



INTEGRATED REPORT 2021

renewed FOCUS



Inside This Report



COVER RATIONALE

RENEWED FOCUS

At UEM Sunrise, we are looking to the future with Renewed Focus as we chart our path towards building the foundations for sustainable growth through comprehensive strategies to unlock the inherent value within our organisation and by putting the sustainability agenda front and centre. The needs of our customers will feature strongly in this approach as we strive to deliver relevant and exciting products that will meet their aspirations and enable us to maintain our position as a leading property developer.

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About This Report

REPORTING PRINCIPLES AND FRAMEWORK

UEM Sunrise's Integrated Report is our primary communication tool informing stakeholders about our progress against our strategic plans and efforts to create value. This is our third year in our integrated reporting journey in which we present balanced information about our operations from both financial and non-financial perspectives as set out under the International Integrated Reporting Council (IIRC) framework. UEM Sunrise has further ensured that the Report is aligned with the Malaysian Code on Corporate Governance (MCCG), the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, the Companies Act 2016, the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

Our sustainability reporting has been prepared with reference to the Global Reporting Initiative (GRI) Standards: Core Option, and in accordance with the Bursa Malaysia's Sustainability Reporting Guidelines. The Report also supports the disclosures required for the FTSE4Good Bursa Malaysia Index. Our sustainability disclosures are aligned with the United Nations Sustainable Development Goals (UNSDGs) and the United Nations Global Compact (UNGC) principles.

SUSTAINABILITY

In 2021, UEM Sunrise produced a Sustainability Statement in line with our progress to aligning our reporting practices more closely

with Integrated Reporting. Thus, while there are specific sections with disclosures about our economic, environmental and social initiatives, narratives of these elements will also be embedded throughout the Integrated Report. This year, you will find the following sustainability content in these sections.

- Our Approach to Sustainability pages 8 to 9
- Sustainability Review pages 58 to 87
- Our Materiality pages 94 to 95
- Sustainability Governance pages 122 to 123

 For more information on our Sustainable Development Agenda (SDG), please visit our website uemsunrise.com/sustainability

SCOPE AND BOUNDARIES

This Report describes our financial and non-financial performance during the period from 1 January 2021 to 31 December 2021. It covers all aspects of UEM Sunrise's businesses in Malaysia, particularly in the Central and Southern regions and internationally, namely Australia and South Africa. Apart from reporting on performance, the Report considers challenges to the business, and opportunities and risks that could impact our value creation process.

HOW WE CAN FURTHER IMPROVE

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

FORWARD-LOOKING STATEMENTS

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

NAVIGATION ICONS

OUR CAPITALS						OTHER ICONS
						 This icon tells you where you can find more information inside this Report.
Financial Capital	Manufactured Capital	Human Capital	Social and Relationship Capital	Intellectual Capital	Nature Capital	 This icon tells you where you can find more information online at uemsunrise.com .

The Year That Was

Date: 11 March 2021



Date: 4 June 2021



13 JAN

Announcement of cessation of further discussions with Eco World Development Group Berhad on the proposed merger with UEM Sunrise.

2 FEB

En Sufian Abdullah appointed as Chief Executive Officer of UEM Sunrise.

15 FEB

Termination of Master Agreement dated 16 February 2016 with Leisure Farm Corporation Sdn. Bhd., a wholly owned subsidiary of Mulpha International Berhad.

18 FEB

Issuance of RM400 million in nominal value of Islamic Medium Term Notes (IMTN).

22 FEB

Extension of conditional period for the Sale of UEM Land Berhad's (UEM Land) 20% equity in Aura Muhibah Sdn. Bhd. (AMSB) to KLK Land Sdn. Bhd. for a total consideration of RM183 million (Sale of Equity in AMSB).

26 FEB

Extension of time for submission of consolidated results for the financial year ended 31 December 2020.

11 MAR

Acquisition of prime land in Section 13, Petaling Jaya measuring 9.9 acres for a total consideration of RM200 million.

24 MAR

Consolidated results for the financial year ended 31 December 2020.

28 APR

Extension of time for the issuance of the 2020 Annual Report.

3 MAY

Receipt of additional assessment notices dated 30 April 2021 on 3 May 2021 from the Director General of Inland Revenue for additional taxes with penalties amounting to RM82 million for UEM Land and Symphony Hills Sdn. Bhd. (Notice of Additional Assessments).

20 MAY

Issuance of RM300 million in nominal value of IMTN.

Announcement of Notice of 13th AGM to be conducted fully virtual on 21 June 2021.

21 MAY

Sale of Equity in AMSB extended to 22 July 2021.

Issuance of Annual Report for the financial year ended 2020.

24 MAY

First quarter consolidated results for the financial period ended 31 March 2021.

25 MAY

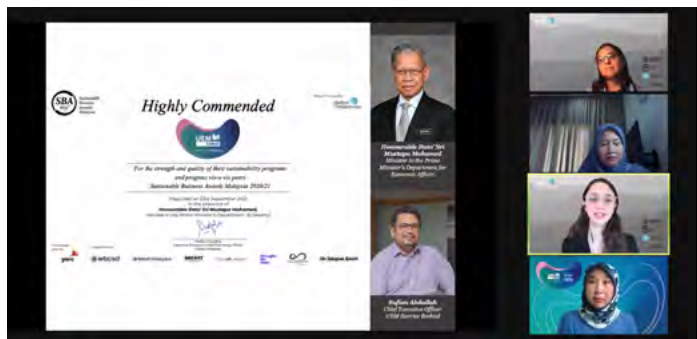
Grant of interim stay by the Kuala Lumpur High Court on the Notice of Additional Assessments until the disposal of leave application and the hearing of the application to intervene by the Inland Revenue Board.

The Year That Was

Date: 20 August 2021



Date: 23 September 2021



4 JUN

Acquisition of land adjacent to the Taman Connaught MRT Station, Cheras measuring 6.9 acres for a total consideration of RM197 million.

8 JUN

Sale of Equity in AMSB became unconditional.

17 JUN

Completion of Sale of Equity in AMSB; AMSB ceased to be a subsidiary of UEM Sunrise.

21 JUN

13th AGM held virtually.

Retirements of Datin Teh Ija Mohd Jalil, YM Ungku Suseelawati Ungku Omar and Tan Sri Dr Azmil Khalili Dato' Khalid as Independent Non-Executive Directors of UEM Sunrise.

Redesignation of Ms Christina Foo as Senior Independent Non-Executive Director of UEM Sunrise.

Appointments of Datin Sri Badrunnisa Mohd Yasin Khan and Mr Yeow Wai Siaw as Independent Non-Executive Directors of UEM Sunrise.

2 JUL

Execution of Sale and Purchase Agreements (SPA) with Lagenda Mersing Sdn. Bhd. for the divestment of agriculture land of 431.1 acres in Mersing, Johor for a total consideration of RM45 million.

30 JUL

Extension of conditional period for the sale of 72 freehold industrial plots in Phase 3, Southern Industrial and Logistics Clusters (SiLC) in Iskandar Puteri, Johor to subsidiaries of AME Elite Consortium Berhad for a total consideration of RM434 million (SiLC Phase 3 Sale).

20 AUG

Achievement of 'Industry Excellence' award at the Minority Shareholders Watch Group (MSWG) ASEAN Corporate Governance Award 2020.

25 AUG

Second quarter consolidated results for the financial period ended 30 June 2021.

8 SEP

Issuance of RM290 million in nominal value of IMTN.

21 SEP

Issuance of RM150 million in nominal value of IMTN.

23 SEP

Achievement of 'Highly Commended' Award under the Large Organisation category at the Sustainable Business Awards, Malaysia 2020/21.

The Year That Was

Date: 14 December 2021



2 OCT

Achievements at the Pertubuhan Akitek Malaysia (PAM) Awards 2021:

- 1) Silver:** Planning and Master Planning Category – Serimbun.
- 2) Silver:** Sports and Recreation Category – Estuari Sports Centre.
- 3) Silver:** Alteration & Addition Category – Refurbishment of Mall of Medini.

6 OCT

Establishment of IMTN Programme and Islamic Commercial Papers Programme, both with a combined aggregate limit of up to RM4.0 billion in nominal value, based on the Shariah principle of Murabahah.

11 OCT

Assessment of GOLD rating by the Malaysian Rating Corporation Berhad (MARC) on UEM Sunrise's Sustainability Sukuk Framework.

28 OCT

Extension of conditional period for SiLC Phase 3 Sale to 29 January 2022.

24 NOV

Third quarter consolidated results for the financial period ended 30 September 2021.

14 DEC

Achievement of The Edge Property Excellence Award:

Top Property Developers Awards 2021: Ranked 7th

Achievements of Outstanding and SHASSIC Achievement Awards 2021:

- 1) SHASSIC Score 100%**
Senadi Hills - Phase 1B
- 2) SHASSIC Score 99%**
Aspira Square
- 3) SHASSIC Score 98%**
- Aspira Gardens
- Solaris Parq Plot A
- 4) SHASSIC Score 96**
Residensi Allevia (SS)
- 5) SHASSIC Score 94%**
Senadi Hills - Phase 1A
- 6) SHASSIC Score 93%**
Residensi AVA - KMP5 (SS)
- 7) SHASSIC Score 90%**
Eugenia 2 - 1D2

17 DEC

SPA 1 of SiLC Phase 3 Sale became unconditional. The conditional period for SPA 2 was extended to 30 December 2022.

ONGOING PROJECTS

24 PROJECTS

LAND ACQUISITIONS

SECTION 13, PETALING JAYA

9.9 ACRES

GDV:

RM1.3 BILLION

TAMAN CONNAUGHT, CHERAS

6.9 ACRES

GDV:

RM1.0 BILLION

REVENUE

RM1.2 BILLION

SALES ACHIEVED

RM1.5 BILLION

TOTAL ASSETS

RM13.0 BILLION

TOTAL LIABILITIES

RM6.2 BILLION

GEARING

0.63x (GROSS)

0.50x (NET)

The Year That Was

2021 HIGHLIGHTS

LANDBANK TO BE DEVELOPED

10,624 ACRES

TOTAL ESTIMATED GROSS DEVELOPMENT VALUE (GDV)

RM107 BILLION

SALES PERFORMANCE BY REGION

71% FROM CENTRAL: TOP 3 - RESIDENSI AVA, RESIDENSI ALLEVIA & SERENE HEIGHTS BANGI

29% FROM SOUTHERN: TOP 3 - ESTUARI GARDENS, SENADI HILLS & ASPIRA PARKHOMES

UNBILLED SALES

RM2.4 BILLION

HIGHEST CONTRIBUTION FROM RESIDENSI AVA

LAUNCHED GDV

RM550.0 MILLION

INVENTORIES HELD FOR SALE

RM396.9 MILLION

NUMBER OF UNITS LAUNCHED

742 UNITS

NUMBER OF UNITS SOLD

1,595 UNITS

NUMBER OF UNITS COMPLETED AND HANDED OVER

431 UNITS

CASH AND CASH EQUIVALENTS

RM0.9 BILLION

FTSE4GOOD BURSA MALAYSIA INDEX

SCORE 3.0

(VS 2.6 IN 2020)

KEY PROPERTY AWARDS

RANKED 7TH

THE EDGE PROPERTY EXCELLENCE AWARDS 2021

PLATINUM

PUTRA BRAND AWARDS 2021

GOVERNANCE AND SUSTAINABILITY AWARDS

HIGHLY COMMENDED AWARD UNDER THE LARGE ORGANISATION CATEGORY AT THE SUSTAINABLE BUSINESS AWARDS, MALAYSIA 2020/21

MSWG-ASEAN CORPORATE GOVERNANCE AWARD 2020 (PROPERTY) (CONFERRED IN AUGUST 2021)

GOLD ASSESSMENT BY MARC ON SUSTAINABILITY SUKUK FRAMEWORK

Corporate Profile

UEM Sunrise is a public-listed company and one of Malaysia's leading property developers. It is the flagship company for township and property development businesses of UEM Group Berhad (UEM Group) and Khazanah Nasional Berhad (Khazanah).

The Company has core competencies in macro township development, high-rise residential, commercial, retail and integrated developments. UEM Sunrise is the master developer of Iskandar Puteri, Johor, envisioned to become the largest fully integrated urban development in Southeast Asia. The Company is also renowned as the pioneer developer of award-winning and upmarket developments, located largely in the affluent Mont'Kiara enclave as well as surrounding neighbourhood in Greater Kuala Lumpur. UEM Sunrise has extended its mark internationally with acclaimed properties in Singapore, Australia, Canada and South Africa.

Inspired by the ethos and tagline 'Find your Happy', the Company endeavours to inspire joy and happiness one space at a time, with its people, driven by the core values of CHIEF (Caring, Honest, Involved, Enthusiastic, Fun-loving).



Please visit our website at uemsunrise.com for more information.

Corporate Profile



Vision

Building communities of the future with you and for you.

Mission

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

Values

We consider ourselves **CHIEF** Happiness Officers; our values inspire us to create excitement and bring joyful experiences to all.

C

Caring

We care about others as much as doing good work. We take pride in what we do and have the desire to do the best we can consistently while conscientiously finding ways to improve. We find joy in our work we do, the people we do it with and the environment we create to do it in. We care for people, places we create, and our planet.

H

Honest

This interest we have in inspiring others in their quest for happiness must come from a place of honesty. Through honesty with an intent to build, we create trust. This becomes the foundation from which our business is built on and prospers. We are here to inspire and help others find their Happy through the environment we create, the products we offer, services we provide and initiatives we do – one space at a time.

I

Involved

We are actively involved in supporting our customers and stakeholders on their Find your Happy journey regardless of whether it is a masterplan we are developing, a residential tower we are building, a commercial centre we are constructing, a space we are creating or a child whose education we are helping. When we are actively involved and genuinely interested, we will always find ways to help inspire hopefulness in our customers', stakeholders' and colleagues' Find your Happy journey.

E

Enthusiastic

We remain optimistic and enthusiastic in the outcome and effect our efforts are contributing to the lives of all the people we touch in their Find your Happy journey. With this enthusiasm, positivity and belief comes a confidence borne out of a principled approach.

F

Fun-loving

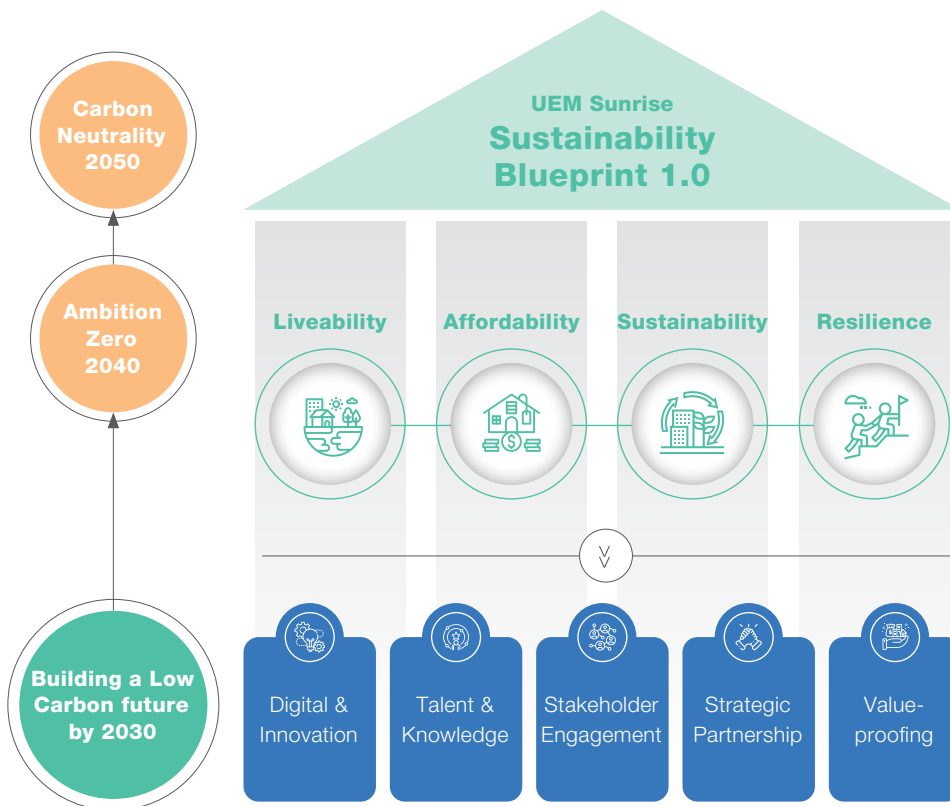
As all our ideas, creativity and decisions are made to positively impact others, we find this journey both fulfilling and enjoyable. We seek and generate ways to find the fun, excitement and happy in everything we do, as much as we can.

Our Approach to Sustainability

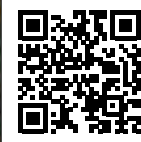
Sustainability is core in all that we do to create value and positive impacts to the business and our stakeholders.

In 2021, we strengthened our sustainability journey by establishing the UEM Sunrise Sustainability Blueprint 1.0, which sets out our sustainability roadmap towards reaching Carbon Neutrality 2050. This is in line with the Government of Malaysia's aspiration of achieving net zero emissions by 2050.

Starting with building a low carbon future by 2030, the UEM Sunrise Sustainability Blueprint 1.0 anchors on four pillars – Liveability, Affordability, Sustainability and Resilience. Supported by five enablers – Digital & Innovation, Talent & Knowledge, Stakeholder Engagement, Strategic Partnership and Value-proofing, the pillars aim to create Environmental, Social & Governance (ESG) values, rethink design, create positive impact and reduce GHG emissions.



The Sustainability Blueprint 1.0 also sets out the international reporting standards, operating standards and stakeholder capitalism metrics, which we will align with our reporting practices to further bolster our disclosures. Among the standards we are aligning with include Global Reporting Initiative (GRI), Integrated Reporting, Value Reporting Foundation, World Economic Forum, World Business Council for Sustainable Development and Task Force on Climate-related Financial Disclosures. We will also report according to the 21 core metrics and four pillars (Principles of Governance, Planet, Prosperity and People) recommended by the World Economic Forum.



For more information on UEM Sunrise Sustainability Blueprint 1.0, please visit our website uemsunrise.com/sustainability

Our Approach to Sustainability

To strengthen our sustainability journey and reporting practices, we conducted an internal gap analysis with identified business units to close the gaps and improve our sustainability rating. We have also identified 12 material matters that represent our ESG impacts and are pleased to report that the material matters are fully aligned with the FTSE4Good Bursa Malaysia Index.

Going forward, we will work towards fully integrating ESG practices in our business management and operations by implementing our sustainability agenda at the operational level, in compliance to the Malaysia Code on Corporate Governance.

 For more information on Our Materiality, please refer to pages 94 to 95.

Building a Low Carbon Future by 2030

We are committed to Carbon Neutrality 2050 and will kickstart our journey by building a low carbon future by 2030. This will be followed by reaching Ambition Zero 2040 prior to achieving the ultimate Carbon Neutrality 2050 goal. In our journey, we will:

- Manage the Company's environmental impact on carbon and water footprint and increasing energy efficiency at main offices, assets owned and project sites
- Create positive social impacts to the community where we operate and provide a safe and healthy workplace for our workforce
- Improve project delivery through process enhancement and transformation (Organisational Process Algorithm or OPA Project)

	What It Means	Our Commitment
Liveability	Providing a liveable city space with healthy, high-quality and human-centered smart spaces that enhance well-being, productivity and human experience	Providing buildings and liveable places that create and enhance living experiences, and enable residents and communities to thrive
Affordability	Providing inclusive and accessible quality spaces to all to minimise the effects of inequality	Ensuring financial access such as affordable rents or fair down payment requirements, and providing appropriate asset standards such as sufficient spaces as well as convenient locations with access to basic services including education and healthcare
Sustainability	Decarbonising spaces by employing a life cycle approach and moving towards Carbon Neutrality 2050 through strategic collaborations	Integrating sustainability practices into our business activities and products such as retrofitting old buildings with energy saving fittings to lower energy consumption, prioritising renovation or repurposing of buildings instead of demolition, and embedding sustainability in design, construction and operation and maintenance
Resilience	Developing buildings and spaces that are resilient and adaptable to change in form and function with minimal intervention needed to the existing structure	Ensuring all developments including cities and buildings are future-proofed and resilient against various risks such as climate and health crises

Corporate Information

BOARD OF DIRECTORS

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

Christina Foo
Senior Independent Non-Executive
Director

Dato' Mohd Izani Ghani
Non-Independent Non-Executive
Director

Zaida Khalida Shaari
Non-Independent Non-Executive
Director

Effizal Faiz Zulkifly
Non-Independent Non-Executive
Director

Chari T.V. Thirumala
Independent Non-Executive Director

Poh Ying Loo
Independent Non-Executive Director

**Datin Sri Badrunnisa
Mohd Yasin Khan**
Independent Non-Executive Director

Alex Yeow Wai Siaw
Independent Non-Executive Director

AUDIT COMMITTEE

Chairperson
Christina Foo

Member
Chari T.V. Thirumala
Poh Ying Loo

BOARD TENDER COMMITTEE

Chairman
Dato' Mohd Izani Ghani

Member
Zaida Khalida Shaari
Poh Ying Loo

BOARD GOVERNANCE & RISK COMMITTEE

Chairman
Chari T.V. Thirumala

Member
Christina Foo
Poh Ying Loo
Zaida Khalida Shaari

NOMINATIONS & REMUNERATION COMMITTEE

Chairperson
Datin Sri Badrunnisa Mohd Yasin Khan

Member
Christina Foo
Dato' Mohd Izani Ghani

BOARD DEVELOPMENT COMMITTEE

Chairperson
Zaida Khalida Shaari

Member
Effizal Faiz Zulkifly
Alex Yeow Wai Siaw

SECRETARIES

Liew Irene
MAICSA 7022609
SSM PC No.: 201908001893

Wong Lee Loo
MAICSA 7001219
SSM PC No.: 201908001993

AUDITORS

Ernst & Young PLT (AF: 0039)
Chartered Accountants

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

PRINCIPAL SOLICITORS

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad

Stock Name : UEMS
Stock Code : 5148
Stock Sector : Property

REGISTRARS

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

Tel : +603-7890 4700
Fax : +603-7890 4670

REGISTERED OFFICE

Level U6, Block C5, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur

Tel : +603-2718 7788
Fax : +603-6207 8003

Group Corporate Structure

As at 22 March 2022

SUBSIDIARIES

100%

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

50%

+ 1 share

Mega Legacy (M) Sdn. Bhd.

JOINT VENTURES

80%

Nusajaya Premier Sdn. Bhd.

60%

Cahaya Jauhar Sdn. Bhd.

55%

Nusajaya Lifestyle Sdn. Bhd.

51%

Desaru North Course Residences Sdn. Bhd.

50%

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

40%

Haute Property Sdn. Bhd.
Nusajaya Tech Park Sdn. Bhd.

30%

FASTrack Iskandar Sdn. Bhd.

ASSOCIATE COMPANIES

40.2%

Durban Point Development Company (Proprietary) Ltd.

40%

Aura Muhibah Sdn. Bhd.
Sarandra Malaysia Sdn. Bhd.
Scope Energy Sdn. Bhd.

39%

Inneonusa Sdn. Bhd.

25%

Setia Haruman Sdn. Bhd.

Note

The complete list of subsidiaries, associates and joint ventures and their respective principal activities, country of incorporation and the Group's effective interest are shown in notes 43 to 45 of the Audited Financial Statements on pages 296 to 306 of this Integrated Report 2021.

Chairman's Letter to Shareholders

Meeting the challenge through **Strong Fundamentals**

Dear Valued Shareholders,

On behalf of the Board of Directors (Board) of UEM Sunrise (Company or Group) it gives me great pleasure to present the UEM Sunrise Integrated Report for the financial year ended 31 December 2021.

The COVID-19 pandemic continued to disrupt markets around the world throughout 2021. In a fast-evolving environment with a subdued economic outlook, UEM Sunrise and its subsidiaries demonstrated strong resilience, strategically channelling our resources to strengthen our fundamentals and reposition our business for future growth.

DATO' NOORAZMAN ABD AZIZ
Chairman



Chairman's Letter to Shareholders

Aspira LakeHomes
in Iskandar Puteri, Johor



Residensi Allevia
in Mont'Kiara
(Artist Impression)



Navigating a Challenging 2021

In 2021, the COVID-19 pandemic continued to disrupt people's lives, weighing heavily on businesses and economies around the world. Although the global economy continued to recover, the uneven pace of recovery affected global supply chains while the resurgence of new variants slowed the momentum of economic recovery.

Domestically, there were vital signs of recovery in the first half of 2021, signalled by positive business and consumer sentiment and the roll-out of the National COVID-19 Immunisation Programme (PICK). However, the resurgence of new COVID-19 variants led to the imposition of the 11-week long Full Movement Control Order (FMCO) which began in June 2021, followed by a range of measures adopted under the four phases of the National Recovery Plan (NRP). To help businesses get back on their feet and bolster the economy, the Malaysian Government once again introduced various stimulus packages and accelerated the vaccination coverage under PICK. With high vaccination rates achieved and the subsequent easing of containment measures, Gross Domestic Product (GDP) expanded in the fourth quarter of 2021 to 3.6%, mainly supported by improvements in domestic demand as economic activity gradually normalised.

Recovery in the property market was disrupted with the implementation of the FMCO in June 2021. However, with the reopening of the economy in stages at the start of the third quarter, market activity increased with the acceleration of pent-up demand for properties, augmented further by the ongoing Home Ownership Campaign (HOC), which was extended to 31 December 2021. By then, the pandemic had already affected people's purchasing

power, given the disparity in the recovery rate among households across the different socio-economic sectors and income strata, accentuated further by changes in demand trends for space. This is reflected in the increasing number of homebuyers looking for larger and more flexible spaces on a budget while at the same time, there was also strong demand for premium homes in prime locations.

Under the prevailing economic and market conditions, we made good progress in terms of recovery, as we exhibited more robust performance in the first half of 2021 compared to the corresponding period in 2020. However, the second half was a mixed bag, interwoven with challenges due to the FMCO and the NRP.

Nevertheless, we took these in our stride and capitalised on the lockdowns to recalibrate. We re-evaluated and reshaped our growth strategy given the changes in consumer requirements for homes due to the prolonged effects of the pandemic. Decisive, proactive actions were taken to fortify and unlock value from our product pipeline and improve financial performance. For us, it was about safeguarding the business for the long term.

“
Decisive, proactive actions were taken to fortify and unlock value from our product pipeline and improve financial performance.



Chairman's Letter to Shareholders

We recognised the significant business opportunities to be leveraged on. We accelerated our sales initiatives, capitalising on the low interest environment and taking advantage of the numerous incentives offered under the HOC. We focused on building deeper connections with our customers and consumers, leveraging our digital capabilities and social media platforms to build awareness of our products and drive sales. With the various campaigns launched running parallel with the HOC, we exceeded our sales target in 2021, and achieved RM1.5 billion.

We took bold steps to acquire lands in Petaling Jaya and Taman Connaught, Cheras both in the Central region after successfully creating a presence in Kepong, Kuala Lumpur via our mixed-

integrated development, Kiara Bay. The new development in Taman Connaught is targeted for launch in the second half of this year. We also went ahead and introduced new structural processes to improve operational and cost efficiency throughout the organisation.

During the course of the year, I recognise that our ability to push ahead with our strategies is a testament of the capable team we have at UEM Sunrise. While we continuously paid close attention to their overall health and well-being, we understood that it was also challenging for them, both on the personal and professional fronts. Nevertheless, our employees which form the backbone of this company, continued to be a valuable source of support and inspiration for us to realise our goals.



UEM Sunrise volunteers posed for a group photo after the small but successful handover ceremony in front of the Company's satellite office in Iskandar Puteri, Johor. In line with its **CHIEF values, the Company is happy to empower communities through its CSR initiatives.**

Continuing our Sustainability Agenda

Sustainability plays a pivotal role in realising our vision "Building communities of the future with you and for you". Before the pandemic in 2020, efforts were already underway to set UEM Sunrise on the path of transformation as we began to integrate sustainability into our operations and products. The pandemic has also given us the opportunity to accelerate our efforts and to gain insights which have helped us reassess our operations and strategies.

As part of our commitment to balance business aspirations with the well-being of our people, communities and the needs of the future generations as well as respect for the environment, we focused on further embedding our ESG strategic values across the organisation

as part of our long-term strategy. In this regard, we aligned the UEM Sunrise Sustainability Blueprint 1.0 to the United Nations Sustainable Development Goals and the Government's 12th Malaysia Plan, which among others, focused on accelerating green growth, sustaining a low carbon pathway and enhancing energy sustainability. This in turn reinforced our commitment towards contributing positively to future generations.

The UEM Sunrise Sustainability Blueprint 1.0 represents our ambition of building a low carbon future by 2030 with the eventual goal of reaching carbon neutrality by 2050. A low carbon future by 2030 means we will manage our carbon and water footprint and increase energy efficiency across all our operations. We will also create positive social impact in the communities where we

Chairman's Letter to Shareholders

operate while providing a safe and healthy workplace for our workforce. In addition, we will improve project delivery through process enhancement and transformation. A number of our developments are already piloting this approach outlined by our Blueprint which will also compel us to create value from ESG principles and to rethink how we look at property development.

As a testament to our efforts in adopting ESG principles, we are proud to have remained as one of the handful of property developers to be a constituent of the FTSE4 Good Bursa Malaysia Index (F4GBM) during the year in review. We also received a gold assessment on the review of our Sustainability SUKUK Framework from Malaysian Rating Corporation Berhad (MARC). The external review was conducted according to MARC's methodology in its Impact Bond Assessment framework. The assessment further strengthens our journey in entrenching the sustainability agenda in a holistic manner.

Caring for our Communities

Throughout the year, we remained steadfast in our efforts to reach out to the communities around us, providing 100 personal computers to 10 PINTAR-adopted schools in Iskandar Puteri, Johor, to help over 6,500 students cultivate their digital literacy. We also distributed essential provisions to 1,000 individual and families consisting of the elderly in senior nursing homes, children in orphanages as well as underprivileged families in various communities around the Klang Valley who were impacted by the pandemic via our COVID-19 Livelihood Assistance Programme.

We also extended our outreach efforts to Melbourne, Australia where we provided free, fresh and culturally appropriate food to the international student community there by conducting the very first Foodbank International Student Pop-Up Store, in partnership with Foodbank Victoria. This was done to help international students who were experiencing food insecurity due to unexpected unemployment and ineligibility to receive financial support from the Australian Government during the COVID-19 pandemic. From October 2020 to December 2021, more than 66,420 international students from 134 different nationalities visited the store which distributed an estimated 608,960 kg of food.

Located at Foodbank Victoria's prime retail space at Aurora Melbourne Central, this initiative opened up employment opportunities for the students and at the same time, helped them address mental health challenges. It was a proud moment for us as we were one of the first few property developers to initiate this grassroots programme; from conceptualisation; to planning and delivery of the pop-up store.



● **First Foodbank International Student Pop-Up Store in Melbourne, Australia**

We added another accolade in this area, winning the Highly Commended Award under the Large Organisation category at the Sustainable Business Awards, Malaysia 2020/21. These awards reaffirmed our course in establishing a sustainable value chain for our customers and investors.

Moving forward, we remain committed to embedding the principles of sustainability throughout the organisation as this will ensure we are not only meeting the needs of our stakeholders, but also going above board to safeguard the environment. For the Group, it is about conducting our business in the right manner as this will ensure the long-term success of UEM Sunrise.

Chairman's Letter to Shareholders

Strengthening Governance

At UEM Sunrise, we continued to uphold the principles of good governance as this is embedded in across the organisation, including in our dealings with investors and stakeholders. Guided by our Board Charter, we remained committed to practising a high standard of corporate governance, ethics and integrity which underpins the way we do business and is embedded in the culture of the Company. Nevertheless, we were also cautious of emerging risks given the constantly changing environment. In this respect, we employed stronger diligence in monitoring risks to ensure we were able to meet our near-term goals and priorities.

The Malaysian Code on Corporate Governance (MCCG) was updated in April 2021, compelling organisations to adopt more robust governance practices. We ensured that we aligned ourselves to these updated requirements as this would strengthen the governance practices of UEM Sunrise and its Board. Along with this, we updated our Board Charter with the establishment of the Diversity, Equity and Inclusion Policy to create a more inclusive culture at UEM Sunrise, reinforced Board appointments criteria which will now be under the purview of the Nominations and Remuneration Committee, and improved oversight with regard to remuneration and whistleblowing, amongst others.

Efforts taken to strengthen our culture of Corporate Governance, transparency, accountability and integrity amidst a challenging business landscape did not go unrecognised. Our corporate

Received maximum score of 5.0 in the Governance category of F4GBM.

governance disclosure rankings increased during the year in review, and we received an improved maximum score of 5.0 in 2021, an increase from 3.6 in 2020, in the Governance category of the F4GBM. We also won the Minority Shareholders Watch Group (MSWG)-ASEAN Corporate Governance Award 2020 in the Industry Excellence Award category. Conferred in August 2021, it was our second award within a span of three years.

To strengthen the culture of integrity at UEM Sunrise, we conducted UEM Sunrise's Integrity Day on 10 December 2021, where we signed the Corruption-Free Pledge with the Malaysian Anti-Corruption Commission (MACC) to reaffirm our commitment towards upholding organisational integrity and zero-tolerance against any form of corruption. Conducted in conjunction with the International Corruption Day, this pledge was led by our Chief Executive Officer, Sufian Abdullah, together with our Board, employees and business partners.



Chairman

Dato' Noorazman Abd Aziz said:

It is an honour to be in good company and to have our efforts recognised with this prestigious accolade. Corporate Governance is a vital component upheld by our Board in delivering value to our stakeholders and forms the basis of our culture of professionalism and integrity.



Chairman's Letter to Shareholders

We also recognise that sustainability is a central component of our overall growth, and it is therefore managed by a core team and overseen by the Board Governance and Risk Committee. This demonstrates the integration of ESG risks and benefits into our long-term strategy, which is part of the recent amendments outlined in the MCCG.

Outlook and Prospects

In 2022, the Malaysian economy is expected to be on the path of recovery, although there may be challenges due to the external and demand factors including weaker-than-expected global growth, geopolitical tensions, supply chain disruptions and the emergence of new COVID-19 variants. Notwithstanding the prevailing economic outlook, we believe that property sales will remain strong given the current property prices and pent-up demand amid the ongoing economic recovery in addition to positive consumer sentiment. However, challenges ahead are expected, in view of the absence of the HOC, coupled with the likely increase in building costs and materials as well as possible interest rate hike by the central bank.

From now until 2023, improvements in key areas of our strategic turnaround plan will be critical in realising our aspiration and building a resilient future. As we continue to identify our issues, and progressively take the steps to make things right we will continue to focus on unlocking value from our products and accelerate cost optimisation initiatives to strengthen financial performance. We will also carry on with our digital transformation journey as means to drive further growth.



...we will continue to focus on unlocking value from our products and accelerate cost optimisation initiatives to strengthen financial performance.



We believe we have what it takes to realise the targets we have already set out for 2022. Building on our competitive advantage, we are confident of responding to the challenges that we will continue to face in the market, and place UEM Sunrise in a more robust position. The next few years will be crucial as it presents a clear roadmap towards realising our long-term aspirations to be a balanced, real estate company with sustainable returns, while at the same time, deliver real, meaningful value to our shareholders as well as stakeholders.

Acknowledgements

I would like to take this opportunity to thank our retired Directors, Tan Sri Dr Azmil Khalili Dato' Khalid, Datin Teh Ija Mohd Jalil, and Ungku Suseelawati Ungku Omar for their invaluable contributions towards UEM Sunrise.

I also warmly welcome Mr Alex Yeow Wai Siaw and Datin Sri Badrunissa Mohd Yasin Khan to the Board, after their appointment as new independent non-executive directors in 2021.

For their counsel and wisdom in leading us through this challenging environment during the past year, I can only offer my deepest appreciation and gratitude to the Board and Senior Management team.

Last but not least, I want to take this opportunity to acknowledge the continued support of our shareholders and stakeholders during this challenging year. My thanks also goes to our employees for their loyalty and dedication in helping us in our journey of recovery. Even though 2022 will be tough, I look forward to working with each and every one to realise our goals over the next 12 months.

Dato' Noorazman Abd Aziz
Chairman



Dear Valued Shareholders,

When we stepped into 2021, we were optimistic about the future after having experienced extensive disruptions due to the COVID-19 pandemic in 2020. While near-term was likely to be muted, we believed its impact would be less severe than that experienced in 2020, given the improving growth trajectory both in Malaysia and globally. In addition, the Malaysian Government had handled the pandemic relatively well, in tandem with the effective rollout of the PICK.

SUFIAN ABDULLAH
 Chief Executive Officer



Puteri Harbour

However, the resurgence of new COVID-19 variants and the increasing number of cases, led to the imposition of the FMCO on 1 June 2021, followed by the various containment measures under the four-phased NRP. The imposed restrictions affected the operations and construction progress for both our Central and Southern region projects including our progress billings. The overall environment also influenced the submissions of our development plans, which delayed planned new product launches, decreased the footfall at our retail operations, and more significantly, lowered the market valuation of several assets and properties. This curtailed growth ultimately impacted the Group's overall performance in 2021.

CEO's Letter to Shareholders



UEM Sunrise remained resilient and focused on strengthening our competitive advantage, responding to the present challenges while planning for future growth despite the challenging environment.

Our Business Performance

2021 was another year where we were not spared from the impact of the pandemic. Against the prevailing market environment, sustaining growth remained a key priority. We stayed committed to improving our performance as it is our responsibility to our shareholders and stakeholders who have always supported the Company's growth trajectory and journey.

In the first half of 2021, our overall performance showed that we were on the right track to recovery, given the industry's rising momentum and positive sentiments. Our properties recorded strong sales of RM707 million, 369% higher than the sales accomplished in the first half of 2020. Construction activities were also on an upswing, making up for the lack of progress in the previous year, with billings contributing to a 63% increase in revenue compared to the first half of 2020.

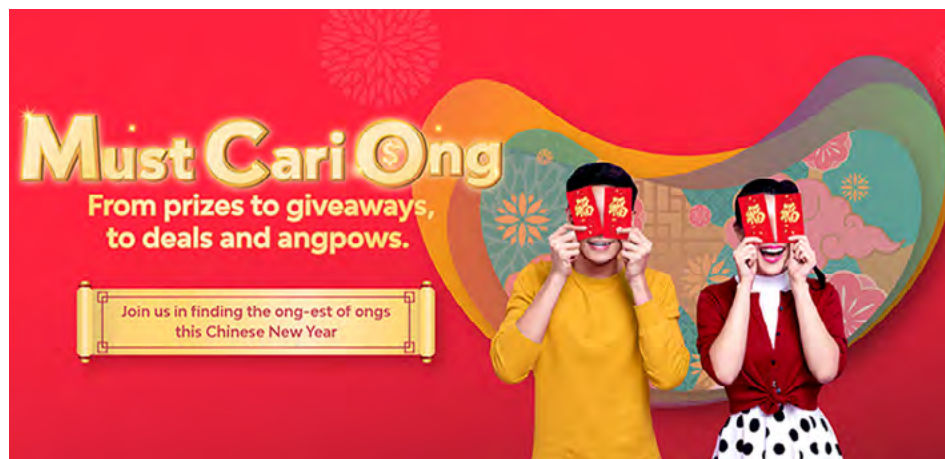
However, the imposition of the FMCO followed by the various measures enforced under phase 1 of the NRP due to the rise in COVID-19 cases required us to cease construction activities, pause operations at retail complexes and fully shutdown our sales galleries. Although economic activities reopened in stages as Klang Valley and Johor entered into the second and third phase of the NRP, respectively, by October, the subdued market environment had affected the Group's planned recovery and overall performance in 2021.

For the financial year ended 31 December 2021, UEM Sunrise registered a revenue of RM1.2 billion, 4% higher than the RM1.1 billion revenue recorded for the financial year ended 2020. The Company exceeded its sales target of RM1.2 billion by 22% and achieved total property sales of RM1.5 billion. The Group however, sustained a loss after tax and non-controlling interests of RM213.0 million after making impairment provisions for inventories and assets, which mainly affected the Group's margin in the fourth quarter of 2021. This inevitably impacted the overall financial performance of the Group in 2021.

CEO's Letter to Shareholders

It was imperative that we create a distinct value proposition for our customers and future-proof our products to cater to changes brought on by the pandemic and other shifts that may occur in the immediate to long-term.

Despite falling short of our RM1.2 billion target for planned launches for 2021 and launching approximately RM550 million of the total target, we successfully raked in RM1.5 billion in sales. This remarkable achievement was made possible by employing various targeted marketing campaigns such as our '#MustCariOng (MCO)' campaign, which was launched in conjunction with the Chinese New Year festive season and 'Riang Ria Raya Ceria' campaign. Following this, 'The Happy Chase 2021 Virtual Live Show' showcased selected products 'live' on Facebook and offered participating buyers attractive rewards and prizes for the property purchases made during the same day. These campaigns ran concurrently with the Government's HOC which ended on 31 December 2021.



Given the absence of the HOC in 2022, we reviewed and revitalised some of our incentives on selected products, catering to specific target markets in an effort to attract potential home buyers. We launched the Chinese New Year 'Happy Duo Duo' campaign, held from 16 January to 22 March 2022. With the positive response received, we have put in place several other campaigns for the rest of the year. Also in the pipeline is the launch of a product branding series which will be customised based on customer profiles to ensure there is something for everyone.

For 2021, we launched towers A and B of KAIA Heights in Equine Park, our new high-rise residential development, marking our inaugural foray into the mature neighbourhood of Seri Kembangan. Meanwhile in Serene Heights Bangi, we introduced the Verna-themed

landed homes, varying from garden clusters to lake villas which achieved an average take-up rate of 82% as of March 2022. Serene Heights Bangi remains as one of UEM Sunrise's most saleable residential developments.

Delivering Real Value - The Strategic Turnaround Plan

When I first took over as CEO 12 months ago, I saw that UEM Sunrise had enormous potential and today, I still believe that this is true. With its improved framework and experienced team, I believe that UEM Sunrise can unlock value and deliver to its shareholders and stakeholders, in a manner befitting its position as one of Malaysia's top property developers.

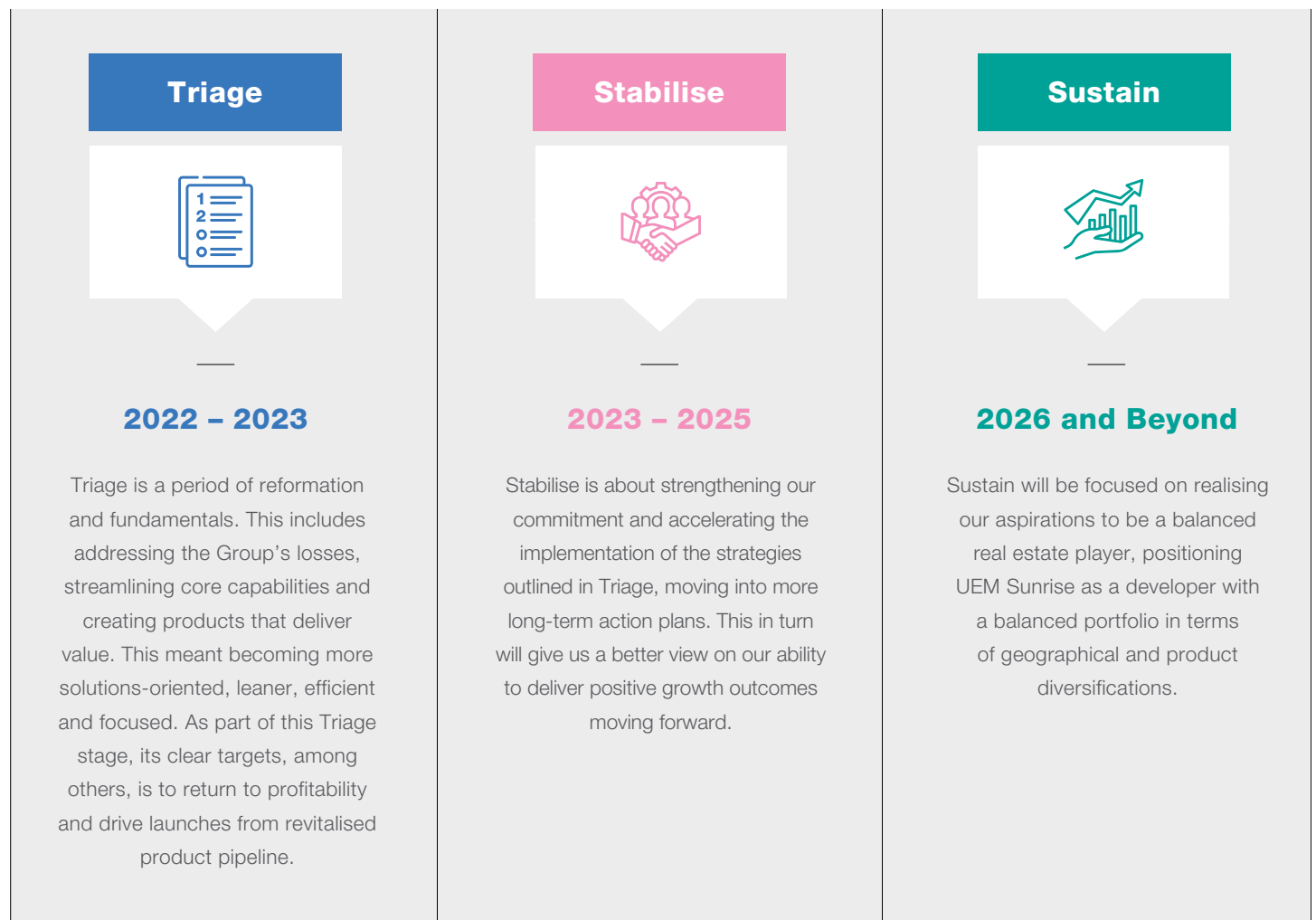
We have a total landbank in excess of 10,600 acres; 77% of it is in Johor. As part of our strategy, we are divesting non-strategic lands, either in Southern or Central, in pursuit of rebalancing our landbank portfolio. Irrespective of our divestment strategy, we will continue to retain strategic lands for existing and pipeline projects. As experienced master planners of township developments, including Iskandar Puteri, we also strengthened our reputation in designing unique product features, especially for high-rise products.

CEO's Letter to Shareholders

Previously, we adopted UEMS 2025, which was a strategic transformation programme launched in mid-2020 to position UEM Sunrise as a balanced real estate company. The overarching goal across these critical areas was to ensure that the Group's products, investment assets, and development resources were sharpened to meet market needs. However, with the onset of the pandemic, we realised the need to further improve our business operations, processes and systems, and cost structures to achieve greater efficiencies, while working towards reinforcing our product pipeline. It was imperative that we create a distinct value proposition for our customers and future-proof our products to cater to changes brought on by the pandemic and other shifts that may occur in the immediate to long-term.

As a responsible organisation, we are aware of our obligations to deliver sustainable returns to our shareholders and stakeholders alike. That is why following a strategic review of our business, market evolution and overall impact, we unveiled a three-pronged turnaround strategic plan in the fourth quarter of 2021. Through this plan, we implemented curated measures for issues that required immediate attention, namely restructuring our cost framework, strengthening financial performance and rebuilding our competitive advantage.

This corporate strategy will propel us towards our journey in transforming the Company into an effective and balanced real estate player in the next three to five years. The strategic turnaround plan's key focus areas:



CEO's Letter to Shareholders

Focusing on Triage

Currently, we are in Triage, intent on putting in place the relevant building blocks. This meant going back to the drawing board, identifying issues and challenges throughout the organisation, operational framework and reprioritising our plans. As we have set a clear, defined path towards becoming a balanced real estate player, our immediate goal is to strengthen financial performance, revitalise and strengthen our product portfolio, including our value proposition by making it more resilient via product diversification in response to market needs, and expedite these launches in 2022.

