue recognised during the financial year	**3,218,967**	2,530,031	**219,697**	193,079
Progress billings during the financial year	**(3,129,829)**	(2,568,748)	**(158,429)**	(208,189)
At 31 December	**774,828**	685,690	**(8,033)**	(69,301)

c. Golf club activities and golf club membership fees

	Group	
	2023	**2022**
At 1 January	**261,894**	250,067
Revenue recognised during the financial year	**(13,774)**	(8,761)
Advance payment received	**22,283**	20,588
At 31 December	**270,403**	261,894

d. Unsatisfied performance obligations

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
Within 1 year	**2,090,756**	1,970,988	**196,623**	93,133
More than 1 year	**1,776,871**	1,853,479	**146,303**	54,261
	3,867,627	3,824,467	**342,926**	147,394

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28 CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

The Group's and the Company's cash held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The utilisation of these balances is restricted before completion of the housing development projects and fulfillment of all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects.

The interest rate of bank balances under Housing Development Accounts as at the end of the financial year ranges from 1.6% to 2.5% (2022: 1.4% to 2.7%) per annum.

29 BANK BALANCES, DEPOSITS AND CASH

	Group		Company	
	2023	**2022**	**2023**	**2022**
Deposits placed	**45,911**	317,968	**–**	90,000
Cash at banks and in hand	**230,724**	281,257	**57,508**	53,369
Carrying amount at the end of the financial year	**276,635**	599,225	**57,508**	143,369
Effective interest rate per annum as at the end of the financial year:	**%**	**%**	**%**	**%**
Deposits with licensed banks	**4.09**	3.14	**–**	3.48

a. Bank balances, deposits and cash of certain subsidiaries with carrying amount of RM78.5 million (2022: RM61.6 million) were pledged as security for borrowings of the Group (see Note 34).

b. The bank balances, deposit and cash of the Group included bank balances with finance institutions amounting to RM12.1 million (2022: RM21.4 million) as part of the security obligations relating to certain borrowings, of which, RM11.0 million (2022: RM10.3 million) was included in (a) above.

30 ASSETS HELD FOR SALE

The assets held for sale as at 31 December 2023 were as follows:

	Group
	2023
Assets held for sale:	
– Investment properties	**68,850**

The investment properties classified as assets held for sale as at 31 December 2023 were in relation to lands in Kedah. The sale and purchase agreements ("SPA") were signed on 29 and 31 December 2023, the completion of which is subject to fulfilment of conditions precedent and/or full payment of sale consideration. The assets held for sale are carried at their fair values, which are determined by reference to the sale consideration in the SPAs.

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31 SHARE CAPITAL

	Group/Company			
	Number of shares (thousand)		Share capital	
	2023	2022	2023	2022
Issued and fully paid up:				
Ordinary shares with no par value				
At the beginning/end of the financial year	**6,800,839**	6,800,839	**6,800,839**	6,800,839

32 NON-CONTROLLING INTERESTS

In the opinion of the Directors, the subsidiaries of the Group that have non-controlling interests which are material to the Group as at 31 December 2023 are as follows:

	Proportion of equity held by non-controlling interests		Place of business
Name of subsidiaries	2023	2022	
Sime Darby Property Selatan Sdn Bhd ("SDPS")	**40%**	40%	Malaysia
Sime Darby Brunsfield Holding Sdn Bhd ("SDBH")	**0%**	40%	Malaysia

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

	2023	2022
SDPS	**215,401**	203,463
SDBH	**–**	(88,028)
Others	**11,015**	9,643
	226,416	125,078

The other non-controlling interests are individually not significant.

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32 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information

i. The summarised consolidated financial information of each subsidiary that has non-controlling interests that are material to the Group are set out below. The financial information is based on amounts before inter-company eliminations:

	SDBH *		SDPS	
	2023	**2022**	**2023**	**2022**
Summarised statements of comprehensive income:*				
Revenue	**69,250**	160,416	**40,981**	37,309
(Loss)/Profit for the financial year	**(22,829)**	(71,564)	**43,651**	37,688
Total comprehensive (loss)/income for the financial year	**(22,829)**	(71,564)	**43,651**	37,688
Attributable to non-controlling interests:				
– (loss)/profit for the financial year	**(9,132)**	(28,626)	**17,460**	15,075
– total comprehensive (loss)/income	**(9,132)**	(28,626)	**17,460**	15,075
Dividends paid to owners of non-controlling interests	**–**	–	**(5,368)**	(6,600)

	SDBH *	SDPS	
	2022	**2023**	**2022**
Summarised statements of cash flows: *			
Net cash from/(used in):			
Operating activities	132,393	**143,068**	125,259
Investing activities	21,933	**2,062**	1,612
Financing activities	(98,174)	**(130,060)**	(138,711)
Net increase/(decrease) in cash and cash equivalents	56,152	**15,070**	(11,840)
Cash and cash equivalents at the beginning of the financial year	25,280	**68,932**	80,772
Cash and cash equivalents at the end of the financial year	81,432	**84,002**	68,932

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32 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information (continued)

i. The summarised consolidated financial information of each subsidiary that has non-controlling interests that are material to the Group are set out below. The financial information is based on amounts before inter-company eliminations: (continued)

Summarised statements of financial position: *

	SDBH *	SDPS	
	2022	2023	2022
Non-current assets	642,234	**1,135,903**	1,201,020
Current assets	391,347	**244,373**	245,325
Non-current liabilities	(967,708)	**(721,077)**	(814,649)
Current liabilities	(320,873)	**(120,696)**	(123,424)
Net assets	(255,000)	**538,503**	508,272

* SDBH became a wholly-owned subsidiary of the Company as of 8 December 2023 subsequent to the completion of the settlement agreement with the non-controlling interest (Note 37). As such, the summarised statements of cash flows and financial position as of the balance sheet date are not disclosed, and the summarised statements of comprehensive income is disclosed for the current financial year up to the completion date.

33 PAYABLES

	Group		Company	
	2023	2022	2023	2022
Non-current				
Trade payables [note (a)]	**67,875**	71,694	**–**	–
Other payables	**162**	440	**–**	–
	68,037	72,134	**–**	–
Current				
Trade payables [note (a)]	**1,213,160**	955,208	**87,101**	57,805
Other payables	**151,574**	124,853	**15,921**	18,042
Accruals	**176,408**	126,328	**61,454**	57,611
Amounts due to:				
– subsidiaries [note (b)]	**–**	–	**424,772**	195,666
– non-controlling interest	**1,351**	90,230	**–**	–
	1,542,493	1,296,619	**589,248**	329,124
Total payables	**1,610,530**	1,368,753	**589,248**	329,124

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33 PAYABLES (CONTINUED)

a. Trade payables

Credit terms of trade payables range from 30 days to 45 days (2022: 30 days to 45 days) except for the following amount owing to a contractor of Pagoh Education Hub, which is on a deferred payment term.