To this end, we are optimising our existing development masterplans to cater to customers' changing preferences. We also purchased two strategic parcels of lands in Petaling Jaya and Taman Connaught, Cheras to strengthen our product pipeline, extending our footprint in the Central region and driving sustainable growth. Underperforming assets and investments have also been identified for strategic divestment purposes, as part of our strategy to build our competitive advantage.

In terms of landbank, out of 10,624 acres of land which includes lands to be developed in collaboration with our partners, 77% is in the Southern region primarily Johor, followed by 17% in Tapah, Perak and another 6% in the Central region. Less than 1% is located in both Australia and South Africa. As at 31 December 2021, our total landbank stood at an estimated total Gross Development Value (GDV) of RM107 billion. In monetising our non-strategic landbank, we divested three parcels of agricultural land in Mersing, Johor for a total consideration of RM45.1 million in July 2021. The proceeds are expected to be recognised this year.

In streamlining our core business to allow the Group to be more focused, we are realigning our property portfolio and divesting selected non-core businesses as and when necessary. We divested our wholly-owned subsidiary, SCM Property Services Sdn. Bhd. (SCM) in March 2022. SCM provided management services for residences and dwellers for a number of properties in both the Central and Southern regions. With the completion of the divestment, SCM is no longer our subsidiary.

Besides reviewing our products and divesting non-core businesses or assets, it was imperative that we realigned our processes, products as well as people. In line with our vision of becoming a balanced real estate player, we recognised the need to ensure that we build and maintain a diverse, high quality talent pipeline as this will allow the Group to effectively deliver the strategy.

Where our people are concerned, we will move towards strengthening the UEM Sunrise High-Growth Culture by accelerating upskilling programmes to strengthen their capabilities and competencies as they adapt to the evolving environment. By using technology and digital tools; tailored and blended for ease of use throughout the organisation, our approaches and activities will be carried out to nurture a growth mindset, build trust and drive a strong culture of engagement. This we believe, will help drive greater collaboration as well as optimise productivity by providing mentoring and coaching programmes and most importantly, develop an empowered workforce.

While we are aware that it has been challenging for many, we are making every effort to also support our employees' overall health and well-being by organising continuous wellness programmes focusing on mental health management, heart-related diseases topics, and 'bouncing back' after COVID-19, amongst others, which we plan to continue until the immediate future. Apart from this, we are also in the midst of reviewing our policies and processes to reflect the relevant changes; in essence, creating the right environment to help them unleash their potential.

Lastly, we are simplifying the way we operate by tightening our operational processes, from initiation right up to monitoring and control to reduce wastage, be it in the context of time or cost. We are making our people more accountable, driving continuous improvements to simplify and enhance efficiency throughout the organisation, leveraging on technology and tools.

Taking on a cost rationalisation approach, we worked on improving our financial discipline across all our operations, creating a more efficient cost structure. It has proven to be beneficial as our employees have not only supported our efforts but demonstrated their ability to be more resourceful and creative. This is actually quite critical as our success will produce stronger returns.

CEO's Letter to Shareholders



...we introduced the hUb series apps namely 'hUb Home', 'hUb Mall' and 'hUb Life' apps which were officially launched on 3 March 2021 with its various enhancements, which gave customers added convenience and greater access to our services.

Digital Initiatives

The pandemic accelerated our digital transformation and with this, allowed us to introduce more digital-based enhancements to improve customer experience and overall business operations. During the course of the year, we introduced the hUb series apps namely 'hUb Home', 'hUb Mall' and 'hUb Life' apps which were officially launched on 3 March 2021 with various enhancements, which gave customers added convenience and greater access to our services. These apps are targeted at improving customer experience, providing added convenience and enriching home buyers' digital lifestyle. In the fourth quarter during the year under review, we introduced a new feature in the hUb app which included an interior design (ID) selection. With this, home buyers can now select and purchase ID packages at their convenience, just using their fingertips.

On the employee front, we were able to provide more comprehensive services and improve customer engagement. This included strengthening our back-end systems and equipping our sales personnel with added information to drive sales. Besides this, efforts were also made to protect the Company from cyber security threats where talks on improving technology security for employees were conducted.

In an effort to drive greater synergy between the various teams and gain better insights into customers' demand, design workshops were also held between the sales and development teams. This allowed us to introduce designs that fulfilled customer needs for the upcoming developments, following the purchase of lands in Petaling Jaya and Taman Connaught, Cheras.

Our digital transformation journey plays an important role in our future growth. Given the extraordinary pace of digital and technology adoption that we have seen in the last few years, we will continue to realise our digital agenda, building on the momentum thus far.

Outlook and Prospects

According to Bank Negara Malaysia (BNM), the economy for 2022 is expected to remain on the path to recovery, although the balance of risks remains tilted to the downside due to external and demand factors including weaker-than-expected global growth, worsening supply chain disruptions and emergence of new COVID-19 variants. The global economy is also expected to experience continued recovery as the International Monetary Fund (IMF) has maintained its global growth projection of 5.9% for 2021, albeit projecting a slower pace of recovery of 4.4% in 2022. The recent outbreak of the Russia-Ukraine war and the consequential Brent crude oil price escalation has inevitably added uncertainty, and may impede Malaysia's export-led economic recovery, likewise global growth.

On the domestic front, according to the Ministry of Finance in its Economic Outlook 2022 and Budget 2022, economic recovery is expected to gain momentum in 2022, with growth projected at between 5.5% to 6.5%, anchored by a rebound in domestic demand, continued expansion in exports, and improvements in the trading of goods and the labour market. These are mainly enabled by the successful vaccination programme which managed to inoculate 80.8% of the total population to-date, facilitating the opening of more economic sectors.

BNM on the other hand, is also expected to raise interest rates in the second half of 2022 to support economic recovery, taking into consideration inflationary risks and geopolitical tensions. While this may affect the property market as house buyers will no longer be able to take advantage of the low interest rates, we anticipate that even with the rate hike, borrowing rates would still be cheaper than those offered during the pre-pandemic period.

CEO's Letter to Shareholders

Moreover, attractive property deals and developer-led campaigns including upcoming campaigns to be launched by UEM Sunrise, are expected to propel the recovery of the property industry. While many still pursue a “wait-and-see” approach, we are seeing a gradual trend where customers are beginning to consider making property purchases, either as their first homes, or upgrade lifestyles and living spaces within area of easy access to amenities, facilities and good infrastructure.

Against this backdrop, the country will be transitioning into an endemic phase on 1 April 2022 where all restrictions pertaining to business operating hours will be removed, amongst others, though admissions via MySejahtera and the wearing of face masks in public places will still be mandatory. While this is only a temporary phase, pending a formal announcement from the World Health Organisation, it also acts as an exit strategy that will allow Malaysians to return to normalcy, after two years of uncertainty.

Our Future Orientation

With the economy going into recovery mode, we will aggressively pursue our turnaround strategy, continuing with our ‘Triage’ initiatives, which will lay a strong foundation for ‘Stabilise’ to kickstart in 2023.

While we have made progress on our strategy in 2021, we need to keep the momentum going. The next 12 months will be crucial in bringing UEM Sunrise ‘back-to-black’. To realise these targets, our productivity will continue to be centred on Triage, backed by the timely execution of our product launches and revised cost structure. The success in managing costs will be reflected across all key areas as this will lead to efficiencies and improved margins. At the same time, we are constantly reshaping our product portfolio by including innovative features into future developments as we believe this would create long-term value for purchasers.

Our actions are also aligned with the UEM Sunrise Sustainability Blueprint 1.0 that charts our path towards building a low carbon future by 2030. The aim is to begin turning ESG challenges into opportunities. For instance, instead of short-term fixes for perennial issues such as cost and labour, we will turn this into opportunities to adopt sustainable procurement practices and to become an employer that adheres soundly to ESG principles.

We will forge ahead to unlock value from our portfolio, focusing on quality, built with sustainable practices and designs, all of which will be priced accurately to meet the demands of customers and the communities. We have also repackaged our sales incentives for selected products to cater to specific market segments.

We established a team that will essentially focus on setting new industry benchmarks. Apart from reviewing our development masterplans, there will be sustained efforts to drive product innovation and design that is aligned to the UEM Sunrise’s unique product DNA. Here, UEM Sunrise will be taking an integrated approach to development which will be based on a comprehensive design process, inclusive placemaking and urban design; all founded on the fundamentals of sustainability. To this end, we have set a sales target of RM1.5 billion for 2022, by launching projects worth up to a GDV of RM3.3 billion. This would also include activating our 1.3-acre site in Collingwood, Melbourne with a GDV of AUD250 million and a new high-rise residential development in Mont’Kiara with an estimated GDV of RM741 million, both expected to be launched in the second half of 2022.



● Sireh Park, Iskandar Puteri

CEO's Letter to Shareholders

We have also identified projects with capital outlays incurred and will be prioritising the development of such projects, especially those where infrastructure costs have been spent on. These projects are mostly located in the Southern region. Our commercial assets are being recalibrated to ensure they deliver the required yields and returns. On top of that, we will also look into integrated mixed-used developments with commercial assets as we want to monetise these assets in the near term and leverage on synergistic benefits through strategic partnerships.

The Group will also move forward on the strategic divestment of our non-strategic lands and assets. We have already earmarked lands and assets valued in excess of RM300 million, which will be gradually divested in 2022 and into the first half of 2023.

We will continue to acquire strategically located lands in the Central region, especially those with good infrastructure networks, as this will add value to the lifestyle of our customers and stakeholders, and bolster our sales funnel in the near term. We are also looking to restructure some of our strategic collaborations, especially in



With the economy going into recovery mode, we will aggressively pursue our turnaround strategy, continuing with our 'Triage' initiatives, which will lay a strong foundation for 'Stabilise' to kickstart in 2023.

the Southern region. Apart from this, work on streamlining our processes, building the right talent, and optimising our operations will continue as this demonstrates our seriousness in simplifying the way we operate, with an eye on lowering costs and paring down debt.

At UEM Sunrise, we believe in operating with the highest integrity and commitment to drive growth over the short- and medium-term. We have made positive strides towards achieving our phase one targets of the turnaround plan, tackling key challenges and constantly reviewing our progress against our goals. As a team, we have harnessed new knowledge, changed our mindsets to adapt to recent trends and embraced new opportunities. We are doing whatever it takes to strengthen our business and financial performance.

I would like to extend my appreciation and utmost thanks to the Board and senior leadership team for their continuous support and valuable counsel. I would like to personally commend our employees who have demonstrated a strong culture of execution throughout these last 12 months. Their unwavering dedication and hard work have been genuinely immeasurable, despite the challenges. Moving forward, I am confident we will be able to emerge as a stronger organisation in the near term.

Thank you.

Sufian Abdullah

Chief Executive Officer



Management Discussion & Analysis

FINANCIAL REVIEW

The two-year pandemic period has impacted our business and operations. Imposition of the various containment measures under the FMCO in 2021 followed by the various NRP phases, curtailed the Group's performance.

Similar restrictions in Melbourne, Australia also impeded our ability to complete the full settlement of Aurora Melbourne Central and Conservatory, hampering the handover of these completed properties to our buyers. Construction activities recommenced upon the reopening of the economy as Klang Valley and Johor entered into Phase 2 of the NRP in September 2021, albeit in stages in accordance with the relevant NRP Standard Operating Procedures (SOPs). With this, retail operations resumed and sales galleries were allowed to operate.

The easing of restrictions allowed us to function, and this contributed to a stronger revenue especially in the fourth quarter of 2021. Our balance sheet remained resilient despite the modest increase in gearing and adverse operating cashflow position. Nevertheless, the subdued market environment affected our planned recovery, and in turn, impacted our overall 2021 financial performance. Our sales performance on the other hand, was fairly remarkable despite the various containment measures, contributed by our marketing campaigns together with the HOC.

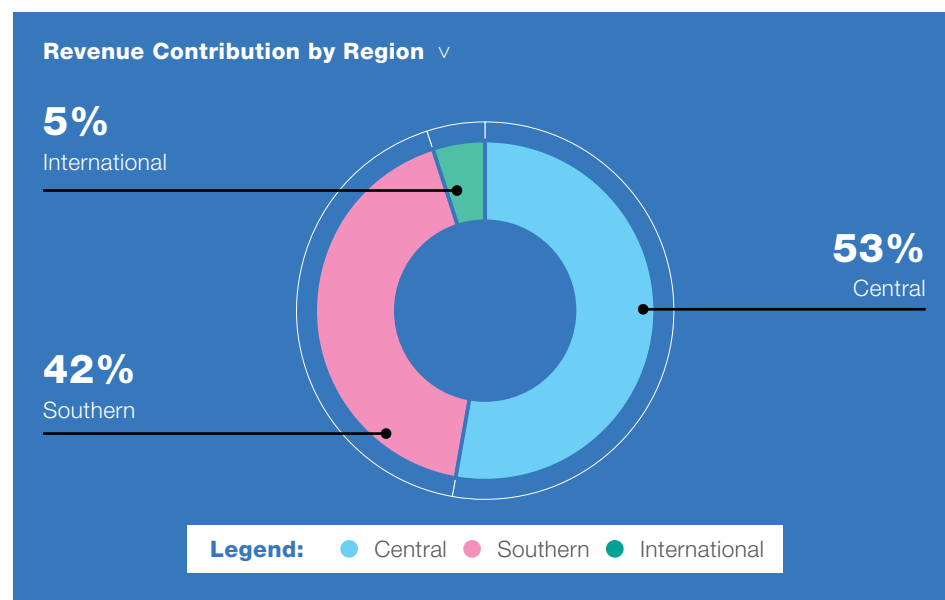
Corrective measures have been put in place with plans already underway. One of the

Group's immediate key focus areas was to reinforce product pipeline and launch products that cater to current market demand, leveraging on sustainability features and future-proofing our products against the likes of the current pandemic-related environment. This is anticipated to facilitate the turnaround of the Company, and improve our position in 2022.

Revenue and Earnings

For the financial year ended 31 December 2021 (FY2021), UEM Sunrise recorded a higher revenue of RM1.2 billion, 4% higher than the RM1.1 billion recorded for the financial year ended 31 December 2020 (FY2020), driven by construction progress and billings from our developments, namely Residensi Solaris Parq in Dutamas, Serene Heights Bangi, Kiara Kasih in Mont'Kiara as well as Aspira ParkHomes and Senadi Hills, both in Iskandar Puteri. In FY2020, a large portion of the total revenue was recognised in the fourth quarter mainly due to the settlement of the sale of Aurora Melbourne Central's en-bloc serviced apartments to Scape Australia Management Pty. Ltd. followed by the settlement of several completed units in both Aurora Melbourne Central and Conservatory.

Our relentless efforts to reduce inventories have been positive. Sale of completed properties in both the Central and Southern regions contributed RM182.6 million to the Group's total revenue in FY2021. This reduced the Group's inventory level by 15% to RM396.9 million in FY2021 from RM468.4 million in FY2020.

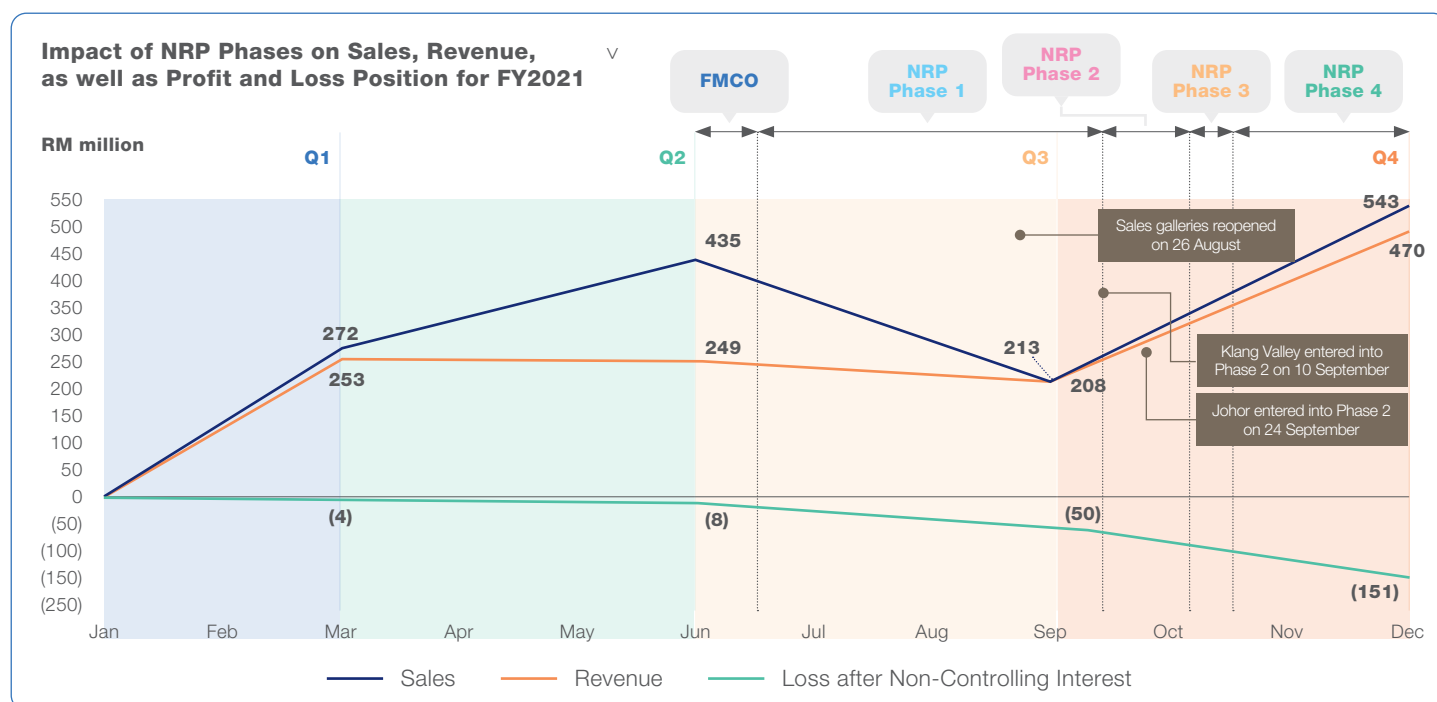


The sale of 38 industrial plots located in Phase 3 at our Southern Industrial and Logistics Clusters (SiLC) in Iskandar Puteri to Pentagon Land Sdn. Bhd., a subsidiary of AME Elite Consortium Berhad (AME), also contributed to total revenue.

Projects in the Central region contributed RM464.8 million of the total property development revenue, higher by 24% as compared to RM374.7 million in FY2020, backed largely by Residensi Solaris Parq, Serene Heights Bangi, Kiara Kasih, Residensi AVA in Kiara Bay and Residensi Astrea in Mont'Kiara. The Southern region also showed a substantial increase in its total property development revenue, RM181.0 million in FY2020 to RM367.3 million in FY2021, an upsurge of 103% mainly from Aspira ParkHomes, Senadi Hills, Estuari Gardens, 68° Avenue and Aspira Square, all in Iskandar Puteri.

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Our Australian developments, Aurora Melbourne Central and Conservatory contributed RM40.1 million towards the total property development revenue in FY2021 as we completed the full settlement of a few units in both projects following the lifting of the lockdowns in October 2021. This was a decline of 91% in contrast to FY2020's performance where RM448.1 million of the total property development revenue originated from Australia.

It is worth noting that approximately half of our ongoing developments which are currently at various early stages of construction progress, have an average take-up rate to-date of 77%, indicating a steady stream of revenue in the immediate future.

Property investment, facilities management as well as hospitality and estate land lease activities contributed RM94.1 million towards FY2021 total revenue, a slight drop of 10% from RM105.1 million in FY2020.

Market assessment of certain assets and properties were affected as they had to be written down to prevailing market valuations as a result of the prolonged pandemic period.

This in turn significantly impacted UEM Sunrise's overall profitability as we were required to make provision for impairments amounting to RM88.1 million, including writing down RM29.2 million of inventories. The impairment provision was a slight decline in comparison to the total provision made in FY2020 of RM93.3 million. Notably, these impairments did not affect the Group's cash flow position.

In terms of cost management, as the Group's operations were affected by the lockdown and NRP phases, we recorded a decline in our expenditure. This included our sales and distribution expenses, which dropped on account of the lesser marketing and promotional events, in addition to the ongoing cost rationalisation exercise, which generally resulted in the improvement of operating expenses by 10% compared to FY2020. This is encouraging and we target to continue managing cost to strengthen our profit and loss position in the coming quarters of 2022.

The Group recorded favourable share of results from joint-ventures and associates, registering positive gains of RM13.0 million in FY2021 compared to the loss of RM64.7 million in FY2020. Among the contributing factors to the gains included the improved performances from both our joint venture companies; Horizon Hills Development Sdn. Bhd., the developer of Horizon Hills in Iskandar Puteri and Sunrise MCL Sdn. Bhd., the developer of Forest Heights, a residential township in Seremban. Our associate, Setia Haruman Sdn. Bhd., the master developer of Cyberjaya, also contributed to the favourable share of results.

Nonetheless, the Group recorded a loss after tax and non-controlling interests of RM213.0 million in FY2021, narrowing it by 23% from RM277.3 million in FY2020.

Our unbilled sales, which stood at RM2.4 billion as at 31 December 2021, is anticipated to be substantially recognised over the next 18 to 36 months depending on the billings and projects' construction progress. This will contribute positively towards our revenue and earnings in the coming years.

Management Discussion & Analysis

FINANCIAL REVIEW

Balance Sheet

Our balance sheet remained resilient with a total cash and cash equivalents of RM0.9 billion as at 31 December 2021.

Total borrowings remained manageable although it increased slightly by 3% to RM4.2 billion in FY2021 compared to RM4.1 billion in FY2020 due to commitments relating to acquisitions of new landbank, in addition to the funding of early stages of construction activities and others. This resulted in the Group's gross and net gearings increasing to 0.63x and 0.50x, respectively in FY2021, compared to 0.59x and 0.40x, respectively in FY2020. We are proactively monitoring and managing our liquidity position while maintaining an optimum gearing ratio. We anticipate a reduction in the Group's gearing level in the next two to three years as we enter into the Stabilise stage. This is when our business becomes stable and all the plans identified during the Triage period have been successfully executed and in progress. Be that as it may, we will continue to balance our gearing vis-à-vis business operations, and monitor our level of borrowings accordingly while positioning ourselves for improvement in 2022 and beyond.

As mentioned earlier, our efforts in inventories management have been constructive as reflected in the lower inventory level in FY2021 at RM396.9 million, which was the lowest in the past six years. We will continue to enforce effective measures and undertake a vigorous inventory monetisation exercise to improve our financial position in the coming months. We will also continue to conduct effective sales and marketing campaigns, as well as clear out inventories on a continual basis to generate the required sales and revenue. At the same time, we will monitor



our inventories vigilantly to ensure their levels do not only remain feasible, but also at a manageable degree, particularly with respect to our planned project launches of RM3.3 billion for 2022.

Land held for property development cost stood at RM5.5 billion, a decrease of 6% compared to FY2020's of RM5.8 billion. This was mainly due to the reclassification of our then subsidiary, Aura Muhibah Sdn. Bhd. (AMSB), which as of 31 December 2021 was no longer a subsidiary subsequent to the completion of the Share Sale Agreement with KLK Land Sdn. Bhd. (KLKL) for the disposal of UEM Land Berhad's 20% equity in AMSB to KLKL for a total consideration of RM182.6 million in June 2021. It also included the transfer of several land parcels to property development cost upon commencement of development activities. Notwithstanding, there were also acquisitions of new landbanks in the Central region.

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Established a new SUKUK programme comprising Islamic Commercial Papers and Islamic Medium Term Notes with a combined aggregate limit of RM4.0 billion in October 2021.

These new landbanks are strategically located in the Klang Valley. We acquired 9.9 acres of land in Section 13, Petaling Jaya from Dutch Lady Milk Industries Berhad for RM200.0 million with plans for a mixed commercial development at an estimated total GDV of RM1.3 billion in March 2021. In June 2021, we acquired 6.9 acres of land adjacent to the Taman Connaught MRT station in Cheras for RM197.0 million from Accolade Land Sdn. Bhd. With its close proximity to the MRT Station and six stops away from the Tun Razak Exchange, we plan to establish a transit-oriented development with

an estimated total GDV in excess of RM1.0 billion.



We have embarked on a number of efforts to improve our operating cashflow position, including taking on a cost rationalisation exercise and continuing the Group's inventory monetisation initiatives.

The pandemic has led to slower business operations and development activities. Collection was also impacted, and this resulted in the Group having to endure two consecutive years of negative operating cashflow. In FY2021, the negative operating

cashflow was RM43.4 million, although narrower by 52% compared to the negative position of RM89.8 million in FY2020. These circumstances together with the new land acquisitions have led to the increase in the Group's gearing.

We have embarked on a number of efforts to improve our operating cashflow position, including taking on a cost rationalisation exercise and continuing the Group's inventory monetisation initiatives. Simultaneously, we will increase our product pipeline launches to generate the required sales funnel and improve our unbilled sales, which at RM2.4 billion, is the highest since the bulk settlement of Aurora Melbourne Central and Conservatory in 2018.

We are also divesting non-strategic lands and underperforming assets, the proceeds of which are anticipated to further improve cashflow. In July 2021, we divested agricultural lands measuring 431.1 acres in Mersing, Johor for RM45.1 million to Lagenda Mersing Sdn. Bhd. In August 2020, we sold 623.1 acres of land in Tapah, Perak to Lagenda Properties Berhad for RM29.9 million. Proceeds from both transactions are expected in 2022. This is in addition to the divestment of a few other small pocket lands mainly in Iskandar Puteri. With regard to the sale of 72 industrial plots in Phase 3, SiLC to AME totalling RM434.3 million, proceeds are to be received progressively within the next five years. Note that the revenue recognised in FY2021 was for the first 38 industrial plots. We are also anticipating a higher rental collection from our retail component following the resumption of our retail operations after a two-year hiatus following the direct hit of the pandemic.

These key action plans are anticipated to build up the Group's operating cashflow in the immediate to mid-term.

We have also established a new SUKUK programme comprising Islamic Commercial Papers and Islamic Medium Term Notes with a combined aggregate limit of RM4.0 billion in October 2021. Under this new programme, our total unutilised line as at to-date is RM4.5 billion, providing us with sufficient credit lines to meet the Company's growth, if required. The programme also allows for the issuance of the ASEAN Sustainability, Sustainable Responsible Investment (SRI) Sukuk Murabahah in accordance with the UEM Sunrise's Sustainability Sukuk Framework. The ASEAN Sustainability SRI Sukuk Murabahah is in compliance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission, ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum (ACMF) and ASEAN Sustainability Bond Standards issued by the ACMF, among others. The utilisation is restricted to green and social projects such as green buildings, renewable energy, sustainable water and wastewater management, affordable housing and projects relating to socioeconomic advancement.

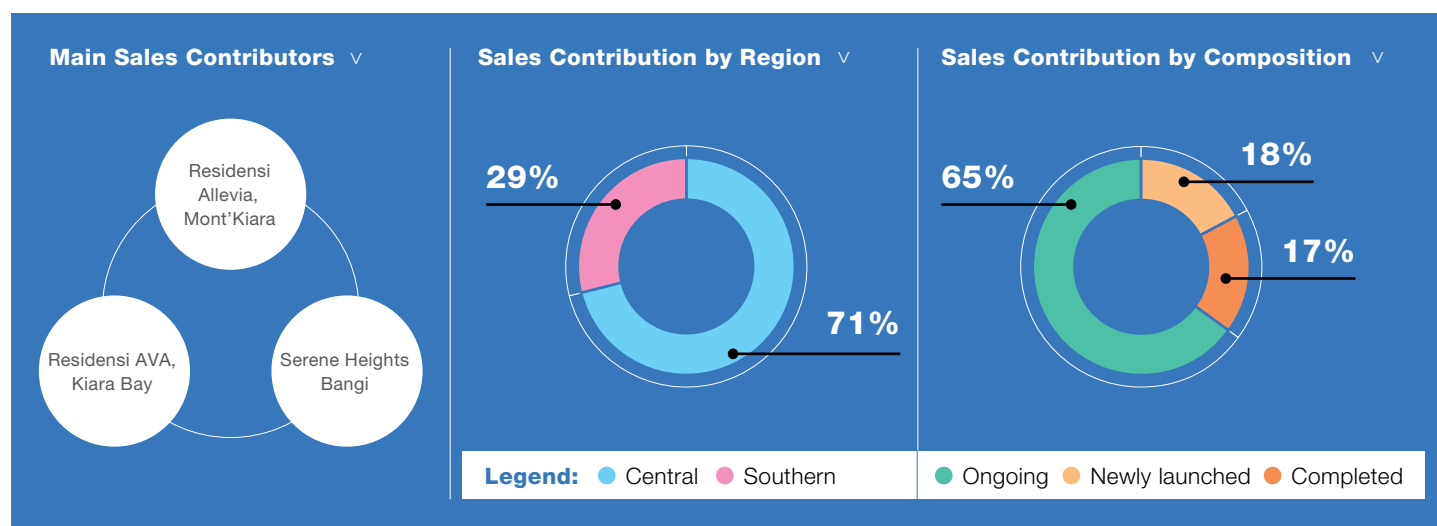
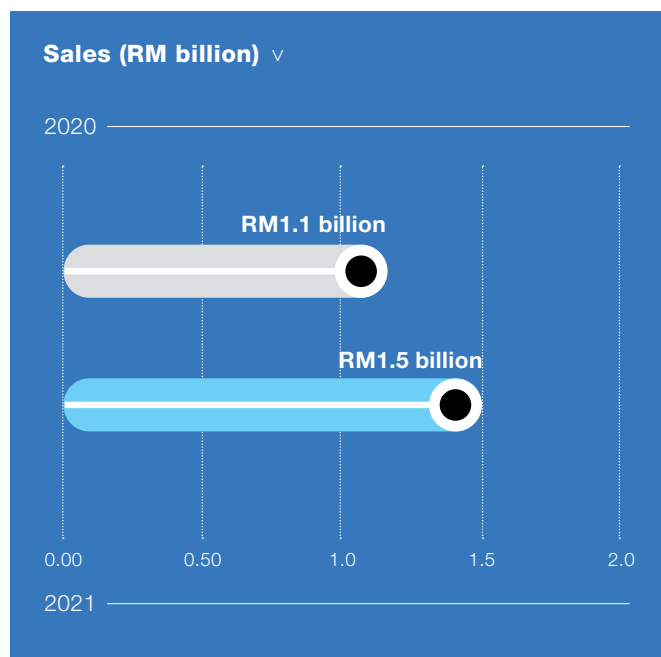
Management Discussion & Analysis

FINANCIAL REVIEW

Sales and New Product Launches

Amidst the challenges, the Group launched RM550 million worth of properties in 2021, compared to the initial RM1.2 billion GDV target. Regardless, we recorded RM1.5 billion in sales, compared to RM1.1 billion in the previous year, exceeding our 2021 target of RM1.2 billion by 22%. The higher sales performance achieved was driven by the introduction of several campaigns, namely '#MustCariOng (MCO)', 'Riang Ria Raya Ceria', 'Happy Chase 2021 Virtual Live Show' and HOC. 65% of the total sales were from ongoing projects, indicating that interest in our developments which are currently under construction, remained strong while 18% of the total sales were from the newly launched products. The remaining 17% was from inventories.

Delving further into our sales performance, 73% of the total property sales was due to the collective performance of our top five properties, namely Residensi AVA in Kiara Bay which saw a significant surge of 347% compared to its sales performance in 2020, followed by Residensi Allevia in Mont'Kiara, Serene Heights Bangi, the recently launched KAIA Heights and Estuari Gardens. In terms of regional contribution, 71% of the total sales contribution in 2021 was from the Central region while the remaining 29% was from the Southern region.



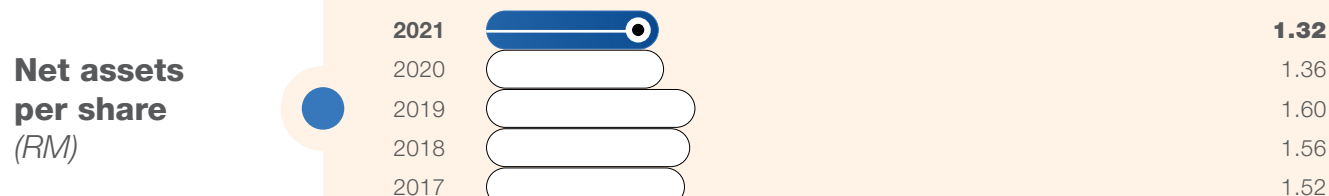
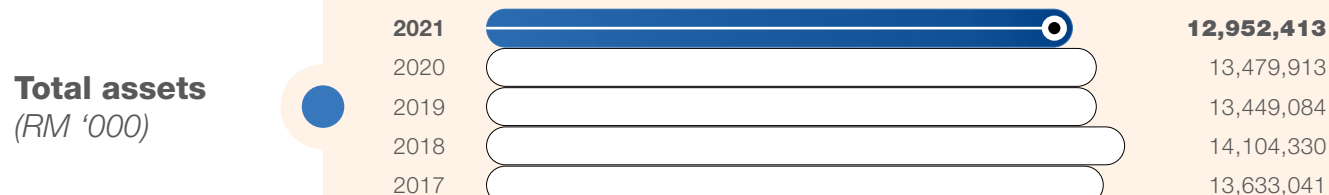
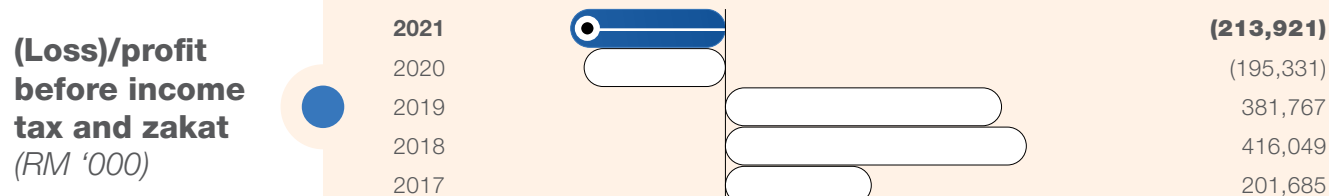
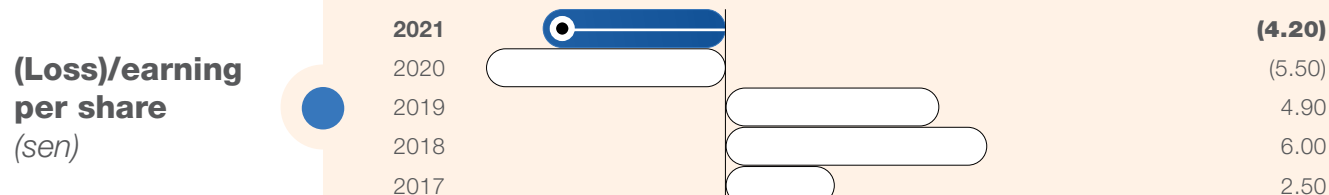
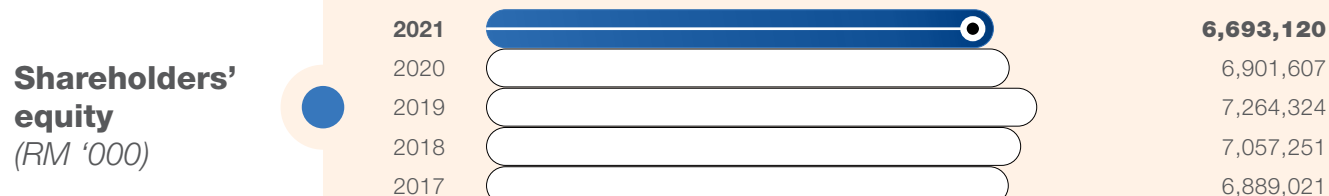
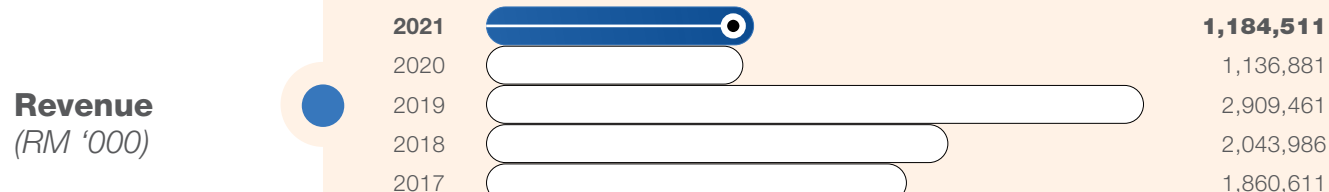
Given the strong sales achieved in 2021, we have set a higher sales target of RM1.5 billion for 2022. We are aware of the upcoming challenges, which include the absence of the HOC which ended on 31 December 2021, the rise in prices for construction materials as well as labour, and the likelihood of an interest rate hike due to the build-up from inflationary pressures affecting cost of borrowings, which could negatively impact buyers' sentiments. Notwithstanding, we expect demand from genuine home buyers to remain strong. Our planned product launches will also have a degree of product diversification to cater to the current market environment. We have also been seeing increasing demand for competitively priced products that come with sustainable features and flexible space. Moreover, the expected pick up in the economy in 2022, would augur well for the property sector in general.

We anticipate performance to improve in view of the recent borders reopening. This works well for the economy and should restore confidence in the market. The strategic turnaround plan where we have put in place the necessary building blocks to accelerate our transformation into a balanced real estate company is anticipated to revive the Group's performance. In the meantime, we continue to remain focused on realising the GDV target of RM3.3 billion and sales target of RM1.5 billion for 2022.

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Five-Year Financial Highlights



Management Discussion & Analysis

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Five-Year Group Performance

In RM'000	2021	2020	2019	2018	2017
Revenue	1,184,511	1,136,881	2,909,461	2,043,986	1,860,611
Cost of sales	(963,483)	(838,105)	(2,103,636)	(1,302,726)	(1,317,476)
Operating expenses	(340,748)	(372,729)	(402,030)	(339,652)	(350,124)
Operating (loss)/profit	(119,720)	(73,953)	403,795	401,608	193,011
Other income	37,530	76,150	75,598	74,347	56,211
Finance costs	(144,712)	(132,850)	(117,509)	(100,966)	(91,146)
Share of net results of associates & joint ventures	12,981	(64,678)	19,883	41,060	43,609
(Loss)/profit before income tax and zakat	(213,921)	(195,331)	381,767	416,049	201,685
(Loss)/profit attributable to owners of the parent	(213,047)	(277,284)	221,597	279,998	113,111
Shareholders' equity	6,693,120	6,901,607	7,264,324	7,057,251	6,889,021
(Loss)/earnings per share (sen)	(4.2)	(5.5)	4.9	6.0	2.5
Return on equity	-3.1%	-4.0%	3.1%	4.0%	1.7%

Group Quarterly Performance

In RM'000	First Quarter 31/03/2021	Second Quarter 30/06/2021	Third Quarter 30/09/2021	Fourth Quarter 31/12/2021	Year Ended 31/12/2021
Revenue	252,693	249,142	213,043	469,633	1,184,511
Cost of sales	(173,149)	(181,504)	(151,727)	(457,103)	(963,483)
Operating expenses	(62,522)	(65,087)	(69,078)	(144,061)	(340,748)
Operating profit/(loss)	17,022	2,551	(7,762)	(131,531)	(119,720)
Other income	9,994	11,763	5,093	10,680	37,530
Finance costs	(36,204)	(35,725)	(37,453)	(35,330)	(144,712)
Share of net results of associates & joint ventures	8,698	(5,355)	1,199	8,439	12,981
Loss before income tax	(490)	(26,766)	(38,923)	(147,742)	(213,921)
Loss attributable to owners of the parent	(4,319)	(7,367)	(50,381)	(150,980)	(213,047)
Shareholders' equity	6,916,172	6,908,041	6,837,246	6,693,120	6,693,120
Loss per share (sen)	(0.1)	(0.2)	(1.0)	(3.0)	(4.2)
Return on equity*	-0.3%	-0.4%	-2.9%	-8.9%	-3.1%

* annualised

Management Discussion & Analysis

FINANCIAL REVIEW

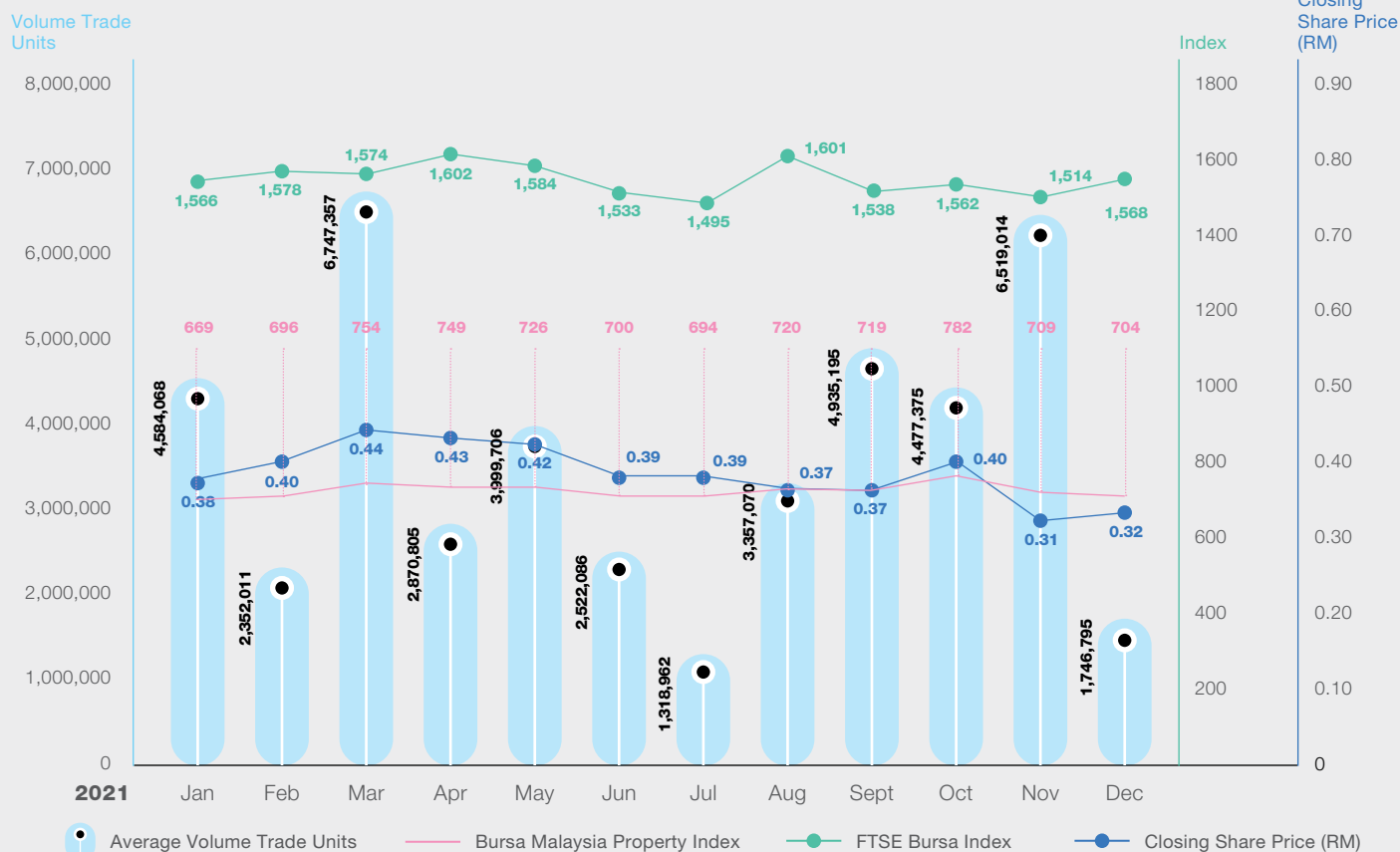
Five-Year Financial Review of the Group

in RM'000	2021	2020	2019	2018	2017
TOTAL ASSETS					
Property, plant and equipment, investment properties and right-of-use assets	1,252,419	1,319,957	1,330,196	1,174,255	1,026,806
Land held for property development and property development costs	6,283,488	6,790,979	6,484,009	6,526,850	6,973,762
Interests in associates, joint ventures and others	1,748,701	1,697,559	1,522,078	1,605,770	1,668,768
Inventories	456,887	580,532	948,947	1,293,609	609,690
Receivables	1,446,291	1,127,448	1,198,200	1,516,919	1,616,486
Goodwill	621,409	621,409	621,409	621,409	621,409
Deferred tax asset	290,191	255,760	286,799	286,917	308,116
Deposits, cash and bank balances	853,027	1,086,269	1,057,446	1,078,601	808,004
Total assets	12,952,413	13,479,913	13,449,084	14,104,330	13,633,041
TOTAL EQUITY AND LIABILITIES					
Share capital	4,960,276	4,960,276	5,110,276	5,110,276	5,110,276
Merger relief reserve	34,330	34,330	34,330	34,330	34,330
Other reserves	82,798	78,238	13,671	64,216	108,082
Retained profits	1,615,716	1,828,763	2,106,047	1,848,429	1,636,333
Non-controlling interests	102,931	468,974	468,332	363,722	363,127
Total equity	6,796,051	7,370,581	7,732,656	7,420,973	7,252,148
Borrowings	4,213,970	4,113,823	3,416,955	4,683,501	4,219,742
Income tax liabilities	3,981	19,008	71,760	48,880	55,074
Payables	1,379,581	1,446,130	1,579,015	1,182,508	1,322,572
Provisions and others	558,830	530,371	648,698	768,468	783,505
Total equity and liabilities	12,952,413	13,479,913	13,449,084	14,104,330	13,633,041
Net assets per share (RM)	1.32	1.36	1.60	1.56	1.52

Management Discussion & Analysis

FINANCIAL REVIEW Share Price & Volume Traded

UEM Sunrise Share Price Movement and Monthly Volume Traded



Month	Highest Share Price for the Month (RM)	Lowest Share Price for the Month (RM)	Average Monthly Volume Trade	¹ Closing Share Price (RM)	¹ FTSE Bursa Index	¹ Bursa Malaysia Property Index	Average FTSE Bursa Index
Jan 21	0.48	0.38	4,584,068	0.38	1,566	669	1,604
Feb 21	0.42	0.37	2,352,011	0.40	1,578	696	1,584
Mar 21	0.50	0.41	6,747,357	0.44	1,574	754	1,607
Apr 21	0.47	0.43	2,870,805	0.43	1,602	749	1,601
May 21	0.43	0.41	3,999,706	0.42	1,584	726	1,582
Jun 21	0.43	0.39	2,522,086	0.39	1,533	700	1,573
Jul 21	0.40	0.39	1,318,962	0.39	1,495	694	1,520
Aug 21	0.38	0.35	3,357,070	0.37	1,601	720	1,524
Sep 21	0.41	0.36	4,935,195	0.37	1,538	719	1,559
Oct 21	0.42	0.36	4,477,375	0.40	1,562	782	1,574
Nov 21	0.39	0.31	6,519,014	0.31	1,514	709	1,524
Dec 21	0.33	0.30	1,746,795	0.32	1,568	704	1,507

¹ Data is at the end of each respective month

Management Discussion & Analysis

BUSINESS REVIEW

UEM Sunrise is the flagship company for township and property development businesses of UEM Group and Khazanah. UEM Group is a wholly-owned subsidiary of Khazanah, the strategic investment fund of the Malaysian Government. We have core competencies in macro township development, landed and high-rise residential, commercial, retail and integrated developments.

In the Central region, UEM Sunrise is renowned for its award-winning and upmarket high-rise residential, commercial and mixed-use developments. Our developments are spread across Mont'Kiara, Serene Heights Bangi, Radia Bukit Jelutong in Shah Alam (joint venture with Sime Darby Property Berhad), Symphony Hills in Cyberjaya, Kiara Bay in Kuala Lumpur, KAIA Heights in Seri Kembangan and Forest Heights in Seremban (joint venture with MCL Land Ltd. (MCL)).

UEM Sunrise is also the master developer of Iskandar Puteri, one of the five flagship zones of Iskandar Malaysia in the Southern region. As master developer and largest landowner in Johor, we are in a strong position to cater to various market segments offering a variety of products to meet market demand. In most recent years, we have been focusing on mid-market and attainable landed homes, which appear to be the current appetite of the population in the Southern region. We have also master planned key development projects including:

- Puteri Harbour waterfront development;
- Gerbang Nusajaya;
- Afiat Healthpark; and
- SILC

We have also extended our presence beyond Malaysia, expanding into Melbourne, Australia with our 88-storey Aurora Melbourne Centre on La Trobe Street and our 42-storey Conservatory on Mackenzie Street. In June 2020, we acquired 1.3 acres of freehold land at Hoddle Street, Collingwood in Melbourne targeted for a mixed-use development with an estimated GDV of AUD250 million. In Durban, South Africa, together with the local municipal council, we have 30 acres of beachfront mixed development land which will be developed as a joint venture project in the near future.

UEM Sunrise is also the developer of the creative retail space known as Publika Shopping Gallery in Solaris Dutamas, as well as the four-star extended stay hotel, Hyatt House Kuala Lumpur in Mont'Kiara. In Iskandar Puteri, we own Marina Walk Puteri Harbour, a strip of retail properties fronting the promenade of the Public Marina as well as Anjung, a 'neighbourhood' retail and commercial development adjacent to East Ledang, to serve the needs of the residents living near the area.



Management Discussion & Analysis

BUSINESS REVIEW

UEM Sunrise's focus areas and available products

Legend: ● Central ● Southern ● International

Iskandar Puteri
Gerbang Nusajaya
Puteri Harbour

Nusa Bayu
Nusa Idaman
East Ledang
Estuari
Aspira LakeHomes
Aspira ParkHomes
Aspira Gardens

Serimbun
Senadi Hills
Horizon Hills (JV)
Fraser
Metropolis (JV)
The Maris,
Desaru (JV)

Serene Heights
Bangi
Kiara Bay
Forest Heights (JV)

Symphony Hills
Residensi Sefina
Residensi 22
Residensi Astrea
Arcoris
KAIA Heights
Residensi Solaris Parq
Radia Bukit Jelutong (JV)

Teega
Imperia
Almas
Emerald Bay (JV)
Aurora Melbourne Central
Conservatory

Anjung
Mall of Medini (JV)

Publika
Hyatt House KL (Hotel)
Club Houses
Carpark Management

Taman Nusantara
Bayu Nusantara
Denai Nusantara

Rumah Selangorku
Kiara Kasih (Residensi Wilayah)

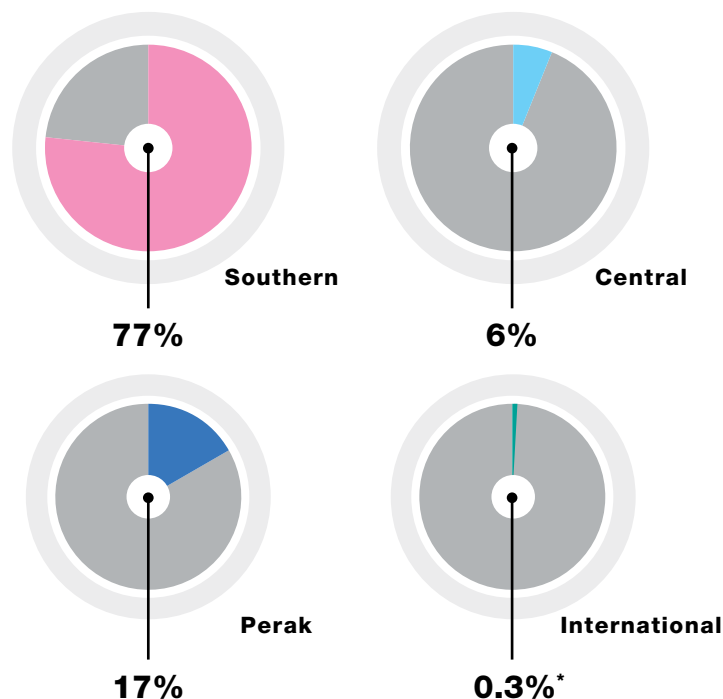
SiLC
Nusajaya Tech Park (JV)
Nusajaya Industrial Park
68° Avenue
Aspira Square
Senadi Square

As at end of March 2022, our total landbank amounted to 10,624 acres, and approximately 77% of this is in Johor, followed by 17% in Tapah, Perak. For the Central region, our land in the Klang Valley and Seremban takes up about 6% of the total landbank while the remaining 0.3% is our international landbank. The landbank includes lands for projects planned under joint ventures, future developments and lands for phases of ongoing developments yet to launch.

If we are to undertake developments on our entire landbank, including planned pipelines and joint venture projects, the total estimated GDV is anticipated to be approximately RM107 billion. The Southern region is expected to contribute 71% of the total estimated GDV, while 28% is expected from projects in the Central region. Currently, we do not have development plans for approximately 2,115 acres of our total landbank, and around 1,777 acres of this is located in Tapah.

To-date, we have a total of 24 ongoing projects in the Southern and Central regions.

Landbank acreage as of March 2022



TOTAL: 100%

* Due to the round up and/or round down to the nearest full number for Southern, Central and Perak, the nearest full number for International is 0. For the purpose of this illustration, we maintain the actual percentage for International of 0.3%.

Management Discussion & Analysis

BUSINESS REVIEW

Property Development – Central Region

During the year in review, we launched a new high-rise residential development in Equine Park, Seri Kembangan and five new phases in Serene Heights Bangi where we introduced the Verna-themed residences to the market. The value of these new launches was approximately RM550 million. Out of the 742 residential units launched, up to 95% were priced in the RM500,000 to RM1 million per unit price range.

We also successfully handed over 229 double-storey homes in Serene Heights Bangi, consisting of Eugenia 1, Dahlia 1 and Dahlia 2 phases, to the respective homeowners.



● KAIA Heights, Equine Park

In March 2021, the Company launched KAIA Heights, a new hilltop high-rise residence in Equine Park, Seri Kembangan with unobstructed breathtaking views of the Kuala Lumpur City Centre, Bukit Jalil or the Ayer Hitam Forest Reserve.

It is easily accessible via the Damansara-Puchong Expressway, Maju Expressway, South Klang Valley Expressway and Bukit Jalil Highway with nearby amenities including AEON Mall Taman Equine, Giant Seri Kembangan, Alice Smith International School and the Rafflesia International School. KAIA Heights is also located near the upcoming Taman Equine MRT station, one of the elevated stations on the Sungai Buloh-Serdang-Putrajaya Line which is anticipated to be operational in early 2023.

Set across 19.2 acres of land with a GDV of RM655 million on the highest peak within Equine Park, this development is the latest project outside of Mont’Kiara, having launched Kiara Bay adjacent to the Kepong Metropolitan Park in November 2019.

KAIA Heights consists of four towers with a total of 924 residential units. Launched respectively in March and July 2021, Tower A is 30-storey with 257 residential units while Tower B comes with 260 units spread across 31-storey. Currently, a total of 517 units worth RM351 million in GDV has been launched to the market. Tower D, with an estimated GDV of RM161 million is expected to be launched towards the second quarter of this year. The final block, Tower C is targeted for launch in 2023.

Management Discussion & Analysis

BUSINESS REVIEW

In response to market demands and part of our strategy to introduce new designs that are ESG-driven, functional yet cost optimised, KAIA Heights represents the latest addition of such products. Interestingly, the pandemic has highlighted the importance of space and to this effect, we designed KAIA Heights to inspire joyful living experiences, providing spaces for residents to enjoy a better quality of life within the three-bedroom, two-bathroom units with built-ups ranging between 972 to 1,437 square feet. It is also a low-density development with only 10 units on each floor. Given the prevailing market demand for space, certain units come with access to extra space that can be converted into a home office, mini gym or children play area.

The development is surrounded by lush greenery, mainly six acres of nature reserve and eight acres of landscaped areas. Catered towards first-time home buyers and multigenerational families, it is close to various healthcare facilities, educational institutions and retail hubs. The overall development comes with facilities such as a 725-metre jogging trail, futsal court, half basketball court, multipurpose hall/badminton court and a gymnasium. A co-creation space has also been incorporated into the design and this is available on the ground, fourth, seventh, eighth and ninth floors of both towers. The development is also GreenRE compliant.

In terms of sales performance, KAIA Heights has received positive response with take-up rates of close to 40% to-date, as sales was further bolstered by the official opening of its sales gallery in January 2022. KAIA Heights is expected to be completed by 2026.



● **Serene Heights Bangi**

Serene Heights Bangi is a mixed residential township development spread across a 448-acre land comprising bungalows, semi-detached, clusters, terraces, apartments and retail. The total GDV of this development is estimated to be RM3.7 billion with a total of 4,412 units.

It is located near the Bangi KTM station and easily accessible via the Kajang-Seremban Highway (Lekas), PLUS Highway and Kajang Dispersal Link Expressway (SILK). Facilities in the township include a 1.2-km linked pond, a 3.5-km jogging and cycling track, recreational parks such as a wellness garden and a leisure garden, and four themed play zones, namely Hopscotch Valley, Takraw Park, Gasing Land and Congkak Place. Considered as one of our most popular developments, Serene Heights Bangi has achieved a total cumulative take-up rate of 96% to-date.

For the year under review, five new phases featuring a total of 225 landed units with a total GDV of RM196 million were launched in Serene Heights Bangi. These new phases were Verna Park Terrace (76 units), Verna Garden Cluster (48 units), Verna Twin Villas (24 units), Verna Linked Homes (61 units) and Verna Lake Villas (16 units). The terraced homes in Verna capture modern contemporary design concepts that cater to owner-occupiers and first-time homebuyers, who are likely to be newlyweds and young families. To-date, the cumulative take-up rate for these five phases is 82%.

Management Discussion & Analysis

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Kiara Bay

In 2019, we expanded our presence in the Klang Valley by stepping out of Mont’Kiara to launch Kiara Bay, our newest integrated development spanning 72.7 acres, located adjacent to the Kepong Metropolitan Park, Kuala Lumpur.

Kiara Bay is a masterplan development that is set to transform one of Kuala Lumpur’s earliest townships into an eco-living destination. Our vision is to develop an integrated township with a community-based master plan, targeted at active, connected and multigenerational community living.

Consisting of three main districts, The Walk, The Village and The Waters, the development infuses the concept of ‘urban liveability’, which focuses on liveability, sustainability and community at the core of its masterplan. Details on the three pillars are as follows:

- **The Walk:**

Located at the heart of Kiara Bay, it is the township’s commercial component. It is targeted to be a major leisure and retail destination, integrated with offices, hotels and apartments. This district also supports the convergence of the retail walk, Middle Ring Road 2 (MRR2) interchange and the MRT link road, which connects to all parts of the township via a 10-minute walk, three-minute cycle or short shuttle ride.

- **The Village:**

A community cluster that anchors the east section of Kiara Bay, comprising a lively community park, a wellness centre, retirement living, community retail hub and an education facility. It has been designed to encourage people of all ages to participate in communal living to generate greater social capital and inclusion.

- **The Waters:**

Comprises landmark towers with unobstructed views of the overall development, Kepong district and the surrounding areas. The Kiara Bay sales gallery is also located within this district.

The first development launched within Kiara Bay was Residensi AVA in November 2019. With a total GDV of RM655 million, it comprises 870 units across two 41-storey towers with built-ups between 813 square feet and 1,285 square feet. Located at The Walk district, Residensi AVA has achieved a take-up rate of 92% to date and is scheduled for completion in 2024.

To increase the vibrancy of the township, we will be introducing The Beat, a waterfront retail space that consists of 22 retail outlets which are mainly focused on food and beverage, a grocer and a Starbucks drive-through.

In terms of connectivity, Kiara Bay is located near the Kepong Baru MRT Station and Jinjang MRT station, both part of the Sungai Buloh-Serdang-Putrajaya Line which are expected to be operational in the first half of 2022. We have built a 2.5-km spine road, Persiaran Putra Bayu from Kiara Bay to enhance accessibility for pedestrians. The spine road will be connected to the two planned interchanges directly linked from the MRR2, which will also provide direct access into Kiara Bay.

We are also planning to have available two football AstroTurf-type pitches in Kiara Bay. Operations are expected to commence in the fourth quarter of 2022.

Management Discussion & Analysis

BUSINESS REVIEW



● **Residensi Allevia**

Mont'Kiara continues to be the preferred address for many with its excellent amenities, high-net-worth community and proximity to the city centre.

Trends have shown that developments with an expansive square footage and privileged privacy of just three to four units per floor will always be in demand for homeowners as well as for investment purposes, especially for the niche market segments.

With this in mind, we designed Residensi Allevia to cater to these market segments. With a GDV of RM546 million, Residensi Allevia consists of two 43-storey towers and a total of 294 units. The size of these units ranges from 1,703 to 2,634 square feet, limited to only four units per floor. They come with living and dining areas, as well as a dry kitchen in an open-plan configuration with sweeping views of the Mont'Kiara skyline.

In terms of facilities and amenities, the development features a 0.9-acre facilities deck with a lap pool, open lawn, children's wet and dry play areas and a barbecue area among others, as well as a touchless button lift system, a cycling studio together with a rooftop gym and private lounge.

To date, it has secured a take-up rate of 51% and is scheduled for completion in 2025.

Collaborations with Strategic Partners

We have a number of successful collaborations which are still going strong over these past years. One of our partners for projects in the Central region is Sime Darby Property Berhad where we formed a 50:50 joint venture company known as Sime Darby Property Sunrise Development Sdn. Bhd. (SDP Sunrise) to jointly develop Radia Bukit Jelutong in Shah Alam, a mixed development comprising serviced apartments, retail shops and strata offices.

For Radia Bukit Jelutong, we worked with J+H Boiffles, a French architecture firm to design the overall development which comprises 640 units of serviced apartments, 400,000 square feet of office space, and retail space totalling 880,000 square feet. Located within walking distance from two FIFA-standard football fields, Radia Bukit Jelutong is also within close proximity of a wide range of cafés, food and beverage operators, a grocer and other businesses.

In January 2022, SDP Sunrise entered into a Memorandum of Understanding (MoU) with Netherlands Maritime University College (NMUC) to set up a campus at Radia Bukit Jelutong. This partnership will see NMUC taking up 24 commercial units with a GDV of RM28 million at Radia Bukit Jelutong via a Rent-to-Own (RTO) scheme. With a built-up area of 34,358 square feet, the space acquired by NMUC spans from the seventh floor to the ninth floor of Block G in Radia Bukit Jelutong.

With more than 1,000 students expected to enrol in September this year, NMUC's presence is set to create a new and modern bustling student hub within a lively, commercial location. The matured surrounding communities in Shah Alam and Subang Jaya are also expected to benefit from this, as the increase in footfall will boost business activities in these areas.

Management Discussion & Analysis

BUSINESS REVIEW

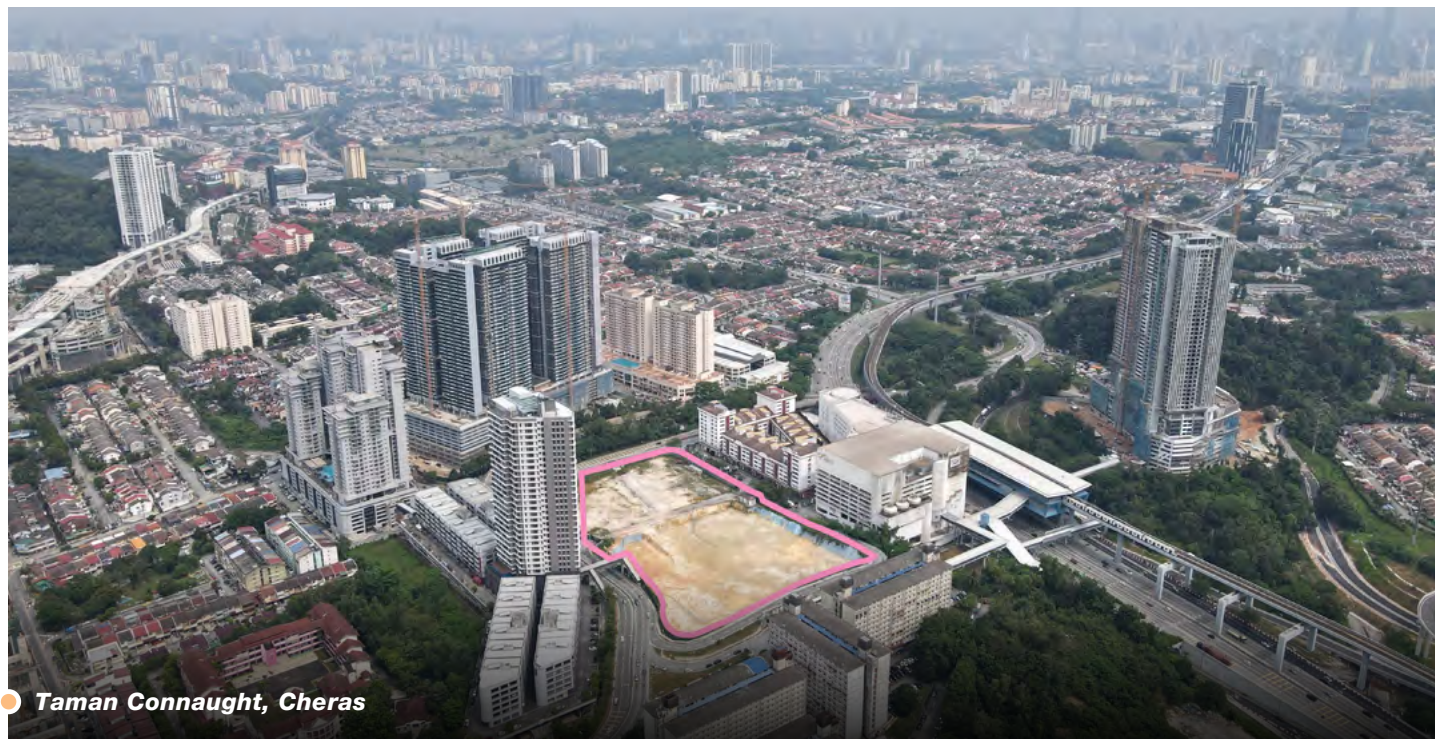
We have also partnered with MCL to form another joint venture company called Sunrise MCL Sdn. Bhd. to develop Forest Heights, a township residential development comprising landed homes, retail and shop offices in Seremban, Negeri Sembilan. This development is set against a tropical rainforest, with easy access to social amenities such as schools, hospitals, supermarkets, government administrative offices, a public transport terminal, a public park and recreational facilities.

Ongoing and Completed Projects

Central Region	Description	Launched GDV (RM mil)	Remaining GDV (RM mil)	Cumulative sales take-up (%)	Completed by
Serene Heights Bangi	A mixed residential township development spread across 448 acres of land comprising bungalows, semi-detached, clusters, terraces, and apartments retail areas in Bangi.	866.7	2,815.3	96	2030
Symphony Hills	An exclusive high-end gated residential development on 98 acres of land in Cyberjaya, with approximately 2,848 residential units of mixed landed and high-rise strata and limited commercial components.	1,263.4	0.0	92	Completed
KAIA Heights (newly launched)	A hilltop residential development on 19.2 acres of land in Equine Park, Seri Kembangan.	351.2	303.8	40	2026
Radia Bukit Jelutong (JV with Sime Darby Property Berhad)	A 20.9-acre mixed development in Bukit Jelutong.	991.0	1,017.0	73	2030
Solaris Parq	An 18.8-acre integrated mixed development located in Solaris Dutamas.	781.9	1,655.8	94	2026
Residensi Astrea	A 36-storey condominium on a 2.4-acre land in Mont'Kiara.	324.9	0.0	98	2023
Kiara Kasih	A 40-storey residential tower which is part of the affordable housing development under the Residensi Wilayah programme in Segambut.	215.7	0.0	100	2022
Residensi Allevia	High-rise development offering 294 units in Mont'Kiara.	545.9	0.0	51	2025
Kiara Bay	A 72.7-acre integrated township development in Kepong, Kuala Lumpur.	655.1	16,705.2	92	2034
Forest Heights (JV with MCL)	A mixed residential township development on 448 acres of land in Seremban.	677.5	1,339.5	96	2030
Total		6,673.3	23,836.6	-	-

Management Discussion & Analysis

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● **Taman Connaught, Cheras**

Plans for 2022

The prolonged pandemic has affected our performance for the past two years. This was mainly due to the lack of new product launches, compounded further by the pandemic which caused delays in obtaining building approvals and developer permits. As most of our launches were delayed, we only launched products that amounted to a GDV of RM550 million for the year in review. Fortunately, our collective efforts in driving sales enabled the Group to exceed its sales target by 22%, where 71% of the total sales contribution came from the Central region.

To improve our sales performance in 2022, the Group plans to launch new properties amounting to 3,526 units with an approximate GDV of RM3.3 billion. Out of this, 51% or RM1.7 billion will be from the Central region, which includes the upcoming launch of plot one of a new high-rise residential development known as MK 31 in Mont'Kiara and the first phase of the new transit-oriented development (TOD) in Taman Connaught, Cheras.

Measuring 12.4 acres, MK 31 is a premium residential development that promotes modern and contemporary resort living concept with a touch of luxury, surrounded by nature and green spaces right in

the middle of the city. The development will also be a balance of outdoor and indoor living, as it integrates new norm living features with ESG characteristics embedded into its development design.

In line with our landbanking portfolio rebalancing and quick turnaround strategy, we will be launching the first phase of the 6.9-acre land in Taman Connaught, Cheras which we acquired in June 2021. Located in close proximity to the Taman Connaught MRT station, an elevated rapid transit station on the MRT Kajang Line, the preliminary plan for this TOD is to develop various types of competitively priced products on 1.8 million square feet of land, aimed at young homeowners looking for residences with immediate accessibility into the city centre.

In addition to the new projects above, we will also be launching Tower D of KAIA Heights and new phases in Serene Heights Bangi.

In line with the rebalancing of our landbank portfolio, we will continue to look for new landbanks in the Central region; strategically located and larger than the usual pockets of land if obtainable, with quick turnaround features to create stronger pipelines and strengthen future revenue stream.

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Property Development – Southern Region

During the year in review, the Company did not launch any new project in the Southern region. We had initially planned to launch Oasis, Serassa Greens and Senadi Hills.

However, the prolonged pandemic and various containment measures delayed approval processes in Johor, affecting our launch schedule, and ability to secure building plan approvals as well as developers' permits in a timely manner. Border restrictions amongst others, further hampered the overall property development industry in Johor and affected any potential value that could be derived from Iskandar Puteri.

Nevertheless, we believe there is still demand given customers' interests in our products, namely Senadi Hills in central Iskandar Puteri, the Aspira-themed homes in Gerbang Nusajaya and completed properties in Estuari Gardens in Puteri Harbour.

During the year in review, two developments were completed and handed over to respective homeowners. These consisted of 59 commercial units in Aspira Square, Gerbang Nusajaya and 136 shop offices in 68° Avenue.

We are in the midst of conducting a thorough review of our landbank in Johor to ensure we unlock value and gain a clearer visibility on its revenue stream. This is in line with our Triage strategy, which is focused on streamlining our core capabilities and create products that deliver value.

The 62.2-acre Senadi Hills, with a GDV of RM400 million, comprises a total of 698 residential units including its commercial development, Senadi Square. It is essentially a mixed residential development which offers multi-generational homes that comes complete with landscaped gardens right up to the doorstep. This residential ecosanctuary is also wheelchair friendly.

The availability of green spaces, a 2.5 km jogging track, children's playground, outdoor gym, mini tai-chi area and plaza will enable families to unwind and reconnect with each other after daily activities. Located approximately 2 km away from an international theme park, the LEGOLAND Malaysia Resort, it is also easily accessible via the Lebuhraya Kota Iskandar and Lebuhraya Sultan Iskandar (commonly known as the Iskandar Coastal Highway).

We have launched four phases to-date, starting with Phase 1A which comprises 112 units of garden homes that has four bedrooms with three bathrooms. The built-up area for these units ranges from 2,088 to 2,241 square feet. For multigenerational families, Phase 1B will be suitable for them as these are terraced houses, consisting of four bedrooms and three bathrooms with built-up areas of 2,185 square feet. Meanwhile, Phases 3A and 3B are known as Senadi Square, comprising 20 units of two-storey shop offices, each unit with a built-up area of about 2,918 square feet. Since its launch in July 2020, Senadi Hills has achieved a cumulative take-up rate of 91% to date.



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● **Aspira-themed homes in Gerbang Nusajaya**

Gerbang Nusajaya is a 4,551-acre development located in the west of Iskandar Puteri. Designed as a hub for economic activity that is supported by regional connectivity including close links to Singapore, via the Tuas checkpoint, Gerbang Nusajaya is viewed as the next growth catalyst in Iskandar Puteri.

We have invested substantially on infrastructure works to transform Gerbang Nusajaya into a destination that is sustainable, well-connected and established. This includes a soon-to-be-completed Gerbang Nusajaya Interchange which connects to the Second Link Expressway, linking the Senai Airport Highway at one end to the Second Link Expressway, before entering into Singapore via the Ayer Rajah Expressway.

We have also entered into various alliances with reputable partners to create the critical mass needed to encourage organic growth at Gerbang Nusajaya. Our partners include Ascendas Land (Malaysia) Sdn. Bhd. (Ascendas Land) for the development of Nusajaya Tech Park; Fastrack Autosports (Iskandar) Pte. Ltd. of Singapore for Fastrackcity, and Kuala Lumpur Kepong Berhad for mixed development projects. We also supported the Johor State Government's Public Private Partnership (PPP) initiative to provide quality affordable

homes to deserving buyers in Johor. This pilot project will feature the development of 2,706 units of 'Rumah Makmur Johor' in Gerbang Nusajaya. UEM Sunrise will provide the land and be involved in developing and providing the required infrastructures for the residential development.

We are also currently developing our own signature attainable and mid-market residences to increase the population in the township. The first of the Aspira-themed series introduced to the market was Aspira LakeHomes in April 2016, a mid-market residential development featuring double-storey homes in Gerbang Nusajaya. Due to overwhelming response, we launched more of such landed homes, namely the first phase of Aspira ParkHomes in January 2019, followed by Aspira Square in August 2019, Gerbang Nusajaya's first commercial development.

In December 2019, we launched Aspira Gardens, the Company's first sustainable residential development with design features aimed at reducing the carbon footprint of individuals in a single home. The 'solar ready' houses came complete with solar street lighting, rainwater harvesting for the semi-detached houses, low Volatile Organic Compounds (VOC) paints and water-saving sanitary fittings. We have also Integrated Smart and Secure System, a built-in security system to minimise or eliminate crime within the neighbourhood. Towards the end of March 2022, we launched the second and final phase of Aspira Gardens, featuring 80 units of double-storey clusters and semi-detached homes. Response was overwhelming, as reflected from the 75% sales bookings over the weekend launch.

To date, Aspira homes including Aspira Square have achieved a cumulative take-up rate of 89%.

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68° Avenue

Surrounded by mature residential and commercial estates, these spacious two-storey and three-storey shop-lots or shop-offices come with built-up sizes ranging from 3,113 square feet to 11,701 square feet.

With its 66-feet wide frontage, retailers and business owners gain excellent visibility while its well-designed interiors boast a versatile layout to cater to a wide variety of business activities.

It also has a scenic central courtyard designed for community activities and a comfortable common space for both tenants and visitors. Surrounded by greenery and pocket garden spaces, the development epitomises harmony between nature and business activities. Designed for ease and convenience, 68° Avenue has broad inner roads, refreshing pedestrian walkways shaded by trees and more than 800 parking spaces for easy traffic movement.

68° Avenue was completed in December 2021 and handed over to the respective buyers. Its take-up rate is 88% to-date.



Estuari Gardens

A nature-inspired residential enclave, Estuari Gardens is the first phase of the Estuari township, located in Puteri Harbour.

Spanning a land area of 47.8 acres, Estuari Gardens consists of 350 double-storey superlink houses which comes in four layouts, with built-up areas ranging from 2,708 square feet to 3,780 square feet. These units are arranged in a cul-de-sac layout to provide exclusivity and privacy. Completed in August 2018, Estuari Gardens was the first landed homes launched in the Puteri Harbour waterfront development.

In terms of security, this gated-and-guarded enclave has anti-climbing fencing, CCTV and a 24-hour security service. Facilities include walkways and cycling paths, children's playground and exercise area fitted with outdoor fitness equipment.

The development also comes with a 13-acre designer-crafted landscape area with mature trees, a 4.9-acre Central Garden with well-lit paths as well as a scenic lake with a suspension bridge. Nearby amenities and attractions include Raffles American School, Marlborough College Malaysia, Educity, Puteri Harbour International Ferry Terminal, Gleneagles Hospital Medini Johor and LEGOLAND Malaysia Resort, among others.

To-date, Estuari Gardens has a total take-up rate of 82%.

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Puteri Harbour

Puteri Harbour is an award-winning designed waterfront and marina development with panoramic views of the Straits of Johor.

Spread across 688 acres, this catalytic development offers waterfront living experience. It is also strategically located adjacent to Kota Iskandar, the centre of the Johor State Government and easily accessible via the Lebuh Raya Sultan Iskandar which links Iskandar Puteri to the main Johor city centre and the Johor-Singapore Causeway.

Travellers can also enjoy excellent connectivity to other parts of the region via the Puteri Harbour International Ferry Terminal, which currently serves inbound and outbound visitors to and from Tanjung Balai Karimun and Batam Centre, Indonesia. However, due to COVID-19 and the closure of international borders, the terminal has not been operational. With the international borders set to open on 1 April 2022, operations are expected to commence soon.

The waterfront development also offers a variety of attractions and amenities. Nestled on the harbour front, lies the marina lifestyle club as well as the Public Marina. The Public Marina offers 76 yacht berths for a usage fee that includes facilities for maintenance, repair and storage. Visitors may also charter yachts at promotional package prices. Its occupancy rate however was adversely affected by the pandemic and unfavourable market condition. Recovery is expected in 2022 following the return of the highly anticipated Sail Malaysia event, typically held from April to November, which is touted to make a stop at Puteri Harbour. In Estuari, lies ONE°15 Estuari Sports Centre. Launched in October 2021, this integrated sports complex, spans across 139,930 square feet and offers various sports and recreational activities.

Marina Walk Puteri Harbour, offers a wide variety of dining experience. Its tenants include Starbucks, Spice Grill (authentic Indian cuisine), Rock Bottom (European cuisine), Olive Kitchen (Northern Indian cuisine) and Mana Café (local and mixed cuisines). The two-storey retail component at Teega Walk Puteri Harbour houses a variety of businesses including Tribus, Les Bouchons (European cuisine) and a Freshmart Supermarket. In Imperia, the integrated retail plaza features the Imperia Café (Asian and European cuisines) and Puteri Harbour Montessori Preschool. We also have a man-made beach, measuring close to two acres, sandwiched in between the waterfront of the Public Marina and the Johor Chief Minister's Office at Bangunan Dato' Jaafar Muhammad in Kota Iskandar.

Quite a number of projects have been completed in Puteri Harbour. This includes our own high-rise residences such as Imperia, Teega and Almas, as well as those by other top-tier developers who have also leveraged on Puteri Harbour's strategic location. This includes Encorp Marina, Puteri Cove Residences, JEN Johor Puteri Harbour Hotel by Shangri-La, Pinetree Marina Resort, Fraser Place and Southern Marina Residences.

We are in the midst of revamping the Puteri Harbour master plan to make it more conducive to the current living environment and market demands. A design workshop was held in April 2021 to gather perspectives from participants on the challenges faced. The participants also reviewed Puteri Harbour's existing plans and explored opportunities relating to urban design perspectives and ESG elements into its overall planning strategy. With a sizeable undeveloped land of approximately 96.3 acres, we are looking forward to revitalising Puteri Harbour.

Management Discussion & Analysis

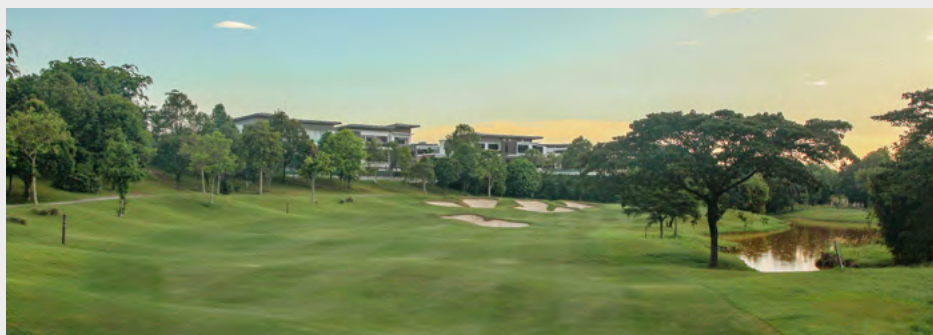
BUSINESS REVIEW

Collaboration with Strategic Partners



Emerald Bay in Puteri Harbour, Iskandar Malaysia, is one of UEM Sunrise's most unique and luxurious developments.

A collaboration with BDRB Developments Sdn. Bhd. (BRDB), the waterfront-living project with a total GDV of RM3.7 billion comprising apartments, super links, semi-detached houses, and villas at an average built-up size of 4,840 square feet. Phases 1A and 1B comprising 94 units of waterfront villas, semi-detached homes and three to four storey courtyard homes, have been launched with a total GDV of RM413 million.



Horizon Hills is a 1,200-acre integrated township jointly developed with Gamuda Berhad. It is a low-density residential project featuring double-storey link houses, two to three storey semi-detached homes, bungalows, shop offices and landed villas. The development spreads across 13 precincts and boasts a private 18-hole par 72 designed golf course and resort clubhouse. To-date, a total of 4,880 units has been launched at a GDV of RM5.5 billion.

On 20 April 2021, Horizon Hills Development Sdn. Bhd., our 50:50 joint venture company with Gamuda Berhad, entered into a collaboration with CES Horizon Sdn. Bhd., a wholly-owned subsidiary of Singapore-based Chip Eng Seng Corp. Ltd. to establish an international school under the "Invictus" international school brand. The campus sits on a 4.1-acre land in Horizon Hills, with a gross floor area of 203,875 square feet, and offers kindergarten, primary and secondary-level education. The construction of the first phase is expected to be completed in the third quarter of 2022. The school is planning to open its doors in 2023 with a capacity of up to 1,500 students.



Mall of Medini, a collaboration with Iskandar Investment Berhad (IIB), is a 35-acre street-style retail, entertainment facilities, shopping mall, and serviced apartments. Phase one of the mall focuses on food and beverages with tenants such as Subway, KFC, myNEWS.com and Starbucks. Its major anchor tenant is Ben's Independent Grocer (B.I.G.) supermarket.

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Nusajaya Tech Park is a 519-acre world-class integrated industrial park with eco-friendly infrastructure, designs and facilities developed by Nusajaya Tech Park Sdn. Bhd., a joint venture company with CapitaLand Development Singapore. The industrial park, with its well-maintained landscape and facilities, is home to many multinational corporations and small and medium-sized enterprises. Moreover, the park offers a good mix of built-to-suit and ready-built facilities for industrial needs. The park is part of the Southeast Asia Manufacturing Alliance, a programme initiated by the Economic Development Board and Enterprise Singapore to help businesses grow their manufacturing footprint in Malaysia.



The Maris in Desaru is a joint venture project undertaken together with Desaru North Course Berhad, a subsidiary of Themed Attractions Resorts and Hotels Sdn. Bhd.. The plan for this joint venture is to develop landed residential products comprising double-storey cluster houses, semi-detached houses, bungalows and golf villas on a 228-acre land at a total estimated GDV of RM2.0 billion.

Precinct 1 at The Maris, one of the six precincts which features 244 units of double-storey cluster houses and 16 units of semi-detached houses on a 29.4-acre land, is located on the premium Desaru Coast neighbourhood. Comprising 66 units with built-up sizes ranging from 2,050 square feet to 2,600 square feet, Precinct 1 at The Maris was launched with a GDV of RM53 million.

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Ongoing and Completed Projects

Southern Region	Description	Launched GDV (RM mil)	Remaining GDV (RM mil)	Cumulative sales take-up (%)	Completed by
East Ledang	A 348-acre garden-themed development featuring 31 landscaped gardens, link duplexes, twin-villas, townhouses, bungalows, high-rise apartments, a clubhouse and retail centre in Iskandar Puteri.	1,661.5	1,683.7	97	2035
Nusa Idaman	A mid-market mixed development on 251 acres of land, consisting of residential and commercial properties in Iskandar Puteri.	946.4	223.4	100	2031
Nusa Bayu	A mixed development offering affordable terrace homes and apartments in Iskandar Puteri.	750.9	447.4	98	2031
Almas	A residential mixed-development on 12.2 acres of freehold land in Puteri Harbour. It consists of two residential blocks, a residential suite, offices and retail shop offices.	581.4	1,385.5	87	2030
Estuari, Puteri Harbour	Located on 394 acres of land in Puteri Harbour, it consists of superlink terrace, semi-detached, cluster homes, bungalows and a commercial centre.	651.8	3,850.6	82	2045
Aspira LakeHomes	A gated and guarded community with terrace houses built around a seven-acre lake in Gerbang Nusajaya.	263.6	223.3	89	2028
68° Avenue	A commercial development with dual-street frontage within close proximity to SiLC.	167.6	0.0	88	Completed
Aspira ParkHomes	Mid-market double-storey homes in Gerbang Nusajaya.	306.6	0.0	93	2022
Aspira Square	Gerbang Nusajaya's first commercial development.	68.4	8.5	56	Completed
Aspira Gardens	A residential development in Gerbang Nusajaya; the first with solar panels and solar-powered street lighting.	34.0	73.9	100	2023
Senadi Hills	Multi-generational garden homes built over 62.2 acres of land in central Iskandar Puteri.	196.6	205.7	91	2026

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Southern Region	Description	Launched GDV (RM mil)	Remaining GDV (RM mil)	Cumulative sales take-up (%)	Completed by
Mall of Medini (JV with IIB)	A 35-acre street-style development featuring retail, entertainment facilities, shopping mall and serviced apartments in Iskandar Puteri.	103.0	2,097.0	-	2030
Horizon Hills (JV with Gamuda Berhad)	An integrated township with 13 precincts and a private 18-hole designer golf course.	5,520.3	1,563.7	93	2030
Emerald Bay (JV with BRDB)	A 111-acre residential project, with amenities that include a marina village, yacht club and two marinas in Puteri Harbour.	413.4	3,246.6	78	2032
Nusajaya Tech Park (JV with Ascendas Land)	A 519-acre integrated industrial park with eco-friendly infrastructure and facilities in Gerbang Nusajaya.	342.0	3,158.0	-	2025
The Maris, Desaru (JV with Khazanah subsidiaries)	A high-end resort residential development built on 226 acres of land.	52.6	1,852.4	80	2030
Total		12,060.1	20,019.7		

Plans for 2022

For the Southern region, we plan to launch properties worth a total GDV of RM810 million, focusing on attainable mid-market products, combining residential and commercial developments. As previous launches were delayed, we aim to move forward focusing on products based on market needs.

The biggest contributor will be from Serassa Greens, a new 66.0 acres mixed residential development comprising 183 double-storey homes, affordable homes and shop offices with a total GDV of RM389 million, located near 68th Avenue. We target to launch properties valued up to RM223 million in 2022.

We plan to also launch Oasis, a new commercial development with a total GDV of RM249 million, followed by new phases in Senadi Hills. Our sustainability-driven development, Aspira Gardens, saw the launch of its second and final phase in March 2022 following the success of the first phase which was launched in 2019, and fully taken up to-date. Plans are also in place to introduce our latest Aspira-themed product; Aspira Heights. Aspira Heights is a 76.3 acres landed residential development with an estimated total GDV of RM560 million consisting of 900 units of double-storey homes. Our target for 2022 is to launch approximately a quarter of Aspira Heights' total GDV.

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Property Development – International



● **Aurora Melbourne Central**

On the international front, the lockdowns in Melbourne, Australia, that was extended to October 2021, affected our efforts to fully settle the remaining units in both Aurora Melbourne Central and Conservatory, which was initially targeted by the end 2021.

Nevertheless, with the containment measures lifted in October 2021, we were able to handover and settle four units in Aurora Melbourne Central and one unit in Conservatory to our buyers, leaving a balance of 35 units and 26 units respectively, to be settled. Full settlements of the remaining units for both developments are expected to be completed in 2022.

For Aurora Melbourne Central's retail precinct, we have secured an anchor tenant, a first-of-its-kind Eatertainment that offers Paddle Battle, an activity bar focusing on table tennis and social interactions. Set to be the next major player in the Central Business District (CBD) entertainment, Paddle Battle will open in the lower ground floor of Aurora Melbourne Central in the third quarter of 2022 as a table tennis social club, complemented by a luxury dining experience. The premium retail space measuring 1,680 square meters will be leased out for a period of 15 years.

This marks the first table tennis Eatertainment phenomenon to arrive on Australian shores, after experiencing resounding success across Europe and the US. With its sophisticated food, beverage, and entertainment offerings, it has been designed to suit social occasions as well as corporate events.

Located in the central hub of the Melbourne CBD, Aurora Melbourne Central is strategically-located at one of the city's liveliest intersections of La Trobe Street and Swanston Street – Melbourne's civic spine. RMIT University is located only a few steps away while the Tram Super Stop on the corner of LaTrobe Street and Elizabeth Street as well as LaTrobe Street and Swanston Street offers a short seven-minute tram ride to Melbourne University. The creation of the Eatertainment venue is expected to be a major drawcard for other major retail brands to this area, and an exciting destination for residents and tourists.

Following the success of Aurora Melbourne Central and Conservatory, this year, we are targeting to unveil the much-anticipated development in Collingwood, Melbourne. We have conducted the necessary planning submissions for the 1.3-acre land. With an estimated GDV of AUD250 million, the site will be developed into a mixed-use development where approximately 80% will be used for residential while the remaining 20% will be for commercial use. This development is targeted for launch in the second half of 2022.

Management Discussion & Analysis

BUSINESS REVIEW

Moving forward, we will focus on growing our presence in Australia, particularly in Melbourne and potentially, in Sydney. We are also actively looking for new development sites to build a strong project pipeline in Australia.

Ongoing and Completed Projects

International	Description	Launched GDV (RM mil)	Remaining GDV (RM mil)	Cumulative sales take-up (%)	Completed by
Aurora Central Melbourne	An 88-storey development comprising residential units, commercial offices, retail and a serviced apartment in Melbourne CBD.	2,160.3	0.0	100	Completed
Conservatory	A 42-storey mixed residential development, consisting of 446 residential units in Melbourne CBD.	983.0	0.0	100	Completed
Collingwood	A proposed mixed-use development consisting of 368 residential apartments across five buildings, retail space and strata office in Melbourne.	-	250*	-	2025

* The GDV for the Collingwood development is in AUD. The project has yet to be launched.

Investment Properties – Retail

Following the resurgence of new COVID-19 variants in Malaysia, the retail sector experienced a decline in footfall and retail sales. As vaccination rates increased and dine-ins are allowed under Phase 2 of the NRP but with strict compliance to SOPs and subject to patrons showing their digital vaccination certificates, the retail market improved slightly.

We strived to introduce many initiatives and themed promotions to increase footfall and encourage purchases. Based on our data, the highest number of footfall was recorded in the fourth quarter of 2021 as a result of the many live performances and promotional events conducted, with strict adherence to the SOPs for the safety of customers.

In early 2021, when the containment measures were relaxed and dine-ins were allowed, our retail development, Publika Shopping Gallery, resumed its community-based events such as the weekend bazaars and live entertainment events to improve footfall. Nevertheless, with the reimposition of the lockdowns in June 2021, our tenants experienced a 17% drop in sales as compared to the sales generated in 2020. The sales recorded by pharmacies and grocery outlets went up tremendously in 2020 at the start of the pandemic and lockdowns by at least 24%.

In 2021, sales increased marginally by 1% against the pre-COVID year of 2019. For other retailers, the average monthly sales dropped by 16% in 2021 as compared to 2020.

We recognised our role in assisting our tenants during this challenging period. By February 2022, occupancy improved to pre-COVID levels and stood at 90% as we continued to provide rental rebates and reduction, although some tenants decided not to renew their agreements, or terminated their contracts earlier. For such cases, we strived to drive occupancy to deliver sustainable cash flow. We also allocated rental rebates for both our Central and Southern retail assets, leveraging on this fund, as and when required.

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BUSINESS REVIEW

With the relaxation of containment measures, we resumed community events, introducing weekend bazaars, music and art events such as busking and COVID-19 art exhibitions. These events garnered positive reaction as it increased crowds to the mall. Many returned to make purchases, though the time spent was very focused and short.

Throughout the year, we conducted various promotions and campaigns, working in partnership with our tenants to attract visitors to Publika. Our strategy was focused on creating specially-curated small but frequent events such as themed bazaars or markets as well as art exhibitions. The goal was to attract crowds, fully acknowledging that although they may not stay for long, it will impact sales positively. As part of this strategy, we conducted several events to increase footfall at the mall and supported the livelihood of musicians who were affected by the movement restrictions. Activities held include:

- **Publika ‘Live’:** To support local musicians who were badly affected by the movement restrictions, Publika sponsored dozens of bands to perform to a live audience over six weekends beginning March 2021 at Black Box and MAP@Publika. These events were also broadcasted via its Facebook and YouTube platforms, which gained 4,051 and 1,792 views, respectively, demonstrating that these types of events were much looked-forward to by customers.
- **Recycling Fabric and E-Waste:** We played an active role in raising awareness on the importance of recycling. For fabric recycling initiatives, we partnered Kloth Malaysia Sdn. Bhd., which received the Social Enterprise Accreditation (SE.A) status by the Ministry of Entrepreneur Development and Cooperatives (MEDAC). We also worked with BlueBee Technologies which is the authorised e-waste collection centre by the Department of Environment, Malaysia.
- **Publika Singer-Songwriter Busking:** Following the success our activities in the previous year, we increased the number of busking activities from weekly to two-events daily to help musicians gain a steady income.
- **Publika Artisan Market:** Through a Memorandum of Understanding with MARDI Artisan Grocer, we collaborated and introduced three specially-curated themed bazaars featuring a wide range of artisans showcasing products, crafts, food and lifestyle items.
- **COVID-19 Photography and art exhibition:** We collaborated with Fergana Art on visual and performance arts showcase broadly themed “Pemulihan: Recovery”. The showcase featured 20 visual artists and 60 photographers who documented this journey through their works.
- **Publika Sunday Market at The Square:** This is an initiative to help those from marginalised communities who may have lost their source of income during the pandemic. Publika Night Market at The Square allows them to sell a wide range of items, such as food, arts and crafts, indoor plants, merchandise and artisanal products. There will be 30 stalls of which five will be offered for free to non-profit organisations who are in need of assistance. This initiative took off in 2022.

We have also ramped up our digital marketing efforts during this period. The results can be seen from the number of members in our hUb Mall app from 240 in early 2021 to 2,220 by the end of 2021. There were also 70,267 Facebook followers, followed by 8,991 Instagram followers.

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Plans for 2022

We have learnt a lot from our experience living with COVID-19 for the past two years, notwithstanding the various movement restrictions imposed. For our retail business, we are working towards creating a balance between rental and occupancy rate. In addition, we will also be working to drive sustainable growth for our retail segment, focusing on more placemaking activities to increase footfall and sales. This in turn will help our retailers manage their rental obligations, and on a more macro level, do our part in reducing vacancy rates across the industry.