	Group	
	2023	**2022**
Work performed to date	**99,601**	99,601
Accretion of interest	**29,801**	25,667
Progress billing to date	**(53,574)**	(45,520)
	75,828	79,748
Non-current		
Due later than 1 year	**67,875**	71,694
Current		
Due not later than 1 year	**7,953**	8,054
	75,828	79,748

b. Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

Movements in the amounts due to subsidiaries are as follows:

	Company	
	2023	**2022**
At 1 January	**195,666**	74,486
Advances from subsidiaries	**229,106**	121,180
At 31 December	**424,772**	195,666

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34 BORROWINGS

	Group		Company	
	2023	**2022**	**2023**	**2022**
Non-current				
Secured				
Term loans [note (a)]	**238,989**	271,714	**–**	–
Islamic financing [note (b)]	**471,038**	525,712	**231,031**	298,032
Syndicated Islamic term financing [note (c)]	**371,590**	452,176	**–**	–
Unsecured				
Islamic Medium Term Notes [note (d)]	**1,399,047**	799,254	**1,399,047**	799,254
Amounts due to non-controlling interests [note (f)]	**–**	235,128	**–**	–
	2,480,664	2,283,984	**1,630,078**	1,097,286
Current				
Secured				
Term loans [note (a)]	**19,957**	199,747	**–**	–
Islamic financing [note (b)]	**161,954**	163,649	**67,404**	66,916
Syndicated Islamic term financing [note (c)]	**83,535**	83,754	**–**	–
Unsecured				
Islamic Medium Term Notes [note (d)]	**11,003**	1,938	**11,003**	1,938
Revolving credits [note (e)]	**136,909**	304,773	**136,909**	304,773
	413,358	753,861	**215,316**	373,627
Total borrowings	**2,894,022**	3,037,845	**1,845,394**	1,470,913
Secured	**1,347,063**	1,696,752	**298,435**	364,948
Unsecured	**1,546,959**	1,341,093	**1,546,959**	1,105,965
Total borrowings	**2,894,022**	3,037,845	**1,845,394**	1,470,913

Movements in the borrowings are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
At 1 January	**3,037,845**	3,831,600	**1,470,913**	1,936,682
Long-term borrowings:				
– raised	**741,403**	12,266	**599,593**	–
– repaid	**(80,245)**	(385,419)	**(67,000)**	(67,000)
Short-term borrowings:				
– raised	**408,000**	215,469	**402,000**	215,469
– repaid	**(1,016,850)**	(599,623)	**(600,543)**	(571,623)
Settlement upon acquisition of non-controlling interests [note (f)]	**(240,600)**	–	**–**	–
Finance costs	**136,402**	134,947	**64,524**	54,426
Finance costs paid	**(122,887)**	(128,880)	**(55,047)**	(54,526)
Exchange differences	**30,954**	(42,515)	**30,954**	(42,515)
At 31 December	**2,894,022**	3,037,845	**1,845,394**	1,470,913

Notes to the Financial Statements

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34 BORROWINGS (CONTINUED)

a. Term loans – Secured

	Group	
	2023	**2022**
The maturity periods are as follows:		
– Less than 1 year	**19,957**	199,747
– Between 1 and 2 years	**29,771**	33,183
– Between 2 and 5 years	**149,313**	119,313
– More than 5 years	**59,905**	119,218
Total	**258,946**	471,461

The term loans of the Group are secured by way of charges over certain inventories.

b. Islamic financing – Secured

	Group		Company	
	2023	**2022**	**2023**	**2022**
The maturity periods are as follows:				
– Less than 1 year	**161,954**	163,649	**67,404**	66,916
– Between 1 and 2 years	**121,964**	195,209	**66,515**	66,515
– Between 2 and 5 years	**232,262**	330,503	**164,516**	231,517
– More than 5 years	**116,812**	–	**–**	–
Total	**632,992**	689,361	**298,435**	364,948

The Islamic financing facilities of the Group and the Company are secured by way of:

i. legal charge over certain property, plant and equipment, investment properties, bank balances and inventories of the subsidiaries;

ii. specific debenture incorporating fixed and floating charges over project assets and properties of certain subsidiaries;

iii. assignment of rights, titles, profits and benefits under project contracts, rental proceeds, and proceeds from projects and insurance; and

iv. subordination of shareholders advances of certain subsidiaries.

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34 BORROWINGS (CONTINUED)

c. Syndicated Islamic term financing – Secured

The Syndicated Islamic term financing consist of four facilities with facility limit of RM895.4 million to four subsidiaries in which the Group has 60% equity interest. The facilities are repayable over 24 semi-annual instalments commencing no later than 36 months from their respective first drawdown dates.

	Group	
	2023	**2022**
The maturity periods are as follows:		
– Less than 1 year	**83,535**	83,754
– Between 1 and 2 years	**82,825**	80,586
– Between 2 and 5 years	**288,765**	252,950
– More than 5 years	**–**	118,640
Total	**455,125**	535,930

The Syndicated Islamic term financing are secured by way of:

i. a first ranking debenture incorporating fixed and floating charges over all present and future assets of the four subsidiaries. The carrying value of these assets including cash and bank balances as at 31 December 2023 is RM1,369.4 million (2022: RM1,435.0 million);

ii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits of the pre-completion and post-completion as and when executed;

iii. legal assignment over all of the four subsidiaries’ rights, titles, interest and benefits under Takaful and insurance;

iv. legal assignment over all of the four subsidiaries’ rights, titles, interests and benefits under the performance bonds/guarantees for the project;

v. second legal charge over the shares of the four subsidiaries; and

vi. deed of subordinations to subordinate all shareholders’ present and future financing/advances to the four subsidiaries provided that the four subsidiaries may repay the shareholders’ advances if the distribution payment conditions are met before and after such payment or repayment.

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34 BORROWINGS (CONTINUED)

d. Islamic Medium Term Note – Unsecured

On 23 November 2020, the Group and the Company have amended its Islamic Medium Term Notes (IMTN) programme of RM4.5 billion under the Shariah principle of Musharakah to incorporate the rating of IMTN programme, as well as terms for the issuance of ASEAN Sustainable and Responsible Investment (SRI) Sukuk.

Details of the IMTNs issued on 3 December 2020 and 21 August 2023, and the outstanding balances as at 31 December 2023 are as follows:

Issuance Type	**Date of Issuance**	**Tenor** (Years)	**Maturity Date**	**Periodic distribution rate** (per annum)	**Norminal Value** (RM thousand)
ASEAN Sustainability SRI Sukuk Musharakah	3 December 2020	5	3 December 2025	3.10%	150,000
Sukuk Musharakah	3 December 2020	7	3 December 2027	3.42%	500,000
Sukuk Musharakah	3 December 2020	10	3 December 2030	3.64%	150,000
ASEAN Sustainability SRI Sukuk Musharakah	21 August 2023	3	21 August 2026	4.08%	200,000
Sukuk Musharakah	21 August 2023	5	21 August 2028	4.14%	300,000
Sukuk Musharakah	21 August 2023	7	21 August 2030	4.28%	100,000

The Sukuk Musharakah Programme has been assigned a final credit rating of $AA+_{IS}$ with a stable outlook by Malaysian Rating Corporation Berhad.

e. Revolving credits

The Group and the Company have a total unsecured revolving credit facilities of RM1.98 billion. The facilities have an availability period of 5 years from the date of the availability of the facilities and the outstanding balances is payable within a year.

f. Amounts due to non-controlling interests

On 1 November 2023, the Group entered into a settlement agreement with Brunsfield Metropolitan Sdn Bhd ("BMSB"), a non-controlling interest of the Group. The settlement agreement has been completed on 8 December 2023 and the amounts due to the non-controlling interests have been settled as part of the transaction. Details of the transaction is outlined in Note 37.

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34 BORROWINGS (CONTINUED)

g. Other information on borrowings

	Group		Company	
	2023 % per annum	**2022 % per annum**	**2023 % per annum**	**2022 % per annum**
i. Islamic financing				
The average effective distribution payments by currency profile are as follows:				
Ringgit Malaysia				
– Islamic financing	**4.53**	4.15	**4.48**	4.01
– Syndicated Islamic term financing	**7.00**	7.00	**–**	–
– Islamic Medium Term Notes	**3.72**	3.40	**3.72**	3.40
Sterling Pound				
– Revolving credits	**5.88**	4.00	**5.88**	4.00
ii. Conventional financing				
The average effective interest rates by currency profile are as follows:				
Ringgit Malaysia				
– Term loans	**4.44**	4.24	**–**	–
– Amounts due to non-controlling interests	**N/A**	3.60	**–**	–

iii. Secured financing

As at 31 December 2023, borrowings amounting to RM1,347.1 million (2022: RM1,696.8 million) and RM298.4 million (2022: RM364.9 million) were secured by fixed and floating charges over the assets of the Group and the Company, respectively.