In this regard, we realised that customers spent less time at malls, as they were very focused on their intention. As such, our strategy moving forward is to conduct smaller, specially-curated events that are related to nature such as themed bazaars/markets and exhibitions. We will also focus on conducting more 'live' events, especially those related to the arts scene as it is proven to be more therapeutic. The events will attract more people, and support the livelihood of those in the industry as the country moves into the endemic era.

Land Portfolio Rebalancing

We focused on realising our Triage strategy, acquiring strategically-located and matured landbanks, particularly in the Central region for quick turnaround and strengthen our new project pipeline. We also divested non-strategic lands, in line with our landbanking portfolio rebalancing strategy.

In the Central region, the Company acquired three parcels of prime land in Section 13, Petaling Jaya, Selangor on Jalan Professor Khoo Kay Kim in March 2021, marking UEM Sunrise's first project in the affluent township following its success in Mont'Kiara, Kuala Lumpur and Iskandar Puteri, Johor. We acquired 9.9 acres of land for a total consideration of RM200 million. The land was previously owned by Dutch Lady Milk Industries Berhad and used as a centre for its factory operations and warehouse facilities. It is easily accessible via the various highways and public transportation as well as situated within easy reach of healthcare providers and institution of higher education. Primed for a mixed commercial development with an estimated GDV of RM1.3 billion, the project is targeted for launch in the next two years.

In June 2021, we acquired a 6.9-acre land from Accolade Land Sdn. Bhd., located adjacent to the Taman Connaught MRT station in Cheras for a total consideration of RM197 million. Plans have already been established to develop a TOD as the land is close to

MRT Taman Connaught in addition to being located in a mature area and directly connected to major highways. Potential buyers of this new development will also benefit from the various amenities nearby since Cheras is one of the most popular areas amongst house hunters and investors.

In July 2021, we divested three parcels of freehold agricultural land measuring a total of 431.1 acres in Mersing, Johor for a total consideration of RM45.1 million to Lagenda Mersing Sdn. Bhd. (a 70%-owned subsidiary of Lagenda Properties Berhad). The land was located in a non-strategic area, surrounded by agricultural smallholdings and several housing schemes, including traditional settlements. Located at its south-eastern boundary is Sungai Mersing, which forms swamp areas on certain parts of the riverbank during high-tide and monsoons. The transaction is expected to complete in the second half of 2022.

We will continue to be on a lookout for potential landbanks as means to rebalance our landbank portfolio.

Digitalisation Initiatives at UEM Sunrise

Digital technology was fundamental to our success in 2021. We transformed into a digital-based organisation since the start of the pandemic, catering to the needs of our stakeholders through virtual interactions. We have also continuously added digital enhancements that gave customers more digitalised and customer-centric experiences.

For customers, we redoubled our efforts to help them navigate the challenges of 2021 using creative virtual interactions, as we realised customers across all age groups have already adjusted to this as a replacement of physical interface. In March 2021, in collaboration with Malaysian Global Innovation and Creativity Centre, we launched our hUb series apps, namely 'hUb Home', 'hUb Mall' and 'hUb life' to improve customer experience, provide added convenience and enrich residents' digital lifestyle. Then later in the fourth quarter of 2021, we introduced a new feature on hUb Prop which included an interior design selection. With this new feature, customers are able to choose and purchase their interior design packages via the app. Moving forward, as most of our apps are still new, we will push ahead on improving customer experience via these apps and work towards creating a "super app" where all customers, even residents of our developments will be able to enjoy the services provided, all on a single hUb app.

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Number of downloads as per table below (as of 31 March 2022):

Type of Hubs	Download	Transaction	Total
hUb Prop	5,631	-	5,631
hUb Home	4,880	42	4,922
hUb Mall	2,449	6,547	8,996
hUb Life	1,210	1,349	2,559
Total	14,170	7,938	22,108

We will not be developing any new apps in 2022 but will focus on further improving the customer experience by converging existing apps to become a “super-app”. Once it’s ready, our customers will enjoy all our services on one single app, despite the current SSO (Single Sign On) that we have today across all hubs.

To improve customer engagement and enable our teams to provide more comprehensive services, all members from our sales team, including external agents, were equipped with a Digital Sales Kit. Working in collaboration with MHub, gives our sales teams access to information, images, video galleries as well as real-time sales charts. They will also be able to reserve the respective units chosen by their clients or customers by just using their tablets.

Throughout the pandemic, we stayed close to our customers as this helped us understand and respond to their demands. To ensure the information provided was constantly updated, our back-end Customer Relationship Management team consistently integrated the data and information gained via further data synchronisation, fully adopting Virtual Reality/Augmented Reality as well as leveraging on data analytics to help us identify their evolving needs and market trends. Given the social distancing and containment measures, many customers chose to connect with us digitally, resulting in an increase of total confirmed buyers by 59% in 2021 as compared to 2020. Our investments in easy-to-use digital solutions helped secure our market position in 2021 as 51% of the total sales achieved in 2021 was sourced digitally.

In the first half of 2021, most of our employees were back in the office, but with the FMCO and NRP measures introduced from June onwards, many had worked from home, except for those in critical sectors. As the majority of our workforce have adopted the use of digital tools to communicate with stakeholders, we tightened cybersecurity measures with the introduction of email filtering as well as added firewall and anti-virus protection. To help our leadership

team better understand the various security threats and protect their teams, we introduced a Cybersecurity Awareness Programme which was conducted via e-learning and self-assessments.

While we strengthened our digital capabilities in 2021, we also worked on reinforcing the synergy between teams, especially between the digital and development teams to better serve our customers. For instance, following the purchase of new lands in Petaling Jaya and Taman Connaught, Cheras, we conducted design thinking workshops to further understand customers’ needs and requirements, post-pandemic. These ideas, ranging from space, security features, community engagement via homepreneurship, health and fitness monitor especially for senior residents and sustainability involving recycling projects in collaboration with Alam Flora Sdn. Bhd., will be incorporated into these two developments. Following this, we will move forward to develop the relevant technologies as this will add value and convenience to the lives of the future residents of these developments. For us, it’s not just building a house, but designing homes that fulfil their immediate to long-term needs.

We also kickstarted the Innovation Challenge in the last quarter of 2021 to drive ideation and innovation among employees as well as to differentiate ourselves in the market as we move towards becoming a balanced real estate player. We received overwhelming response and have moved the Accelerator Stage to January 2022. The announcement of the winners is expected in the second half of 2022.

Moving forward, we believe that digitalisation will emerge as a catalyst and enabler in realising UEM Sunrise’s sustainability initiatives. Leveraging on digital initiatives, we will be able to encourage people, be it our residents, customers and society, to embrace low-carbon mobility, and provide electric vehicles’ charging locations at parking spaces in malls and residences. This will encourage residents to realise the importance of energy consumption, enhance awareness on maximising energy usage by introducing apps that can be connected to IoT devices, or connect physical devices to the internet to encourage data exchange.

Digitalisation will become a catalyst and enabler for, amongst others, communicating and connecting directly to our customers and stakeholders, indirectly getting them involved in the master planning of our developments and communities we are building. It will help us reach our audience at a faster rate, giving them opportunities to interact with us across all mediums.

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Outlook

Throughout 2021, we pushed ahead on a number of projects and at the same time, put on hold several other projects due to certain delays caused by the various movement restrictions. Nevertheless, we are now progressing on our strategies, focused on taking corrective measures to boost our growth momentum.

With the anticipated turnaround of the economy and our goal to augment growth, we have implemented measures in the mid to long-term to transform the Company into an effective and balanced real estate player, guided by our three-pronged strategy; Triage, Stabilise and Sustain.

Efforts have been undertaken to drive the Company forward, strengthen our fundamentals and adapt to market needs – listening to customers, understanding their pain points and responding effectively. With COVID-19, we have also taken into consideration new living habits and trends, as many moved into the work-from-home environment, a new trend that will continue in the post-pandemic era. We remained committed to delivering customer

needs and demands, providing them with the right product mix, at the right location and at the right price. We will push for higher construction progress, especially on the newly-launched and ongoing products, whilst at the same time, persevere to secure higher sales.

In the retail segment, we have also looked into strategies to increase footfall and drive sales via specific community-based events. On the international front, we are working towards identifying new lands and opportunities as we strengthen our position in Melbourne.

Moving forward, we will continue to reinforce and strengthen our fundamentals given our geographically diversified portfolio. We managed the headwinds of 2021 with tenacity, discipline and effective cost management, all of which are still in a continuous progress. We are ready to chart our growth trajectory in 2022, leveraging on opportunities to realise mid- to long-term growth as this will cement our position as an effective and balanced real estate player.

Management Discussion & Analysis

SUSTAINABILITY REVIEW

ENVIRONMENT



Material Issues Addressed:

Environmental Resource Management, Biodiversity, Energy, GHG and Climate Change

SDGs Covered:



ENVIRONMENTAL MANAGEMENT

As a leading and sustainable property developer, we are committed to protecting the environment and being a responsible partner in the communities in which we operate through ensuring safe, efficient and environmentally conscious operations.

While we recognise that the nature of our upstream operations can inherently impact the environment and the local communities, we strive to minimise and mitigate any negative environmental impacts by adopting sustainable practices.

Our environmental approach is guided by the Group's Health, Safety and Environment (HSE) Policy, which is available on our corporate website. We also comply with all the necessary rules and regulations enforced by the local authorities where we operate. We regularly monitor our air emissions, noise and water quality, as required by the Environmental Quality Act, 1974. In the year under review, there were zero significant fines or non-monetary sanctions on non-environmental compliance imposed on UEM Sunrise.

We will continue to employ various strategic sustainability measures for the long-term value creation of the Company. Currently, we have incorporated long-term goals in UEM Sunrise 2030 Sustainability

Goals, integrated the Group's sustainability targets in employees' annual Key Performance Indicators (KPI), and conduct environmental efficiency monitoring and briefings.

Energy Management

We strive to reduce our energy consumption across our operations to minimise our carbon footprint by incorporating energy-saving designs, as well as other elements throughout our development, to reduce resource usage. For corporate offices, we ensure that preventive HVAC (Heating, Ventilation and Air-conditioning) maintenance is performed on a timely basis in order for the system to be more efficient. This will also prevent costly repairs such as clogged filters, dirty ducts and coils, debris and dust-laden vents and fatigued parts. Further to that, our employees are regularly reminded to switch off their electronic devices when the devices are not in use. We are also upgrading our old electrical items such as refrigerators and water coolers to new, energy-saving models.

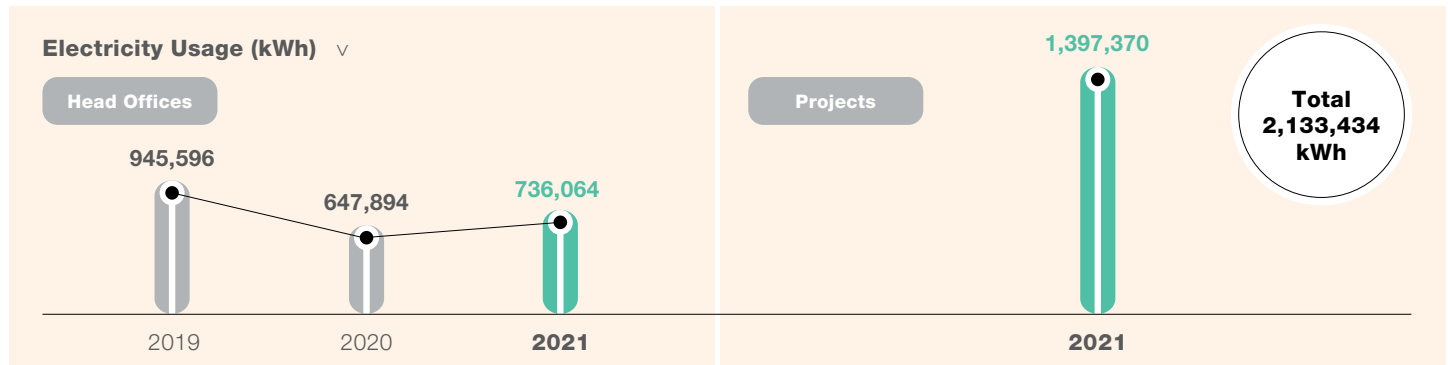
Management Discussion & Analysis

SUSTAINABILITY REVIEW

Additionally, our annual IMS-ISO audit enables us to check the condition and efficiency of our HVAC and lighting fixtures.

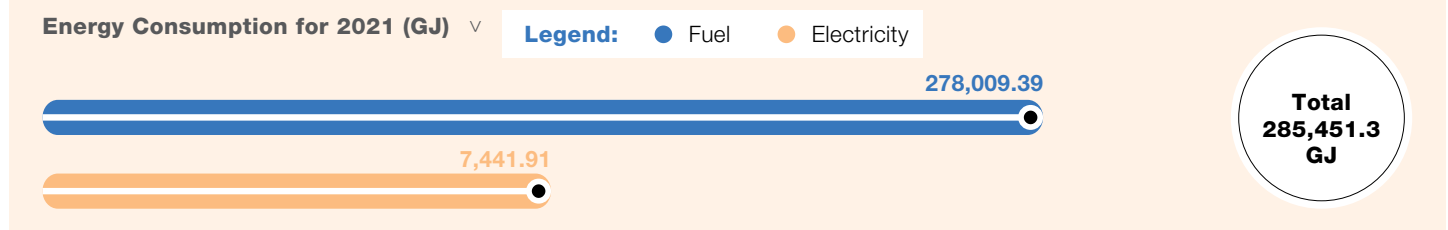
At our project sites, our contractors are expected to perform routine maintenance on equipment to reduce fuel usage. The roofs of project site office buildings are also installed with insulation to ensure the HVAC system runs efficiently.

The sources of our energy are primarily from fuel, which are petrol and diesel, and electricity usage. In 2021, our energy consumption was 285,452.3 Gigajoules (GJ).



Note

Electricity usage data for projects is not available for 2019 and 2020, as the process of data collection for projects started in 2021.



Climate Change

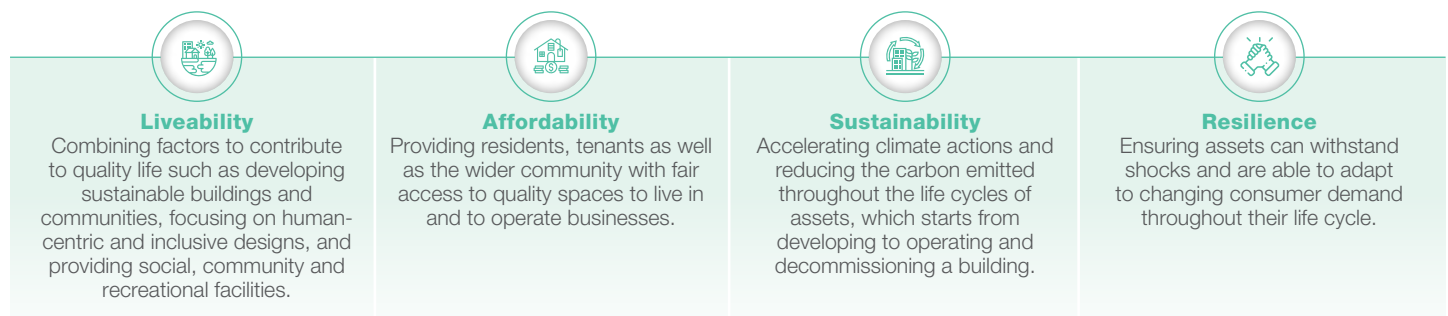
Climate change is currently one of the most challenging global issues that has affected daily lives and business operations. With extreme weather events continuing to leave a profound impact on human lives, there needs to be urgent climate actions taken.

The real estate industry contributed close to 40% of the world carbon emissions and as such, we are aware of our responsibility to take climate action by reducing our carbon emissions. While climate change effects pose risks to our upstream operations and downstream businesses, they also create opportunities for us to be

more resilient. We are committed to combatting climate change by incorporating sustainable design principles in our townships, and residential and commercial developments to further reduce carbon emissions during construction and operations.

As part of our journey towards building a sustainable world, we are committed to transitioning to a low-carbon future by 2030, with efforts underway to align all business processes to achieving the goal. This includes integrating climate-related risk management into the company-wide risk scorecard.

Our approach to climate change is anchored on four key pillars:



Management Discussion & Analysis

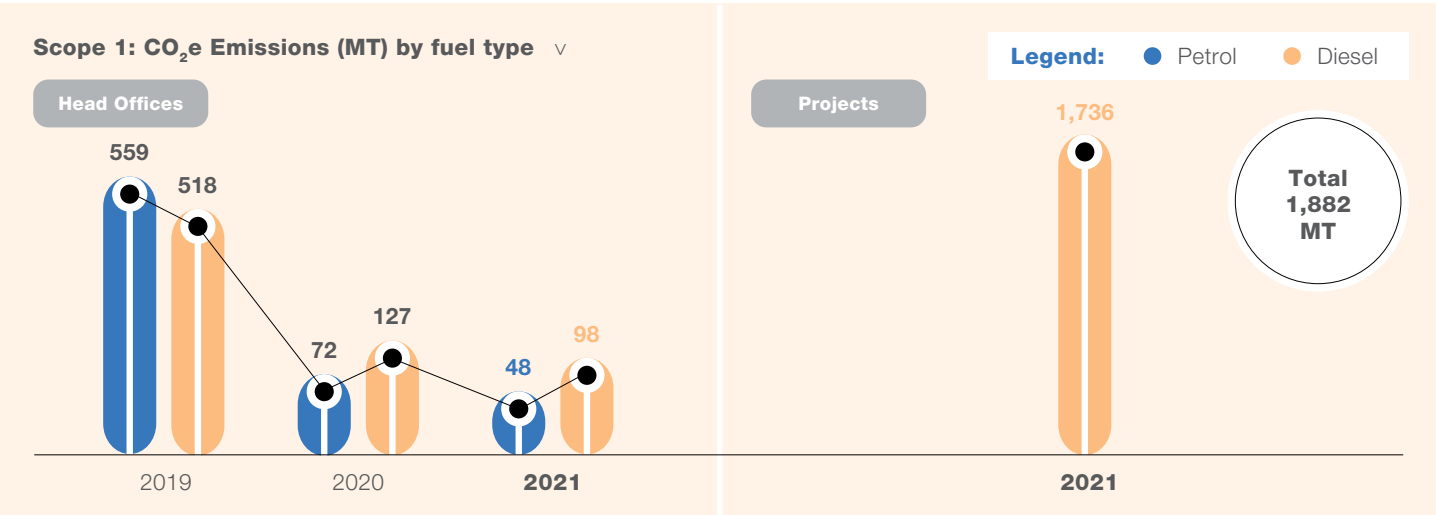
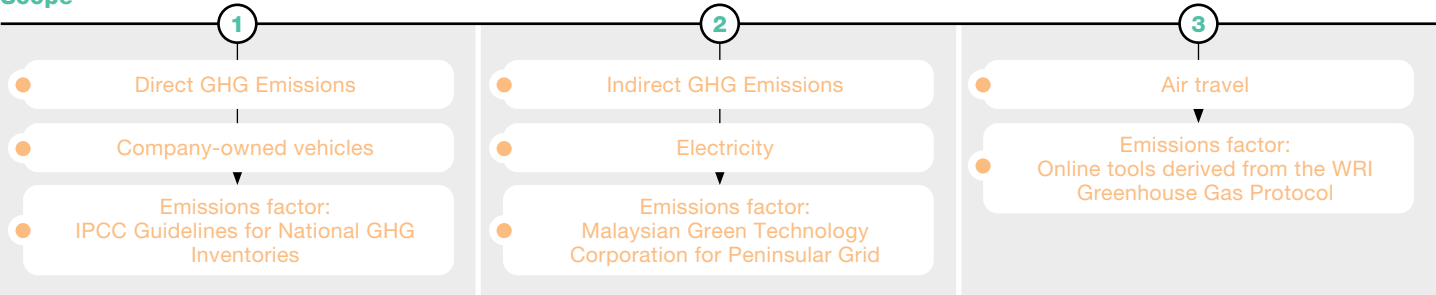
SUSTAINABILITY REVIEW

Greenhouse Gas (GHG) Emissions

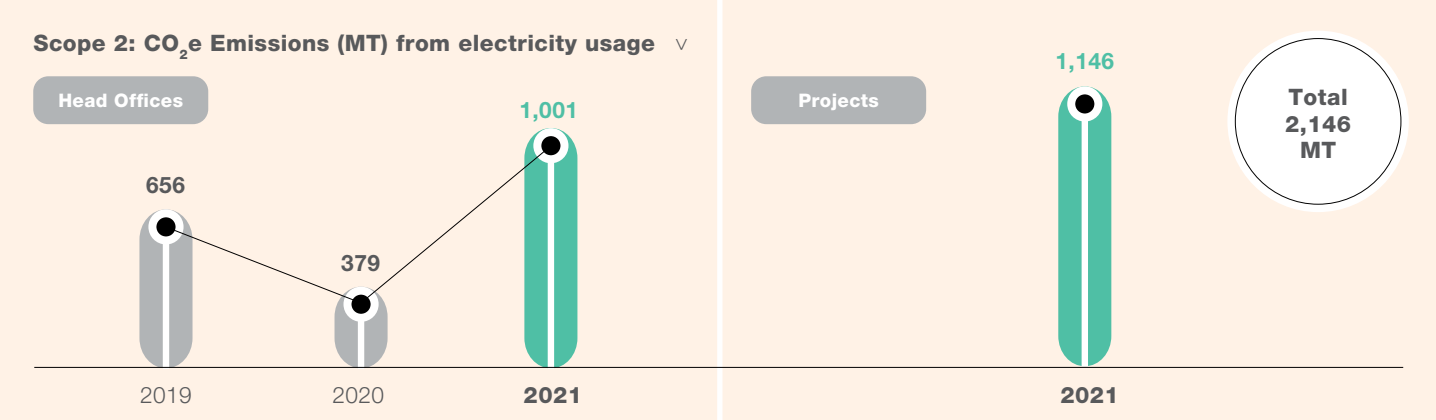
We continue to disclose our GHG emissions based on the data collected from across our Company and conduct air monitoring quality. In 2021, we emitted 4,028 metric tonnes of carbon emissions.

Our emissions, calculations are based on the Greenhouse Gas (GHG) Protocol established by the World Business Council for Sustainable Development (WBCSD) and World Research Institute (WRI).

Scope



Note
Petrol usage data for projects is not available for 2019 to 2021.



Note
Electricity consumption data for projects is not available for 2019 and 2020, as the process of data collection for projects started in 2021.

Management Discussion & Analysis

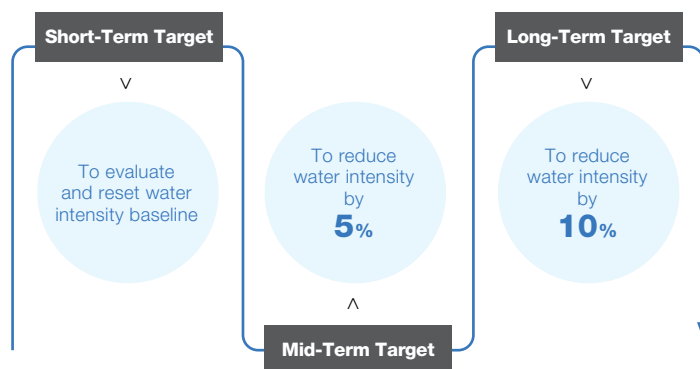
SUSTAINABILITY REVIEW

Water Management

Water is a natural resource that is vital for our business operations, and we are cognisant of the importance of preserving our water quality for the sustainability of our future generations. Our water management efforts are focused on environmental compliance, efficient water consumption, conservation and water usage reduction. We aim to reduce and mitigate negative environmental impacts from our business operations and activities.

We are committed to preserving water resources and their ecological system by developing man-made lakes in two of our developments – Serene Heights Bangi and Aspira LakeHomes in Gerbang Nusajaya, Johor to preserve the hydrological cycle, ecological demands and water quality.

To accelerate our transition towards a low-carbon portfolio through efficient water consumption, we have established short, medium and long-term targets for our water usage.

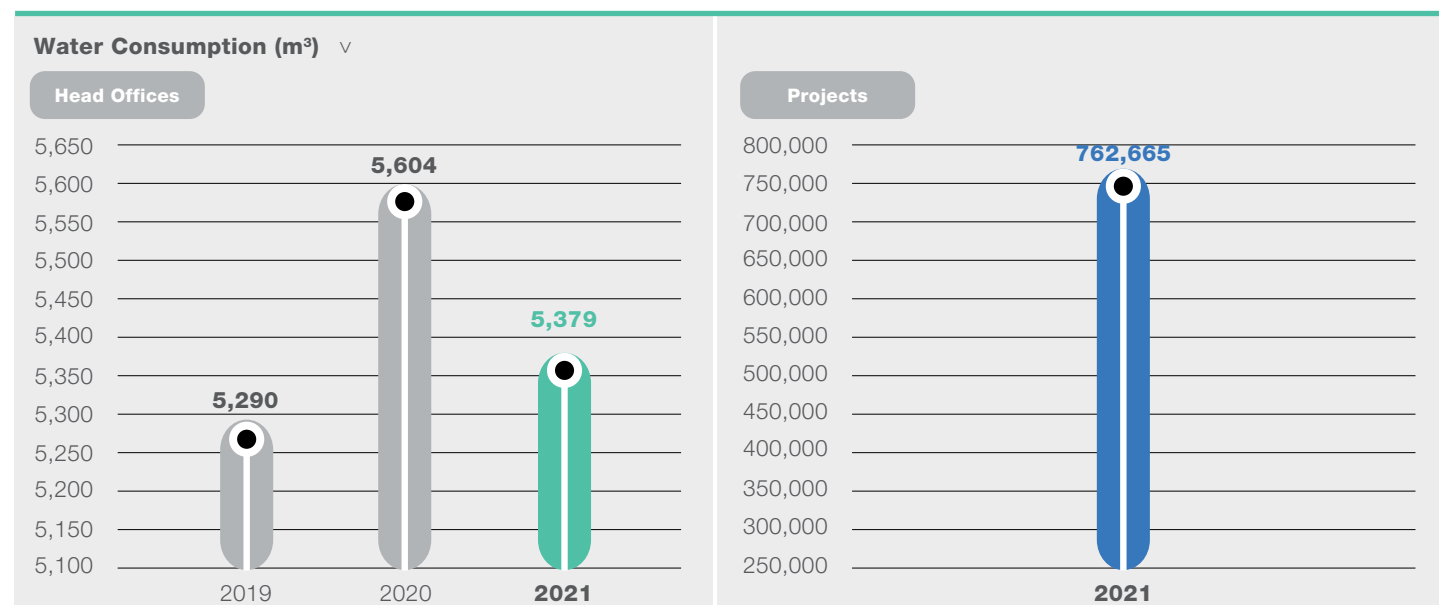


Water Consumption

We withdraw our water from potable and non-potable water resources. All our operations are not within areas with water stress.

To ensure efficient water consumption, we continuously monitor the monthly water consumption of our contractors to ensure that they are aware of their responsibility in conserving water. Our contractors have implemented some water reduction initiatives and these include using recycled water to wash vehicles' tyres and to water construction sites to reduce dust, which could indirectly reduce pollution.

We also monitor and track the Group's water consumption by ensuring all water bills are recorded and kept for seven years besides identifying and rectifying pipe leaks. All water metre damages and repairs are documented, and we constantly communicate with the relevant water authorities when resolving any problems identified.



Notes

2021's water consumption data is limited to UEM Sunrise's offices in the southern region.

Water consumption data for projects is not available for 2019 and 2020, as the process of data collection for projects started in 2021.

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SUSTAINABILITY REVIEW

Water Discharge

We strive to apply best sustainability practices in all our operations and business activities by taking steps to minimise our negative environmental impact. To prevent water pollution, our project sites keep track of their total suspended solids (TSS) on a monthly basis by appointing an external consultant. TSS are caused by soil erosion, runoff or discharges from project sites. While some streams may naturally have significant quantities of suspended particles, a sudden increase in turbidity in a previously clear body of water is reason for concern, as some of our projects are located near natural water resources. We acknowledge that excessive suspended silt can degrade water quality for aquatic and human life, obstruct navigation and raise flooding risks, and we will thus strive to ensure our TSS are within the permitted limit of 50mg/l or 150mg/l.

Further to that, all our effluents and wastewater are treated by Indah Water Konsortium (IWK) and disposed of in accordance with the National Water Services Commission (SPAN) and the requirements of other relevant local authorities.

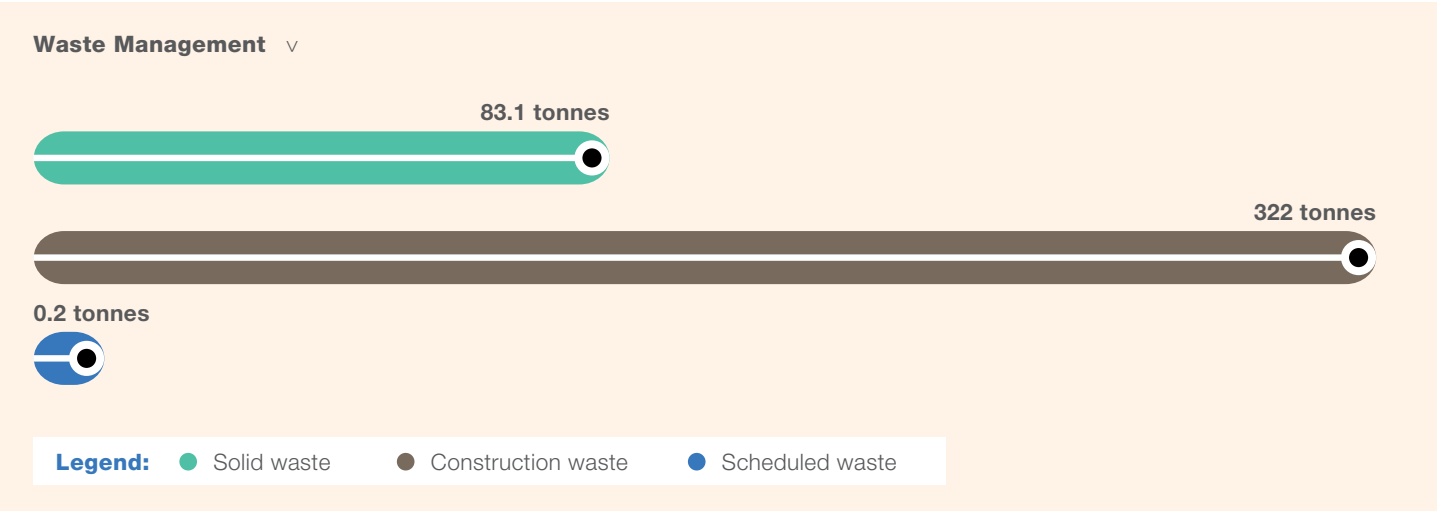
Waste Management

UEM Sunrise strives for efficient waste management to preserve the environment and mitigate any health risks to its stakeholders. We have an integrated waste management system that reduces waste by focusing on waste segregation according to use, the relevance of organic waste and combustible waste fraction pre-treatment. This helps to generate a circular economy by producing compost of renewable energy from waste.

Our project sites typically generate three types of waste namely, construction waste, domestic waste and scheduled waste. While construction and domestic waste are disposed of at regulated landfills by licensed vendors appointed by the projects' main contractors, scheduled waste is disposed of by registered contractors at approved treatment and disposal facilities as per the Sixth Schedule: Consignment Note for Scheduled Waste under the Scheduled Waste Regulation 2005. The relevant contractors were registered and approved by Malaysia's Department of Environment. Other forms of waste such as wood, paper, plastic bottles and recyclable materials are recycled.

All our employees and contractors have been given clear instructions to minimise waste generation and ensure the proper handling of waste. The segregating, managing, transporting and disposing of waste are managed by appointed licensed contractors, who are required to record the volumes of the materials accepted, diverted and disposed of, as well as the sites of final disposition of the materials received. Some waste management service providers also collaborated with our building owners and general contractors to develop project-specific waste management strategies that include customised diversion plans suitable for the project. All our waste contractors are required to submit a monthly QHSE progress report.

In 2021, we generated 83.1 tonnes of solid waste, 322 tonnes of construction waste and 0.2 tonnes scheduled waste.



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Environmental Management Standards

We have been accredited with the ISO 14001:2015, which guides us in ensuring an Environmental Management System (EMS) that minimises the negative environmental impacts of our operations and ensures compliance with applicable laws, regulations and other environmentally oriented requirements. The standards can be integrated with other management activities to help us achieve our environmental and economic objectives. For instance, one of our environmental goals is to ensure that our TSS are within the 50mg/l limit. As for environmental compliance, we require all our projects to engage a third-party environmental monitoring lab to check the project's water and air quality and noise levels generated by site activities that may impact its surroundings and environment on a regular basis.

In the year under review, our water quality, air quality and noise levels were within the respective permissible limit. We did not receive any significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2021.

Total Suspended Solids (TSS)

Project	Requirement	Min (mg/l)	Max (mg/l)
PUTERI HARBOUR	150 mg/l	3	38
	50 mg/l	3	16
		5	20
		3	28
		3	30
		4	17
ESTUARI	150 mg/l	4	5
		7	10
		10	27
	50 mg/l	23	93
		3	3
THE MARIS	150 mg/l	4	70
		7	76
68° AVENUE	50 mg/l	8	34
	150 mg/l	8	65
		11	52
GN P1 EXT PKG 1	50 mg/l	3	40
		4	16
		3	14
	150 mg/l	6	83
		17	142
		5	143
GN P1 EXT PKG 2	50 mg/l	5	36
	150 mg/l	6	83
		17	70
		5	143
SENADI HILLS P1A	50 mg/l	7	32
	150 mg/l	6	83
		17	142
		5	143
SENADI HILLS P1B	50 mg/l	7	40
		32	44
SERASSA GREENS EW	150 mg/l	15	137
		17	44
		39	15
		6	5

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Project	Requirement	Min (mg/l)	Max (mg/l)
LFC ROAD WORK	50mg/l	3	40
		0	16
		4	26
	150mg/l	0	17
		0	59
		8	43
ASPIRA PARKHOMES	50mg/l	8	40

Air Quality Monitoring (PM10)

Project	Requirement	Min (µg/m³)	Max (µg/m³)
PUTERI HARBOUR	PM10,100 µg/m³	37	39
		45	69
ESTUARI	PM10,100 µg/m³	37	39
		38	43
THE MARIS	PM10,100 µg/m³	40	49
		34	45
68° AVENUE	PM10,100 µg/m³	11	28
GN P1 EXT PKG 1	PM10,100 µg/m³	45	57
GN P1 EXT PKG 2	PM10,100 µg/m³	44	59
SENADI HILLS P1A	PM10,100 µg/m³	5	20
SENADI HILLS P1B	PM10,100 µg/m³	5	37
SERASSA GREENS EW	PM10,100 µg/m³	52	55
		44	49
		49	52
LFC ROAD WORK	PM10,100 µg/m³	32	40
		58	65
		57	67
ASPIRA PARKHOMES	PM10,100 µg/m³	39	47

Noise Monitoring

Project	Requirement	Min (dB)	Max (dB)
PUTERI HARBOUR	60 dB (A)	51	53.7
		50.1	57.7
ESTUARI	60 dB (A)	52.3	53.7
		52.8	55.5
THE MARIS	60 dB (A)	56.2	58.2
		54.9	56.5
68° AVENUE	60 dB (A)	45.9	50.9
GN P1 EXT PKG 1	60 dB (A)	46.4	57.5
GN P1 EXT PKG 2	60 dB (A)	56	58.3
SENADI HILLS P1A	60 dB (A)	46.7	55.3
SENADI HILLS P1B	60 dB (A)	50.6	55.6
SERASSA GREENS EW	65 dB (A)	60.1	61.5
		59.4	60.5
		59.1	60.8
LFC ROAD WORK	60 dB (A)	46.4	59.5
		51.5	56.5
		50.9	56.5
ASPIRA PARKHOMES	60 dB (A)	53.5	59.6
		50.1	58.6

Management Discussion & Analysis

SUSTAINABILITY REVIEW

COMMUNITY



Material Issues Addressed:
Supporting Local Communities,
Community Engagement

SDGs Covered:



UEM Sunrise is committed to build better communities for the future by nurturing communities with initiatives that are in line with the Company's vision and mission.

We strive to meet the expectations of our stakeholders in terms of economic, social, and environmental performance. With the collective efforts of our driven CHIEFs, our community programmes aspire to create positive ripples in society.

● OUR CSR COMMITMENTS

1

Educating for the Future

As education is important for development and career, we seek to provide educational support with activities to inspire the next generation in building their own futures.

2

Lending a Hand to Communities

We are committed to supporting the communities around us as our way to give back to society with socially responsible initiatives.

We also support the community through outreach programmes based on three pillars: educational enhancement, community engagement and environmental conservation. All programmes under each focus area are in line with UEM Sunrise's business strategy.

Management Discussion & Analysis

SUSTAINABILITY REVIEW

● OUR CSR FOCUS AREAS

Education and Human Capital

We uphold and support a collaborative, consultative approach in all our efforts to provide better opportunities for education to further develop those in our community and workplace.

Community Development

We focus on capacity building and increasing livelihood to contribute directly to sustainability and improved quality of life.

Green Environment & Technology

We constantly find new innovations and methods to meet growing social and environmental legal requirements, industry practices and fiscal incentives, whether through organic growth, empowerment of stakeholders or strategic investment.

Value Creation

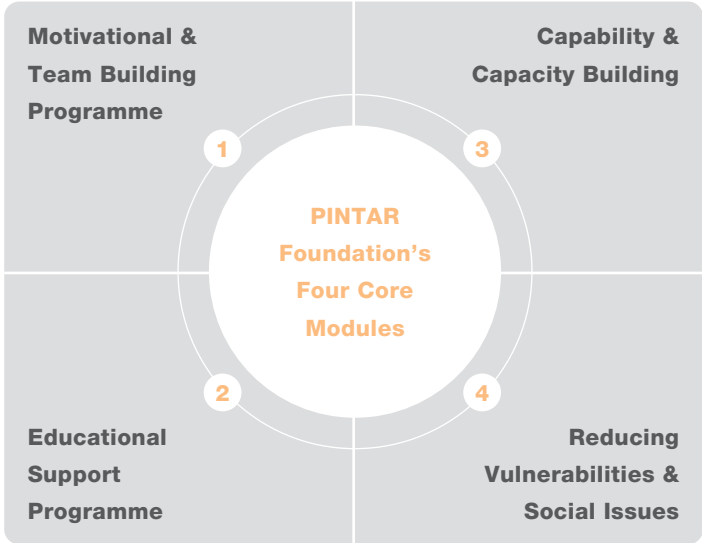
We aim to develop an extensive range of products and services through innovative use of sustainable technology and processes, building client and stakeholder awareness of responsible products and encouraging vendor, supplier, and service provider growth through sustainable capacity building initiatives.

● PROMOTING INTELLIGENCE, NURTURING TALENT AND ADVOCATING RESPONSIBILITY (PINTAR)

PINTAR is a joint social responsibility initiative led by Khazanah to motivate and encourage the success of students from underperforming schools through education. UEM Sunrise strongly believes every child has the right to education and through this programme, we aim to improve the educational outcomes of students from underprivileged communities nationwide through the school adoption programme.

We hope to inspire and motivate young Malaysians to become well-rounded individuals and responsible citizens in society through the PINTAR programme.

Since year 2008, we have supported the PINTAR school adoption programme and implemented the Foundation’s four core modules in conducting our programmes.



In 2021, we donated 100 PCs to 10 of our PINTAR Adopted Schools in Iskandar Puteri, Johor to provide better educational support for 3,000 students.

Management Discussion & Analysis

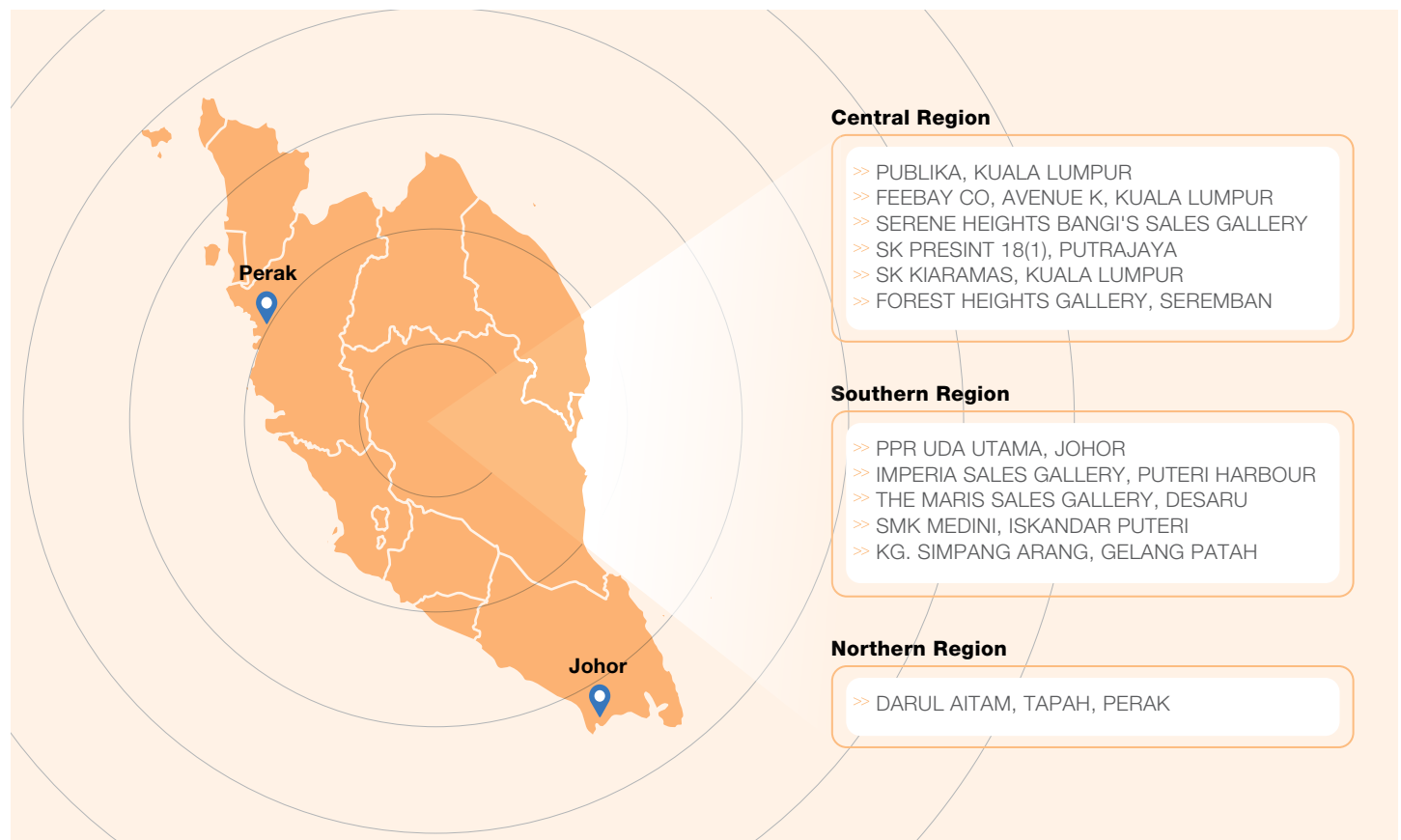
SUSTAINABILITY REVIEW

● PROMOTING READING AND LITERACY

A community library project launched together with the Ministry of Housing and Local Government (KPKT), BukuHub made its debut in January 2019 and is an initiative to show our support of the Government's National Community Policy (DKN). This objective of this frontrunning programme is to make reading materials more accessible to the local community by building mini-libraries and reading corners.

The initiative contains measures to improve the overall living environment of the B40 segment, in addition to increasing facilities in affordable housing developments and in our development communities. BukuHub is also aligned with the Ministry of Education's vision of making years 2020-2030 the National Decade of Reading.

Location of BukuHubs



BukuHub provides a cosy place for the public to read and donate books freely. In our initiative to cultivate healthy reading habits, more than 20,000 books have been collected from generous members of the public and placed at 12 UEM Sunrise BukuHubs in various communities.

Management Discussion & Analysis

SUSTAINABILITY REVIEW

● OTHER COMMUNITY INITIATIVES

● CARING FOR THE AGED

We extended our charity efforts to the aged with a series of CSR programmes to help and show them some love and care. In February, we organised a Charity Drive for those at Pusat Jagaan Mahmudah, Bangi and managed to raise RM10,000. UEM Sunrise also donated essential items and care packages to the elderly living at Persatuan Kebajikan Orang Tua Ceria in Johor.

● SUPPORTING COMMUNITIES DURING NATIONAL EMERGENCIES

While the rest the nation were still coping with COVID-19 pandemic and living with the new normal, many still needed some form of support. This year, UEM Sunrise contributed to the community of Kampung Segambut Dalam during the Enhanced Movement Control Order (EMCO), by sending 500 families essential goods amounting to RM20,150. UEM Sunrise also organised a COVID-19 Livelihood Assistance Programme 2021 together with Yayasan UEM, the philanthropic arm of UEM Group, that saw the distribution of basic necessities to the underprivileged living in Klang Valley.

This year many were also impacted by flood disasters and UEM Sunrise took the opportunity to lend a hand to flood victims. A donation drive was set up by through the CHIEFs volunteering programme which totalled to RM25,000 in contributions and essential items were distributed to aid the flood victims.

● SPREADING FESTIVE JOY

This year UEM Sunrise took opportunities to share good cheer in the communities surrounding its developmental areas. During Ramadan, the company organised the 'CaringIsMyHappy Movement' for the community in Kampung Orang Asli Simpang Arang in Gelang Patah, Johor. About 200 families received essential items amounting to RM10,000. In addition to that, UEM Sunrise also donated RM5,000 and organised a Hari Raya celebration with Rumah Nur Kasih Bestari Orphanage in Segambut.

In December, we rounded up the year-end celebration with a CSR Christmas contribution and 'Smiling Proud' campaign where 100 boxes containing essential items were donated to housing developments (PPR) in Kerinchi, Seri Pantai and Sri Pahang, Kuala Lumpur. This was a collaborative effort between UEM Sunrise and Happy Bank, a non-profit volunteer-based organisation focused on helping the underprivileged.

● EMPOWERING COMMUNITIES AROUND US

To assist our community, UEM Sunrise developed 8 units of shop lots in collaboration with Majlis Perbandaran Kajang (MPKJ). These shop lots were located within the vicinity of the Serene Heights Bangi development area and was named 'Gerai Majlis Batu 3' during a handover ceremony to MPKJ.

The initiative is an effort to enable and support small businesses in the area and contribute to the over-arching element of nation-building. We are committed to working closely with the relevant authorities to empower more communities in need.

UEM Sunrise also partnered with Happy Bank in an initiative to help the underprivileged in conjunction with National Smiles Day and 'Smiling Strong Campaign'. During this campaign, 50 bags of essential items were presented to the community in housing developments in Pantai Ria and Putra Ria in Bangsar, Kuala Lumpur.



Management Discussion & Analysis

SUSTAINABILITY REVIEW

VALUING OUR PEOPLE



Material Issues Addressed:
Human Rights, Regulatory Compliance, Diversity, Equal Opportunity and Non-Discrimination, Talent Management, Occupational Safety and Health

SDGs Covered:



Behind the success of every company are the skills, support, hard work and dedication of its people.

At UEM Sunrise, we continuously strengthen our workforce by enhancing their competencies and helping them to build their careers through providing more opportunities and incentives. We strive to provide a conducive working environment by maintaining diversity at the workplace, prioritising occupational health and safety and supporting employee professional aspirations.