The carrying amounts of assets that the Group and the Company have pledged as collateral for the borrowings are as follows:

	Group	
	2023	**2022**
Property, plant and equipment [Note 19]	**65,281**	67,140
Investment properties [Note 20]	**286,781**	334,402
Inventories [Note 21]	**161,621**	230,830
Contract assets [Note 27]	**1,247,165**	1,343,660
Bank balances, deposits and cash [Note 29]	**78,483**	61,553
Other assets	**46,344**	29,836
	1,885,675	2,067,421

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35 LEASE LIABILITIES

	Group		Company	
	2023	**2022**	**2023**	**2022**
At 1 January	**45,596**	66,748	**8,011**	15,674
Addition	**1,947**	–	**42,911**	–
Loss on lease modification	**–**	(2,794)	**–**	–
Finance costs [Note 15]	**1,493**	2,118	**141**	383
Payments	**(4,967)**	(22,299)	**(8,045)**	(8,046)
Exchange differences	**1,365**	1,823	**–**	–
At 31 December	**45,434**	45,596	**43,018**	8,011
Non-current				
Due later than 1 year	**23,976**	24,149	**36,409**	107
Current				
Due not later than 1 year	**21,458**	21,447	**6,609**	7,904
	45,434	45,596	**43,018**	8,011

The underlying assets of the lease liabilities are included in property, plant and equipment and investment properties in Notes 19 and 20. Lease contracts are typically entered for fixed periods and the terms are negotiated on an individual basis and contains a wide range of different terms and conditions. The maturity periods of the lease liabilities are shown in Note 42(b).

The lease liabilities of the Company mainly is in relation to a rental of office building from its subsidiary.

a. Leases not included in lease liabilities

Short-term leases, leases of low-value assets and variable lease payments are not included in lease liabilities. Details of these leases which are charged to profit or loss in the current financial year are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Short-term leases	**1,614**	1,510	**136**	178
Leases of the low-value assets	**536**	529	**227**	240
	2,150	2,039	**363**	418

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35 LEASE LIABILITIES (CONTINUED)

b. Total cash outflow

The total cash outflow for leases are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Included in cashflow used in operating activities				
Lease payments associated with:				
– short-term leases	**1,614**	1,510	**136**	178
– leases of low-value assets	**536**	529	**227**	240
Included in cashflow used in financing activities				
Repayment of lease	**3,474**	22,299	**7,904**	7,663
Total cash outflow	**5,624**	24,338	**8,267**	8,081

36 PROVISIONS

Group	**Obligation in relation to a property disposed**	**Relocation, rectification and construction costs**	**Long-term employee benefit**	**Total**
2023				
At 1 January 2023	**172,167**	**62,928**	**–**	**235,095**
(Reversal of provisions)/Provisions made during the financial year	**(9,701)**	**(211)**	**10,286**	**374**
Accretion of interest [Note 15]	**4,542**	**–**	**–**	**4,542**
Utilised	**–**	**(12,984)**	**–**	**(12,984)**
Exchange differences	**11,942**	**57**	**–**	**11,999**
At 31 December 2023	**178,950**	**49,790**	**10,286**	**239,026**
Non-current	**151,147**	**9,682**	**10,286**	**171,115**
Current	**27,803**	**40,108**	**–**	**67,911**
	178,950	**49,790**	**10,286**	**239,026**

Notes to the Financial Statements

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36 PROVISIONS (CONTINUED)

Group	Obligation in relation to a property disposed	Relocation, rectification and construction costs	Total
2022			
At 1 January 2022	158,205	88,508	246,713
Provisions made during the financial year	–	11,023	11,023
Accretion of interest [Note 15]	4,131	–	4,131
Utilised	–	(36,572)	(36,572)
Exchange differences	9,831	(31)	9,800
At 31 December 2022	172,167	62,928	235,095
Non-current	137,020	15,545	152,565
Current	35,147	47,383	82,530
	172,167	62,928	235,095

Company	Relocation, rectification and construction costs	Long-term employee benefit	Total
2023			
At 1 January	**13,576**	**–**	**13,576**
(Reversal of provisions)/Provisions made during the financial year	**(2,372)**	**10,286**	**7,914**
At 31 December	**11,204**	**10,286**	**21,490**
Non-current	**4,118**	**10,286**	**14,404**
Current	**7,086**	**–**	**7,086**
	11,204	**10,286**	**21,490**
2022			
At 1 January	4,025	–	4,025
Provisions made during the financial year	9,551	–	9,551
At 31 December	13,576	–	13,576
Non-current	4,025	–	4,025
Current	9,551	–	9,551
	13,576	–	13,576

The Group evaluates the provision based on the status of ongoing negotiations, inputs from consultants and past experiences. Changes in assumptions and future events could cause the value of these provisions to change.

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36 PROVISIONS (CONTINUED)

a. Obligation in relation to a property disposed

The provision is in relation to an undertaking arrangement entered on the disposal of a property to a joint venture in financial year 2017. The provision, net of the carrying amount of the joint venture, would be RM148.5 million (2022: RM126.7 million).

The provision is calculated based on future rental and other obligations net of estimated sub-lease income and discounted to present value using an appropriate discount rate.

b. Relocation, rectification and construction costs

The provision for relocation, rectification and construction costs are made in relation to property development projects.

c. Long-term employee benefits

The provision for long-term employee benefits are made in relation to a Long-term Incentive Plan ("LTIP") implemented by the Group and is calculated by reference to the total amount granted and the expected achievements on the relevant key performance indicators as set under the LTIP.

37 ACQUISITION OF NON-CONTROLLING INTERESTS ("NCI")

On 1 November 2023, Sime Darby Property Berhad, and its 60% owned subsidiary, Sime Darby Brunsfield Holding Sdn Bhd ("SDBH"), have entered into a settlement agreement with Brunsfield Metropolitan Sdn Bhd ("BMSB"), the 40% shareholder of the remaining equity interest in SDBH. The settlement agreement sets out the key parameters and features of the settlement and mutual termination of a Joint Venture and Shareholders Agreement dated 28 March 2006 between the Group and BMSB.

The settlement agreement has been completed on 8 December 2023. Following the completion of the settlement agreement, the Group's interest in SDBH has increased from 60% to 100%.

Details of net cash outflow on acquisition of non-controlling interests by the Group for the financial year ended 31 December 2023 are as follows:

	Group
	2023
NCI acquired	(97,220)
Difference arising from acquisition of NCI recognised in retained earnings	(21,592)
Cost of acquisition	(118,812)
In exchange for:	
Settlement of shareholder loan and net payables	314,598
Inventories transferred to NCI	(162,414)
Others	(1,802)
Net cash outflow on acquisition of non-controlling interests	**31,570**

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38 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS

a. Material Litigations

(i) Claim against Sime Darby Property (Ara Damansara) Sdn Bhd ("SDPAD")

A civil suit was commenced by 71 purchasers of Ara Hill ("Plaintiffs") against SDPAD, claiming general and specific damages of approximately RM40.0 million and specific performance arising from SDPAD's alleged breaches of the terms of the sale and purchase agreements ("SPAs") and the provisions of various statutes.

The Plaintiffs alleged that the breaches by SDPAD have, amongst others, caused the delay in delivery of strata titles, which caused the Plaintiffs to suffer loss and damage, including indirect losses (which have not been proven by the Plaintiffs). The trial commenced on 16 April 2018. On 28 April 2021, the court allowed the Plaintiffs' application to add the Joint Management Body of Ara Hill as a co-defendant to this suit. A total of 9 trial dates were fixed between April 2018 to August 2023 and further trial dates have been fixed in March, April, May and July 2024.

The Plaintiffs' claim is divided into various allegations leveled against SDPAD. These claims and allegations have yet to be proven by the Plaintiffs and it would be speculative, at this juncture, to ascertain SDPAD's potential liability to the Plaintiffs in respect of this civil suit.

(ii) Arbitration between Bumimetro Construction Sdn Bhd ("BCSB") v Sime Darby Property (KL East) Sdn Bhd ("SDPKE")

BCSB ("Claimant"), the main contractor of a development in Melawati, Kuala Lumpur has referred disputes arising from the Project and the construction contract with SDPKE ("Respondent") to arbitration by issuing a notice of arbitration ("Notice") on 20 September 2018.

The Claimant is claiming for specific damages of approximately RM42.0 million. The Respondent had disputed the claims by the Claimant and had counterclaimed for an approximate sum of RM40.0 million relating to incomplete works/defects rectification costs incurred, liquidated damages and recoupment of advance payments.

The arbitration proceedings are being held in accordance with the rules of the Asian International Arbitration Centre before a single arbitrator. The hearing commenced on 15 June 2020 and continued on various dates between June 2020 to March 2024. Further hearing dates have been fixed in July 2024.

Solicitors for the Respondent are of the view that there are tenable grounds on the positions taken by the Respondent in resisting the claim subject to documentary and evidentiary proof. Nonetheless, there have been certain concessions made by the Respondent's witnesses who have given or are still giving evidence to-date, the impact of which has to be re-assessed and determined.

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38 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

a. Material Litigations (continued)

(iii) **Compulsory Land Acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway of the lands owned by Sime Darby Property (Klang) Sdn Bhd ("SDP Klang")**

On 26 June 2015, SDP Klang was awarded an aggregate compensation of RM169.3 million by the Land Administrator ("Respondent") in respect of the acquisition by Lembaga Lebuhraya Malaysia ("LLM") of certain plots of lands owned by SDP Klang situated in Mukim Kapar, District of Klang, Selangor ("Lands") which consists of the aggregate compensation for market value of the Lands of RM90.7 million and the aggregate compensation for severance and injurious affection ("IA") of RM78.6 million ("IA Award").

Dissatisfied with the IA Award, on 6 August 2015, LLM lodged their objection to the High Court. On 22 March 2017, the High Court held, inter alia, that the IA Award is to be reduced to RM72.9 million ("First High Court Decision").

Stemming from LLM's appeal against the First High Court Decision, LLM's land reference was remitted by the Court of Appeal to the High Court to be re-heard before a new Judge ("Re-Hearing"). The Re-Hearing which was initially fixed for July 2023 has been postponed in view of LLM's application to the High Court ("LLM's Application") to adduce Additional Affidavit in Reply and/or Additional Rebuttal. The LLM's Application was subsequently dismissed by the High Court. On 3 October 2023, LLM filed an appeal to the Court of Appeal against the High Court's dismissal of LLM's Application ("LLM's New Appeal"). A case management was fixed on 20 February 2024 to determine the hearing date of LLM's New Appeal and following from the case management, the Court of Appeal has fixed the hearing of LLM's New Appeal on 12 September 2024 while the Re-Hearing is fixed for further case management on 18 September 2024 pending the outcome of LLM's New Appeal.

Subject to the outcome of LLM's New Appeal, SDP Klang's solicitors are of the view that there is an even chance that the High Court Judge in the Re-Hearing may arrive at a similar decision as the First High Court Decision at this juncture.

b. Contingent Liabilities

	Group	
	2023	**2022**
Claims pending against the Group	**82,009**	82,009

As at end of reporting period, no provision has been recognised in the financial statements as legal advice indicates that it is not probable for a material liability to arise.

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38 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

c. Commitments

i. Capital commitments

	Group		Company	
	2023	**2022**	**2023**	**2022**
Contracted capital commitments:				
– investment properties	**20,815**	79,618	**–**	–
– property, plant and equipment	**20,084**	28,731	**800**	902
– intangible assets	**880**	462	**880**	452
	41,779	108,811	**1,680**	1,354

ii. Commitment in relation to joint ventures

The Group's estimated commitment to subscribe for shares in joint ventures pursuant to the respective shareholders' agreements on joint ventures and/or as approved by the Board of Directors are as follows:

	Group	
	2023	**2022**
Joint ventures:		
– Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP	**112,692**	168,568
– Others	**64,625**	45,800
	177,317	214,368

39 SEGMENT INFORMATION – GROUP

The Group has three (3) reportable business segments – property development, investment and asset management and leisure. The strategic business units offer different products and services, and are managed separately by each Chief Operating Officer or Head of Division. The Senior Management of the Group reviews the operations and performance of the respective business segments on a regular basis and their respective performances are as follows:

Property development	Development of residential, industrial and commercial properties
Investment and asset management	Leasing of properties, and provision of assets and management services
Leisure	Provision of golf and other recreational facilities and services

Transactions between segments are carried out on agreed terms between both parties. The effects of such intersegment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Notes to the Financial Statements

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39 SEGMENT INFORMATION – GROUP (CONTINUED)

a. Segment results

2023	Property development	Investment and asset management	Leisure	Elimination	Total
Segment revenue:					
External	3,235,370	107,813	93,764	–	3,436,947
Inter-segment	40,355	7,994	3,106	(51,455)	–
	3,275,725	115,807	96,870	(51,455)	3,436,947
Cost of sales	(2,341,381)	(69,027)	(58,072)	40,486	(2,427,994)
Gross profit	934,344	46,780	38,798	(10,969)	1,008,953
Other operating income/(expenses)	12,403	(26,005)	2,615	1,181	(9,806)
Marketing and selling expenses	(146,985)	(2,363)	(509)	–	(149,857)
Administrative and other expenses	(190,182)	(21,034)	(42,974)	11,324	(242,866)
Operating profit/(loss)	609,580	(2,622)	(2,070)	1,536	606,424
Share of results of joint ventures and associates	(92,294)	(29,410)	–	68,962	(52,742)
Segment results	517,286	(32,032)	(2,070)	70,498	553,682
Other gains/(losses)	7,568	9,551	(489)	–	16,630
Profit/(Loss) before interest and taxation	524,854	(22,481)	(2,559)	70,498	570,312
Finance income	32,054	86,789	2,802	(7,982)	113,663
Finance costs	(32,070)	(48,536)	(1,045)	7,982	(73,669)
Profit/(Loss) before tax	524,838	15,772	(802)	70,498	610,306
Tax expense	(174,566)	(18,202)	113	(121)	(192,776)
Profit/(Loss) for the year	350,272	(2,430)	(689)	70,377	417,530
Included in segment results are:					
Depreciation and amortisation	(12,125)	(3,397)	(16,208)	–	(31,730)
Net changes in fair value on investment properties	(6,570)	(28,377)	–	1,371	(33,576)
Impairment losses on receivables	(3,040)	(309)	(15)	–	(3,364)
Reversal of impairment losses on receivables	2,478	3,886	65	–	6,429
Write-down of inventories	(8,756)	–	–	–	(8,756)
Write-off of inventories	(10,451)	–	–	–	(10,451)
Included in other gains/(losses) are:					
Reversal of provision on obligation in relation to a property disposed	–	9,701	–	–	9,701
Gain/(Loss) on disposal of:					
– property, plant and equipment	9	–	40	–	49
– investment properties	(12)	–	–	–	(12)
Impairment of property, plant and equipment	–	–	(529)	–	(529)

There is no single customer who contributed 10% or more of the Group's total revenue.