● HUMAN RIGHTS AND LABOUR COMPLIANCE STANDARDS

As a responsible corporate citizen, UEM Sunrise upholds human rights in all its business activities and across its value chain to ensure responsible business practices. We are committed to aligning our business conduct with the United Nations Guiding Principles on Business and Human Rights. Our commitment to labour standards is communicated to all employees including security personnel through our Code of Business Ethics and Employee Handbook, which are available in English and Bahasa Malaysia.

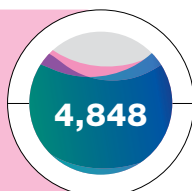
Our contractors are required to observe basic human rights principles including freedom of labour, prevention of child labour, minimum wages and benefits, non-discrimination, free from sexual harassment, freedom of association, humane treatment towards employees and respecting the rights of indigenous people, as well as foreign or migrant workers.

We constantly provide human rights training to our employees to ensure human rights principles and practices are entrenched across our operations.

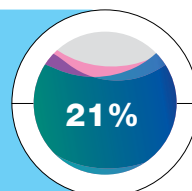
Management Discussion & Analysis

SUSTAINABILITY REVIEW

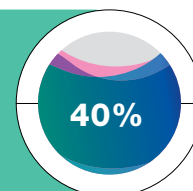
Total number of hours spent on training on workplace health and safety, human rights policies or procedures



Percentage of employees trained in human rights policies or procedures



Percentage of employees trained in occupational, health and safety



Functional areas	Human rights areas	Business activities	Participants
Human Resources	Working conditions Working hours wages Living wage benefits Leave breaks PDPA Grievance mechanisms	Head Office	UEM Sunrise Chief People Officer UEM Sunrise Human Resources personnel
		Construction Sites	Contractors' Human Resources Managers Contractors' Human Resources personnel
Health and Safety	Workplace health and safety Health and Safety training Personal Protective Equipment (PPE) Access to medical services Occupational illnesses Night work Working conditions at construction sites	Head Office Construction Sites	UEM Sunrise Health Safety, and Environment (HSE) Manager, HSE Officers, UEM Sunrise HSE Committees
Security Arrangements	Security situation and management procedures at UEM Sunrise sites Security guards Security training Recruitment process	Head Office Construction Sites	Security Manager and Officers Contractors Security Guards
Business Integrity	Processes on bribery and corruption Complicity Lobbying	Head Office	Legal Counsel Corporate and External Affairs Manager
Community Impacts	Community engagement Access to water Environmental impacts	Construction Sites	UEM Sunrise Project Managers UEM Sunrise Customer Experience Manager UEM Sunrise Development Manager
Procurement (goods and services)	Procurement of goods and services by UEM Sunrise (including contractual arrangements) Working conditions, Health and safety, Security and Community impacts	Head Office Construction Sites	UEM Sunrise Procurement Manager Suppliers' workers
Sourcing of Raw Materials	Working hours living wage Non-discrimination Grievance mechanisms Child labour Forced labour Health and safety	Head Office Construction Sites	Procurement Officer(s) various raw materials
		Construction Sites	Contractor's Workers Local communities
Product quality and marketing practices	Products safety and quality product marketing and advertising Use of social media for marketing purposes	Head Office Construction Sites	UEM Sunrise Chief Marketing Officer UEM Sunrise Chief Operation Office/ Project Team Leader UEM Sunrise Health UEM Sunrise HSE Committees UEM Sunrise Marketing Manager

Management Discussion & Analysis

SUSTAINABILITY REVIEW

● DIVERSITY, EQUAL OPPORTUNITY & NON-DISCRIMINATION

Embracing diversity is vital for business growth as every employee plays an important role in the Company. Each employee's unique and diverse experience, as well as perspectives and culture, enables us to be more integrated in problem-solving and allows us to innovate new ideas to elevate our business.

We uphold inclusivity in the workplace by implementing fair opportunities and emphasising on merit to ensure every employee stands a chance to advance their career. As a progressive Company, we aim for our staff to live healthy, happy lives in dynamic, inclusive communities and workplaces. We do not discriminate against ethnicity, religion, age, gender or disability. In the year under review, zero discrimination cases were recorded.

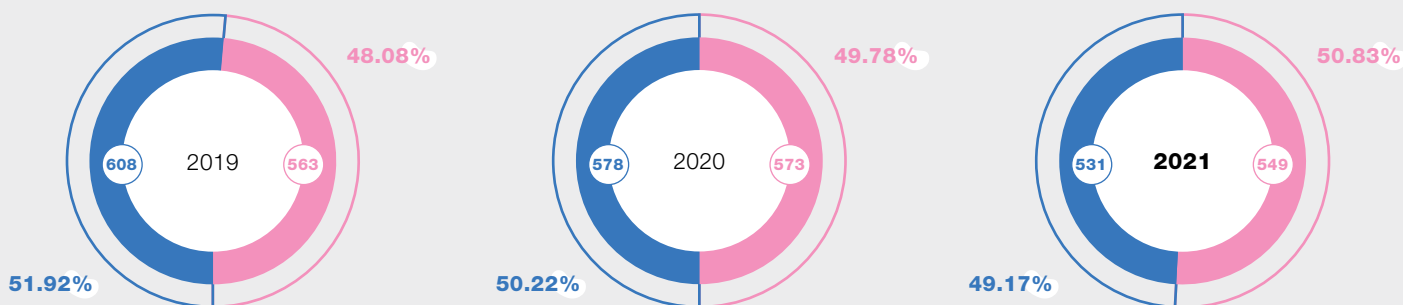
● EMPLOYEE PERFORMANCE DATA

Total No. of Employees ▾



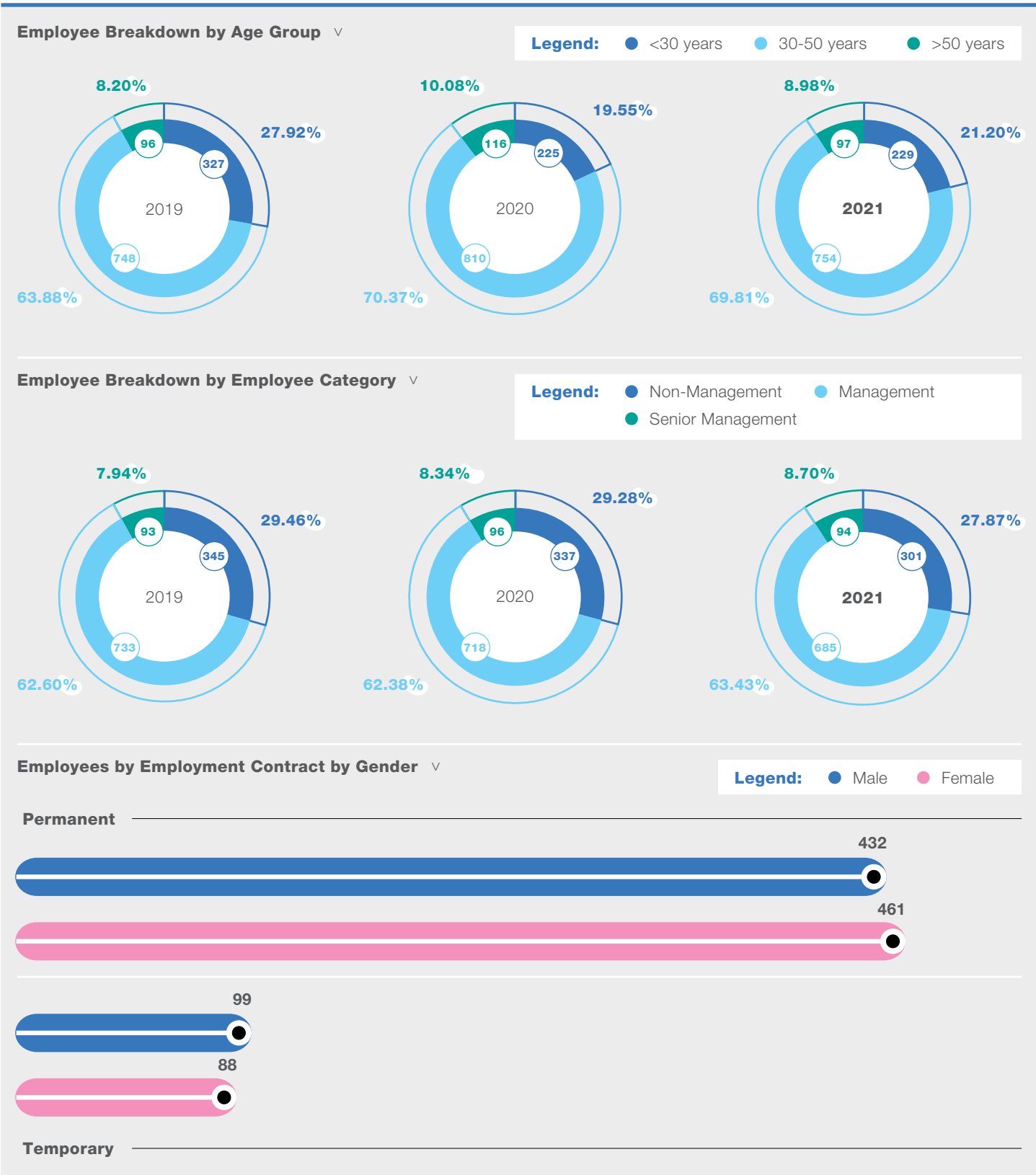
Employee Breakdown by Gender ▾

Legend: ● Male ● Female



Management Discussion & Analysis

SUSTAINABILITY REVIEW



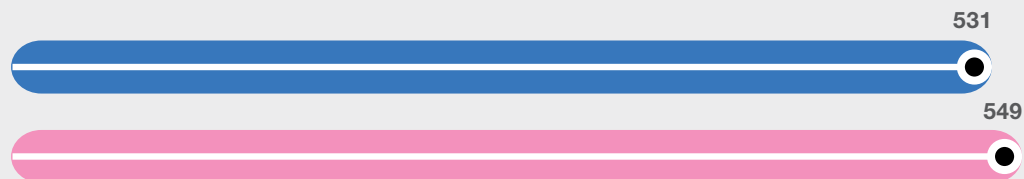
Management Discussion & Analysis

SUSTAINABILITY REVIEW

Employees by Employment Type by Gender ▾

Legend: ● Male ● Female

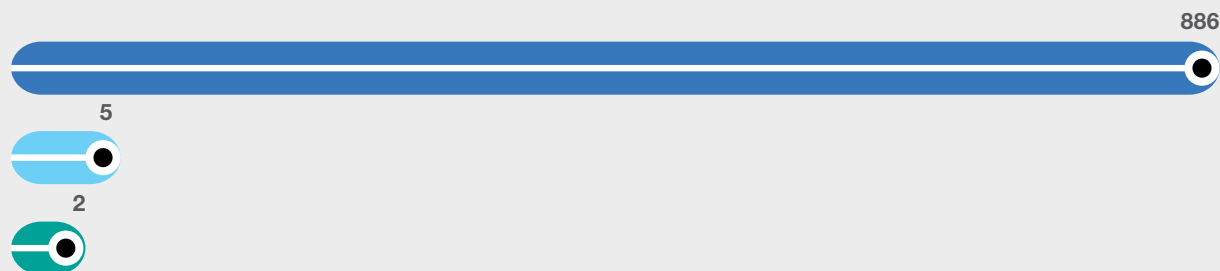
Full-time



Employees by Employment Contract by Region ▾

Legend: ● Malaysia ● Australia ● South Africa

Permanent

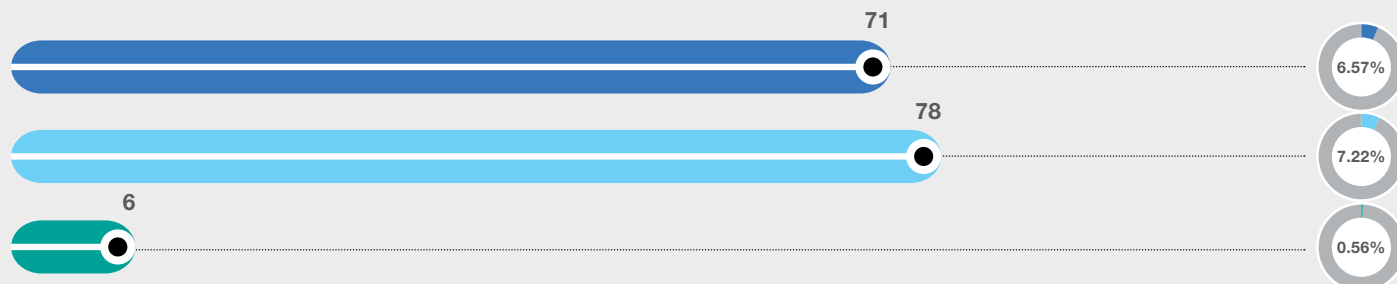


Temporary

Total Number of New Hires ▾

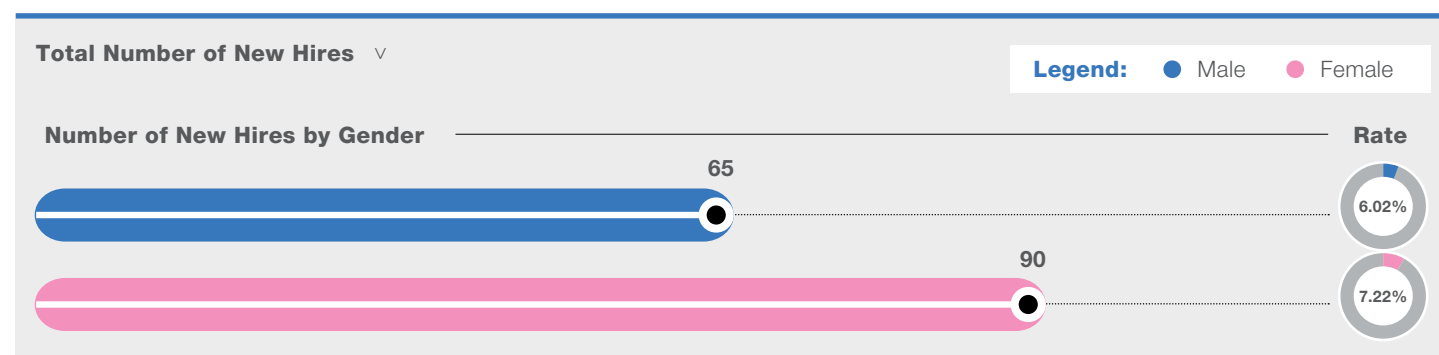
Legend: ● <30 years ● 30-50 years ● >50 years

Number of New Hires by Age Group



Management Discussion & Analysis

SUSTAINABILITY REVIEW



Employee Turnover Rates	2019	2020	2021
Turnover rate (%)	12	14	19
Turnover by Gender (number)			
Female	56	67	107
Male	58	89	105
Turnover by Age Group (number)			
<30	41	57	56
30-40	48	57	-
40-50	17	25	131
>50	8	17	25

● TALENT MANAGEMENT

UEM Sunrise lives by the tagline 'Find Your Happy', which reflects its initiative to provide more opportunities and platforms for the personal growth and career development of our CHIEFs. We strive to cultivate a High-Growth culture, placing focus on growth mindset, development culture and organisation trust to engage our employees. This is further supported by conducting knowledge sharing sessions, engagement and feedback sessions with top management (CHIEF Chat & Jom Sembang) and a digital learning platform (LinkedIn Learning) for our people to consistently learn and grow. Our People platform (HCM Oracle) also enables staff to work out their own development plans and explore internal job opportunities (CHIEF Move).

To ensure sustainable talent, UEM Sunrise provides training to equip our people with the right skillset and growth mindset. The outcome is a high-performance culture, which is mutually beneficial to high performing talents and the Company as it increases productivity and further drives business growth. We have also put in place Talent Philosophy, Strategy & Framework, which rewards talents with promotions, special recognition awards and ensures their basic salary is at least 80% comparative ratio for all talents.

Other initiatives rolled out in FY2021 included:

360 Debrief - Completed for all GM and above by Kincentric	Coaching Programme for Talents	Corporate Finance Programme for C-Suites	UEM Sunrise Nottingham Programme	Executive Coaching for CEO
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Management Discussion & Analysis

SUSTAINABILITY REVIEW

Training Hours by Gender

Training Hours/Gender	Male	Female
Total No. of Employees	530	415
Total No. of Training Hours	4,081.7	4,596.7
Average Training Hours Per Employee	7.7	11.1

Training Hours by Employee Category

Employee Category	Total No. of Training Hours	Average Training Hours Per Employee
Non-Management	466	4
Management	5524.8	7.9
Senior Management	2687.6	20.5

Employee Engagement

Keeping our employees highly engaged is essential to ensure the sustainable growth of UEM Sunrise. We strive to ensure that they remain motivated, committed to the Company, and fully engaged in their work by listening to their concerns, understanding and meeting their needs. In FY2021, we actively engaged with our employees through various initiatives to retain our talents and ensure job satisfaction. Employee engagement is now more important than ever as we strive to support our employees in navigating the challenges of transitioning to the endemic phase.

Engagements & Surveys with CHIEFs

UEM Sunrise organised initiatives throughout FY2021 to engage with our staff, boost morale and provide a platform for them to share feedback with Management. Among the initiatives were:

<p>1</p> <p>FY2021 CHIEFs Pulse Survey conducted on 22 December 2021 with a focus on issues raised in past surveys to measure results of interventions</p>	<p>2</p> <p>CEO CHIEF Chats conducted from July to November 2021 with approximately 168 employees from Talent List selected for personal discussions with the CEO</p>	<p>3</p> <p>A 16-Week Digital Coaching Programme was launched in early 2021 as a result of a Work from Home survey conducted during the MCO in 2020. The first initiative that was implemented after the survey was CHIEF Wellness Programme on 25 November 2020.</p>	<p>4</p> <p>In Q4 2021, we launched Mental Wellness Campaign, which was held up to 31 December 2021, and featured a series of Virtual Coaching Month, Naluri Community and private webinars about Mental Well-being, Career Management and Financial Management.</p>
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The evaluation of the effectiveness of this programme has been audited by Internal Audit and the findings were recorded as 'SATISFACTORY' on overall Employee Engagement, indicating that its function, framework and execution has fulfilled its objective.

Management Discussion & Analysis

SUSTAINABILITY REVIEW

Although every effort has been made to retain employees, we are aware that they may choose to depart the organisation for any reason. In the year under review, the attrition rate for UEM Sunrise was 19% lower than the industry attrition rate, which stands at 25.6%. In the event of Mutual Separations Agreement (MSA), we do all we can to ease their exit from the company. On 16 March and 9 September 2021, UEM Sunrise invited PERKESO Johor to give briefings on transition assistance programmes available via MYFutureJobs.

Employee Benefits

Our Company endeavours to reward employees equally to retain and motivate the people it values. Remuneration is evaluated on a yearly basis against external remuneration standards and employees' performance. We standardise our compensation based on the P50 in the property market industry. All UEM Sunrise employees receive equal benefits, and we adhere to all relevant local laws in terms of benefits, remuneration packages, working hours, overtime, minimum wage and allowances given, depending on locations of operations. The ratio of basic salary for both men and women are 1:1.

Employees also have the option to apply for sabbatical leave if they wish to study, rest or spend time with their families. A sabbatical requires the employer to approve extended leave from work and differs from a case-by-case basis with the promise of re-employment. We are aware that our employees may need an extension of leave to improve their psychological health and well-being or take time off to further their education.

Performance Review by Gender

By Gender	Male	Female
Total No. of Employees	531	549
No. of Employees Who Received Performance and Career Development Reviews	409	431
Percentage of Employees Who Received Performance and Career Development Review	77%	79%

Performance Review By Employee Category

By Employee Category	Total No. of Employees	No. of Employees Who Received Performance and Career Development Reviews	Percentage of Employees Who Received Performance and Career Development Review
Non-Management	299	214	72%
Management	687	539	78%
Senior Management	94	87	93%

Parental Leave for 2021

By Gender	Male	Female
No. of Employees Entitled to Parental Leave	414	364
No. of Employees Who Took Parental Leave	51	60
No. Employees Who Returned to Work After Parental Leave Ended	51	60
No. of Employees Who Returned to Work After Parental Leave Ended and Were Still Employed 12 Months After Their Return to Work	44	50
Return to Work Rate	100.00%	100.00%
Retention Rate	86.27%	83.33%

Management Discussion & Analysis

SUSTAINABILITY REVIEW

● OCCUPATIONAL SAFETY AND HEALTH

At UEM Sunrise, the safety and health of our people are a key priority. Due to the nature of our operations that involves high-risk activities, we are aware that our project sites are prone to hazardous situations.

We strive to provide safe working conditions for our employees and workers and aim to achieve zero work injuries and work-related illnesses, ultimately developing a high-performing workforce. We will continuously review our processes and procedures apart from complying with all the applicable rules and regulations.

Occupational Safety and Health Management System

We uphold high standards of health and safety at the workplace by establishing a Quality, Health, Safety and Environmental (QHSE) Management System across all business operations since 2012. The QHSE system enables us to monitor compliance with procedures and policies involving risk, incident reporting, contractor management, and health and safety auditing. It also enables us to identify potential hazards, examine risks and performance, conduct audits and continually improve our safety standards. Our health and safety management system is guided by our robust QHSE Policy and is extended to contractors and other external stakeholders. 100% of UEM Sunrise's workforce and contractors is covered by our QHSE Management System.

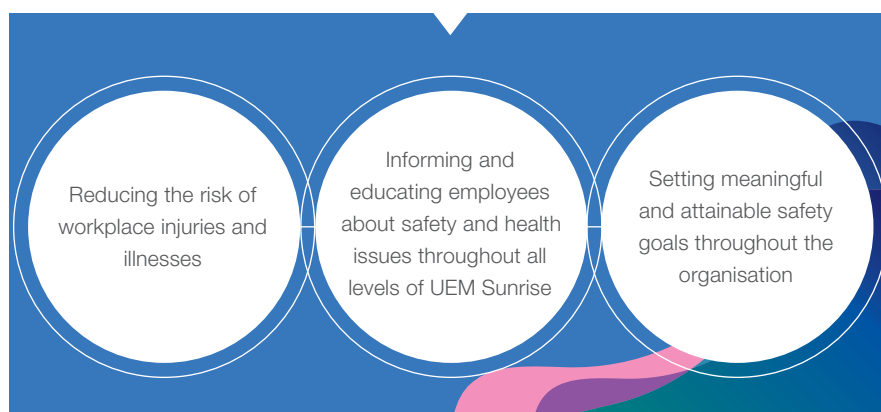
To ensure the system is implemented comprehensively, safety and health risk assessments are carried out on all existing and potential projects as part of the company's due diligence process, while our operations and sites are certified with ISO 45001 : 2018. UEM Sunrise has also developed an HSE monitoring and measurement matrix for each business function to implement corrective and prevention procedures for dealing with actual and potential nonconformity.

Health and Safety Governance

We have dedicated HSE teams at both development sites and Head Office levels to monitor safety and health aspects and to conduct relevant assessments, inspections and audits. 100% of UEM Sunrise's workforce is represented by the teams.

At our Head Office, we have established a safety committee that is headed by our Chief Executive Officer, En Sufian Abdullah, and chaired by the Head of Sustainability, Pn Sarimah Talib. Comprising equal number of employer and employee representatives, as required by DOSH, the committee ensures that any safety concerns are addressed promptly. The appointed members have received adequate health and safety training. Employee representatives on the committee represent various sections of a workplace to maintain and develop a positive safety culture.

As for development sites, a safety committee is established at each project site, with the project manager and senior project team of the main contractor representing the employer while the subcontractors represent employees. Each committee is responsible for:



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OSH Safety, Training and Awareness Measures

We ensure that all incidents and accidents are recorded and reported accordingly for corrective actions to be taken. In addition, we undertake the following safety and awareness initiatives to instil and raise awareness on the importance of health and safety:



Safety Control and Evaluation

We conduct periodic reviews of project and department risks and opportunities, including Hazard Identification, Risk Assessment and Risk Control (HIRARC) at the workplace to enhance safety and health management systems for both internal and external stakeholders, including the public. The objective of such reviews, as well as safety inspections and audits, are to maintain a safe place of work through hazard recognition and removal. It also helps to document and verify if employees are following the most effective safety procedures, and to make certain that facilities, equipment, and operations meet the required safety regulations, requirements, and best industry business practices.

For instance, the UEM Sunrise Quality Assurance, Safety, Health and Environment (QASHE) team conducts monthly safety inspections at ongoing project sites to eliminate any potential hazards at sites

that might be affecting the public. Annual IMS-ISO audits are also conducted, covering all aspects of the QHSE management system for all ongoing projects and key supporting departments at HQ to verify compliance to the standards that have been subscribed to by UEM Sunrise (ISO 9001: 2015, ISO 45001 : 2018, ISO 14001: 2015).

We are planning to adopt the OSHCIM (Occupational Safety & Health Construction Industry-Management) to strengthen our project from the stage of design to the maintenance which provides practical guidance to the client, designer and contractor on the management of safety, health and welfare when carrying out construction projects. We will also incorporate Behaviour Based Safety (BBS) approach, which primary goal is to replace unconscious unsafe behaviour that has resulted from months or years of unchallenged behaviour with unconscious, or automatic,

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safe behaviour — or safe habits. This will help to safeguard not only the workers but also the public, including our homebuyers, during construction as well as during building maintenance work after completion.

As of December 2021, we had 27,521 workers in occupational activities that are exposed to high risks.

To further instil health and safety standards, all site personnel are required to obtain a valid CIDB Green Card, which includes two-year insurance coverage for any occupational-related accident. Apart from the usual weekly and daily toolbox briefing at project sites to remind workers of our safety measures, we also conduct training for high-risked workers, employ a Permit to Work system, enforce mandatory personal protective equipment (PPE), and conduct an HSE monthly inspection.

In 2021, 3,420 new workers attended 654 induction briefings on occupational health and safety.

We also believe that appointing the right organisations and individuals to complete a particular project is fundamental to its overall success, including safety and health performance. In line with this, UEM Sunrise has appointed reputable and experienced consultants and contractors based on an evaluation system that ensures they meet criteria such as a good track record in safety and CIDB SHASSIC scores to prevent accidents and ill-health in the workplace.

Our safety measures are extended to all stakeholders, especially in ensuring the safety and security of the public and at the work site. We have put in place various

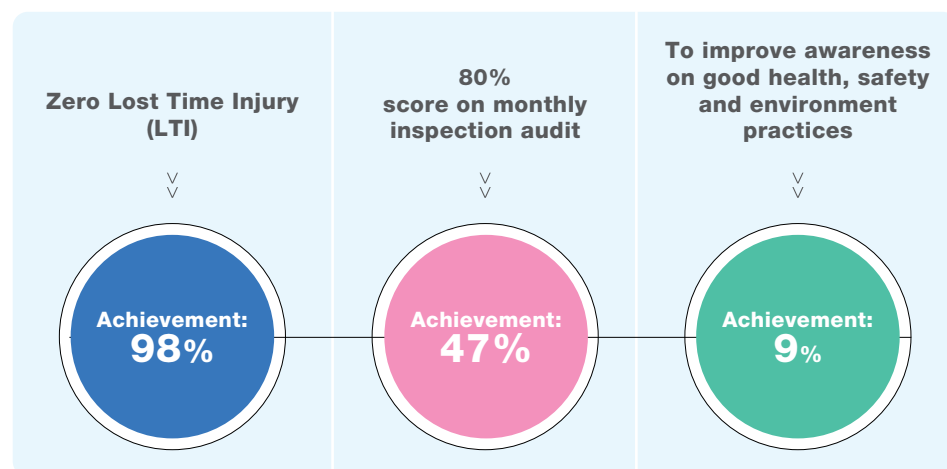
safety measures and these include ensuring proper hoarding, gates and fencing are erected along the project sites boundary to avoid trespassers, and helping to ease the traffic in the area by managing the traffic for the vehicles in and out of the work sites. We also install proper temporary earth drainage system to prevent flooding within the area as well as erect safety nets and catch platform surrounding the building edges.

Going beyond the provision of safety and security in the design and planning stage, we instil peace of mind for our homebuyers after project completion by including features such as perimeter anti-climb fencing, CCTV surveillance, card access control, digital internal security features and security screening at guarded entrances. These have been implemented in a number of our projects, including Aspira ParkHomes and Serimbun, both in Iskandar Puteri, Verdi Eco-dominiums in Symphony Hills, Cyberjaya, and Arcoris in Mont'Kiara, to name a few.

Health and Safety Performance

Despite our efforts to keep people safe through stringent measures, we regret to report that there was one fatality at our Kiara Kasih project in January 2021, where our worker fell to his death due to a failure of the temporary working platform. Following the incident, we applied the consequence management SOPs, which addresses any incident that occur at development sites and Head Offices, in accordance with the Department of Safety & Health (DOSH) guidelines. For major incidents such as fatalities, an immediate notification must be given to the identified parties, such as the police, hospital and DOSH. This is followed by an investigation on the root causes of the incident, which may lead to a Stop Work Order notification if necessary. The contractor will also be penalised if they were found to have violated any rules or regulations. Proposed corrective measures and mitigation actions will then be adopted, implemented and communicated to top management as well as all other key project team leaders to prevent recurrence of such incidents.

Health and Safety Targets and Achievements for 2021



Management Discussion & Analysis

SUSTAINABILITY REVIEW

Our Health and Safety Performance

Item/Year	2019	2020	2021
Number of minor injuries	5	4	1
Number of lost time injuries	1	0	1
Number of property damage	1	0	0
Number of fatal accidents	0	2	1
Total days of project operations	365	300 (MCO Mar/Apr/May)	335 (MCO on June)
Man-hours worked without Lost Time Incident (LTI)	3,635,840	3,471,104	5,724,368
Total man-hours worked without Lost Time Incident (LTI)	3,943,792	1,646,756	5,172,336

Note

This table represents only the health and safety performance of project sites. For the health and safety performance of our Head Office, please refer to page 81.

Including 2020, three fatal accidents occurred in the past two years. The accidents that occurred in 2020 were at Leisure Farm Infracore and Aspira ParkHomes' earthwork projects. Investigations revealed that the accidents were due to contractors, rushing to complete the progress of their respective job scopes, which were long-delayed as a result of the imposition of the various lockdowns and containment measures. Contractors also faced labour shortages pursuant to the Government's decision to halt the bringing in of foreign workers into Malaysia. COVID-19 contraction among the construction workers which required them to be quarantined was also another reason for the delay amid the lack of manpower to fully implement safety measures at the respective project sites. Following the incidences, we have adopted a stricter measure such as, but not limited to below:

1	Conduct comprehensive validation to be carried out to all contractor supervisor/safety officer/safety supervisor competency	2	Establish, implement, and monitor the HSE Training Matrix for all staff and contractors	3	Conduct a company-wide and construction projects HSE campaign/drive (cross-functional team collaboration)	4	Training and awareness to all project teams/consultants and contractors on HSE Fundamental approach (Comply, Intervene and Coach)
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Safety Performance for Project Sites for 2021

No	Particular	Cumulative
1	Number of Induction Briefing	654
2	Number of Workers who attended the Induction	3,420
3	Number of Lost Time Injuries	1
4	Number of Fatality Accident	1
5	Average Total Workers	27,521
6	Record Lost Time Accident Free Hours *(Last Accident)	5,172,336

Management Discussion & Analysis

SUSTAINABILITY REVIEW

We are pleased that the number of incidents reported is relatively low, but we can still find room for improvement in the initiative taken to report. Aside from the one fatality in 2021, the other accident was minor - involving a cut on the finger.

Through our OSH Induction training sessions, our workers and employees are made aware of the risks and hazards, and are encouraged to be proactive in reporting all hazards and occurrences, including near misses, to Management and participating with efforts to reduce and eliminate risks. We have a clear incident reporting process in place, and all reports are regarded as private and confidential.

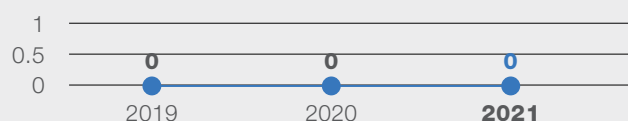
Our Whistleblowing Policy also allows workers or employees to withdraw from work situations that they fear may cause injury or illness.

Incident Reporting And Investigation Process

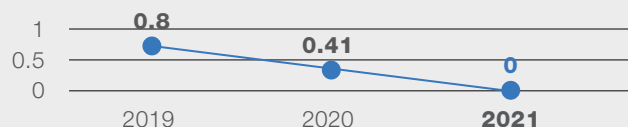
- 1 Workers/Employee reports hazard and/or incident to the Safety & Health personnel.
- 2 DOSH to be notified if it involves serious incident.
- 3 Experienced Safety & Health personnel investigates the report.
- 4 A root cause analysis is conducted in consultation with Safety & Health committee members.
- 5 Safety & Health committee members recommend risk mitigation methods
- 6 Corrective and preventive actions are taken.
- 7 Report is presented to the Management in the management review meeting.

For Head Offices

Fatality Rate

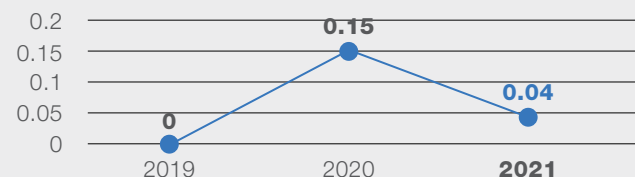


Frequency Rate/LTIFR

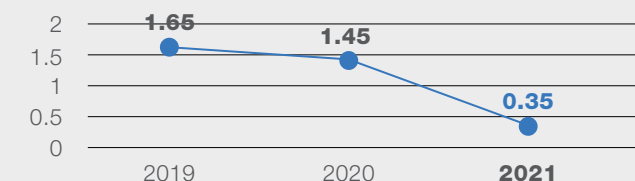


For Development Sites

Fatality Rate



Frequency Rate/LTIFR



Year	2019	2020	2021
Number of fatalities	0	0	0
Annual average number of employees	1,711	1,511	1,163
Number of accidents	2	1	0
Total man-hours worked	2,472,192	2,430,872	2,456,256

Year	2019	2020	2021
Number of fatalities	0	3	1
Annual average number of employees	28,512	20,614	27,521
Number of accidents	6	6	2
Total man-hours worked	3,635,840	4,136,392	5,724,368

Note

The rates were calculated based on 1,000,000 hours worked.

Management Discussion & Analysis

SUSTAINABILITY REVIEW

PRODUCT RESPONSIBILITY



>> Material Issues Addressed:
 Quality Management, Public Safety, Sustainable Procurement, Responsible Marketing, Customer Privacy and Information Security, Customer Satisfaction

>> SDGs Covered:



At UEM Sunrise, we strive to demonstrate responsible business practices by integrating sustainability practices throughout our project lifecycle.

Our goal is to reduce and minimise the negative impacts of rapid urbanisation by taking into consideration the impacts on our stakeholders and the environment, while prioritising customers at the centre of every decision. This includes ensuring customer satisfaction and regulatory compliance, making sure that the homes and townships that we build are sustainable for all our stakeholders.

Customers at the Core of Every Decision

Land Acquisition

We do not acquire land on critical sites, but focus on transit-connected land in densely populated areas for development.

Planning Design

Quality matters adhered to the Design Quality Plan (DQP), which outlines the Quality standards and requirements expected during design.

Detailed Design

We design and build green buildings, adopt energy-efficient techniques, and use Building Information Model (BIM), System Formwork, and Industrialised Building System (IBS), all of which help to reduce the carbon footprint of construction.

Sales & Marketing

Prior to handover, a final unit inspection is held prior to vacant possession and QCLASSIC assessment by CIDB.

Construction

Monthly QHSE assessment is conducted internally by UEM Sunrise on all ongoing projects to ensure contractors' quality of work is at the highest level.

Procurement

QHSE assessment is carried out to select vendors with good QHSE performance to produce high quality final products.

Management Discussion & Analysis

SUSTAINABILITY REVIEW

● INTEGRATING SUSTAINABLE CONSTRUCTION

Construction works are generally capable of negatively impacting the environment and the communities in the surrounding areas such as air, noise and water pollution, as well as the safety of the local communities.

As a sustainable developer, we are committed to minimising the negative environmental and social impacts of our projects by integrating sustainable construction. We employ green construction techniques and utilise automation where possible to save operational costs and reduce environmental impacts.

We have also adopted the Building Information Modelling (BIM) technology to reduce construction time, costs and errors besides promoting transparency during the design and construction phases. This advanced technology allows building owners and managers to better control the management of buildings.

Going forward, we are exploring the potential adoption of modern methods of construction such as precast concrete systems and prefabricated prefinished volumetric construction to expand our offsite-based construction.

● DELIVERING SAFE AND QUALITY DEVELOPMENT

UEM Sunrise aims to achieve progressive socioeconomic development via its property development projects, be it boutique developments or big townships. We strive to deliver quality and sustainable homes to ensure the safety and satisfaction of our customers by complying with regulatory rules and meeting international standards and requirements.



100% of our products are assessed for health and safety impacts. In the year under review, there were zero incidents of non-compliance concerning the health and safety impacts of products and services.

To deliver excellence, we have put in place a self-developed Integrated Management System (IMS) that is benchmarked against international standards including ISO 9001:2015, ISO 45001:2018, ISO 14001:2015, and ISO/IEC 20000-1:2011. An internal audit is conducted each year to identify gaps and any non-conformance. In 2021, there were no major non-conformance incidents found during the audit.

In addition to the IMS, our operations are guided by the Group's QHSE strategies that are customer-focused. The QASHE team regularly conducts QHSE inspections and interventions at our project sites to ensure quality management and control. We hold defect inspections during the construction stage by carrying out a monthly quality inspection. The mock-up unit of the project is inspected thoroughly to ensure similar quality is constructed in all units. Prior to handover, every unit is inspected by our internal team, and defects are rectified with a target of 15 defects per unit (DPU). The team is also expected to resolve customer complaints and defects within 30 days, as part of their KPI. In 2021, we achieve 36.5 of DPU against our target of <30 of DPU and aim to tighten our quality control and inspection in the future. Our projects are also measured against the Quality Assessment System in Construction (QLASSIC) and the Safety and Health Assessment System in Construction (SHASSIC) quality management tools. In 2021, 100% of our projects achieved industry above-average scores/our target scores for both QLASSIC and SHASSIC.

Management Discussion & Analysis

SUSTAINABILITY REVIEW

UEM Sunrise's QCLASSIC and SHASSIC Scores

QCLASSIC is a scoring system that evaluates the workmanship quality of building construction work based on the Construction Industry Standard (CIS 7:2021). Our target QCLASSIC score is 80%, and contractors who fail to meet the score will be penalised.

QCLASSIC SCORE

Region	Project	Scores
Central	Begonia, Serene Heights Bangi	77
	Radia Bukit Jelutong, P3 & P4	75
	Residensi Sefina	75
	Camelia, Serene Heights Bangi	76
	Eugenia 1, Serene Heights Bangi	84
	Dahlia 2, Serene Heights Bangi	80
Southern	Estuari Gardens P1	80
	Estuari Gardens P3	77
	Estuari Gardens P3	79
	Estuari Gardens P4	84
	Almas	80
	Aspira LakeHomes Phase 1	83
	Serimbun 2A	84
	Serimbun 2B	82
	Aspira LakeHomes Phase 3	79
	68° Avenue Package 1	85
	68° Avenue Package 2	84
	Aspira Square	84

SHASSIC is an independent method to assess the safety and health at construction worksites. Although SHASSIC is conducted on a voluntary basis, UEM Sunrise has made it compulsory for all projects exceeding RM5 million to be evaluated by the CIDB appointed SHASSIC assessor from 25% to 75% of the project's progress. All contractors are expected to have at least one SHASSIC assessment conducted at the site and must obtain a minimum 4-star rating. We target to achieve 90% for SHASSIC.

SHASSIC SCORE

Region	Project	Scores
Central	Residensi Solaris Parq	88
	Residensi Sefina	95
	Symphony Hills, Phase 15	90
	Residensi Astrea	96
	Dahlia 1, Serene Heights Bangi	97
	Eugenia, Serene Heights Bangi	91
	Kiara Kasih	94
	Dahlia 2, Serene Heights Bangi	99
	Residensi AVA	93
	Solaris Parq Plot A	98
	Residensi Allevia	96
	Eugenia 2, Serene Heights Bangi	90
Southern	Almas	85
	Aspira LakeHomes, Phase 3	99
	Serimbun 2A	76
	Serimbun 2B	88
	68° Avenue Package 1	99
	68° Avenue Package 2	97
	Senadi Hills - Phase 1A	94
	Senadi Hills - Phase 1B	100
	Aspira Square	100
	Aspira Gardens	98

Management Discussion & Analysis

SUSTAINABILITY REVIEW

UEM Sunrise's QHSE Performance Against Targets

Targets for 2021	Status
83% QCLASSIC score	✓
75% score in CSS	✓
50% reduction in NCR	x
<30 Defect Per Unit	✓
>80% scores in monthly QHSE Inspection	x
Zero fatality and Zero LTI	x
100% compliance on PPE	x
50% reduction in NOP & NOI	x
100% compliance with CIDB Green Card	x
90% SHASSIC score	✓

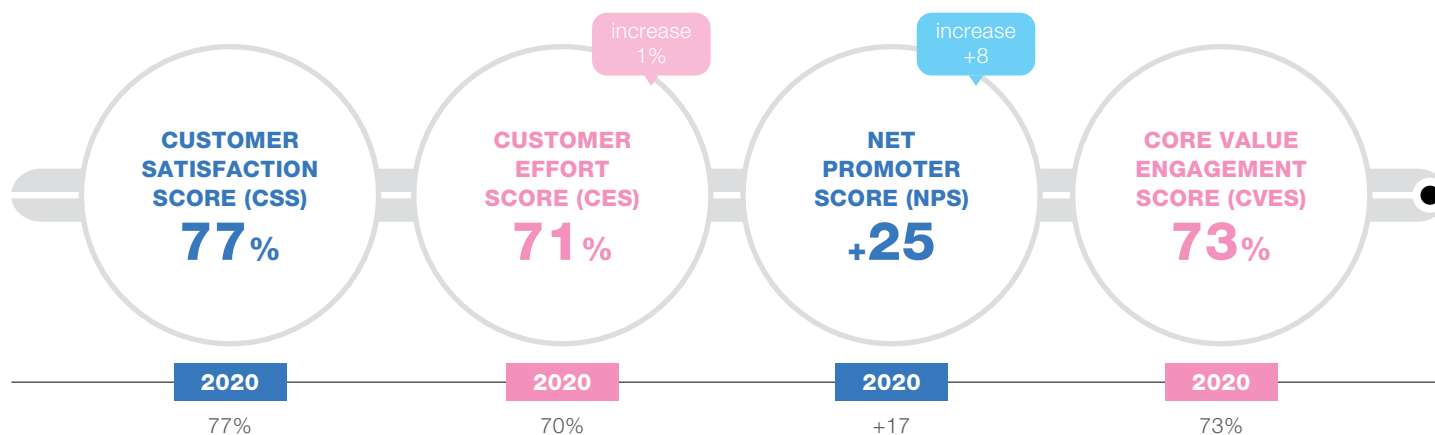
In delivering safe and quality development, we provide infrastructure and amenities that are inclusive for people of all ages, ensuring no one is left behind. Apart from providing inclusive facilities and public spaces that encourage vibrant communities to thrive, we prioritise the safety and security of our residents by employing auxiliary police. In 2021, our townships were supported by 58 auxiliary police, who have received training from the Royal Malaysian Police.

Upholding Customer Satisfaction

As a leading property and township developer, we strive to go beyond delivering quality homes by upholding customer satisfaction. We constantly engage with our customers via various engagement platforms to meet their needs and gauge their level of satisfaction. It is our goal to strive for the best and deliver excellence to our customers.

To uphold customer satisfaction, we utilise a number of tools to obtain feedback and gauge the level of customer satisfaction. These include the annual Customer Satisfaction Survey (CSS) that uses various key metrics, namely the CSS, Customer Effort Score (CES), Net Promoter Score (NPS) and Core Value Engagement Score (CVES).

We also obtain feedback using the Handover Pulse Check Survey upon completion of the handover process and the Transactional NPS, which is used to measure customers' perception of UEM Sunrise's brand, products and services at various touchpoints. Further to that, we have a defect management performance, which is guided by a Service-Level Agreement (SLA) that ensures defects reported by buyers must be repaired within 30 days. In 2021, 97% of defects reported were resolved within the SLA.



Management Discussion & Analysis

SUSTAINABILITY REVIEW

In 2021, we continued to leverage on digital tools such as Zoom and Microsoft 365 to engage with potential customers and provide 360° views of our properties through our enhanced website. Our hUb Mobile app consisting of hUb Prop, hUb Home, hUb Mall and hUb Life, also helped to improve our engagement with customers and help customers to have complete lifestyle solutions beyond their brick & mortar.

Apart from meeting customer needs, the Customer Experience team also strives to address any complaints and feedback from the local communities in which we operate. We have in place several engagement platforms for the relevant stakeholders to channel their feedback.

Engagement Platform	Number of responses received
Live chat function on uemsunrise.com	648
Customer care email at customercare@uemsunrise.com	10,559
UEM Sunrise mobile app – hUb Prop	482
UEM Sunrise One Stop Centre (OSC)	13,317
Social media – Facebook, Instagram, Twitter, LinkedIn and YouTube	115
Customer Contact Centre 1800 Toll Free	1,248

● SAFEGUARDING DATA PRIVACY

Safeguarding the data privacy of our customers as well as employees is integral to the sustainable development of UEM Sunrise. We go beyond meeting regulatory requirements to protect data privacy to mitigate risks that arise from reputational, financial and legal issues. Ensuring data protection and privacy will also maintain customers' trust and lead to customer satisfaction.

We comply with the Personal Data Protection Act 2010 (PDPA) and ensure that our data privacy and protection policy is communicated to all our departments and subsidiaries, as well as vendors and business partners. Regular audit exercises are conducted internally and externally to assess and identify compliances on both technical and commercial aspects. Any findings or improvements that have

been established will be assessed thoroughly to ensure effectiveness in the Group's data privacy protection.

In addition, our IT infrastructure is protected against unauthorised access and security threats using various security systems such as Identity Access Management System, End Point Protection System and Unified Threat Management at the end-user and gateway levels. Our corporate IT perimeters are also supported with 24/7 Proactive Network & Security monitoring, detection, advisory and remedial operations by an ISO/IEC 27000 Information Security Management Certified Operation Centre provider.

In 2021, there were zero breaches of data privacy or losses of customer and employee data.