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39 SEGMENT INFORMATION – GROUP (CONTINUED)

a. Segment results (continued)

2022 Restated	Property development	Investment and asset management	Leisure	Elimination	Total
Segment revenue:					
External	2,549,507	107,947	84,682	–	2,742,136
Inter-segment	164,284	8,194	4,345	(176,823)	–
	2,713,791	116,141	89,027	(176,823)	2,742,136
Cost of sales	(1,903,349)	(59,026)	(49,051)	95,863	(1,915,563)
Gross profit	810,442	57,115	39,976	(80,960)	826,573
Other operating income/(expenses)	22,130	(51,314)	141	(190)	(29,233)
Marketing and selling expenses	(120,514)	(667)	(504)	3,620	(118,065)
Administrative and other expenses	(195,825)	(21,446)	(37,083)	11,318	(243,036)
Operating profit/(loss)	516,233	(16,312)	2,530	(66,212)	436,239
Share of results of joint ventures and associates	(48,795)	39,935	–	(17,235)	(26,095)
Segment results	467,438	23,623	2,530	(83,447)	410,144
Other (losses)/gains	(1,120)	(11,922)	9,063	44,072	40,093
Profit/(Loss) before interest and taxation	466,318	11,701	11,593	(39,375)	450,237
Finance income	26,103	90,029	834	(10,970)	105,996
Finance costs	(39,877)	(67,349)	(1,117)	10,970	(97,373)
Profit/(Loss) before tax	452,544	34,381	11,310	(39,375)	458,860
Tax expense	(136,605)	(15,647)	(1,893)	6,983	(147,162)
Profit/(Loss) for the year	315,939	18,734	9,417	(32,392)	311,698
Included in segment results are:					
Depreciation and amortisation	(12,777)	(3,315)	(15,915)	–	(32,007)
Net changes in fair value on investment properties	2,011	(53,612)	–	–	(51,601)
Impairment losses on receivables	(3,880)	(147)	(564)	–	(4,591)
Reversal of impairment losses on receivables	948	829	50	–	1,827
Write-down of inventories	(6,270)	–	–	–	(6,270)
Write-off of:					
– property, plant and equipment	–	–	(1)	–	(1)
– inventories	(3,125)	–	–	–	(3,125)
Included in other (losses)/gains are:					
Loss on lease modification	–	(12,788)	–	–	(12,788)
Gain on disposal of subsidiaries	–	–	8,948	44,072	53,020
Impairment of property, plant and equipment	–	–	(3)	–	(3)

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39 SEGMENT INFORMATION – GROUP (CONTINUED)

b. Segment assets and liabilities and additions to non-current assets

	Property development	Investment and asset management	Leisure	Elimination	Total
2023					
Segment assets:					
Operating assets	**9,523,515**	**2,670,211**	**548,867**	**(752,110)**	**11,990,483**
Joint ventures and associates	**2,777,468**	**502,961**	**–**	**(8,318)**	**3,272,111**
Assets held for sale	**68,850**	**–**	**–**	**–**	**68,850**
	12,369,833	**3,173,172**	**548,867**	**(760,428)**	**15,331,444**
Segment liabilities:					
Liabilities	**1,801,499**	**938,756**	**359,676**	**(752,110)**	**2,347,821**
Additions to non-current assets are as follows:					
– capital expenditure	**15,107**	**208,062**	**12,666**	**–**	**235,835**
– additions to interests in joint ventures	**–**	**72,051**	**–**	**–**	**72,051**
	15,107	**280,113**	**12,666**	**–**	**307,886**
2022					
Restated*					
Segment assets:					
Operating assets	9,295,326	2,535,848	539,439	(783,856)	11,586,757
Joint ventures and associates*	2,660,592	444,304	–	(71,101)	3,033,795
	11,955,918	2,980,152	539,439	(854,957)	14,620,552
Segment liabilities:					
Liabilities	1,646,316	979,533	347,914	(783,856)	2,189,907
Additions to non-current assets are as follows:					
– capital expenditure	9,632	17,369	1,969	–	28,970
– additions to interests in joint ventures	215,351	115,267	–	–	330,618
	224,983	132,636	1,969	–	359,588

* The segment assets of joint ventures and associates was re-presented to segregate the assets into Property Development and Investment and Asset Management segment respectively to reflect how the senior management of the Group reviews the operations and performance on a regular basis.

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39 SEGMENT INFORMATION – GROUP (CONTINUED)

Capital expenditure consists of the following:

	2023	2022
Property, plant and equipment	**37,487**	11,280
Investment properties	**196,623**	25,029
Intangible assets	**1,725**	1,739
	235,835	38,048

Segment by geography

Revenue by location of customers and the Group's operations are analysed as follows:

	2023	2022
Malaysia	**3,435,084**	2,727,436
Singapore	**1,310**	14,216
United Kingdom	**553**	484
	3,436,947	2,742,136

Non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	2023	2022
Malaysia	**7,830,485**	7,206,395
United Kingdom	**2,773,184**	2,644,031
Singapore	**30,435**	77,290
	10,634,104	9,927,716

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	2023	2022
Non-current assets other than financial instruments and deferred tax assets	**10,634,104**	9,927,716
Investments	**43,132**	48,633
Deferred tax assets	**549,156**	601,790
Receivables	**99,342**	102,718
	11,325,734	10,680,857

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39 SEGMENT INFORMATION – GROUP (CONTINUED)

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Segment assets	
	2023	**2022**
Segment total	**15,331,444**	14,620,552
Tax assets	**597,300**	642,157
Total	**15,928,744**	15,262,709

	Segment liabilities	
	2023	**2022**
Segment total	**2,347,821**	2,189,907
Tax liabilities	**357,955**	344,565
Borrowings	**2,894,022**	3,037,845
Lease liabilities	**45,434**	45,596
Total	**5,645,232**	5,617,913

40 RELATED PARTIES

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below:

	Group	
	2023	**2022**
a. Transactions between subsidiaries and their non-controlling interests ("NCI") or related parties of the NCI		
Turnkey construction works rendered to Sime Darby Brunsfield Holding Sdn Bhd and its subsidiaries ("SDBH Group") by Brunsfield Engineering Sdn Bhd ("BESB"), a company in which Tan Sri Dato' Dr Ir Gan Thian Leong ("Tan Sri Dato' Gan") and Encik Mohamad Hassan Zakaria ("Encik Hassan") are substantial shareholders	**(6,154)**	(33,320)
BESB ceased to be a related party of the Group as of 8 December 2023 upon completion of the settlement agreement with BMSB (refer to Note 37).		
Maintenance of district cooling system and supply of cooling energy to Sime Darby Property Selatan Satu Sdn Bhd ("SDPS1") by Tunas Cool Energy Sdn Bhd ("TCE"), a company in which Sin Heng Chan (Malaya) Berhad is the ultimate holding company of TCE and an indirect shareholder of SDPS1	**(16,375)**	(15,024)

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40 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

b. Transactions with joint ventures and associates

	Group	
	2023	**2022**
Yayasan Sime Darby		
– Contribution to Yayasan Sime Darby	**(9,476)**	(20,000)
SDPLOG 1 (Industrial Asset IV) Sdn Bhd		
– Deposit received for land sale	**–**	19,588

c. Transactions with shareholders and Government:

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together own 57.6% (2022: 58.0%) as at 31 December 2023 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra ("YPB"). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant control over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government-related entities) are related parties of the Group and the Company.

Transactions entered by the Group and the Company with shareholders and government-related entities include purchase of raw materials, placement of bank deposits and use of public utilities and amenities. All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related.

	Group		Company	
	2023	**2022**	**2023**	**2022**
Director of PNB				
– Deposit received for land sale	**–**	1,356	**–**	–
Sime Darby Plantation Berhad Group				
– Deposit paid for land acquisition	**–**	(61,800)	**–**	–
– Rental income	**10,489**	13,106	**3,644**	5,096

Notes to the Financial Statements

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40 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

c. Transactions with shareholders and Government: (continued)

i. On 27 October 2021, Sime Darby Property (MVV Central) Sdn Bhd had entered into a Sale and Purchase Agreement ("SPA") with Kumpulan Sime Darby Berhad ("KSDB"), a subsidiary of Sime Darby Berhad, to acquire part of the land held under GRN 76723 Lot No. 3235, Mukim of Labu, District of Seremban, Negeri Sembilan measuring approximately 760.12 acres for a total cash consideration of RM280.0 million. 10% of the purchase price was paid upon signing of SPA. The acquisition has been completed following the payment of the balance 90% of the purchase price of RM252.0 million on 7 August 2023.

ii. On 1 December 2022, Sime Darby Property (Bukit Tunku) Sdn Bhd ("SDPBT"), a wholly-owned subsidiary of the Group, had entered into a conditional Sale and Purchase Agreement ("SPA") with Sime Darby Plantation Berhad to acquire 3 parcels of freehold land with a total net land area measuring approximately 948.8 acres located in Mukim Kapar, District of Klang, Selangor ("Kapar Land") for a total cash consideration of RM618.0 million. The proposed Kapar Land acquisition was approved by the shareholders of the Company at an Extraordinary General Meeting ("EGM") held on 24 May 2023. 10% of the purchase price was paid upon signing of SPA. The acquisition has been completed following the payment of the balance 90% of the purchase price of RM556.2 million on 23 August 2023.

d. Transactions with Directors, other key management personnel ("KMP") and their close family members

	Group		Company	
	2023	**2022**	**2023**	**2022**
Remuneration of Directors and other KMP:				
– salaries, fees and other emoluments	**23,648**	15,932	**23,648**	15,932
– defined contribution plan	**3,078**	1,935	**3,078**	1,935
– long-term employee benefits	**6,268**	–	**6,268**	–
– estimated monetary value of benefits by way of usage of the Group's and of the Company's assets	**614**	411	**614**	411
Sale of properties to Directors of the Company	**486**	1,921	**–**	–
Sale of properties to KMP and their close family members	**3,957**	3,004	**–**	–

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly.

The KMP of the Group and the Company includes Directors of the Company and certain members of senior management of the Group.

In 2023, KMP comprised of 22 individuals (2022: 15 individuals).

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40 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

e. Outstanding balances with related parties

	Group	
	2023	**2022**
Amount due to non-controlling interest included in payables		
Tunas Cool Energy Sdn Bhd	**1,351**	–

Other than as disclosed above, the significant outstanding balance with related parties are shown in Notes 11, 12, 22, 26 and 33.

41 FINANCIAL INSTRUMENTS

a. Financial instruments measured at fair value

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Valuation inputs (other than Level 1 input) that are observable for the asset or liability
Level 3	Valuation inputs that are not based on observable market data

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

The fair values of the Group's and the Company's investments are categorised as follows:

	Group/Company	
	2023	**2022**
Level 3 – unquoted shares	**43,132**	48,633

Unquoted shares are measured at Level 3 of the fair value hierarchy. The fair values of the unquoted shares are determined using valuation technique based on inputs other than quoted prices.

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41 FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial instruments measured at amortised cost

Other than the financial liabilities disclosed below, the carrying amounts of the financial assets and liabilities approximate their fair values due to the insignificant impact of discounting and the relative short term nature of the financial instruments.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
2023				
Payables	**1,610,530**	**1,613,741**	**589,248**	**589,248**
Borrowings	**2,894,022**	**2,913,693**	**1,845,394**	**1,836,446**
2022				
Payables	1,368,753	1,372,837	329,124	329,124
Borrowings	3,037,845	3,045,475	1,470,913	1,431,548

42 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and cash flow risk and foreign exchange risk. The policy on financial risk management is described in Note 5.

Details of each significant financial risk are as follows:

a. Interest rate risk

The percentages of fixed rate borrowings to the total borrowings are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Fixed rate borrowings	**1,865,175**	1,337,122	**1,410,050**	801,192
Floating rate borrowings	**1,028,847**	1,700,723	**435,344**	669,721
Total borrowings	**2,894,022**	3,037,845	**1,845,394**	1,470,913
Percentage of fixed rate borrowings over total borrowings	**64.4%**	44.0%	**76.4%**	54.5%

The following table demonstrates the effect of changes in interest rate of floating rate borrowings. If the interest rate increased by 25 basis points (2022: 50 basis points), with all variables held constant, the Group's and the Company's profit after taxation, total comprehensive income and equity will be affected by higher interest expense as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Higher interest expense	**1,955**	6,463	**827**	2,545

Notes to the Financial Statements

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42 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

b. Liquidity and cash flow risks

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities as at the end of the financial year are as follows:

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
Group						
2023						
Payables	**1,467,561**	**59,468**	**47,942**	**67,116**	**1,642,087**	**1,610,530**
Borrowings	**538,903**	**485,875**	**1,840,681**	**472,159**	**3,337,618**	**2,894,022**
Lease liabilities	**2,923**	**1,405**	**4,122**	**59,644**	**68,094**	**45,434**
	2,009,387	**546,748**	**1,892,745**	**598,919**	**5,047,799**	**4,549,986**
2022						
Payables	1,215,605	58,289	55,380	75,170	1,404,444	1,368,753
Borrowings	870,858	396,638	1,521,940	646,053	3,435,489	3,037,845
Lease liabilities	24,562	2,526	3,060	60,605	90,753	45,596
	2,111,025	457,453	1,580,380	781,828	4,930,686	4,452,194
Company						
2023						
Payables	**581,895**	**5,849**	**1,504**	**–**	**589,248**	**589,248**
Borrowings	**277,696**	**275,615**	**1,265,838**	**267,095**	**2,086,244**	**1,845,394**
Lease liabilities	**8,102**	**7,994**	**23,983**	**7,994**	**48,073**	**43,018**
	867,693	**289,458**	**1,291,325**	**275,089**	**2,723,565**	**2,477,660**
2022						
Payables	316,390	9,164	3,570	–	329,124	329,124
Borrowings	421,835	100,435	957,079	165,920	1,645,269	1,470,913
Lease liabilities	8,044	108	–	–	8,152	8,011
	746,269	109,707	960,649	165,920	1,982,545	1,808,048

As at the end of reporting year, the Company's current liabilities exceed its current assets by RM380.2 million (2022: RM195.9 million). Excluding revolving credits borrowings and amount due to subsidiaries which are classified under current liabilities, the Company is in net current assets position of RM181.5 million (2022: RM304.5 million).

The Directors are of the view that the Company is able to meet its obligations for the next twelve months from the reporting date. The Company has unutilised credit facilities as disclosed in Note 5(a)(iii) which it can tap upon at an appropriate time. In addition, the future dividend distribution from its subsidiaries are expected to alleviate the liquidity position of the Company.