Management Discussion & Analysis

SUSTAINABILITY REVIEW

● ENSURING REGULATORY COMPLIANCE

Our industry is highly regulated due to the nature of our high-risk operations. We comply with all the necessary rules and regulations to mitigate operational risks and minimise disruptions to our daily business management and operations to deliver quality homes. This includes providing adequate information during our product launches and ensuring that all our marketing and promotions comply with the Housing Development (Control and Licensing) Act 1966. We market and promote our products to potential buyers, customers and the general public through the following methods:

Digital Platforms

Website, social media (Facebook, Instagram, Youtube, Twitter and LinkedIn), aggregator platforms and apps (hUb Prop)

Traditional Media

Newspapers, magazines, TV and radio



COMMUNICATION TOOLS

Employed by UEM Sunrise

Out of Home (OOH) Advertising

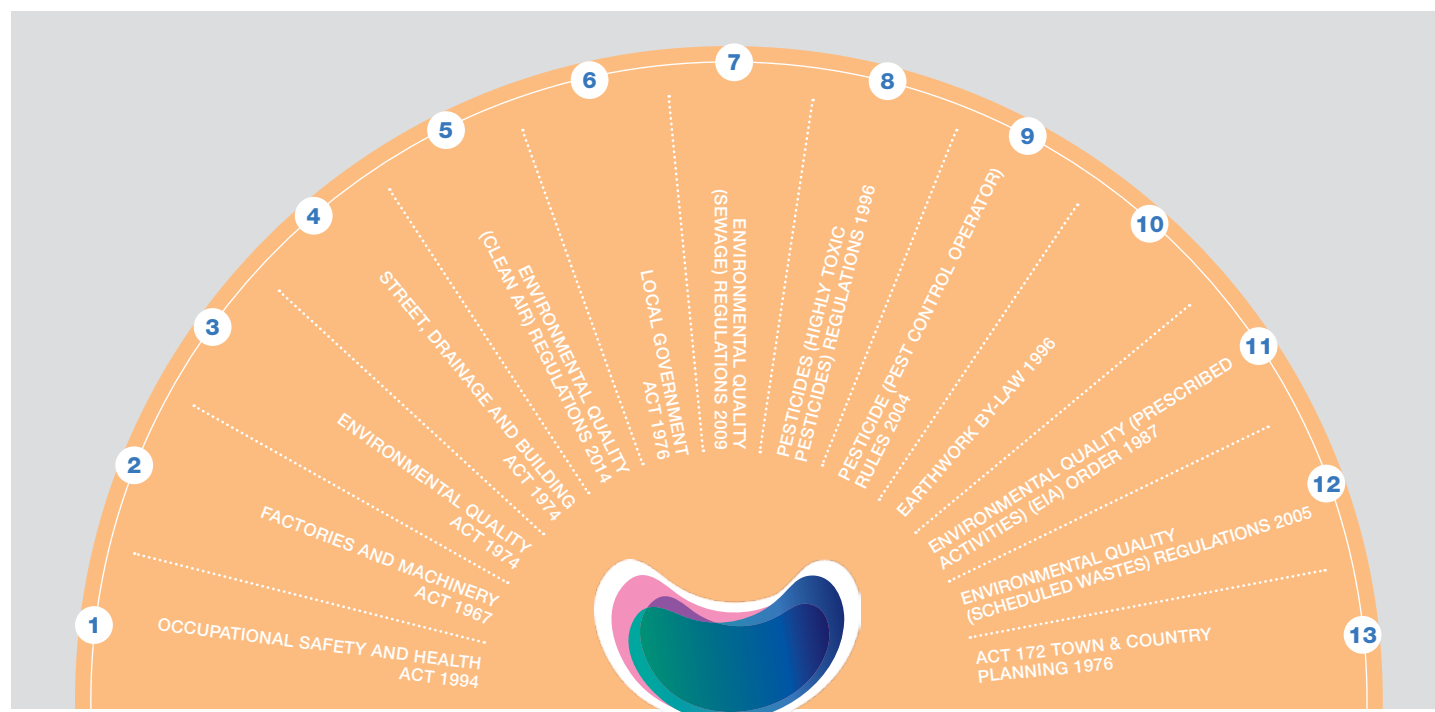
Billboards, buntings and banners

Printed and Digital Format

Brochures and flyers

In the year under review, there were zero fines or non-monetary sanctions for non-compliance with laws and/or regulations in the economic, environmental and social areas.

UEM Sunrise upholds regulatory compliance to ensure smooth daily operations



Market Landscape

Global economic performance remained significantly impacted by COVID-19 in 2021.

After rebounding strongly in the second quarter of 2021, the pace of economic recovery moderated due to the resurgence of the pandemic and lingering supply chain disruptions. Overall, the year's economic recovery can be characterised as unbalanced, even as full-year GDP forecast is at a healthy 5.5% to 6.5%¹. Vaccination programmes have brought strong but uneven global growth.

For 2022, global growth which was earlier projected to be lower than 2021, has now further deteriorated to 3.2% to 4.4%², mainly contributed by the economic damage brought about by the Ukraine – Russia conflict which broke out in February 2022. The war is expected to bring significant slowdown in global growth, with spillover impact to trade, commodity and financial markets; adding to existing challenges from COVID-19 flare-ups, continued supply disruptions and diminishing policy support.

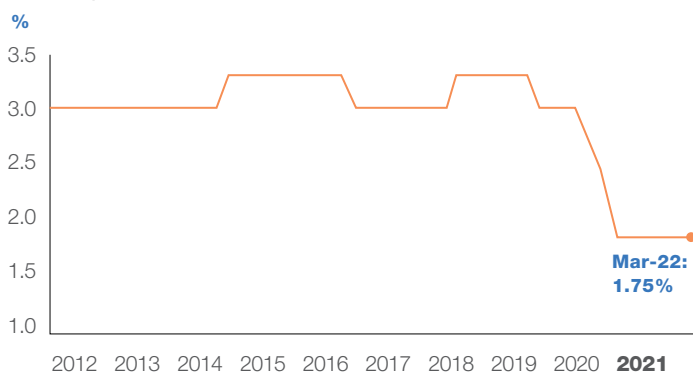
MALAYSIA

MACROECONOMY

Domestically, a resurgence of infections around April 2021 prompted the third round of major lockdowns or the FMO in June, and following two successive quarters of economic contraction, Malaysia fell into a technical recession in the third quarter of 2021 for the second time in two years.

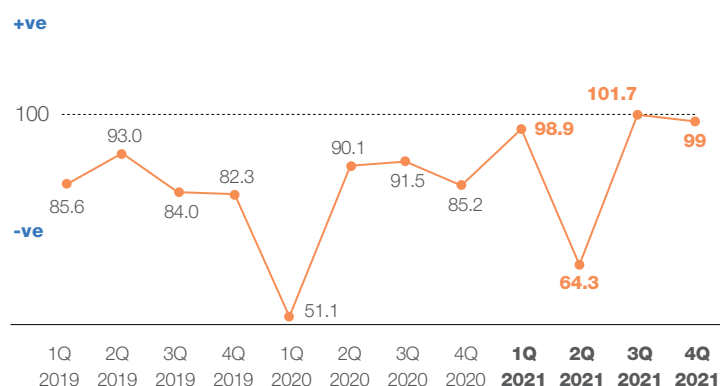
To support the economy throughout the pandemic-induced uncertainties and economic disruptions, the Government maintained a historical low Overnight Policy Rate (OPR) of 1.75% since July 2020 while injecting a continual series of fiscal stimuli, including the four launched in 2021 alone; namely the RM15 billion Malaysian Economic and Rakyat Protection Assistance Package (PERMAI), the two RM20 billion and RM40 billion Strategic Programmes to Empower the People and Economy (PEMERKASA and PEMERKASA+) and the RM150 billion National People's Well-Being and Economic Recovery Package (PEMULIH).

Overnight Policy Rate (OPR) ▾



Source: Bank Negara Malaysia (BNM)

Consumer Sentiment Index (CSI) ▾

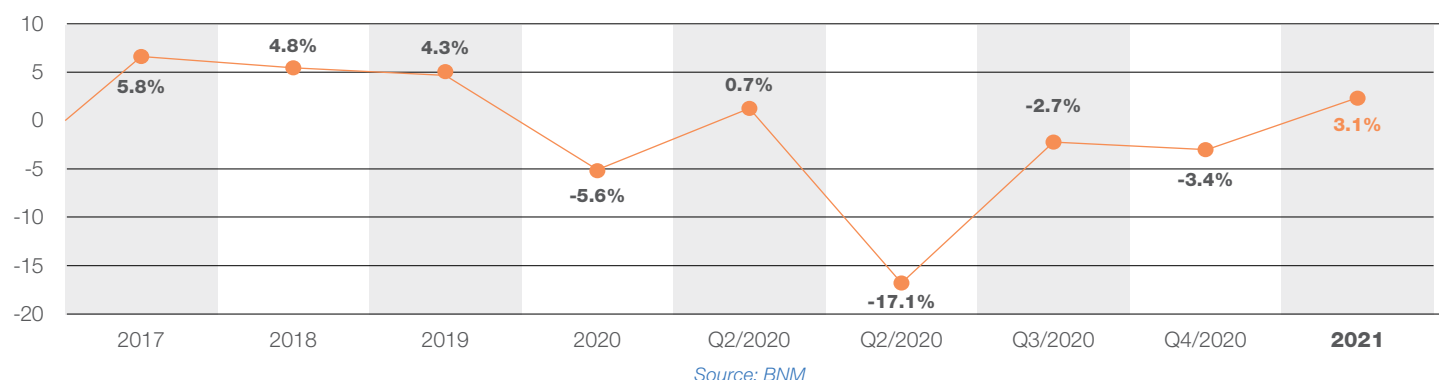


Source: Malaysian Institute of Economic Research (MIER)

Market Landscape

However, since the gradual lifting of the containment measures, especially in the Klang Valley since September, economic activity has been brought back almost to normal, and the continued improvements in the labour market is expected to support recovery. The Consumer Sentiment Index (CSI) also breached the 100-point benchmark to reach 101.7 points³ in the third quarter of 2021, finally exceeding the optimism threshold after three years. However, the CSI fell slightly below the optimism threshold again in the fourth quarter with subdued income and job expectations as well as growing concerns over rising prices. Nevertheless, on the back of all that, the country registered full year GDP growth of 3.1%, in line with the forecast of 3 to 4%⁴ growth.

GDP Growth [▼]



The Outlook for 2022

Economic recovery in Malaysia is expected to gain momentum in 2022. Growth, projected at between 5.3% to 6.5%⁴, is expected to be anchored by a rebound in domestic demand and continued expansion in exports, as well as improvements in the trading of goods and the labour market. This is mainly enabled by the successful vaccination programme which has managed to inoculate close to 80.8%⁶ of the total population. Notwithstanding, the recent outbreak of the Russia-Ukraine war and the consequential Brent crude oil price escalation has added more uncertainty and may impede Malaysia's nascent export-led economic recovery. However, the Government's announcement of the reopening of international borders on 1 April 2022 and our transitioning into the endemic phase is expected to provide a boost to the economy that would help to counter these new headwinds.

Any emergence of new and vaccine-resistant COVID-19 variants would still pose elevated risk to the economic recovery trajectory. Nevertheless, the Government has stated that it will not reimpose lockdowns to deal with the pandemic. The service sector is expected to benefit from the border reopening, and the excellent vaccination rate will help spur the release pent-up demand, especially in the retail and domestic travel and hospitality sectors.

In a further effort to ensure continued momentum and comprehensive recovery for the nation, the Government is drafting the NRP 2.0, which will include strategies to manage and sustain the economy through future COVID-19 resurgences, without resorting to total lockdowns again.

In the year's horizon, several downside risks remain, including new COVID-19 outbreaks, faster-than-expected slowdown in global and regional growth, uncertain inflation expectations and faster-than-anticipated tightening of global financial conditions, Europe and other industrialised economies could possibly be hard-hit by the outbreak of war, which will cause disruptions to oil markets and result in some financial instability. A surge in global commodity prices amid prolonged supply chain disruptions and a global downturn will inevitably impact our economic recovery, while simultaneously putting us at risk of falling into stagflation.

On the home front, there are further uncertainties from the political standpoint, stemming from the possible 15th General Elections in the second half of 2022. A stable political position is crucial for us at this point, to ensure fiscal policies and recovery plans are followed through.

³ Malaysian Institute of Economic Research (MIER)

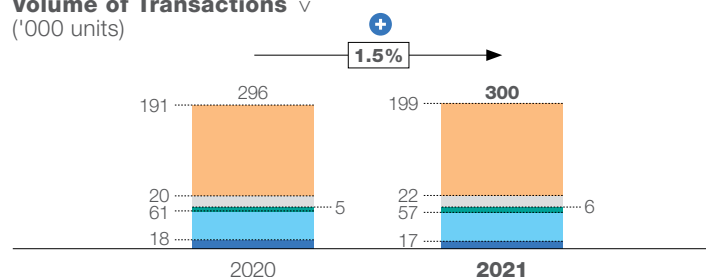
^{4,5} Bank Negara Malaysia

⁶ Ministry of Health, Malaysia (MoH)

Market Landscape

Property Market

Volume of Transactions v
(‘000 units)



Legend:

Residential

Commercial

Industrial

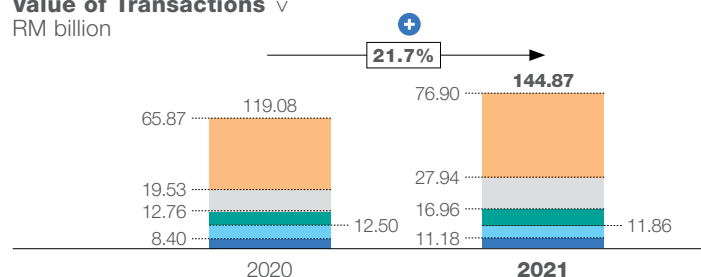
Agriculture

Development Land

In 2021, the property market performed fairly well with total value of property transactions surpassing pre-COVID levels of 2019. Transaction activity (volume of units) in 2021 showed a 1.5% increase from the previous year (2021: 300k units; 2020: 296k units)⁷, while value of transactions rose by a significant 22% year-on-year (y-o-y) (2021: RM145 billion; 2020: RM119 billion).

2021 also performed better y-o-y due to the low-base effect of 2020. Interestingly, even though the FMCO caused in a significant decline in activity in the third quarter of 2021, the reopening of the economy in September brought about a surge in transaction activity in the fourth quarter. In the end, transaction values in the second half of 2021 actually surpassed the pre-pandemic amount to register a total of RM83 billion, a 15% increase from the second half of 2020, and the highest second half transaction value recorded since

Value of Transactions v
RM billion



the peak period of the property market in 2013. The rise can be attributed mainly to the Residential and Industrial segments which showed the most increase in value, even though the volume of units transacted were fairly stable, reflecting that the average price per transaction has been higher in recent times.

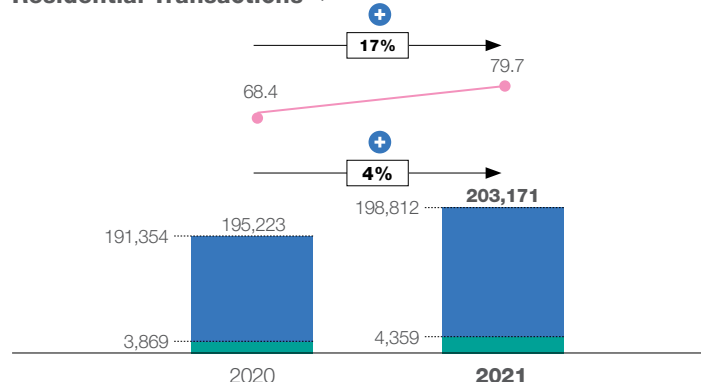
Transaction volume and values in all property segments generally recorded positive y-o-y growth in 2021, except for agricultural land for which transaction declined in both volume (-7.5% to 56,730 units) and value (-5% to RM12 billion), while development land recorded a decline in volume (-7.4% to 16,921 units) but an increase in value (+33% to RM11 billion). The residential and industrial segments were truly the star performers that has surpassed pre-pandemic transaction levels in 2021.

Residential

Nationwide, transaction values rose 17% y-o-y in 2021, while volume rose by only 4%. Recovery in activity was uneven across the different states as well as price segments. Kuala Lumpur and Selangor transactions recorded positive growth, and values have surpassed those registered prior to the pandemic, in 2019, while Johor clearly still lagged, recording declining transaction volume.

Generally, transaction values have risen at a higher rate than volume. Further analysis shows that the higher priced homes were driving the market, and the lower price brackets were being left behind, probably due to the compromised financial strength of the lower income group. This is further evidenced by the rise of overhang in the affordable price segments especially in Kuala Lumpur, Selangor and Johor compared to a year ago.

Residential Transactions v



Legend:

Value (RM billion)

Residential (unit)

Serviced Apartment (unit)

Source:

⁷ All data relating to property transaction volume and value, overhang and house price index related are sourced from National Property Information Centre, Malaysia (NAPIC)

Market Landscape

The overhang in Johor declined in 2021 compared with the previous year. However, the volume was still more than 2.5x that of Kuala Lumpur or Selangor, which are still on a rising trend. While the > RM1 million per unit segment was the main contributor to the y-o-y decline in overhang in Johor (-1,929 units), the same segment made up the biggest chunk of overhang growth in Selangor (+942 units). On the other hand, the growing overhang in Kuala Lumpur was mostly from the ≤RM500,000 per unit segment, which doubled between 2020 and 2021. The Johor market continues to be heavily weighed down by the serviced apartment glut, which makes up 73% (16,476 units) of the overhang; against an annual transaction (demand) of 529 units, recovery is still far from sight.

In terms of price, house prices dropped quarter-on-quarter (q-o-q) in Kuala Lumpur, Selangor and Johor. For Selangor and Johor this marks a break in the uptrend of the last three to four quarters. Kuala Lumpur however, has been on a downward trend since the second quarter of 2020, with prices in the fourth quarter 2021 being lower by 4% y-o-y.

In the Southern region, sentiment is highly positive as borders reopened on 1 April 2022 and residential property demand is expected to gradually return to normal.

However, the year ahead is expected to continue to be challenging. The ending of the HOC on 31 December 2021 boosted demand in fourth quarter of 2021 as buyers rushed to benefit from the incentives, and we may see a some cooling of transactions in the first few months of 2022.

Property prices may increase this year, although not driven by demand or even speculation, but rather driven by cost. The sector is expected to see a prolonged challenge of rising cost of materials, exacerbated by the surge in energy prices following the outbreak of war between Ukraine and Russia, and supply chain disruptions. As borders reopen and international travel resumes however, there may be some recovery in interest from foreign buyers seeking out affordable locations within the region and some improvement on the labour front.

For UEM Sunrise, the high number of unsold units in circulation and the declining house price index are indications that we will have to step up sales and marketing efforts while trying hard to maintain margins.

Additionally, BNM which was expected to raise the OPR in the second half of 2022, may be pressured to do so sooner than expected, due to inflationary pressures. This will raise the cost of buying homes for our customers. As a nation, we also need to identify solutions and systematically address the growing disparity between the low to midrange housing segment with the higher-end segment. This includes the youth and first-time homebuyers, who continue to face mounting challenges in attaining homeownership. To this end, we are very honoured and proud to serve as part of the panel of experts, comprising economists, academics, industry players, developers, legal experts, homebuyers' associations, bankers as well as former senior government officials, to work together with the Housing and Local Government Ministry (KPKT) to formulate and implement more relevant, effective and inclusive housing policies and programmes.

Commercial

In the Central region, the office and retail supply and demand imbalance prevails and where the continued growth in new supply will pose further challenges for owners to be maintain their yields.

As of end of 2021, approximately 36 million⁸ square feet or 25% of the existing purpose-built office space in the Greater Kuala Lumpur area was unoccupied, and this year another 5 million⁹ square feet of new space is expected to be completed. Owners will be hard pressed to secure tenants, putting yields under immense pressure.

For purpose-built retail, the market is more segmented, with mixed performance between city centre, fringe of city and suburban retail, as well as regional and neighbourhood malls. Good quality neighbourhood malls exhibited resilience over the period of the pandemic, being the destination for essential needs during times of stricter movement control.

In the Southern region, the border reopening is especially crucial for commercial activities to pick-up. The unrestricted and normalisation of traffic between Singapore and Johor would certainly bolster retail sales as well as the tourism and hospitality sector.

As it stands, office space demand remains limited in the Southern region and some retail malls have truly suffered over the pandemic, especially in the Johor Bahru city centre, where the closure of the Johor-Singapore Causeway as well as lower level of office worker activity in the city centre has severely impacted footfall in malls such as City Square and Komtar JBCC.

Source:

⁸ Savills

⁹ Knight Frank

Market Landscape

Moving forward, a more proactive approach is needed to ensure speedier recovery, and commercial buildings owners will need to focus more on ramping up their services and operations. We are aware that value is now derived not only from asset management but also from a combination of operational enhancement, such as digitalisation of our retail management system, which increases operational efficiency, as well as providing customers as well as tenants the experience that they are looking for, which will give us an edge over competitors.

For UEM Sunrise, we have embarked on a comprehensive assessment of our current retail assets, to ensure that we glean the best value and returns that we can, given the market situation. We have taken a hard look at all our future development programmes to ensure that whatever we bring into the market is truly sustainable; and that it adds value to the Company in terms of our portfolio mix, to our shareholders in terms of returns, as well as to the communities that we build and serve, providing them with the quality of life and offering that truly meets their lifestyle needs, while ensuring that we do not add to the commercial oversupply especially in the Klang Valley.

In the industrial space, the prospect is generally positive and it has been the most promising segment throughout this pandemic period. However, demand is highly targeted and focused on built-to-suit facilities particularly in the logistics segment. By 2024, there is potentially 5 million square feet¹⁰ of new logistics and warehouse space that will enter the market in the Klang



...we have embarked on a comprehensive assessment of our current retail assets, to ensure that we glean the best value and returns that we can, given the market situation. We have taken a hard look at all our future development programmes to ensure that whatever we bring into the market is truly sustainable.

Valley alone. As such, careful planning and study is required before developing industrial properties, to avoid creating an oversupply situation or constructing buildings that do not suit the end-users' requirements.

AUSTRALIA MACROECONOMY

Down under, during the Mid-Year Economic and Fiscal Outlook (MYEFO) in mid-December 2021, the Australian Government announced its projection for the real economy to grow by 3.75% in 2021-22 and 3.5% in 2022-23 from a lower base effect, before easing back to the "normal" 2.25% to 2.5% growth in the following two years (financial year starts on 1 July and ends the next year on 30 June). Australia's economy surged back to life in quarter four as the strict Delta lockdowns ended, expanding 3.4% over the quarter, and registering a GDP through 2021 of 4.2%.

The outlook in Australia has been quite unstable. The optimism felt in the second half of 2021 was tempered by the Omicron outbreak that started during the year-end holiday season, which inevitably affected businesses through staff shortages, disruptions in the supply chain and a drop in consumer spending. With new cases reaching record highs in January 2022, the economy has already taken a hit and the outlook for the year is now looking a bit more uncertain as it also faces the darkening global outlook. While Australia is likely to reap some economic benefits as the Ukraine - Russia conflict pushes up commodity prices, soaring fuel prices are also set to weigh on household budgets.

Residential Property Market

The high-rise segment had been trailing behind the landed housing market in 2021, as demand has been disproportionately affected by stalled overseas migration as well as domestic preferences shifting away from higher density options throughout the pandemic.

Australia's super-hot housing market recorded massive nationwide average price gains, with the capital cities recording an average gain of 21% y-o-y in 2021. The heating up of the market was generally fuelled by record-low interest rates, government homeownership incentives and an acute shortage of homes for sale.

Market Landscape



Sydney and Melbourne experienced continuous rise in values, though the increases were more significant in 'secondary' cities like by Brisbane. Smaller towns and other regional locations also outpaced the value appreciation in the capital cities, as city-dwellers escaped lockdowns and resettled in less densely populated areas, with the larger coastal centres close to capital cities attracting the most metro movers.

While prices have risen at the fastest annual growth rate in 30 years, latest indicators show that Australia's property boom is already losing momentum, as home prices have been gradually falling and the number and value of home loans have also moderated in the first couple of months of 2022. Interest rate hikes are anticipated for 2022, which will increase borrowing costs and start to cool buyer demand.

The pandemic has also catalysed the kick-start and acceleration of build-to-rent apartment supply as international arrivals and foreign investor-purchasers which supported the city centre high-rise market disappeared. This pushed many developers of traditional build-to-sell apartments towards the emerging segment that does not have to deal with the retail sales processes and also boasts faster construction times. The build-to-rent offering is something that we are also currently exploring.

Moving forward, demand for high-rise is expected to return, as house prices reach a truly unaffordable level. The trend is already being observed as affordability has started to redirect demand back to high-rise options.

Our Materiality

Our material matters are reviewed annually to ensure that they remain relevant and in line with industry practices.

Conducting a materiality assessment is an important process for our sustainable growth, as it addresses the issues that are most important to our business as well as our stakeholder groups.

In the year under review, we held a desktop validation by aligning our material matters against our local and global peers. The review showed that our sustainability issues were still relevant to our business and stakeholders. The 20 material matters, which were identified in 2019 through an in-depth assessment consisting of an online survey, were also reviewed in 2020.

We acknowledge that while the Energy, GHG and Climate Change material matter was not ranked as one of the most important issues by our stakeholders, we are aware of the pressing need to recognise the material matter as an emerging risk, as reflected in global trends and global risks. As such, we are committed to stepping up our climate actions, in line with global calls to accelerate tangible measures to mitigate impacts of climate change, following the UN Climate Change Conference in Glasgow (COP26) in November 2021, which aims to secure global net-zero by mid-century and limit global temperature rise to 1.5°C.

UEM Sunrise's Materiality Validation Process

Step 1

Revalidation of Relevant Material Matter

- Identified local, regional and global industry peers
- Compared and aligned against the material issues consultation

Step 2

Prioritisation of Material Matters

- Identified prioritised material matters based on the alignment with industry peers
- Identified Energy, GHG and Climate Change as an emerging risk

Step 3

Review and Endorsement

Material issues reviewed and endorsed by the Sustainability Department

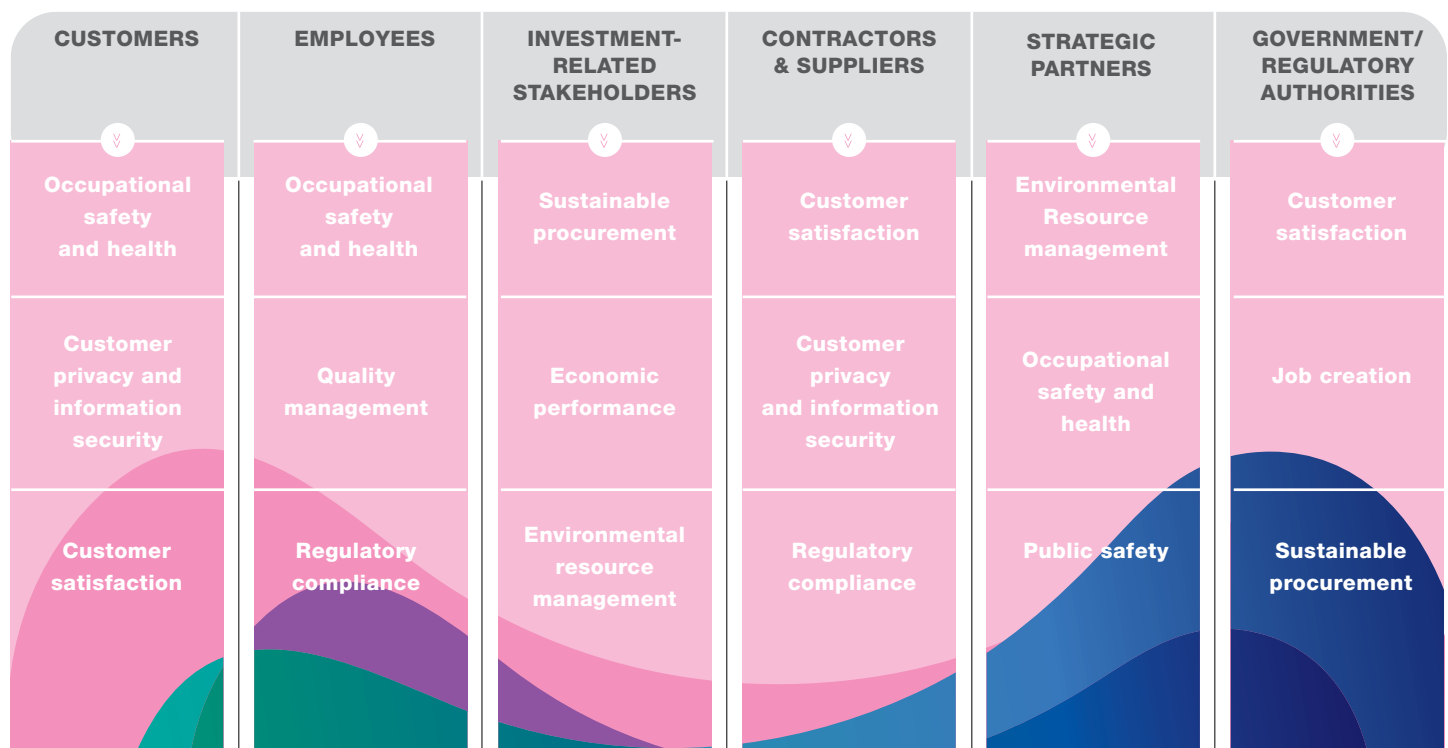


Our Materiality

PRIORITISATION OF MATERIAL ISSUES

Our Material Issues	
ECONOMIC	» Regulatory compliance
	» Sustainable procurement
	» Economic performance
	» Nation building
	» Job creation
ENVIRONMENT	» Environmental resource management
	» Biodiversity
	» Green building
	» Energy, GHG and climate change
SOCIAL	» Customer privacy and information security
	» Customer satisfaction
	» Occupational safety and health
	» Public safety
	» Quality management
	» Responsible marketing
	» Human rights
	» Talent management
	» Diversity, equal opportunity and non-discrimination
	» Supporting local communities
	» Community engagement

MOST IMPORTANT ISSUES TO SELECTED STAKEHOLDERS



Our Value Creation Model

SIX CAPITAL

KEY INPUTS

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

New
RM4.0 billion
 Sukuk Murabahah programme

Sufficient credit lines to-date:
RM4.5 billion

Cash and cash equivalents:
RM0.9 billion
 as at 31 December 2021

Total Assets:
RM13.0 billion

Shareholders' Equity:
RM6.7 billion



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

Remaining Landbank **10,624 acres**
 Worth **RM107 billion** of GDV in Central, Southern and International

Ongoing Developments:
24

Target GDV 2022:
RM3.3 billion
 Target GDV 2021:
RM1.2 billion

Launched GDV 2021:
RM550 million

Net Lettable Area for Retail Space
857,954 square feet
 across 8 assets in Central and Southern regions

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

Award-winning and upmarket high-rise residential, commercial, retail, macro township and integrated developments



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

Number of employees as at 31 December 2021:
1,080

Investment in training and development for 2021:
RM600,955



I Intellectual Capital
 The organisational and knowledge-based intangibles that improve efficiency and effectiveness in UEM Sunrise's business operations

Total Electricity Usage of **2,067,198 kWh** for:
 • Head Offices - **669,829 kWh**
 • Projects - **1,397,369 kWh**

Total Fuel Usage of **718,370 litres** :
 • Head Offices - **55,726 litres**
 • Projects - **662,644 litres**

Total Water Consumption:
768,044 m³

Embracing sustainable development and responsible ESG practices



Digital team overseeing initiatives that optimise technology to **improve convenience for customers and assist in improving the company's turnaround**



SR Social & Relationship Capital
 Intangibles, such as shared values and commitments, encompassing the relationships and partnerships with our stakeholders

Total investment for community engagement, CSR and community programmes: **RM194,674**

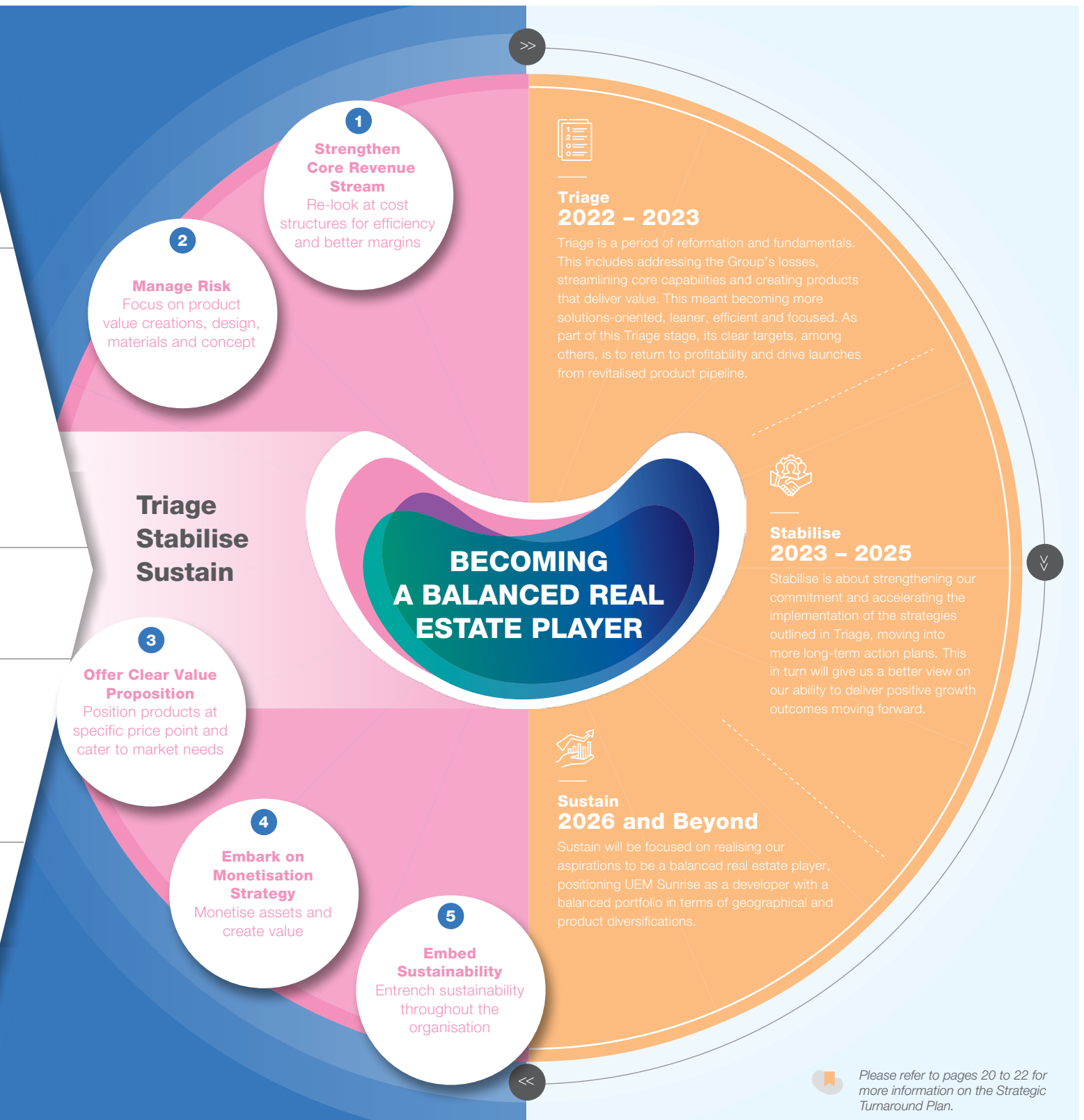
We support local suppliers and businesses, **99.7% of our suppliers are Malaysian**, and we ensure our suppliers adhere to our human rights standards

Maintaining transparent engagements, strategic partnerships and trusted relationships with stakeholders through various tools and platforms



Our Value Creation Model

OUR STRATEGY



Our Value Creation Model

2021 INITIATIVES

<p>F Sales: RM1.5 billion driven by '#MustCariOng (MCO)', 'Riang Ria Raya Ceria', 'Happy Chase 2021 Virtual Live Show' campaigns and HOC</p> <p>Inventory Monetisation efforts ongoing</p> <p>Strategic Divestment of Assets: Divested 431.1 acres of land in Mersing, Johor for RM45.1 million</p>	<p>Landbank portfolio rebalancing ongoing via acquisition of new landbanks to increase presence in Central region, and divestment of non-strategic lands and/or assets</p> <p>Ongoing cost rationalisation exercise and continue to optimise sales and distribution resourcefulness</p> <p>Established SUKUK programme comprising Islamic Commercial Papers and Islamic Medium Term Notes both a combined aggregate limit of RM4.0 billion in nominal value in October 2021. This programme allows the issuance of the ASEAN Sustainability SRI Sukuk Murabahah in support of sustainability and ESG principles</p>
<p>M Launched 6 projects with a GDV of approximately RM550 million</p> <ul style="list-style-type: none"> RM350 million of KAIA Heights, spread across 19.2 acres of land RM200 million of 5 new Verna Series in Serene Heights Bangi <p>Launched 742 units</p> <ul style="list-style-type: none"> 225 landed residential units 517 high-rise units <p>Ongoing construction:</p> <ul style="list-style-type: none"> 3,651 units of residential properties 20 units of commercial properties <p>Infrastructure investment for Gerbang Nusajaya, Puteri Harbour, Serene Heights Bangi and Kiara Bay at RM115.4 million</p>	<p>Land acquisition to develop new projects to generate future GDV of RM2.3 billion:</p> <ul style="list-style-type: none"> 9.9 acres in Section 13, Petaling Jaya with an estimated GDV of RM1.3 billion 6.9 acres in Taman Connaught, Cheras with an estimated GDV of RM1.0 billion <p>Introduced Industrialised Building System (IBS), which is part of Design for Manufacturing and Assembly (DfMA), higher productivity through offsite-based construction can be achieved from automation at factory in controlled environment and labour reduction at site</p> <p>Leverage into AME Elite Consortium Berhad's network to attract industrial players to relocate and operate in SILC Phase 3 which will be developed into a managed industrial park</p> <p>Embrace master developer role</p> <p>Supported the Johor State Government's Public Private Partnership (PPP) initiative to provide quality affordable homes to deserving buyers in Johor by providing the vicinity and required infrastructures</p> <p>Leased out 1,680 square meters of Aurora Melbourne Central's retail precinct for Paddle Battle for a period of 15 years</p>
<p>H Conducted Voice of Chief Happiness Officers (VOC) survey</p> <p>Conducted a series of employee engagement programmes to address their overall well-being, drive the adoption of CHIEF values and a recognition programme to recognise staff demonstrating and living out the CHIEF values</p> <p>Digital learning access for all staff for continuous learning</p> <p>Partnership with Nottingham Business School for Business Management courses for key talents</p>	<p>Coaching Skills programme for key talents and people managers</p> <p>Sales Academy Digital Selling Skills Programme to upskill Sales and Marketing team via social media platforms</p> <p>Introduced Thought hUb, platform for knowledge sharing where renowned local and international subject matter experts are invited to share on their areas of expertise</p>
<p>N In 2021, we began measuring the consumption of our projects' natural resources, which included water and fuel consumption</p> <p>We design our products in such a way that existing trees and nature, such as nature terrain, are not disturbed</p> <p>Reduce direct carbon emissions</p> <ul style="list-style-type: none"> Promoting use of the greener Diesel Euro 5 and encourage carpooling using company vehicles to attend meetings or site visits Replaced our shuttle bus service between Publika Shopping Gallery and KL Sentral for staff, with multi-purpose vehicles 	<p>We are also continuously monitoring the ongoing construction method to ensure that our natural land resources or water bodies are not damaged or polluted</p> <p>GHG Emissions</p> <ul style="list-style-type: none"> We report GHG emissions resulting from all short and long-haul flights taken by UEM Sunrise staff, measured from point-to-point including the number of employees on board, distance and flight class. Estimations for CO2 emissions from air travel are calculated using online tools from the World Resource Institute (WRI) Greenhouse Gas Protocol <p>We implement various energy-saving measures to optimise our energy performance and reduce carbon emissions, and we constantly review our procedures and practices to improve effectiveness</p> <p>Infusing ESG elements into our projects, KAIA Heights represents new designs that are ESG-driven, functional yet cost-optimised</p>
<p>I Investments of RM5.1 million towards enhancements of digital initiatives</p> <p>Official launch of hUb mobile app series in March 2021: hUb Home, hUb Mall and hUb Life</p> <p>Introduced Digital Sales Kit for internal sales staff and external agents to provide comprehensive services to customers</p>	<p>Developed and launched a fully Online Management Paper approval platform (OMP) in May 2021 which:</p> <ul style="list-style-type: none"> Significantly reduced the turnaround time for getting approvals Digitally store all the papers for fast retrieval <p>Updated cybersecurity measures for employees including the introduction of Cybersecurity Awareness Programme for the whole organisation</p> <p>UEM Sunrise Innovation Challenge September 2021</p>
<p>SR Organised a range of community programmes and CSR initiatives such as donation drives for the underprivileged as well as to flood relief victims, offering assistance to those affected by COVID-19</p> <p>BukuHub, a community reading space that provides easy access to books at selected sales galleries, shopping malls, schools, Orang Asli community and affordable housing across Central and Southern regions. The initiative is also aligned with the Ministry of Education's vision to make 2020 to 2030 the National Decade of Reading</p>	<p>PC distribution to our adopted PINTAR schools</p> <p>Conducted various promotions and campaigns, working in partnership with our tenants to attract visitors to Publika Shopping Gallery. Our strategy was focused on creating specially-curated small but frequent events such as themed bazaars or markets as well as art exhibitions</p> <p>Sime Darby Properties Sunrise Sdn. Bhd. entered into a Memorandum of Understanding with Netherlands Maritime University College (NMUC) to set up a campus at Radia Bukit Jelutong</p>

Our Value Creation Model

OUTCOMES



Generated Revenue RM1.2 billion	Achieved Sales: RM1.5 billion	Created Unbilled Sales: RM2.4 billion	Operating Expenses: Improved by 10% as compared to FY2020
Recognised revenue of RM182.6 million from sale of completed inventories	Gearing Ratio: Net: 0.50x , Gross: 0.63x	Received a GOLD assessment by MARC on Sustainability SUKUK Framework	
Owned new landbanks in Petaling Jaya and Cheras totalling 16.8 acres with potential GDV of RM2.3 billion			Potential cash proceeds of RM45.1 million in 2022



431 units completed and issued with vacant possession in 2021

Cumulative **sales take-up rate for Aspira products in Gerbang Nusajaya is 89%** to-date. **Take-up rates for Serene Heights Bangi and Residensi AVA, Kiara Bay are 96% and 92% respectively**

Soon-to-be-completed Gerbang Nusajaya Interchange linking to the Second Link Expressway will improve connectivity from Gerbang Nusajaya to Singapore, Kuala Lumpur and Johor Bahru city centre

Ranked 7th overall in **The Edge Top Property Developers Awards 2021**

Sale of SiLC Phase 3 is expected to create economic activity and employment opportunities especially for local community

Developed townships in Iskandar Puteri, Serene Heights Bangi and Kiara Bay to create new local communities

Johor Menteri Besar launched a pilot project featuring **2,706 units of 'Rumah Makmur Johor'** in Gerbang Nusajaya

More than **1,000 students** are expected to enroll in September 2022, NMUC's presence is set to create a new and modern bustling student hub within the lively, commercial location. The matured surrounding communities in Shah Alam and Subang Jaya are also expected to benefit from this, as the increase in footfall will boost business activities in these areas

Paddle Battle is expected to push settlement of remaining units of Aurora Melbourne Central and create attractive yields for the product's sub-let markets – increasing investment potential for homeowners. Aurora Melbourne Central will become an exciting destination for Melburnians and tourists alike



Total Hours in Training: **8,678 Hours**

Attrition rate: **19%**

Digital learning - **Total Learning Hours 3,775 Hours, 6h 55m average per user**

Employee engagement index/score:
Pulse Survey 2021 : **48%**

Diversity of workforce



Improved man-hours worked without **lost time incident by 65%** in 2021

Stricter measures in place to keep workers safe



GHG Emissions

Scope 1: **1,882 CO₂e emissions (MT)**

Scope 2: **2,146 CO₂e emissions (MT)**

51% of total sales in 2021 were from digital platforms

No. of papers approved in 2021: **497 papers**

Provided added convenience and enhanced customer digital lifestyle:

Average time taken for approval: **26 days** (complex papers)

- Online transactions: **6,362** (2020: 369)
- No. of sales leads: **28,506** (54% increase from 2020)
- No. of online reservations via MHUb: **445** units

Simple papers gets approved within **1 or 2 days**

Email Phishing Protection Compliance Rate: **80%**

Cyber Security E-Learning Take Up Rate: **45%**

Innovation Challenge: Hackathon:

20 teams submitted 38 innovative ideas of which four advanced to the Accelerator Programme



Won the **Highly Commended Award** under the Large Organisation category at **the Sustainable Business Awards, Malaysia 2020/21**

Won **"Industry Excellence" Award** at the Minority Shareholders Watch Group (MSWG)-ASEAN Corporate Governance Award 2020

Awarded **Platinum accolade (Property Development category)** in Putra Brand Awards 2021 by Malaysian consumers

16 schools adopted under PINTAR school programme

Assisted in **making available 2,706 units of Rumah Makmur homes** in Gerbang Nusajaya for the low to mid income groups to enjoy the benefits of living in Iskandar Puteri in addition to having delivered **7,467 units of affordable houses** and shops in Iskandar Puteri (6,748 units) and Klang Valley (719 units)

20,000 books have been collected

from the public and placed in 12 BukuHubs at various local communities both in Central and Southern regions

Improvement in:

- Net Promoter Score (NPS): **+25** (2020: +17)
- Customer Effort Score (CES): **71%** (2020: 70%)

Maintained in:

- Customer Satisfaction Score (CSAT): **77%** (2020: 77%)
- Cores Value Engagement Score (CVES): **73%** (2020: 73%)

Our strategic initiatives deliver performance outcomes benefiting our stakeholders who are anticipating measurable results

Our Risks Linked to Strategy

The Board, supported by the Board Governance & Risk Committee and Risk Management Committee, is responsible for the overall risk governance and risk management practices to support the Group's strategic objectives.

More information on risk governance and the Group's risk management framework and process is included in the corporate governance section of this Integrated Report, refer to pages 120 to 138.

UEM SUNRISE PRINCIPAL RISKS

The table below outlines the principal risks that have a material impact on UEM Sunrise's ability to create value and achieve its strategic objectives.

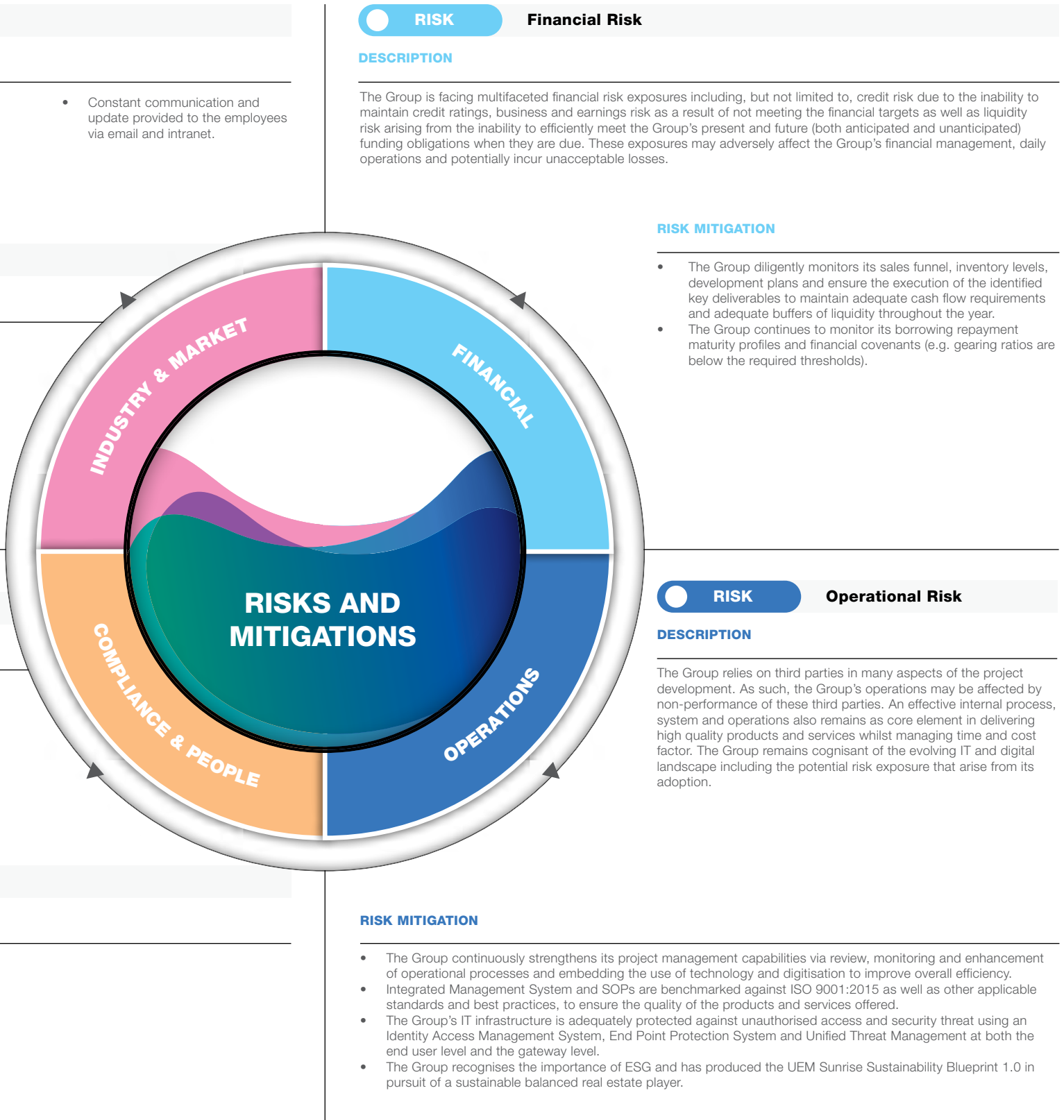
RISK Global Pandemic Risk	
DESCRIPTION	RISK MITIGATION
COVID-19 pandemic has affected the entire social well-being and economic growth including the Group's business operations. The Group is subject to the measures and SOPs imposed by the Government in order to manage the outbreak.	<ul style="list-style-type: none"> The Group maintained a dedicated Business Continuity Plan (BCP) for COVID-19 and COVID-19 Control Plan which serve as the main guidance and SOPs to mitigate the overall impact to the businesses. The Crisis Management Team (CMT) and Crisis Management Committee (CMC) continue to monitor the COVID-19 situation and review the control strategy, as and when required.