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42 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

c. Credit risk

The maximum exposure and collateral and credit enhancements are as follows:

	Group		Company	
	Maximum exposure	Collateral and credit enhancements	Maximum exposure	Collateral and credit enhancements
2023				
Receivables	**789,090**	**479,437**	**2,069,477**	**29,070**
Contract assets	**2,249,855**	**1,002,690**	**39,096**	**39,096**
Cash held under Housing Development Accounts	**325,946**	**–**	**3,133**	**–**
Bank balances, deposits and cash	**276,635**	**–**	**57,508**	**–**
	3,641,526	**1,482,127**	**2,169,214**	**68,166**
2022				
Receivables	965,333	620,175	1,665,792	39,226
Contract assets	2,353,515	1,009,855	19,027	19,027
Cash held under Housing Development Accounts	386,092	–	20,878	–
Bank balances, deposits and cash	599,225	–	143,369	–
	4,304,165	1,630,030	1,849,066	58,253

d. Foreign currency exchange risk

Other than borrowings denominated in foreign currencies, the Group and the Company do not have other significant financial asset or liabilities denominated in foreign currency as at end of financial year.

The currency profiles of the Group's and the Company's borrowings are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Borrowings:				
– denominated in GBP	**136,909**	304,773	**136,909**	304,773
– denominated in functional currency	**2,757,113**	2,733,072	**1,708,485**	1,166,140
	2,894,022	3,037,845	**1,845,394**	1,470,913

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For the financial year ended 31 December 2023

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42 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

d. Foreign currency exchange risk (continued)

The following table illustrates the effect of changes in exchange rate on the translation of foreign currency denominated borrowings against the functional currency, after taking into account the impact of hedging. If GBP strengthened against RM by 5% (2022: 5%), with all variables held constant, the Company's profit after taxation and equity will be affected by higher foreign currency exchange losses as follows:

	Group		Company	
	2023	2022	**2023**	2022
Higher foreign currency exchange losses	**– ***	– *	**(6,845)**	(15,239)

* The Group is exposed to currency translation risk arising from its net investment in Battersea. The Group's borrowings denominated in GBP were drawndown to provide capital injections to Battersea and is designated as a net investment hedge. As such, the unrealised foreign exchange differences in relation to the GBP denominated borrowings were adjusted to the Group's other comprehensive income and were offset against the foreign exchange differences arising from the underlying net investment.

43 IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as the ultimate holding company. Both companies are incorporated in Malaysia.

44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	2022	
Subsidiaries					
Harvard Golf Resort (Jerai) Berhad	Leasing of clubhouse building and golf course	Malaysia	**100.0**	100.0	1
Harvard Hotel (Jerai) Sdn Bhd	Leasing of hotel building	Malaysia	**100.0**	100.0	1
Impian Golf Resort Berhad	Provision of golfing and sporting services	Malaysia	**100.0**	100.0	1
Kuala Lumpur Golf & Country Club Berhad	Provision of golfing and sporting services and property development	Malaysia	**100.0**	100.0	1
MVV Holdings Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Seed Homes Sdn Bhd	Property development and investment holding	Malaysia	**100.0**	–	4
Sime Darby Nilai Utama Sdn Bhd	Property development	Malaysia	**70.0**	70.0	1

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2023	2022	Auditors
Subsidiaries (continued)					
Sime Darby Property (Ainsdale) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Ampar Tenang) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Ara Damansara) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Asset I) Sdn Bhd	Property investment and provision of property management services	Malaysia	**100.0**	100.0	1
Sime Darby Property (BBR Asset I) Sdn Bhd	Property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (BBR Asset II) Sdn Bhd	Property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (BBR Asset III) Sdn Bhd	Property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (BBR Asset IV) Sdn Bhd	Property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Jelutong) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Raja) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Subang) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Tunku) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (BUP Asset I) Sdn Bhd	Property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Chemara) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (City of Elmina) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1

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For the financial year ended 31 December 2023

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2023	Group's effective interest (%) 2022	Auditors
Subsidiaries (continued)					
Sime Darby Property (Convention Centre) Sdn Bhd	Operation of a convention centre	Malaysia	**100.0**	100.0	1
Sime Darby Property (EBP Asset I) Sdn Bhd	Property investment	Malaysia	**100.0**	–	4
Sime Darby Property (Elmina East Asset I) Sdn Bhd	Property investment	Malaysia	**100.0**	–	4
Sime Darby Property (Elmina East Asset II) Sdn Bhd	Property investment	Malaysia	**100.0**	–	4
Sime Darby Property (Elmina Lakeside Mall) Sdn Bhd	Property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Elmina Lakeside Mall Power) Sdn Bhd	Distribution and sales of electricity	Malaysia	**100.0**	–	4
Sime Darby Property (Glades) Sdn Bhd	Property investment, owner and operator of retail spaces	Malaysia	**100.0**	–	1
Sime Darby Property (Golfhome) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Golftek) Sdn Bhd	Property investment and property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Ironwood) Sdn Bhd	Property investment and property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Kenny Hills) Sdn Bhd (formerly known as Sime Darby Brunsfield Kenny Hills Sdn Bhd)	Property development	Malaysia	**100.0**	60.0	1
Sime Darby Property (KL East) Sdn Bhd	Property development, property management and property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Klang) Sdn Bhd	Provision of management services	Malaysia	**100.0**	100.0	1

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2023	2022	Auditors
Subsidiaries (continued)					
Sime Darby Property (KLGCC Resort) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Lagong) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Lembah Acob) Sdn Bh	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Lukut) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (MVV Central) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Nilai) Sdn Bhd	Property development and property management	Malaysia	**100.0**	100.0	1
Sime Darby Property (Nilai Realty) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Oasis Damansara) Sdn Bhd (formerly known as Sime Darby Brunsfield Damansara Sdn Bhd)	Property development and property investment	Malaysia	**100.0**	60.0	1
Sime Darby Property (Oasis Square) Sdn Bhd (formerly known as Sime Darby Brunsfield Properties Holding Sdn Bhd)	Property investment and property management services	Malaysia	**100.0**	60.0	1
Sime Darby Property (Pagoh) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (PJM) Sdn Bhd (formerly known as Sime Darby Brunsfield Motorworld Sdn Bhd)	Investment holding	Malaysia	**100.0**	60.0	1
Sime Darby Property (Sabah) Sdn Bhd	Property development and investment holding	Malaysia	**100.0**	100.0	1
Sime Darby Property (Saujana Impian) Sdn Bhd	Property development and property management	Malaysia	**100.0**	100.0	1

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	**2022**	
Subsidiaries (continued)					
Sime Darby Property (Senada) Sdn Bhd (formerly known as Sime Darby Brunsfield Resort Sdn Bhd)	Property development	Malaysia	**100.0**	60.0	1
Sime Darby Property (Selangor) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Serenia City) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (SJ7) Sdn Bhd	Property development	Malaysia	**100.0**	100.0	1
Sime Darby Property (Subang) Sdn Bhd	Property development, property management and property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property (Sungai Kapar) Sdn Bhd	Investment holding, property development, property investment, owner and operator of a mall	Malaysia	**100.0**	100.0	1
Sime Darby Property (Utara) Sdn Bhd	Property development and property investment	Malaysia	**100.0**	100.0	1
Sime Darby Property Holdings Sdn Bhd	Property investment and provision of property management services	Malaysia	**100.0**	100.0	1
Sime Darby Property Management Sdn Bhd	Property management services and property investment holding	Malaysia	**100.0**	100.0	1
Sime Darby Property Oasis (Holding) Sdn Bhd (formerly known as Sime Darby Brunsfield Holding Sdn Bhd)	Investment holding, property development and provision of management services	Malaysia	**100.0**	60.0	1
Sime Darby Property Selatan (Holding) Sdn Bhd	Property development, property investment and investment holding	Malaysia	**100.0**	100.0	1
Sime Darby Property Selatan Sdn Bhd	Investment holding, asset management and construction	Malaysia	**60.0**	60.0	1