RISK Competition Risk	
DESCRIPTION	RISK MITIGATION
The property development market continues to be highly competitive and the Group is subjected to competition from various property developers, including but not limited to, the availability of strategically located and reasonably priced landbanks, key talents, supply of raw materials, labour, property types and selling prices of property. The Group's income is predominantly contributed by its property development business and therefore exposes the Group to market or systemic risk.	<ul style="list-style-type: none"> The Group has unveiled a three-pronged strategy – Triage (prioritising issues that need immediate attention and expediting launches), Stabilise (a transformation of how the Company organises its people, process and portfolio) and Sustain (diversifying the income stream for sustained revenue). The Group has also put in place an annual strategic planning and thorough budgeting process to establish goals, targets and resources whereby performance is monitored on an ongoing basis.

RISK People Risk	
DESCRIPTION	RISK MITIGATION
One of the pillars of success is having the right talent with high-growth mindset within the organisation. An optimal structure is required to allow the business and operations run as intended to support the Group's strategic plans. The Group is also required to continuously upskill its staff to adapt to the Fourth Industrial Revolution (IR 4.0) business environment whilst ensuring sufficient bench strength and a robust leadership pipeline to meet future challenges and for succession planning.	<ul style="list-style-type: none"> The Group has a well-defined organisational structure which has been reviewed accordingly to ensure that it is aligned to the business as well as operational requirements. Performance Management Framework ensures the alignment between business objectives and deliverables through the Key Performance Indicators (KPI) monitoring and review. The Group offers comprehensive learning and development for all staff to grow and develop themselves driven by our business strategy, future-skill requirements and individual development plans. Structured leadership and talent programmes are put in place to nurture emerging leaders and employees with high potential, as well as to enhance the leadership skills of existing leaders.

RISK Regulatory & Corruption Risk	
DESCRIPTION	RISK MITIGATION
The Group is committed to ensuring that its people, process and operations are in compliance with all applicable policies and the relevant laws and regulations including, but not limited to, the Malaysian Anti-Corruption Commission (MACC) Act 2009.	<ul style="list-style-type: none"> The Group reaffirmed its commitment to upholding uncompromising integrity and zero-tolerance against all forms of corruption by signing the Corruption-Free Pledge with MACC during its Integrity Day on 10 December 2021. The Group has embarked on a further in-depth Gap Analysis Exercise on Adequate Procedures to assess the gaps and review of the anti-corruption policies and procedures to facilitate the closure of the gaps, as part of the continual improvement requirement. The Group also conducted various integrity and anti-corruption awareness initiatives including monthly newsletters, talks and training sessions as well as Integrity Month initiatives.

Our Risks Linked to Strategy



Board of Directors



9

Directors

1

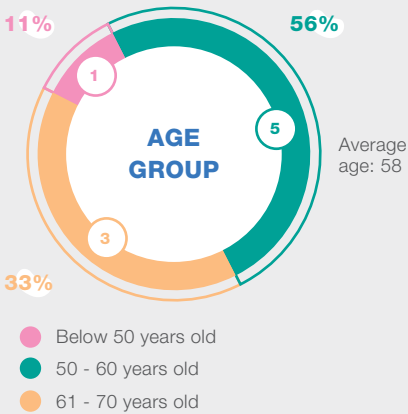
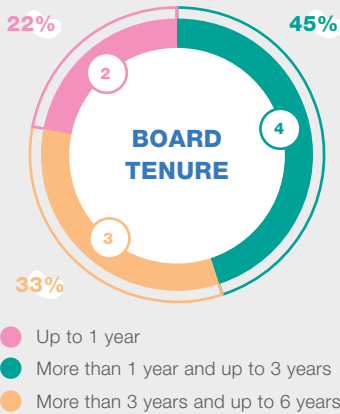
Senior Independent
Non-Executive Director

4

Independent
Non-Executive Directors

4

Non-Independent
Non-Executive Directors



Note: As at 29 March 2022

Board of Directors



1. Dato' Noorazman Abd Aziz

*Non-Independent
Non-Executive Chairman*

2. Christina Foo

*Senior Independent
Non-Executive Director*

3. Dato' Mohd Izani Ghani

*Non-Independent
Non-Executive Director*

4. Zaida Khalida Shaari

*Non-Independent
Non-Executive Director*

5. Effizal Faiz Zulkifly

*Non-Independent
Non-Executive Director*

6. Chari T.V. Thirumala

*Independent
Non-Executive Director*

7. Poh Ying Loo

*Independent
Non-Executive Director*

**8. Datin Sri Badrunnisa
Mohd Yasin Khan**

*Independent
Non-Executive Director*

9. Alex Yeow Wai Siaw

*Independent
Non-Executive Director*

Board of Directors' Profile



DATO' NOORAZMAN ABD AZIZ

Non-Independent Non-Executive Chairman

Age	Gender	Nationality
66	Male	Malaysian

Date of Appointment

1 October 2018 (Non-Independent Non-Executive Director)

13 August 2020 (Non-Independent Non-Executive Chairman)

**No. of Board Meetings
attended in the financial year**

13/13

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

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

SKILLS & EXPERIENCE

- He has over 37 years of experience in banking and finance, investments and capital markets after having served as Executive Director, Investments in Khazanah Nasional Berhad (Khazanah), Managing Director of Fajr Capital Ltd, a Khazanah investee company and held key positions in Citigroup, Bank Islam Malaysia Berhad, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA), to name a few.
- He currently serves as Chairman of the Board of Trustees of Yayasan UEM, the philanthropic arm of UEM Group Berhad, and Chairman of Board of Trustees of INCEIF (International Centre for Education in Islamic Finance) Endowment Fund.
- He is also a member of the Investment Panel of Kumpulan Wang Persaraan (Diperbadankan), advisor for Vynn Capital Sdn. Bhd. and also sits on the Advisory Boards of Ancora Fund Management Co. in Indonesia and Creador Sdn. Bhd.
- In 2005, he was named as the winner of the first Asian Banker Achievement Award for Islamic Finance.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- UEM Edgenta Berhad
- PLUS Malaysia Berhad
- Kumpulan Perangsang Selangor Berhad
- Yayasan UEM
- CTOS Digital Berhad

Committee Key



Nominations & Remuneration Committee



Board Development Committee



Audit Committee



Board Governance & Risk Committee



Board Tender Committee



Chairman



Member

Board of Directors' Profile



CHRISTINA FOO

Senior Independent Non-Executive Director

Age	Gender	Nationality
60	Female	Malaysian

Date of Appointment

23 November 2018 (Independent Non-Executive Director)

21 June 2021 (Senior Independent Non-Executive Director)

No. of Board Meetings
attended in the financial year

13/13

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

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

SKILLS & EXPERIENCE

- In 2001, she founded Priority One group and is the Managing Director of Priority One Tax Services Sdn. Bhd.
- From 1985 till 2001, she served Ernst & Young (EY) Malaysia, EY LLP based in Atlanta, EY International in London and EY Asia Pacific Consulting. Her last held position was Director, Business Development, EY Malaysia.
- From 2018 to 2019, she was appointed as a Senior Practice Fellow of Sunway Business School, Sunway University, Malaysia.
- She was a Board member of KPJ Healthcare Berhad.
- She currently sits on the Board of Malaysian Technology Development Corporation Sdn. Bhd.
- She chairs the Industry Advisory Board, Sunway Business School, Sunway University.
- She also chairs the Liaison Committee of The Mines Resort & Golf Club.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

Notes

- None of the Directors have any family relationship with any other Directors and/or major shareholders of UEM Sunrise.
- None of the Directors have any conflict of interest with UEM Sunrise.
- None of the Directors have been convicted of any offences within the past 5 years, other than traffic offences, if any, or imposed any public sanctions or penalties by the relevant regulatory bodies during the year ended 31 December 2021.

Board of Directors' Profile



DATO' MOHD IZANI GHANI

Non-Independent Non-Executive Director

Age	Gender	Nationality
54	Male	Malaysian

Date of Appointment
1 June 2019

**No. of Board Meetings
 attended in the financial year**
13/13

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

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

SKILLS & EXPERIENCE

- He was appointed as Executive Director of UEM Group Berhad (UEM Group) on 1 January 2019 and subsequently re-designated as Managing Director on 1 August 2019.
- He has over 29 years of investment and management experience. Prior to joining UEM Group, he was Executive Director, Investments at Khazanah Nasional Berhad (Khazanah) where he oversaw its Turkey Regional Office.
- He was formerly Khazanah's Chief Financial Officer where under his leadership, the Government's strategic investment arm issued many landmark sukuk transactions including exchangeable and Social Impact Sukuk.
- He had also previously served at Putrajaya Holdings Sdn. Bhd. and Renong Group.
- He is a member of the Board of Governors of Kolej Yayasan UEM and a member of the Board of Trustees of Yayasan UEM.
- He is a Board member of Institut Jantung Negara Sdn. Bhd. and Samsung C&T Corporation UEM Construction JV Sdn. Bhd.
- He is the Chairman of the Board of Konsortium ProHAWK Sdn. Bhd., a 65% owned subsidiary of UEM Group and also Chairman of the Board of Unipati Concrete Sdn. Bhd., a wholly owned subsidiary of Cement Industries of Malaysia Berhad.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- UEM Group Berhad
- UEM Edgenta Berhad
- UEM Builders Berhad
- PLUS Malaysia Berhad
- Projek Lebuhraya Usahasama Berhad
- PLUS Expressways International Berhad
- Cement Industries of Malaysia Berhad
- Yayasan UEM
- International Centre for Education in Islamic Finance (INCEIF)

Committee Key



Nominations &
Remuneration
Committee



Board Development
Committee



Audit
Committee



Board Governance
& Risk Committee



Board Tender
Committee

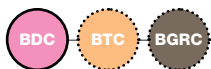


Chairman



Member

Board of Directors' Profile



ZAIDA KHALIDA SHAARI

Non-Independent Non-Executive Director

Age	Gender	Nationality
54	Female	Malaysian

Date of Appointment
8 April 2016

**No. of Board Meetings
attended in the financial year**
13/13

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

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

SKILLS & EXPERIENCE

- She began legal practice in 1991 with Messrs Zain & Co.
- She joined Permodalan Nasional Berhad (PNB) in 1997 as legal advisor to the corporate finance group and moved on to head the Legal and Compliance Department. In 2006, she was appointed as Company Secretary of PNB.
- She joined the Investments Divisions of Khazanah Nasional Berhad (Khazanah) in 2007 and served until January 2019 when she was Executive Director, Investments, overseeing the real estate and education investments of Khazanah.
- Presently, she is CEO of Yayasan AMIR, a non-profit organisation working with the Ministry of Education on the implementation of the Trust Schools Programme, as part of the initiatives of transforming public schools.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Cement Industries of Malaysia Berhad
- MNRB Holdings Berhad
- Pelaburan Hartanah Nasional Berhad

Notes

- None of the Directors have any family relationship with any other Directors and/or major shareholders of UEM Sunrise.
- None of the Directors have any conflict of interest with UEM Sunrise.
- None of the Directors have been convicted of any offences within the past 5 years, other than traffic offences, if any, or imposed any public sanctions or penalties by the relevant regulatory bodies during the year ended 31 December 2021.

Board of Directors' Profile



EFFIZAL FAIZ ZULKIFLY

Non-Independent Non-Executive Director

Age	Gender	Nationality
42	Male	Malaysian

Date of Appointment
24 February 2020

**No. of Board Meetings
 attended in the financial year**
13/13

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

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

SKILLS & EXPERIENCE

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

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Farm Fresh Berhad

Committee Key



Nominations &
Remuneration
Committee



Board Development
Committee



Audit
Committee



Board Governance
& Risk Committee



Board Tender
Committee



Chairman



Member

Board of Directors' Profile



CHARI T.V. THIRUMALA

Independent Non-Executive Director

Age	Gender	Nationality
65	Male	Indian

Date of Appointment
5 November 2020

**No. of Board Meetings
attended in the financial year**
13/13

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

- Fellow, Chartered Institute of Management Accountants, UK
- Member, Chartered Accountants of India
- Master of Business Administration, University of Buffalo, New York, USA
- Post Graduate Diploma in Digital Business, Digital Transformation and Digital Marketing, Emeritus Institute of Management in collaboration with MIT and Columbia Business School

SKILLS & EXPERIENCE

- After spending 20 years with Hewlett Packard in Senior Business Management and Finance roles and nine years with Axiata Group as Group Chief Financial Officer of Celcom Axiata Berhad and Axiata Group Berhad, he is currently serving as independent consultant to a large conglomerate, a national Telco infrastructure provider and a global forensics & valuation company.
- He has also consulted for a large listed company in the aviation industry, global technology system integrator and a semiconductor fabrication company.
- He continues to deliver a range of talks at local and international conferences, on topics like the Importance of Analytics, Digital Disruptions, Digital Transformation, Technology Risk Assessment, Purpose Driven Leadership and Investment Portfolio Management etc.
- He is an advisory member of a subcommittee of the Malaysian Institute of Accountants. He is also a mentor for entrepreneurs under Endeavor Malaysia. He sits on the advisory Boards of Centre for Advanced Analytics and Data Sciences and a plastic recycling company.
- He is a Board member and Board Audit Committee member of a subsidiary of Axiata Group Berhad, Ncell Axiata Limited in Nepal.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Red One Holdings Berhad

Notes

- None of the Directors have any family relationship with any other Directors and/or major shareholders of UEM Sunrise.
- None of the Directors have any conflict of interest with UEM Sunrise.
- None of the Directors have been convicted of any offences within the past 5 years, other than traffic offences, if any, or imposed any public sanctions or penalties by the relevant regulatory bodies during the year ended 31 December 2021.

Board of Directors' Profile



POH YING LOO

Independent Non-Executive Director

Age	Gender	Nationality
60	Male	Malaysian

Date of Appointment
5 November 2020

**No. of Board Meetings attended
 in the financial year**

13/13

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

- Fellow, Chartered Institute of Management Accountants
- Fellow, Institute of Corporate Directors Malaysia
- Member, Chartered Global Management Accountants
- Member, Malaysian Institute of Accountants
- Member, Institute of Enterprise Risk Practitioners
- Global Master of Business Administration in Digital Business

SKILLS & EXPERIENCE

- He has more than 35 years' working experience across a diverse set of industries from auditing, manufacturing and trading, before joining the retail industry.
- He began his career as an auditor in Ong Boon Bah & Co in 1986 and joined Dreamland Holdings Berhad as an Accounts Executive in February 1988. He joined CPC/AJI (M) Sdn. Bhd. as Assistant Accountant in January 1989 and served as the Senior Accountant until June 1996.
- In July 1996, he joined AEON Co. (M) Bhd (AEON) as the Finance Manager and was promoted as the Financial Controller in 2002. He was the Senior General Manager in charge of Business Support in January 2008 and Senior General Manager in charge of Corporate Finance and Investor Relations in February 2010. As the Chief Financial Officer and part of the senior management of AEON and Executive Director in charge of corporate management, he has oversight on the company's total businesses, strategies, operations and business developments. He retired from AEON on 24 June 2020 as Executive Director, a position he had held since May 2011.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad)
- Malaysian Investor Relations Association Berhad

Committee Key



Nominations &
Remuneration
Committee



Board Development
Committee



Audit
Committee



Board Governance
& Risk Committee



Board Tender
Committee



Chairman



Member

Board of Directors' Profile



DATIN SRI BADRUNNISA MOHD YASIN KHAN

Independent Non-Executive Director

Age	Gender	Nationality
62	Female	Malaysian

Date of Appointment
21 June 2021

**No. of Board Meetings
attended in the financial year**
5/5

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

- Bachelor of Science (Honours) in Biochemistry and Pharmacology, University of Aston, Birmingham, UK

SKILLS & EXPERIENCE

- She began her career with Shell in Malaysia in 1982 and served for 25 years with the first half focusing on Information Technology software application and the second half in Human Resources (HR), where her last position was as one of the global job evaluation advisors, being part of a global team in Shell Group HR serving regional businesses.
- She joined Telekom Malaysia Berhad (TM) as General Manager, Leadership Development & Talent Management in Group HR in 2007.
- Upon the demerger of TM Group in early 2008, she was appointed as Head, Group HR of Axiata Group Berhad (Axiata). Following the split of Axiata's HR function into Talent Management and HR in 2011, she was appointed as the Group Chief Talent Officer of Axiata, focusing on Talent Management across the group, including being responsible for its highly successful flagship Corporate Social Responsibility programme, the Axiata Young Talent Programme that builds young talents into future CEOs of the nation.
- In March 2020, she retired from Axiata as Group Chief of Axiata Learning, a position she assumed in 2019 which focused on a sustained, modern, agile and digital way of capability building for the Axiata Group, through the setup of a Group-wide Applied University.
- She continued to be responsible for the Axiata Young Talent Programme even after retirement by being subsequently appointed as the CEO of Axiata Foundation, a non-profit organisation whose main focus is to oversee the programme, a position she held until May 2021.
- In October 2021, she was appointed as Chief Talent Officer of QSR Brands (M) Holdings Berhad.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Red One Holdings Berhad

Notes

- None of the Directors have any family relationship with any other Directors and/or major shareholders of UEM Sunrise.
- None of the Directors have any conflict of interest with UEM Sunrise.
- None of the Directors have been convicted of any offences within the past 5 years, other than traffic offences, if any, or imposed any public sanctions or penalties by the relevant regulatory bodies during the year ended 31 December 2021.

Board of Directors' Profile

BDC



ALEX YEOW WAI SIAW

Independent Non-Executive Director

Age	Gender	Nationality
57	Male	Malaysian

Date of Appointment
21 June 2021
**No. of Board Meetings
attended in the financial year**
5/5

ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIP

- Master in Business Administration in Finance (Distinction), University of Hull, UK
- Bachelor of Industrial Engineering (First Class Honour), University Technology of Malaysia
- Executive Program, Leadership, University of Chicago, USA
- Executive Program, Market Approach, INSEAD, France
- Executive Program, Mini-MBA, INSEAD, France

SKILLS & EXPERIENCE

- He has significant professional and management experience across a wide spectrum of industries. His notable working experience covered senior management roles in multinational and conglomerates such as Malayan Cement Berhad, Hong Leong Group and Hap Seng Consolidated Berhad.
- He was a consultant in McKinsey & Company Inc which set the ground for his early involvement in the corporate world serving top management of various corporate clients as well as Government Link Companies (GLCs) in Malaysia, Indonesia and Singapore.
- He has served as director in a few public listed companies including the roles as the Group Chief Executive Officer and Executive Director of Tropicana Corporation Berhad, Non-Executive Director of Hafary Holdings Limited, Managing Director and Executive Director of Guocoland (Malaysia) Berhad and Executive Director of Tower Real Estate Investment Trust.
- Presently, he is the Group Chief Executive Officer of Star Media Group Berhad since March 2021.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

NIL

Committee Key


 Nominations &
Remuneration
Committee

 Board Development
Committee

 Audit
Committee

 Board Governance
& Risk Committee

 Board Tender
Committee


Chairman



Member

Notes

- None of the Directors have any family relationship with any other Directors and/or major shareholders of UEM Sunrise.
- None of the Directors have any conflict of interest with UEM Sunrise.
- None of the Directors have been convicted of any offences within the past 5 years, other than traffic offences, if any, or imposed any public sanctions or penalties by the relevant regulatory bodies during the year ended 31 December 2021.

Joint Secretaries



LIEW IRENE

Joint Company Secretary

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

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



WONG LEE LOO

Joint Company Secretary

Wong Lee Loo is the Joint Company Secretary of UEM Sunrise and its subsidiaries. She is a Fellow Member of MAICSA and a Chartered Secretary and Chartered Governance Professional under The Chartered Governance Institute. She also holds a Bachelor of Laws degree with Honours from the University of London, UK and has a Certificate of Legal Practice.

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

Senior Management Team



1. Sufian Abdullah
Chief Executive Officer

2. Kenny Wong Koon Keng
Chief Marketing Officer

3. Siew Chee Seng
Chief Financial Officer

4. Peggy Lee
Chief People Officer

5. Liong Kok Kit
Chief Operations Officer, Central

6. Mardiana Rahayu Tukiran
Chief Development Officer

Senior Management Team's Profile



SUFIAN ABDULLAH

Chief Executive Officer

Age	Gender	Nationality
47	Male	Malaysian

Date of Appointment
2 February 2021

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

- Bachelor of Architecture (Hons), Canterbury School of Architecture, Canterbury, Kent, UK
- Bachelor of Arts (Hons), Canterbury School of Architecture, Canterbury, Kent, UK

SKILLS & EXPERIENCE

- He has more than 20 years of experience in the property development and real estate industry, with first-hand experience in leading innovation in several organisations.
- He is trained in architecture and urban design and has built his career with extensive corporate exposure.
- He was formerly the Chief Executive Officer (CEO) at KWEST Sdn. Bhd. (KWEST), a wholly-owned subsidiary of Kumpulan Wang Persaraan (Diperbadankan) (KWAP) which was set up as KWAP's prime investment platform to invest in opportunistic real estate projects.
- He had previously held positions in Sime Darby Property Berhad as Vice President, Product Development & Land Planning from 2013 to 2014, Head of Innovation from 2008 to 2013 and Head of Business Development from 2003 to 2007.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

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



SIEW CHEE SENG

Chief Financial Officer

Age	Gender	Nationality
57	Male	Malaysian

Date of Appointment
16 March 2020

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

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

SKILLS & EXPERIENCE

- He has more than 30 years of experience in the field of finance, accounting and general management in which he has held various positions, including senior management positions in several companies. He has also undertaken various fundraising exercises in Malaysia and abroad, structuring & restructuring of companies, tax planning, land acquisitions and disposals and joint development ventures.
- Prior to joining UEM Sunrise, he was the Director, Operations at Edgeprop Sdn. Bhd., a company licensed by the Securities Commission to operate a property crowdfunding platform.
- He was previously the Chief Financial Officer of Skyworld Development Sdn. Bhd. from November 2015 to December 2017.
- He was appointed Senior General Manager, Finance of the enlarged entity, UEM Sunrise Berhad following the merger between UEM Land Berhad with Sunrise Berhad in 2010.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

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

Notes:

- None of the Senior Management have any family relationship with any other Directors and/or major shareholders of UEM Sunrise.
- None of the Senior Management have any conflict of interest with UEM Sunrise.

- None of the Senior Management have been convicted of any offences within the past 5 years, other than traffic offences, if any, or imposed any public sanctions or penalties by the relevant regulatory bodies during the year ended 31 December 2021.
- The Chief Executive Officer does not hold any ordinary shares in UEM Sunrise.

Senior Management Team's Profile



KENNY WONG KOON KENG

Chief Marketing Officer

Age	Gender	Nationality
59	Male	Malaysian

Date of Appointment
2 July 2018

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

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

SKILLS & EXPERIENCE

- He has more than 33 years of professional experience in various sectors including FMCG, telecommunications, motion pictures and film exhibition, aviation, property development and people development.
- He has held senior marketing and leadership roles across ASEAN in his career, covering diverse markets such as Thailand, Singapore, the Philippines, Cambodia, Myanmar and Malaysia.
- Prior to joining UEM Sunrise, he was freelancing as a consultant coach and trainer and prior to that, he was Head of Marketing & Sales at Guocoland Malaysia.
- Best Marketer in Data and Technology Marketing, Malaysian CMO Awards 2019.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

Nil



LIONG KOK KIT

Chief Operations Officer, Central

Age	Gender	Nationality
45	Male	Malaysian

Date of Appointment
1 March 2020

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

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

SKILLS & EXPERIENCE

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

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

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

Notes:

- None of the Senior Management have any family relationship with any other Directors and/or major shareholders of UEM Sunrise.
- None of the Senior Management have any conflict of interest with UEM Sunrise.

- None of the Senior Management have been convicted of any offences within the past 5 years, other than traffic offences, if any, or imposed any public sanctions or penalties by the relevant regulatory bodies during the year ended 31 December 2021.
- The Chief Executive Officer does not hold any ordinary shares in UEM Sunrise.

Senior Management Team's Profile



MARDIANA RAHAYU TUKIRAN

Chief Development Officer

Age	Gender	Nationality
46	Female	Singaporean

Date of Appointment
15 June 2021

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

- MSc. City Design and Social Science, London School of Economics & Political Science
- Masters in Architecture, The National University of Singapore
- International Student Exchange, Ecole Speciale D'Architecture

SKILLS & EXPERIENCE

- She has more than 20 years of relevant working experience in the field of Development, Architecture, Planning and Urban Design. She has, for the last three years, been pushing for the Placemaking Agenda amongst academia and developers in Malaysia as well as abroad.
- She focuses on making financial sense out of every development strategy and deal structure, and balances between placemaking investment initiatives and the commercial viability of projects.
- She has worked for both the consultancy and client sides on numerous projects, including award-winning and legacy projects of urban and rural scales in Malaysia, China, Hong Kong, Singapore, South Korea, Sri Lanka, Australia, the Middle East and Europe.
- She was formerly the Chief Operations Officer, Partner in KAI Assets where her main roles were to bring in investments and construction capabilities and lead the design teams on the ground.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Horizon Hills Resort Berhad



PEGGY LEE

Chief People Officer

Age	Gender	Nationality
52	Female	Malaysian

Date of Appointment
1 December 2021

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP

- ICSA professional qualification
- Diploma in Business Management

SKILLS & EXPERIENCE

- She has more than 27 years of relevant working experience and skills in the major Human Resource Management functions and has demonstrated her ability to implement change and effective delivery in challenging times.
- She has exposure to various industries such as IT, oil & gas, shared services, insurance, telecommunications, transportation, energy, banking, properties, securities and retail in global, regional and local coverage.
- Prior to UEM Sunrise, she was an Associate Director for AIA Berhad, HR Services Operations Manager in Shell Business Service Centre, Regional HR Manager in Shell Information Technology International, Corporate HR Key Account Manager in Siemens Malaysia and others.

DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

Nil

Notes:

- None of the Senior Management have any family relationship with any other Directors and/or major shareholders of UEM Sunrise.
- None of the Senior Management have any conflict of interest with UEM Sunrise.

- None of the Senior Management have been convicted of any offences within the past 5 years, other than traffic offences, if any, or imposed any public sanctions or penalties by the relevant regulatory bodies during the year ended 31 December 2021.
- The Chief Executive Officer does not hold any ordinary shares in UEM Sunrise.

Senior Leadership Team



1. Peggy Lee
 Chief People Officer

2. Ong Chee Wei
 Director, Business International
 (Australia)

3. Liong Kok Kit
 Chief Operations Officer, Central

4. Kenny Wong Koon Keng
 Chief Marketing Officer

5. Erika Mushtarina Mat Ariffin
 Head, Commercial

6. Sarimah Talib
 Head, Sustainability

7. Vijayan Balan
 Head, Procurement

8. Hasniza Mohamed
 Director, Digital & Incubation

9. Enita Azlina Osman
 Head, Strategy

Senior Leadership Team



10. Emilia Azyyati Abdul Rahman
Head, Corporate Communications & Branding

11. Alicia Lim Chwee Muei
Head, Integrity, Governance, Risk & Compliance

12. Sufian Abdullah
Chief Executive Officer

13. Mardiana Rahayu Tukiran
Chief Development Officer

14. Bevarah Soban Baabu A/L Gangaraju
Head, South Africa

15. Mazmeen Mohamed Razali
Head, Internal Audit

16. Siew Chee Seng
Chief Financial Officer

17. Liew Irene
Head, Company Secretarial Services

Corporate Governance Overview Statement



The Board of Directors (Board) remains committed to build resilience through adoption and strengthening of corporate governance policies and practices of UEM Sunrise Berhad (UEM Sunrise or the Company) and its subsidiaries (the Group) to ensure long-term business sustainability in a fast-evolving business landscape.

As ESG has become a key focus area for both the regulators and stakeholders, the Board provides the right steer and strong support for Management to drive UEM Sunrise's sustainability agenda effectively with the adoption of the UEM Sunrise Sustainability Blueprint 1.0.

Dato' Noorazman Abd Aziz, Chairman

The Board will continue to provide effective leadership and promote high ethical standards in the organisation by embracing good governance principles and practices and play an important role in ensuring effective orchestration of the sustainability agenda into operationalisation strategy. Acknowledging that the economies around the world continue to adjust and recover from the impact of the COVID-19 pandemic and the need to adopt responsible, sustainable and climate-conscious ESG practices, the Board will continually refine and strengthen the Group's corporate governance framework, based on the following key statutory provisions, best practices, policies and guidance to ensure that it remains relevant:

- Companies Act 2016
- Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities)
- Malaysian Code on Corporate Governance (MCCG or the Code) issued by the Securities Commission Malaysia

The Board is pleased to share that in August 2021, UEM Sunrise was conferred an Industry Excellence Award in the Property category by the Minority Shareholders Watch Group (MSWG) at the MSWG-ASEAN Corporate Governance Award 2020, which is a testament to and recognition of the Board's commitment towards good corporate governance.

This statement provides a description of how the Company has applied the key principles and complied with the relevant provisions of the MCCG. We remain committed to achieve high standards of corporate governance both in the boardroom and throughout the Group, which are critical to business integrity and to maintain investors' and stakeholders' trust in the Company. We have used the core principles of the MCCG as the framework within which we explain our governance practices in this report and adopt the approach that our disclosure remains understandable and transparent.



This statement is to be read along with the Corporate Governance Report 2021 which can be found at uemsunrise.com/corporate/about-us/information-and-downloads.

In May 2021, the Board was apprised on the highlights of key changes to the MCCG which was issued by the Securities Commission Malaysia on 28 April 2021. Management has taken the necessary actions to identify gaps and address the identified areas which required further enhancements or refinements to apply the best practices of the MCCG.

Corporate Governance Overview Statement

COMPLIANCE WITH THE CODE

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

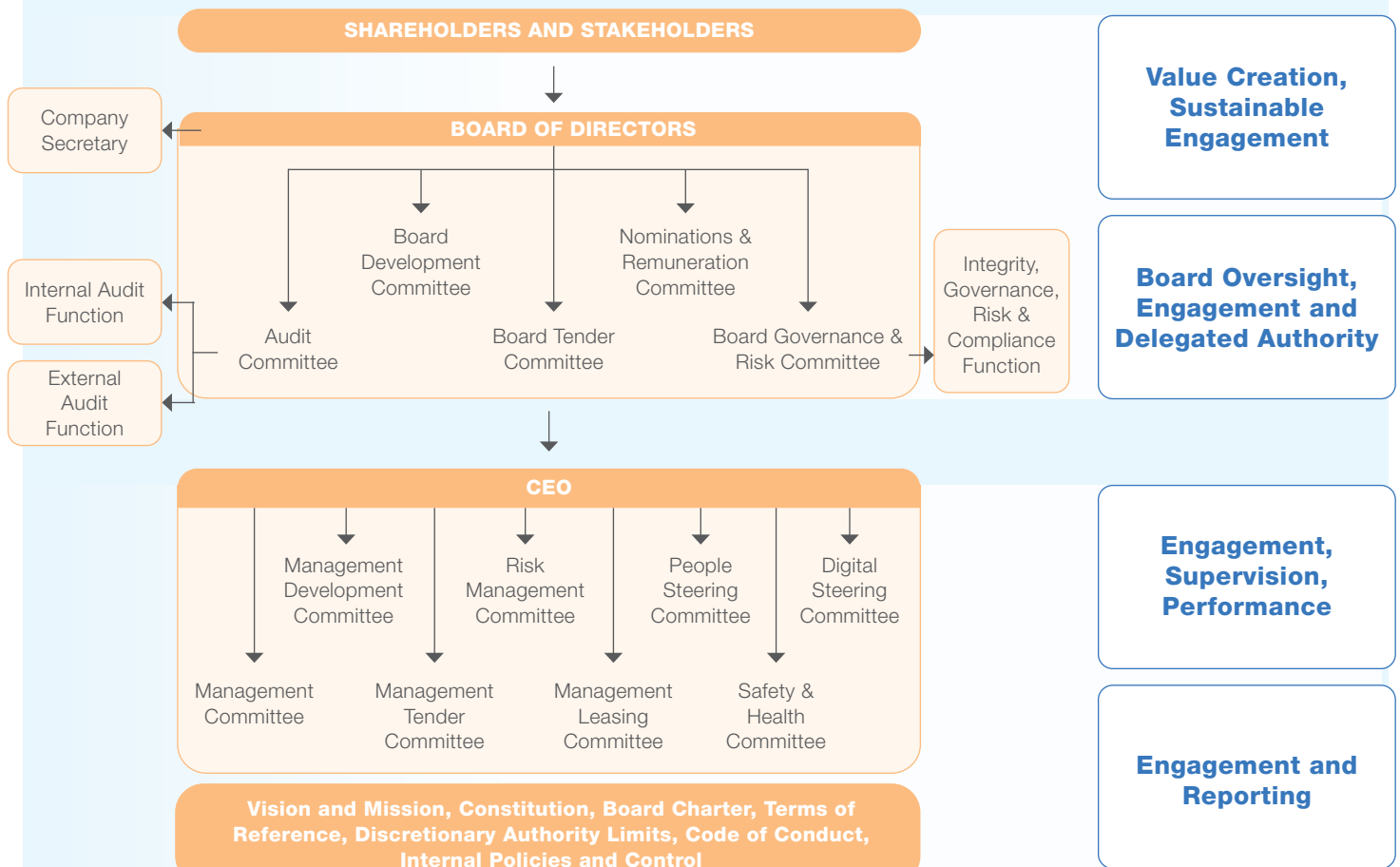
During the financial year ended 31 December 2021, UEM Sunrise complied in all material aspects with the principles set in the MCGG. The Company adopted 45 out of the total 48 recommended practices in the MCGG, including the four (4) step-up practices. One (1) practice was not applicable and the Company has not adopted Practice 8.2 and step-up Practice 8.3 of the MCGG namely the disclosure on named basis of the top five Senior Management's remuneration in bands of RM50,000 and the disclosure on named basis of each member of Senior Management's remuneration, respectively.

Principle A

BOARD LEADERSHIP AND EFFECTIVENESS

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

CORPORATE GOVERNANCE MODEL



Corporate Governance Overview Statement

Principle A

BOARD LEADERSHIP AND EFFECTIVENESS

The Board approves the Corporate Governance Model adopted by the Company to embed best practices within the organisation, including where specific authorities of the Board are delegated to the relevant Board Committees, as well as to the Chief Executive Officer (CEO). The Board has established five (5) Committees, all of which comply with the provisions of the MCCG and play an important governance role through the detailed work they carry out to fulfil the responsibilities delegated to them. Briefing papers are prepared and circulated to Committee members in advance of each meeting. The Committees contribute their specialist skills to key areas such as financial information review, procurement and development matters, anti-corruption, internal controls and risk management, governance and human capital management.

On 31 January 2021, the two ad-hoc Board Committees which were established in 2020 to carry out specific roles and responsibilities in relation to strategic review, proposed corporate exercise and provide oversight to Management after the departure of the former Managing Director/CEO were dissolved when the subject matters were concluded. The Whistleblowing Committee, a Board Subcommittee, was dissolved on 1 April 2021 and its function was assumed by the Board Governance & Risk Committee (BGRC).

Following the introduction of Practice 1.4 of the MCCG on 28 April 2021 whereby the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee, Dato' Noorazman Abd Aziz relinquished his membership of the Nominations & Remuneration Committee (NRC) effective 7 May 2021.

The Group undertook a comprehensive review of the existing business operations and has in November 2021 unveiled a three-pronged strategy – Triage (prioritising issues that need immediate attention and expediting launches), Stabilise (a transformation of how the Company organises its people, process and portfolio) and Sustain (diversifying the income stream for sustained revenue) to steer the organisation into becoming an effective balanced real estate player.

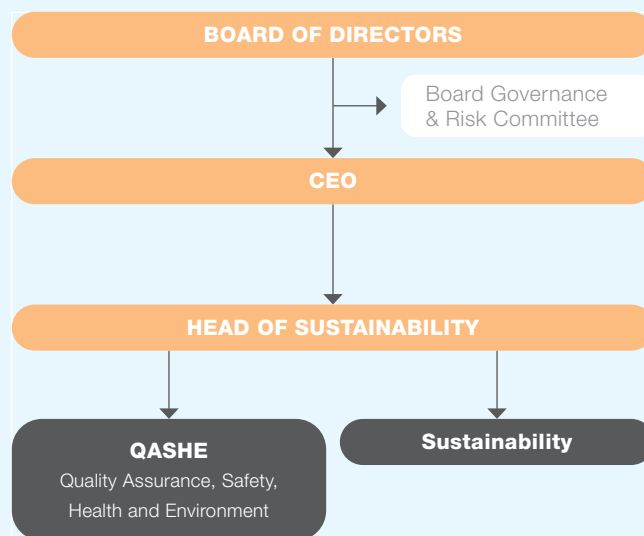
SUSTAINABILITY GOVERNANCE

With the organisation's corporate sustainability agenda coming to the forefront of the organisation's business strategy and operations, a dedicated Sustainability Department was set up in July 2021. Led by the Head of Sustainability, the Sustainability Department provides the oversight for a smooth and progressive implementation of the organisation's sustainability strategy via a top-down approach.

The key role of the department is to orchestrate high level sustainability strategies, setting corporate ESG goals, establishing the pathway towards achieving the goals and engaging with the key stakeholders to achieve the net zero target. Progress of execution of the strategic initiatives are regularly reported to the CEO and C-Suites at the Management Committee Meeting as well as to the BGRC and Board.

Collectively, both the CEO and the Board through BGRC act as a sounding board by providing guidance on the overall organisation's sustainability strategy and operationalisation. The BGRC, comprising Board members with diverse knowledge and expertise, offers a myriad of perspectives and adds value to ensuring that the sustainability strategies are holistic and resilient.

Sustainability Governance Structure



Corporate Governance Overview Statement

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

The establishment of Quality, Safety, Health and Environment Integrated Management System (IMS) has been certified by SIRIM with the ISO 9001:2015, ISO 14001:2015, and the ISO 45001:2018. Certification to the standards is the Company's commitment towards meeting compliance to legal and other requirements. It helps to set the foundations to the sustainability pillars of UEM Sunrise.

For 2022, ESG metrics and targets have been proposed to Management for consideration for top-down cascading exercise with the intent to ensure a direct link between performance evaluation and ESG management.

BOARD CHARTER AND TERMS OF REFERENCE

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

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

During the year, the Company with the assistance of an independent corruption risk management consultant revisited the Board Charter as well as Terms of Reference of the Board Committees in respect of the Board's oversight responsibility on anti-corruption. On 10 September 2021, the Board approved the revisions to the Board Charter to include anti-corruption related oversight responsibilities, alignment with the MCCG and the current practices.

The revised Terms of Reference for all Board Committees were approved by the Board on 10 September 2021 and 3 November 2021 to include anti-corruption related oversight responsibilities, alignment with the MCCG and the current practices. In addition, the revised Terms of Reference for BGRC also includes the whistleblowing oversight function and management of whistleblowing case received, given that the BGRC has assumed the functions of Whistleblowing Committee which was dissolved on 1 April 2021.

The Board Charter was further reviewed and revised by the Board on 29 March 2022, after taking into account the findings from the Board & Directors Effectiveness Evaluation for 2021, further alignment with the MCCG and amendments to the Listing Requirements in relation to Directors' appointment effective 1 July 2022 that require the Company to establish its Fit & Proper Policy, which must be published in the Company's website.

On 29 March 2022, the Board established the Directors' Fit & Proper Policy to ensure that any person to be appointed or elected/re-elected as Director of UEM Sunrise Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the position in the most effective manner. This policy is incorporated in the Board Charter. The Board Charter also includes a provision which prohibits an "active politician" as defined in the MCCG, to be a Director on the Board of the Company.

Corporate Governance Overview Statement

Principle A
BOARD LEADERSHIP AND EFFECTIVENESS
DISCRETIONARY AUTHORITY LIMITS

The establishment and implementation of clearly defined organisational roles, responsibilities and authorities via the Board-approved Discretionary Authority Limits (DAL) represent an essential element of good corporate governance. At UEM Sunrise, the DAL has been formulated to ensure robust governance as well as adequate checks and balances in initiation and approval processes of authorised transactions. Formulated on a risk-based approach, the DAL enables implementation of balanced span of accountability and control among the authorised parties involving the Board, Board Committees and Management of the Group as necessary.

The Board also extends the adoption of the DAL to its wholly-owned subsidiaries whereby authority limits are delegated by the Board to the Senior Management for daily operations.

The DAL is reviewed as and when required, to ensure an optimum structure for efficient and effective decision-making within the Group. During the financial year, the DAL was updated on 1 February 2021 in line with the subsequent changes in the organisational structure, while keeping the delegation of authority limits and guidelines intact. Subsequent to the financial year end, the Board on 29 March 2022 approved further revision to the DAL after holistic reviews were undertaken to ensure cohesive formulation and effective operationalisation of the DAL.


BOARD RESPONSIBILITIES

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

- Review and adopt strategic and annual plans and directions for the Group.
- Review the financial statements to give a true and fair view of the state of affairs of the Group.
- Oversee the conduct of the Group's business to evaluate whether the business is being properly managed.
- Identify principal risks and ensuring the implementation of appropriate systems to manage these risks.
- Succession planning, including appointing, training, reviewing the compensation and retention or replacement of Board members, MD/CEO and Senior Management.
- Develop and implement an investor relations programme or shareholder communication policy for the Group.
- Review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Setting the Company's sustainability strategies, priorities and targets and be responsible together with Management for the governance of sustainability in the Company.
- Act as the governing body who is ultimately responsible and accountable for the implementation of adequate procedures and anti-bribery management system and oversee the establishment of an integrity and governance unit structure that reports to the Board through BGRC.

Corporate Governance Overview Statement

Key Roles within the Board

Role	Key Responsibilities
Chairman	Preside over meetings of Directors and ensure efficient organisation and conduct of the meeting for the smooth functioning of the Board under good corporate governance.
MD/CEO	Develop and execute the Group's strategies in line with the Board's direction. Oversee the operations and drive the Group's businesses and performance towards achieving its vision and goals.
Senior Independent Director	Act as a sounding board to the Chairman, serve as an intermediary for other Directors and act as a point of contact for shareholders or other stakeholders for any queries or concerns relating to the Company which cannot be resolved through the normal channels.
Non-Executive Director	Monitor and oversee Management's conduct in running the business while bringing their expertise and wisdom to bear on the decision-making process.
	
Company Secretary	Advise the Board on all governance matters and ensure that Board procedures are followed. Ensure effective communication flows between the Board and its Committees as well as between Senior Management and the Non-Executive Directors.

The roles and responsibilities of the Chairman and CEO are clearly separated and distinct to ensure that there is a balance of power and authority. The Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness by focusing on strategy, governance and compliance. The CEO is not a member of the Board.

Corporate Governance Overview Statement

Principle A
BOARD LEADERSHIP AND EFFECTIVENESS

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

During the financial year ended 31 December 2021, the Board met thirteen (13) times comprising six (6) scheduled Board Meetings and seven (7) Special Board Meetings.

In view of the COVID-19 pandemic and the Movement Control Order (MCO) imposed by the Malaysian Government to curb the spread of COVID-19, majority of the Board and Board Committees meetings in 2021 were held virtually via video-conferencing facilities whilst physical meetings attended in person are only allowed when the situation permits. The Board has provided its commitment to the Company as evidenced by the attendance of Directors at Board and Board Committee meetings.

DIRECTOR	BOARD MEETING		AC MEETING		NRC MEETING	
	ATTENDANCE	%	ATTENDANCE	%	ATTENDANCE	%
1 YBhg Dato' Noorazman Abd Aziz	13/13	100			2/2 ⁽³⁾	100
2 Ms Christina Foo	13/13	100	9/9	100	9/9 ⁽⁷⁾⁽¹²⁾	100
3 YBhg Dato' Mohd Izani Ghani	13/13	100			9/9	100
4 Puan Zaida Khalida Shaari	13/13	100				
5 En Effizal Faiz Zulkifly	13/13	100				
6 Mr Chari T.V. Thirumala	13/13	100	9/9	100		
7 Mr Poh Ying Loo	13/13	100	9/9	100		
8 YBhg Datin Sri Badrunnisa Mohd Yasin Khan (appointed on 21.06.2021)	5/5	100			5/5 ⁽⁸⁾⁽¹¹⁾	100
9 Mr Alex Yeow Wai Siaw (appointed on 21.06.2021)	5/5	100				
10 YBhg Tan Sri Dr Azmil Khalili Dato' Khalid (retired on 21.06.2021)	8/8	100				
11 YM Ungku Suseelawati Ungku Omar (retired on 21.06.2021)	8/8	100			4/4 ⁽⁵⁾	100
12 YBhg Datin Teh Ija Mohd Jalil (retired on 21.06.2021)	8/8	100			4/4 ⁽⁶⁾	100
Total number of meetings for FY2021	13		9		9	

Corporate Governance Overview Statement

BTC MEETING		BDC MEETING		BGRC MEETING		WBC MEETING	
ATTENDANCE	%	ATTENDANCE	%	ATTENDANCE	%	ATTENDANCE	%
				6/6	100	1/1	100
5/5	100						
5/5	100	10/10	100	4/4 ⁽²⁾	100		
		10/10	100				
				4/4 ⁽¹⁾	100		
3/3 ⁽¹⁰⁾	100			6/6	100	1/1	100
				2/2 ⁽⁸⁾	100		
		6/6 ⁽⁹⁾	100				
2/2 ⁽⁴⁾	100	4/4 ⁽⁴⁾	100				
		4/4 ⁽⁵⁾	100				
				4/4 ⁽⁶⁾	100	1/1	100
5		10		6		1	

Legend

AC Audit Committee

NRC Nominations & Remuneration Committee

BTC Board Tender Committee

BDC Board Development Committee

BGRC Board Governance & Risk Committee

WBC Whistleblowing Committee
(dissolved on 01.04.2021)

- ⁽¹⁾ Appointed as BGRC Chairman on 1 April 2021
- ⁽²⁾ Appointed as BGRC member on 1 April 2021
- ⁽³⁾ Relinquished as NRC member on 7 May 2021
- ⁽⁴⁾ Ceased as BDC Chairman and BTC member following his retirement as Senior Independent Non-Executive Director upon the conclusion of 13th Annual General Meeting (AGM) held on 21 June 2021
- ⁽⁵⁾ Ceased as NRC & BDC members following her retirement as Independent Non-Executive Director upon the conclusion of 13th AGM held on 21 June 2021
- ⁽⁶⁾ Ceased as NRC Chairperson & BGRC member following her retirement as Independent Non-Executive Director upon the conclusion of 13th AGM held on 21 June 2021
- ⁽⁷⁾ Redesignated from NRC member to Chairperson on 21 June 2021
- ⁽⁸⁾ Appointed as NRC and BGRC members on 21 June 2021
- ⁽⁹⁾ Appointed as BDC member on 21 June 2021
- ⁽¹⁰⁾ Appointed as BTC member on 21 June 2021
- ⁽¹¹⁾ Redesignated from NRC member to Chairperson on 1 October 2021
- ⁽¹²⁾ Redesignated from NRC Chairperson to member on 1 October 2021

Corporate Governance Overview Statement

Principle A

BOARD LEADERSHIP AND EFFECTIVENESS

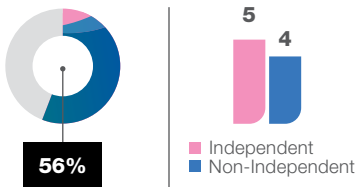
BOARD COMPOSITION

As at the date of this statement, the Board comprises nine (9) members. They comprise the Non-Independent Non-Executive Chairman, the Senior Independent Non-Executive Director, three (3) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. Independent Non-Executive Directors account for a majority of the Board to ensure a balance of power and authority within the Board. The Board composition complies with the Listing Requirements of Bursa Securities which state that at least two (2) Directors or one-third of the Board, whichever is higher, must comprise Independent Directors.