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2023	Group's effective interest (%) 2022	Auditors
Subsidiaries (continued)					
Sime Darby Property Selatan Satu Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	**60.0**	60.0	1
Sime Darby Property Selatan Dua Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	**60.0**	60.0	1
Sime Darby Property Selatan Tiga Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	**60.0**	60.0	1
Sime Darby Property Selatan Empat Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	**60.0**	60.0	1
Sime Darby Property Urus Harta Sdn Bhd	Investment holding and property management services	Malaysia	**100.0**	100.0	1
Sime Darby Property Ventures (MY) Sdn Bhd	Investment holding	Malaysia	**100.0**	100.0	1
Sime Darby Property (Capital Holdings) Pte Ltd	Investment holding	Singapore	**100.0**	100.0	3
Sime Darby Property Singapore Limited	Property management and investment holding	Singapore	**100.0**	100.0	3
Sime Darby Property (Vietnam) Pte Ltd	Investment holding	Singapore	**100.0**	100.0	3
Sime Darby Property (Hong Kong) Limited	Investment holding	Hong Kong SAR	**100.0**	100.0	2
Sime Darby Property (London) Limited	Property investment holding	United Kingdom	**100.0**	100.0	3

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%) 2023	Group's effective interest (%) 2022	Auditors
Joint ventures					
PJ Midtown Development Sdn Bhd	Property development	Malaysia	**50.0**	30.0	1
SDPLOG1 (MY Holdings) Sdn Bhd	Investment holding	Malaysia	**55.0**	55.0	1
Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd	Property investment	Malaysia	**50.0**	50.0	3
Sime Darby Property MIT Development Sdn Bhd	Investment holding and project management	Malaysia	**50.0**	50.0	1
Sime Darby Property Sunrise Development Sdn Bhd	Property development	Malaysia	**50.0**	50.0	1
Aster Real Estate Investment Trust 1	Real estate investment	Singapore	**25.0**	25.0	3
SDPLOG – IDF 1 (JV Holdings) Pte Ltd	Investment holding	Singapore	**51.0**	51.0	2
Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP	Trust, funds and other similar activities	Singapore	**55.0**	55.0	2
Battersea Project Holding Company Limited	Property development and investment holding	Jersey	**40.0**	40.0	2
Battersea Power Station Development Company Limited	Development management services	United Kingdom	**40.0**	40.0	2
Battersea Power Station Estates Limited	Property/residential sales services	United Kingdom	**40.0**	40.0	2

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2023 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2023	**2022**	
Associates					
Kuantan Pahang Holding Sdn Bhd	Investment holding	Malaysia	**30.0**	30.0	1
Mostyn Development Sdn Bhd	Property development	Malaysia	**30.0**	30.0	3
Shaw Brothers (M) Sdn Bhd	Investment holding	Malaysia	**36.0**	36.0	3
Yayasan Sime Darby	Administration of scholarship awards and educational loans and undertake sports, environmental conservation and sustainability projects	Malaysia	@	@	1

@ Yayasan Sime Darby is a company without share capital, limited by guarantee

Notes to the Financial Statements

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries which are dormant/inactive as at 31 December 2023 are as follows:

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2023	**2022**	
Subsidiaries				
Sime Darby Builders Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Constant Skyline Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Property (BBR Industrial I) Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Property (Bukit Selarong) Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Property (H&L) Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Property (Kulai) Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Property (Subang Jaya) Sdn Bhd (formerly known as Sime Darby Brunsfield Property Sdn Bhd)	Malaysia	**100.0**	70.0	1
Sime Darby Property (UEP) Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Property (USJ) Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	**100.0**	100.0	1
Superglade Sdn Bhd	Malaysia	**100.0**	60.0	1
The Glengowrie Rubber Company Sdn Berhad	Malaysia	**78.7**	78.7	1
Sime Darby Property Real Estate Management Pte Ltd	Singapore	**100.0**	100.0	3
Key Access Holdings Limited	British Virgin Islands	**100.0**	100.0	4
Robt Bradford Hobbs Savill Limited	United Kingdom	**98.6**	98.6	4
Robt Bradford & Co Limited	United Kingdom	**100.0**	100.0	4

Notes to the Financial Statements

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44 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

The subsidiaries placed under members' voluntary liquidation or deregistered during the financial year are as follows:

Name of company	Country of incorporation	Group's effective interest (%) 2023	Group's effective interest (%) 2022
Subsidiaries			
Sime Darby Brunsfield Australia Pte Ltd	British Virgin Islands	–	60.0
Sime Darby Property Ventures (HK) Limited	Hong Kong SAR	–	100.0
Vibernum Limited	Guernsey	–	100.0

Notes:

1. Subsidiaries, joint ventures and associates which are audited by PricewaterhouseCoopers PLT, Malaysia.
2. Subsidiaries, joint ventures and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.
3. Subsidiaries, joint ventures and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited.
4. No legal requirements to appoint auditors or newly incorporated entities for which auditors have yet to be appointed.

45 RECLASSIFICATION OF COMPARATIVE

The Group changed its presentation policy on gains or losses arising from a change in fair value of investment property during the year. Such gains or losses are now presented as part of the operating profit in the consolidated statement of profit or loss. The net changes in fair value which forms part of the operating profit is also consistent with the measurement of segment results as disclosed in Note 39 to the financial statements. The reclassification allows for a more comprehensive and better reflection of the performance of the Group's operations which include the investment and asset management segment.

The reclassification had no effect on (1) the profit for the current and previous financial period; (2) retained earnings; (3) statement of financial position; and (4) statement of cash flows.

Notes to the Financial Statements

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45 RECLASSIFICATION OF COMPARATIVE (CONTINUED)

The effect of the reclassification of net changes in fair value on investment properties for the financial year ended 31 December 2022 are as follows:

i. Reconciliation of statement of profit or loss for the financial year ended 31 December 2022

Group	As previously stated	Reclassi-fication	As restated
Revenue	2,742,136	–	2,742,136
Cost of sales	(1,915,563)	–	(1,915,563)
Gross profit	826,573	–	826,573
Other income/(expenses)	22,368	(51,601)	(29,233)
Marketing and selling expenses	(118,065)	–	(118,065)
Administrative and other expenses	(243,036)	–	(243,036)
Operating profit	487,840	(51,601)	436,239
Share of results of joint ventures	(27,756)	–	(27,756)
Share of results of associates	1,661	–	1,661
Other gains	(11,508)	51,601	40,093
Profit before interest and taxation	450,237	–	450,237
Finance income	105,996	–	105,996
Finance costs	(97,373)	–	(97,373)
Profit before taxation	458,860	–	458,860
Taxation	(147,162)	–	(147,162)
Profit for the financial year	311,698	–	311,698
Other comprehensive income	(140,186)	–	(140,186)
Total comprehensive income for the financial year	171,512	–	171,512
Profit for the financial year attributable to:			
– owners of the Company	315,839	–	315,839
– non-controlling interests	(4,141)	–	(4,141)
	311,698	–	311,698
Total comprehensive income for the financial year attributable to:			
– owners of the Company	175,334	–	175,334
– non-controlling interests	(3,822)	–	(3,822)
	171,512	–	171,512
Basic and diluted earnings per share attributable to owners of the Company (Sen)	4.6		4.6

Notes to the Financial Statements

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46 SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

On 30 January 2024, the Industrial Development Fund ("IDF"), a joint venture of the Group, held its second closing with additional commitments of RM205.5 million from new limited partners, thus increasing the fund size to RM842.5 million. The Group's interest will be diluted from 55.0% to 32.6% upon the completion of capital calls and redistribution of partnership interests.

Following the execution of a shareholders' agreement with Lagenda Properties Berhad ("Lagenda Properties") to develop affordable homes, the share allotment of Seed Homes Lagenda Sdn Bhd, a 50:50 owned entity by the Group and Lagenda Properties, has been completed on 28 February 2024.

47 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 26 March 2024.