BOARD DIVERSITY

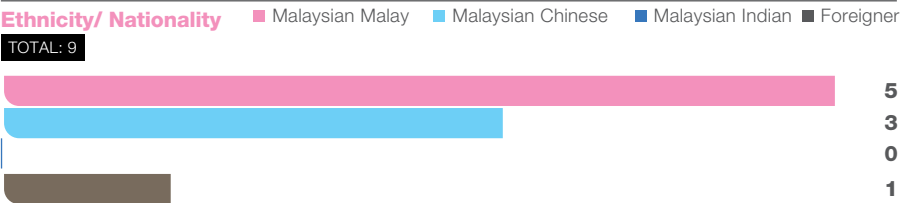
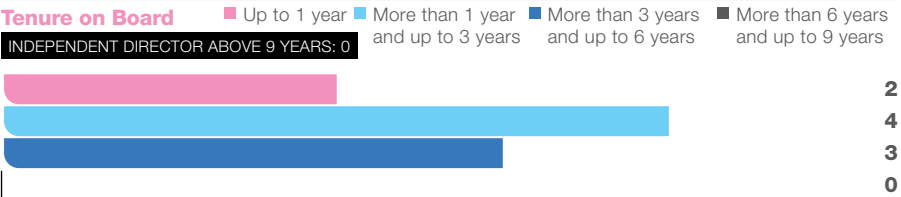
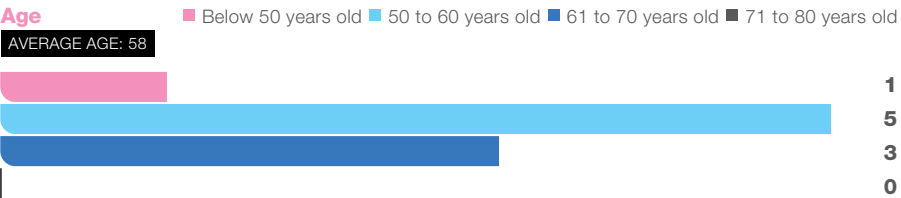
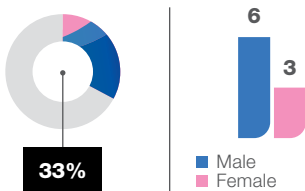
MCCG Practice 5.2

Majority of the Board must be Independent Director

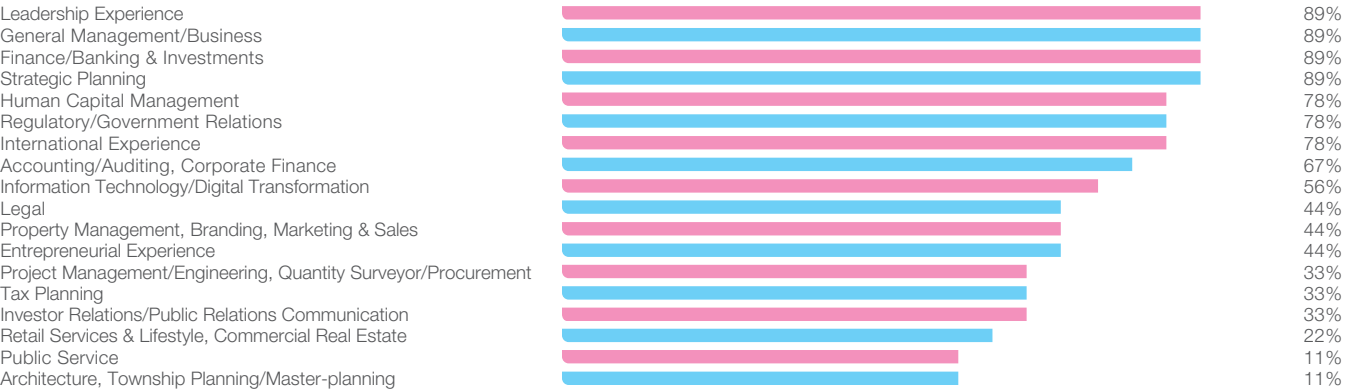


MCCG Practice 5.9

30% of the Board must be women



Board Skills & Experience



Corporate Governance Overview Statement

CODE OF CONDUCT

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

Subsequent to the financial year end, the Board on 29 March 2022 reviewed and approved the revisions to the Code of Conduct, Code of Conduct Handbook and Code of Conduct for Business Partners in line with the MACC Guidelines on Adequate Procedures and ISO37001:2016 Anti-Bribery Management System requirements, taking into consideration the applicability to UEM Sunrise, as well as good practices of other industry players/ organisations.

WHISTLEBLOWING POLICY

The Company has in place a Whistleblowing Policy to enable reporting of improper conduct or wrongdoing within the Group. During the year under review, the Whistleblowing Policy and Procedures were reviewed and on 24 November 2021, the Board has approved the revisions to provide clarity and strengthen areas in anonymous reporting, whistleblower protection and investigation procedures. The Whistleblowing Policy and Procedures make it clear that individuals can raise concerns in confidence and without risk of reprisal, and enables legitimate concerns to be objectively addressed.

In 2018, a Whistleblowing Committee comprising Board members, formed as a Subcommittee of the BGRC, took over the whistleblowing responsibility previously undertaken by the Audit Committee. On 1 April 2021 upon the dissolution of the Whistleblowing Committee, the BGRC assumed the whistleblowing oversight function and management of whistleblowing case received.

TENURE

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

NOMINATIONS & REMUNERATION COMMITTEE

The NRC is made up exclusively of Non-Executive Directors with a majority of them being Independent Directors. The Committee is chaired by an Independent Director. The activities of the NRC in the discharge of its duties for the financial year under review are provided in the Corporate Governance Report.

DIVERSITY

The Board on 29 March 2022 approved the adoption of UEM Sunrise's Diversity, Equity and Inclusion Policy with the aim to build an organisation that fosters diversity, equity and inclusion by promoting a culture that respects and appreciates differences, advocates equality and encourages individuals to grow and develop to reach their full potential. The Policy applies to all members of the Board and employees of the Group, including those on contract, on secondment, on internships, or anyone directly or indirectly employed by UEM Sunrise Group whether remunerated or otherwise. The Board is committed to ensure sufficient diversity in its composition in line with UEM Sunrise's Diversity, Equity and Inclusion Policy towards an inclusive Board to achieve effective stewardship and management and be able to respond to challenges to maintain UEM Sunrise's competitive advantage.

The Board will ensure that at least 30% of the Board comprise women Directors and where the composition falls below 30%, the Board will actively work towards meeting this ratio and disclose the action it has or will be taking to achieve the 30% ratio. The percentage of women Directors on the Board as at 31 December 2021 was at 33%.

BOARD SUCCESSION PLANNING AND APPOINTMENTS

The Board and the NRC take into account the skills, knowledge, expertise, experience, professionalism, character and integrity, gender, age and ethnicity of the existing Board in seeking potential candidates. The Board is committed in ensuring that its composition not only reflects the diversity as recommended by the MCCG, but also has the right mix of skills and balance to contribute to the achievement of the Company's goals. A Board Skills Matrix has also been developed and used as reference for the Board's refresh and succession planning.

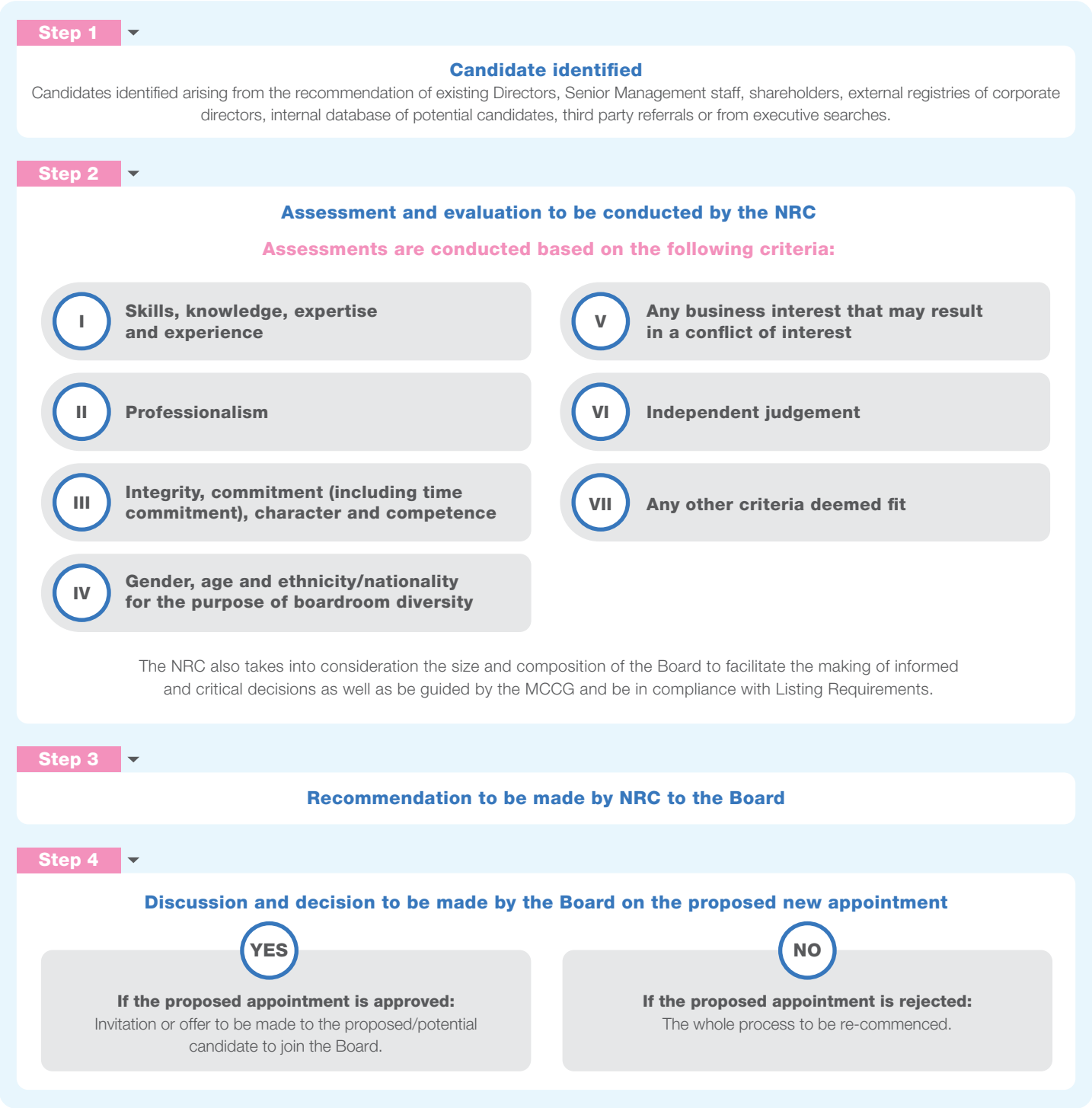
In selecting potential candidates for Senior Management roles, the Board and the NRC consider candidates who demonstrate, among others, the key competencies and behaviours required at top management level. In addition to technical capabilities, experience and professional qualifications outlined in the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

Corporate Governance Overview Statement

Principle A

BOARD LEADERSHIP AND EFFECTIVENESS

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



Corporate Governance Overview Statement

Prior to the appointment of En Sufian Abdullah as CEO effective 2 February 2021, the NRC was involved and engaged in the search for suitable candidates for CEO position including meeting up with the shortlisted candidates either in person where the situation permits or via video conferencing facilities. The NRC also engaged an external independent consultant to conduct assessment on the shortlisted candidates for CEO position.

The NRC had in March 2021 reviewed the process for a Board refresh for the appointment of new Independent Non-Executive Directors following the intimation from all three (3) Independent Non-Executive Directors due for re-election by rotation that they did not wish to seek for re-election and will retire at the conclusion of the 13th AGM in June 2021. The NRC determines if there is any gap in the Board composition and identifies the selection criteria for the new Independent Non-Executive Directors based on the Board Skills Matrix, with the view to close the gap (if any) and to strengthen the Board composition with reference to the strategic direction of the Company. Upon the Board's approval of the selection criteria for the new appointments, the NRC sourced for potential candidates based on the agreed selection criteria. After sourcing for a pool of candidates with the desired criteria obtained from an independent Director Registry maintained by the Institute of Corporate Directors Malaysia and through the network of the Directors, the NRC selected Mr Alex Yeow Wai Siaw, a director with vast experience in property and real estate and Datin Sri Badrunnisa Mohd Yasin Khan, a director with vast experience

in human capital for Board's consideration and approval. Their appointments were effective 21 June 2021 upon the retirement of the three (3) Independent Non-Executive Directors after the AGM.

The NRC also made recommendation for appointment of a nominee representing the major shareholder on the Board of the Company in 2021.

BOARD & DIRECTORS EFFECTIVENESS EVALUATION

The Board, through the NRC, conducts an annual evaluation of its activities and performance as prescribed in MCCG, Corporate Governance Guide issued by Bursa Malaysia Berhad and Listing Requirements.

During the year, the Board has engaged an external independent consultant to facilitate the Board & Directors Effectiveness Evaluation (BDEE) exercise for the financial year ended 31 December 2021.

The BDEE assessment covers strategic levels of board assessment that can be used to prioritise key strategic issues and implement actionable plans for greater board effectiveness with attributes encompassing the following ten (10) key effectiveness parameters:

- Board Leadership
- Board Composition, Skills and Development
- Board Committees
- Board Governance, Oversight and Processes

- Board Agendas, Meetings and Information
- Board Dynamics and Culture
- Board and Management Relationship
- Board Stakeholder/Shareholder Engagement and Investor Relationship
- Board Sustainability Matters
- Board Crisis Management Responses

Based on the outcome of 2021 BDEE assessment, the main focus areas for the Board are identified as follows:

- **Board Leadership**
- **Board Committees**
- **Board Composition, Skills and Development**

The Board noted its key strengths on Board Governance, Oversight and Processes; Board Dynamics and Culture; and Board Sustainability Matters.

The Board agreed to look into the matters requiring further actions i.e. Board to provide a strong oversight over strategy execution and monitoring of implementation, review of DAL to enhance Management's speed to execution and operational efficiency and removing bureaucratic processes, as well as enhancements to Directors and Senior Management Succession Planning.

Corporate Governance Overview Statement

Principle A
BOARD LEADERSHIP AND EFFECTIVENESS
INDUCTION AND PROFESSIONAL TRAINING

An induction programme is conducted for the newly appointed Directors to provide the necessary information to assist them in their understanding of the business and operations of the Company, current issues and corporate strategies as well as the corporate structure of the Company. During the financial year, on-boarding sessions of the induction programme for two (2) new Directors appointed in June 2021 were provided by the CEO and/or Senior Management team covering both operational and financial overview, future projects and strategies.

As at 31 December 2021, all Directors appointed to the Board have attended the Mandatory Accreditation Programme (MAP) accredited by Bursa Securities. Directors continue to attend training programmes and seminars organised by the regulatory authorities, professional bodies and other relevant organisations, to gain insights into the latest regulatory and industry developments in relation to the Group's businesses and further enhance their business acumen and professionalism in discharging their duties to the Group. In addition, some members of the Board have also been invited to participate in forums and/or seminars as a speaker, moderator or panelist in areas of their expertise. The training/conferences/seminars and/or workshops in which members of the Board had participated during the financial year ended 31 December 2021 are set out in the Corporate Governance Report.

The Board will look into the establishment of a more formal annual training and development plan for the Directors, following the recommendation from the BDEE findings.

REMUNERATION

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

The revised Directors' Remuneration Framework was in place since 2012. On 26 November 2019, the Remuneration Policy for Non-Executive Directors of the Company was formalised and made available on the Company's website. The policy reflects the Company's commitment to attract and retain talented and well-qualified Directors needed to enhance long-term value creation for the shareholders; to provide remuneration that would reasonably reflect the time commitment and risks and, to commensurate with the duties and responsibilities of the Directors; and to build sustainable shareholder value by aligning the interests of the Directors with the long-term interests of shareholders by not linking fees to the results of the Company.

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

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

In May 2021, the NRC had conducted a review of the Directors' Remuneration Framework based on an internal benchmarking study of a comparison pool of similar industry players and conglomerates. The NRC was mindful that the financial performance of UEM Sunrise in 2021 and 2022 should be included as important data points before considering and recommending any proposal for the fee review including harmonisation of Board Committees fees.

Subsequent to the financial year end, the Board on 29 March 2022 approved the adoption of the Remuneration Policy for Directors and Senior Management. The policy reflects the Company's commitment to attract and retain Directors and Senior Management of high calibre to contribute in providing stewardship to the Board and to management towards enhancing the objectives of the Group which should take into account the demands, complexities and performance of the Company.



The new policy replaced the Remuneration Policy for Non-Executive Directors and is available on the Company's website at uemsunrise.com/corporate/investor-relations/corporate-governance.

Corporate Governance Overview Statement

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

NO.	FEES/BENEFITS	AMOUNT/DESCRIPTION		
1	Directors' Fees	At the 13 th AGM held on 21 June 2021, the Directors' fees as follows approved by the shareholders are payable on a quarterly basis:		
		Directors' Fees/person	Non-Executive Chairman Per Annum (RM)	Non-Executive Director/Member Per Annum (RM)
		Board	210,000	108,000
		Audit Committee	50,000	30,000
		Other Board Committees	25,000	15,000
2	Allowance	An allowance of RM1,000 per day will be paid to Directors for the following:		
		(i) Attending meetings with Government representatives or third parties such as consultants, bankers and advisors on behalf of the Company; or		
		(ii) Visiting projects and/or reference sites to advise management and/or the Company.		
For the financial year 2021, no allowance was paid in respect of meeting attendance with government representatives and/or site visit. The NRC and Board of the Company being mindful of cost in 2021 agreed to discontinue the above allowance and accordingly, this item was removed and not tabled to shareholders for approval at the last AGM held on 21 June 2021.				
3	Meeting Allowance	Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes:		
		(i) Chairman of committee – RM2,000 per meeting		
		(ii) Member of committee – RM1,000 per meeting		
For the financial year 2021, no ad-hoc or temporary Board Committee meeting was held.				
4	Chairman's Benefits	The benefits payable and accorded to the Non-Executive Chairman comprised the following, as approved at the 13 th AGM held on 21 June 2021:		
		Car Allowance	RM3,400 per month	
		Car-related benefits including maintenance, fuel and other permissible items/claims	Up to RM32,100 per annum	
5	Property Discount (which is the same policy applied for employees)	Discount for purchase of property as follows:		
		(i) Up to 10% discount will be given once in 5 years for residential property; and		
		(ii) For subsequent purchase of residential property within 5 years' period or any non-residential property purchase, up to 3% discount will be given.		
For the year 2021, the property discount received by the Director(s) amounted to RM71,612.80.				
6	Medical Benefits for Directors	The medical benefits for Directors are as follows:		
		(i) Medical coverage of RM7,000 per annum, inclusive of outpatient, clinical, specialist and dental; and		
		(ii) Hospitalisation of RM100,000 per annum including room and board at RM500 per day.		
Where a Director sits on several boards, he will only be entitled to claim medical benefits from one (1) company only.				
7	Training and Development of Directors	A training budget is allocated for Directors to attend relevant training programmes and seminars to enhance their knowledge and skills in discharging their duties.		
8	Directors' & Officers' Liability Insurance	Directors are covered by Directors' and Officers' Liability Insurance maintained throughout the financial year to indemnify directors and officers against any liability incurred by them in the discharge of their duties while holding office as directors and officers of the Company. All the Directors contributed their portion of the premium payment for this policy for year 2021.		

The Company seeks shareholders' approval at the AGM for the payment of fees and benefits for the Non-Executive Directors for items (1) and (3) to (5) of the above table.

The detailed disclosure of the Directors' remuneration on a named basis is set out in Note 5 of the Audited Financial Statements for the financial year ended 31 December 2021.

Corporate Governance Overview Statement

Principle B
EFFECTIVE AUDIT AND RISK MANAGEMENT
AUDIT COMMITTEE

As at the financial year ended 31 December 2021, the Audit Committee comprises three (3) members who are all Independent Non-Executive Directors. The Audit Committee is chaired by Ms Christina Foo, the Senior Independent Non-Executive Director. She is not the Chairman of the Board.

The Audit Committee Report including its membership, composition and summary of work carried out by the Audit Committee during financial year 2021 is presented on pages 142 to 147 of this Integrated Report.

In the annual assessment on the suitability, objectivity and independence of the External Auditors, the Audit Committee

is guided by the factors as prescribed under Paragraph 15.21 of the Listing Requirements as well as the Corporate Governance Guide 4th Edition. Additionally, the Board received a written assurance by the External Auditors, confirming their independence in providing both audit and non-audit services for the year under review.

The Board reviewed the term of office and assesses the performance of the Audit Committee and its members through the BDEE 2021 exercise. The Board has confirmed its satisfaction with the performance of the Audit Committee in discharging its duties and responsibilities in accordance with its Terms of Reference.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board fulfills its risk governance and oversight functions through the BGRC who reviews the effectiveness of risk management framework and to manage the overall risk exposure to the Group.

The BGRC takes responsibility for assessing and monitoring the efficacy of the risk mitigations and control measures taken, whilst the adequacy and effectiveness of the internal controls are reviewed by the Audit Committee through the work performed by the Internal Audit function for the Group.

As at 31 December 2021, the BGRC comprises five (5) members of whom four (4) are Independent Non-Executive Directors (including a Senior Independent Director) and one

(1) is a Non-Independent Non-Executive Director to reflect a right mix of skills. For the year under review, the Board confirmed its satisfaction with the performance of the BGRC in discharging its duties and responsibilities in accordance with its Terms of Reference.

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

Corporate Governance Overview Statement

Principle C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

The Company recognises the importance of understanding the expectations of its stakeholders and to effectively communicate the Company's strategies, plans and actions. To that end, the Company engaged with its respective stakeholders on various platforms to gauge their perspectives and insights on emerging issues that are important and impactful to both the stakeholders and the Company's business as well as operations. The summary of their expectations and the ways the Company engages in response to their anticipations are as summarised below:

Stakeholder Groups	How We Impact Each Other	Their Expectations	How We Engage and Respond
Customers	The viability and sustainability of our business are a direct result of delivering strong customer satisfaction through unique and sustainable value propositions. In creating and delivering products, services and initiatives, we adopt our E.V.E approach — Exciting, brings Value and Easy to own — to allow our customers to find happiness through our brand, and in return drive our revenue and business performance.	<ul style="list-style-type: none"> • Superior customer experience throughout the home-ownership journey • A sophisticated developer that fulfils customers' needs • A developer that continuously engages with its customers and communities 	<ul style="list-style-type: none"> • Identify potential customers through property exhibitions, property events and advertisements • Customer and community engagement through Trésor Loyalty Programme and Fun Zone Community Centre • Customer interaction through One Stop Centres, Customer Contact Centre and social media platforms • Annual Customer Satisfaction Survey (CSS) which includes survey on Net Promoter Score (NPS), Customer Effort Score (CES), Customer Value Engagement Score (CVES) • Focus Group Discussions (FGD) with identified customers • A series of mobile apps that provide a more digitalised and customer-centric experience for customers and the public • Revamped user-friendly website with enhanced functionalities: customers can now select multiple properties and view them side-by-side. Recently introduced features include live chat and a loan calculator
Community	Building trust with our local communities and NGOs essentially gives us the social licence to operate. As our activities may negatively impact the environment, we must ensure we do all we can to mitigate this.	<ul style="list-style-type: none"> • Responsible marketing • Waste management • Energy management • Community care and charitable involvement • Corporate citizenship and good governance 	<ul style="list-style-type: none"> • Various placemaking and civic engagement initiatives • Corporate social responsibility (CSR) initiatives across education enhancement, community engagement and environmental conservation

Corporate Governance Overview Statement

Principle C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Stakeholder Groups	How We Impact Each Other	Their Expectations	How We Engage and Respond
Employees	<p>Providing our employees with a safe and conducive working environment, with a strong respect for ethics and a high-performance culture will help drive our business. Employees who are engaged and motivated will be more productive, resulting in a win-win outcome, as the Group benefits from better performance, and our employees find fulfilment and develop their careers.</p> <p>We strive to instil our CHIEF brand values in everything we do, by being Caring, Honest, Involved, Enthusiastic and Fun-loving.</p>	<ul style="list-style-type: none"> • Sense of pride and ownership to the company • Transparent communication from the senior leadership team • Career development and promotion opportunities • Fair and competitive benefits and remuneration packages 	<ul style="list-style-type: none"> • Internal newsletters, quarterly townhall sessions and CHIEF intranet portal • Competitive benefits and remuneration packages • Implementation of flexible working hours and casual dress code • Corporate subscription to e-learning platforms • Team building, sports and recreation activities
Investment-related (including analysts, shareholders, investors and fund providers)	<p>Maintaining the trust and confidence of providers of financial capital is a key factor in supporting business growth, as it will lead to a rise in the value of our business, reflected through the Group's performance as a whole. In return, our sustained focus on enabling strong value creation outcomes from each project will yield good returns to investors.</p>	<ul style="list-style-type: none"> • An experienced and solid senior leadership team • Healthy profit and social impact depending on business verticals • Value appreciation of the shares • Consistent dividend pay-out 	<ul style="list-style-type: none"> • AGM • Bursa announcements and press releases • Working with industry associations and key partners (end-financiers, data aggregators and contractors/suppliers) in developing and advocating policies/incentives to support the sectoral and economic growth • Engagement through analyst briefings and conferences • In 2021, 30 engagements conducted with the investment community mainly via virtual platforms comprising meetings, webinars, conferences and teleconferences during the COVID-19 pandemic • During the year, our key engagements were with the Finance Minister, Johor Menteri Besar, Ministry of Housing and Local Government Secretary-General • At regional levels, we interact regularly with state governments and local authorities including mayors of Dewan Bandaraya Kuala Lumpur (DBKL) and Majlis Bandaraya Iskandar Puteri • The 13th AGM was held virtually on 21 June 2021

Corporate Governance Overview Statement

Stakeholder Groups	How We Impact Each Other	Their Expectations	How We Engage and Respond
Contractors & Suppliers	Ensuring a strong partnership and collaboration approach with our contractors and suppliers that upholds the principles of integrity will help us maintain a transparent and cost-effective procurement process. Together with good safety practices that protect workers, this will lead to more sustainable outcomes and higher-quality products.	<ul style="list-style-type: none"> Professional and transparent procurement processes Competent management of vendors and timely payment of fees Safe and conducive working environments 	<ul style="list-style-type: none"> Mandate a Letter of Declaration by all vendors committing to adhere to UEM Sunrise's Code of Conduct for Business Partner UEM Sunrise procurement policy, which is downloadable from the corporate website Mandate all suppliers, contractors and sub-contractors to provide details of their approach in keeping with the Company's SOPs on QHSE
Strategic Partners	Collaboration with strategic partners enables us to make quick entries into areas that would have taken longer to break into. In return, our partners can benefit from working with our large and exciting portfolio.	<ul style="list-style-type: none"> Fair investment opportunities in all UEM Sunrise business verticals High return on investment throughout the partnership period 	<ul style="list-style-type: none"> Proactive prospecting of business partners for existing and pipeline projects Active sales and marketing initiatives
Government/Regulatory Authorities	Conforming to laws and regulations while abiding by best practices will help strengthen our reputation as a responsible property developer. This in turn allows us to support Government agendas that concern stimulating economic growth, contributing to nation-building, providing housing and creating job opportunities.	<ul style="list-style-type: none"> Compliance with relevant laws and regulations Contributions to industry best practices and the development of new policies and regulations Support towards government initiatives 	<ul style="list-style-type: none"> Ensure full compliance in economic, environmental and social areas regardless of the sector of business operations Active engagements with relevant ministries, regulators and authorities
Media	The media is an important partner that can help to strengthen our reputation and credibility. We will continue to provide the media with access to timely, reliable and accurate information about our operations.	<ul style="list-style-type: none"> Thought leadership on the property market and industry 	<ul style="list-style-type: none"> Consistent engagement through press releases, networking sessions, press conferences and interviews
Industry Peers	Collaboration with industry peers in terms of knowledge sharing and through association meetings and industry conferences will help to promote sustainable growth of the property industry.	<ul style="list-style-type: none"> Ease of doing business within the property industry Sharing of industry best practices and developments Nation-building efforts and sustainable growth in the property industry 	<ul style="list-style-type: none"> Contribute to influencing the overall industry policy Participate in industry-wide organisations and conferences Support government initiatives in industry developments

The Company continues to be transparent and accountable to its shareholders and investors recognising the importance of timely dissemination of information to shareholders and other stakeholders. The Board is also committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Group with information communicated through various channels including the Integrated Report, disclosures and announcements to Bursa Securities, press releases, dialogues, discussions and presentations at general meetings and/or conferences as well as the investor relations' webpage at the Company's website at uemsunrise.com.

Corporate Governance Overview Statement

Principle C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS
UEM Sunrise's Dividend Policy adopted on 12 June 2012

Paying out between 20% to 40% of the Group's consolidated profit after tax and non-controlling interests subject to among others, availability of distributable reserves and adequate free cash flow from operations.



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

The Company embarked on its journey into integrated reporting through its 2019 Annual Report, its first-ever Annual Report based on the Integrated Reporting <IR> Framework, which is the first part of the Company's 3-year plan to achieve full IR compliance. Moving to integrated reporting was a conscious, collective and organic decision, which permits the Company to be more focused and transparent in reporting its activities, inspiring it to think about the business in an integrated way.

UEM Sunrise produced its first Integrated Report as per the international reporting framework based on a global recognised framework for the financial year ended 31 December 2021. This demonstrates the Company's continuous commitment to improve the quality of information disclosures to stakeholders and promote greater transparency and accountability.

CONDUCT OF GENERAL MEETINGS

The AGM of the Company is the primary platform for two-way interaction between the shareholders and the Board and Management of the Group.

In view of the Movement Control Order and as a precautionary measure amid the COVID-19 pandemic, the Company's 13th AGM was held on 21 June 2021 by leveraging technology and was conducted fully virtual and entirely via Remote Participation and Electronic Voting (RPEV) facilities in compliance with Section 327 of the Companies Act 2016 and Article 70 of the Company's Constitution. The online meeting platform of Lumi AGM website for the live streaming and RPEV facilities was provided by Boardroom Share Registrars Sdn. Bhd.

In fostering effective participation of and engagement with shareholders at the AGM, all ten (10) Directors (including the Chairmen of Audit Committee, NRC, Board Tender Committee, Board Development Committee and BGRC) were present online to engage with the shareholders, and be accountable for their stewardship of the Company.

For the 2021 AGM, shareholders were invited to send questions before the meeting by email to the Company's Investor Relations at ir@uemsunrise.com. The Chairman also encouraged shareholders to participate at the meeting by submitting typed questions in real time on the meeting platform. Questions that were submitted prior to the 13th AGM and those that were posed at the meeting were addressed during the meeting. For transparency, the questions which have been addressed/answered by the CEO were published for viewing of shareholders on the RPEV facilities and the Internal Auditor was present to ensure that all shareholders' questions were addressed.

All ten (10) Directors, Members of Senior Management and the partners from the external audit firm were present at the 13th AGM to provide responses to the questions posed by shareholders by email to the Company's Investor Relations prior to the meeting and the meeting platform during the meeting.

In line with MCGG, the notice of the 13th AGM was issued at least 28 days prior to the meeting enabling the shareholders ample time in making necessary preparations to attend and participate in person or by corporate representative, proxy or attorney. More importantly, it enables the shareholders to consider the resolutions and make informed decisions in exercising their voting rights at the AGM.

The voting at the 13th AGM was conducted by poll in accordance with Paragraph 8.29A of the Listing Requirements. After verification by the independent Scrutineers, the Chairman announced the poll results to the meeting and declared that all the resolutions were carried. The poll results were also announced by the Company via BursaLINK on the same day for the benefit of all shareholders. The minutes of the 13th AGM including all the questions raised for the meeting and the answers thereto were made available on the Company's website within 30 business days after the general meeting.

This Statement is made in accordance with the resolution of the Board dated 29 March 2022.

Investor Relations

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

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

Criteria	
Consistency	The same information is given to the Stakeholders at the same time.
Clarity	Clear, concise, and easily understood information is distributed to avoid any miscommunication and misunderstanding.
Equal Access	Stakeholders are given the same information through various channels.
Timeliness	Information is released to the Stakeholders immediately after it has been announced to the public unless there are legal constraints or legitimate business reasons to refrain from doing so.
Transparency	Information is presented in a fair manner irrespective of whether it is favourable to the Company.

The Company also maintains a direct and open communication to its Stakeholders to keep the market informed of all information which may have or could be expected to have a material impact on the value of its securities.

INVESTOR RELATIONS ENGAGEMENTS & ACTIVITIES

The Company's Investor Relations (IR) team plays an important role in engaging regular meetings and dialogues with analysts, fund managers as well as the Company's shareholders. These meetings and dialogues are usually headed by the Chief Financial Officer (CFO) and/or IR team unless there is a specific request by the investment community to meet up with the Chief Executive Officer (CEO).

These engagements include conferences, physical meetings as well as site visits to our projects in the Southern region specifically in Iskandar Puteri as well as projects within the Central region. The main objective of these engagements is to update the Stakeholders on the Company's financial performance, business operations, strategic directions and address issues or concerns relating to the Company.

Due to the COVID-19 pandemic and the series of Movement Control Order imposed by the Government in addition to the various SOPs under the four phases of the NRP, the team's opportunity to engage with the investment community as planned for the financial year 2021 was limited. Regardless of the circumstances, 30 engagements were conducted mainly via virtual platforms comprising meetings, webinars, conferences, and teleconferences.

Investor Relations

Key Engagements	Date	Details
One-on-one and small, or large group meetings	Throughout FY2021	<ul style="list-style-type: none"> 20 virtual meetings were recorded in 2021. Meetings were frequently requested by analysts and fund managers. The IR team hosted, arranged, and organised the meetings.
Quarterly financial results briefing	<ul style="list-style-type: none"> 24 March – Fourth quarter 2020 and FY2020 results 24 May – First quarter 2021 results 25 August – Second quarter 2021 results 24 November – Third quarter 2021 results 	<ul style="list-style-type: none"> Financial results briefings are held on a quarterly basis via Teams. Briefings take place immediately after the quarterly financial results are released to Bursa Securities. CEO leads the briefings together with the CFO with the support from the IR team.
13 th AGM	21 June	<ul style="list-style-type: none"> Primary engagement platform for the Board of Directors and Company's shareholders. CEO takes the opportunity to present the Company's status updates and actively engage with the shareholders during the Q&A session. CEO leverages on this event to convey key developments, performance updates plus the Company's short-term and long-term strategies to the shareholders. Shareholders are given the opportunity to raise questions pertaining to the Company.
Investor Conference	<ul style="list-style-type: none"> 5 - 8 January 2 - 3 March 19 April 3 November 9 November 	<ul style="list-style-type: none"> Participated in the 13th Annual Malaysia Corporate Day hosted by CGS-CIMB Securities Sdn. Bhd. (CGS-CIMB). Participated in the Property Call Series with Savills Malaysia and REHDA hosted by CLSA Securities Malaysia Sdn. Bhd. (CLSA). Participated in Corporate Malaysia ESG hosted by CLSA. Participated in Malaysia Property: Post Budget Malaysia hosted by CLSA. Participated in Invest Malaysia 2021 Virtual Series 2 hosted by CGS-CIMB.

FY2021: Financial year ended 2021

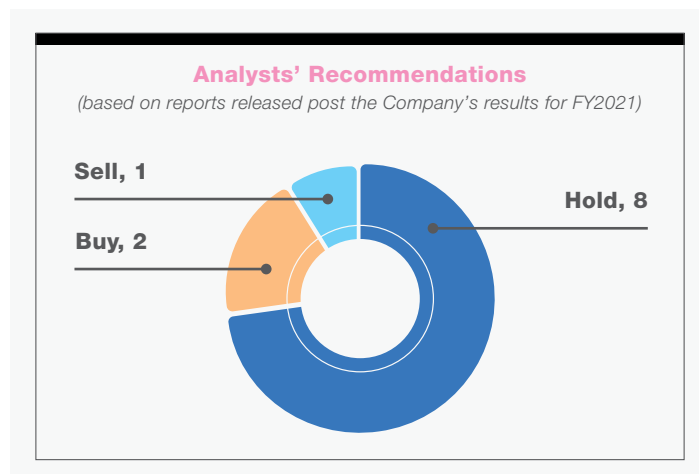
FY2020: Financial year ended 2020

In view of the pandemic, the Company is inclined towards virtual engagements until the situation otherwise permits.

UEM SUNRISE'S COVERAGE

The Company receives fair coverage and support from the local and foreign research houses in 2021. Although it maintains a good rapport with CLSA and Macquarie Capital Securities Sdn. Bhd., to-date 12 analysts from the following research houses provide coverage on UEM Sunrise:

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



UEM SUNRISE IR PORTAL

As means to also disseminate relevant information on the Company to its Stakeholder and the public, the Company has provided an online IR portal at uemsunrise.com/corporate/investor-relations as a point of reference.

Additional Compliance Information

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

Pursuant to its Islamic Commercial Paper (ICP) Programme (ICP Programme) and Islamic Medium Term Notes (IMTN) Programme (IMTN Programme) which have a combined aggregate limit of RM2 billion in nominal value and a sub-limit on the ICP Programme of RM500 million in nominal value, the Company had during the financial year 2021 issued the following IMTNs:

Date of Issuance	Type	Tenure	Utilisation of Proceeds
18 February 2021	RM400 million in nominal value of IMTN under the IMTN Programme established in 2016	Three (3) years and five (5) years, with maturity on 16 February 2024 and 16 February 2026 respectively	The proceeds were utilised for UEM Sunrise's Shariah-compliant general corporate purposes
20 May 2021	RM300 million in nominal value of IMTN under the IMTN Programme established in 2012	Five (5) years, with maturity on 20 May 2026	The proceeds were utilised for UEM Sunrise's Shariah-compliant general corporate purposes
8 September 2021	RM290 million in nominal value of IMTN under the IMTN Programme established in 2012	Five (5) years, with maturity on 8 September 2026	The proceeds were utilised for UEM Sunrise's Shariah-compliant general corporate purposes
21 September 2021	RM150 million in nominal value of IMTN under the IMTN Programme established in 2012	Four (4) years, with maturity on 19 September 2025	The proceeds were utilised for UEM Sunrise's Shariah-compliant general corporate purposes

MATERIAL CONTRACTS

Other than those disclosed in the financial statements, there were no material contracts including contracts relating to any loans entered into by the Company and/or its subsidiaries involving interests of the Directors, Chief Executive Officer and major shareholders, either still subsisting at the end of financial year ended 31 December 2021 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (RRPT)

The Company did not seek the approval of its shareholders on any mandate for its RRPT during the financial year ended 31 December 2021 as the estimated aggregated transacted amount for the related parties is below the applicable percentage stipulated under Paragraph 10.09(1), Chapter 10 of the Listing Requirements and Bursa Securities. The Company will continue to monitor its RRPT and make appropriate announcement(s) to Bursa Securities of such transaction(s) where required in accordance with the requirements under Chapter 10 of the Listing Requirements.

UEM Sunrise adopts a fit-for-purpose control framework to capture and track related party transactions (RPT) or RRPT to ensure that it meets the obligations under the Listing Requirements of Bursa Securities and/or other applicable guidelines/standards in connection with such transactions. This is enforced through the ongoing process of identifying and recording of RPT and RRPT as per the established SOPs. Based on internal audit review conducted in 2021, the control framework on an overall basis was working as intended.

RPT and RRPT are monitored and conducted in a manner that is fair and at arm's length basis, with the terms not more favourable to the related parties than to the public, not to the detriment of minority shareholders and in the best interest of UEM Sunrise.

A Director who has an interest in a transaction abstains himself/herself from deliberation and voting on the relevant resolution in respect of such transaction at Board meetings and/or other meetings of the Company.

Audit Committee Report

1. FORMATION

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

The Audit Committee is committed to its role to assist the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial and non-financial reporting practices of UEM Sunrise Berhad (UEM Sunrise or the Company) and its subsidiaries (the Group). The Audit Committee reviews the adequacy and integrity of the Group's internal control systems and management information systems, related party transactions and conflict of interest situations that may arise within the Group, including compliance with applicable laws, rules, directives and guidelines through the Internal Audit function.

The Terms of Reference (TOR) of the Audit Committee were reviewed and revised on 10 September 2021, as part of the overall review of the TOR of all Board Committees. The TOR of Audit Committee has been updated to include anti-corruption related oversight responsibilities and alignment with the revised Malaysian Code on Corporate Governance (MCCG) dated 28 April 2021.



The TOR of the Audit Committee is available for reference at the Company's website at uemsunrise.com/corporate/investor-relations/corporate-governance.

2. COMPOSITION

As at the end of the financial year ended 31 December 2021, the Audit Committee comprises three (3) members of the Board, all of whom are Independent Non-Executive Directors.

The Company has complied with paragraph 15.09 of the Bursa Malaysia Securities Berhad (Bursa Securities) Main Market Listing Requirements (Listing Requirements), which requires all members of the Audit Committee to be Non-Executive Directors with a majority of them being Independent Directors. As at 31 December 2021, the Company has adhered to the step-up practice set out in the MCCG for having solely Independent Directors on its Audit Committee.

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

Name	Designation	Directorship	Qualification
Christina Foo	Chairperson	Senior Independent Non-Executive Director	<ul style="list-style-type: none"> Chartered Accountant of Malaysian Institute of Accountants (MIA) Fellow, CPA Australia Fellow, Malaysian Institute of Management Fellow, Institute of Corporate Directors Malaysia (ICDM) Member, ASEAN Chartered Professional Accountants Member, Malaysian Institute of Corporate Governance Bachelor of Business Studies (Accounting) from Deakin University, Australia
Chari T.V. Thirumala	Member	Independent Non-Executive Director	<ul style="list-style-type: none"> Fellow, Chartered Institute of Management Accountants, UK Member, Chartered Accountants of India Master of Business Administration, Buffalo University, New York, USA Post Graduate Diploma in Digital Business, Digital Transformation and Digital Marketing, Emeritus Institute of Management in collaboration with MIT and Columbia Business School
Poh Ying Loo	Member	Independent Non-Executive Director	<ul style="list-style-type: none"> Fellow, Chartered Institute of Management Accountants Fellow, ICDM Member, Chartered Global Management Accountants Member, MIA Member, Institute of Enterprise Risk Practitioners Global Master of Business Administration in Digital Business

Audit Committee Report

Accordingly, the Company complies with paragraph 15.09(1)(c) of the Listing Requirements with regard to the qualification of the Audit Committee members.

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

The term of office and performance of the Audit Committee and each of its members were reviewed and assessed annually by the Nominations & Remuneration Committee in accordance with the Listing Requirements.

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

3. MEETINGS

A total of nine (9) meetings were held during the financial year ended 31 December 2021, with attendance details as follows:

Name of Audit Committee Member	No. of Meetings Attended/Held	Percentage of Attendance (%)
1. Christina Foo	9/9	100
2. Chari T.V. Thirumala	9/9	100
3. Poh Ying Loo	9/9	100

The Chief Executive Officer (CEO), Chief Financial Officer (CFO) and relevant Senior Management who are responsible for the pertinent areas and representatives of the Internal Auditors and External Auditors attended the meetings upon invitation.

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

The External Auditors as well as the Internal Auditors were invited to the Audit Committee meetings in 2021 to report on the statutory audit in respect of the financial statements for the financial year 2020, quarterly financial statements and the progress of the audit plan for years 2020 and 2021, respectively. Detailed internal audit reports, together with Management's responses were circulated to the Audit Committee members and CEO, and significant issues were discussed at the Audit Committee meetings.

Upon conclusion of each meeting, the Company Secretary prepared a report which summarised the main discussion points and decisions of the Audit Committee to be tabled at the immediate following Board Meeting. The Chairperson of the Audit Committee reported to the Board the activities that it had undertaken and the key recommendations for the Board's consideration and decision. Minutes of each Audit Committee meeting were recorded and tabled for confirmation at the following Audit Committee meeting and subsequently presented to the Board for notation.

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

Audit Committee Report

4. SUMMARY OF KEY ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Internal Audit

- i. Reviewed and approved the annual risk-based internal audit plan to ensure adequate scope and comprehensive coverage of the activities of the Company and the Group as well as changes to the audit plan that had an impact on its coverage.
- ii. Reviewed and deliberated the internal audit reports on the adequacy, effectiveness and efficiency of operational, compliance and governance processes across the Company and its Group. Where appropriate, the Audit Committee advised Management to rectify and improve the timeline and control systems based on Internal Audit's recommendations and suggestions for improvements. The reports reviewed and deliberated during the year include planned and ad-hoc audits on:
 - Employee engagement function
 - Digital system and IT application management
 - Digital mobile application project management review
 - Project and inventory management
 - Project audit – Serene Heights (Eugenia), Gerbang Nusajaya master infrastructure
 - Procurement and contract management
 - Landbanking management
 - Project delivery – Impact of MCO 3.0
 - Taxation management
 - Purchasing and payment procedures
 - Financial management
 - Whistleblowing Policy and Code of Conduct
 - Safety, Health & Environment management
 - Recurrent related party transactions
 - Whistleblower cases
 - Follow-up on corrective actions
- iii. Monitored the implementation of recommendations by Management on outstanding issues to ensure that all key risks and control weaknesses are adequately addressed as well as the timeliness of responses received and actions taken. Met with auditees on updates of selected key outstanding audit findings.
- iv. Reviewed the performance, adequacy, scope, resources and competency of the Internal Auditors as well as the training needs of Internal Audit function.
- v. Approved the key performance indicators (KPI) and resource requirements of the Internal Audit function for 2022.
- vi. Approved the 2020 KPI scorecard achievements of the Internal Audit function. Deliberated the results of Internal Audit's Customer Satisfaction Survey for 2020, based on the responses received from the Audit Committee members and Senior Management via questionnaires. Reviewed the performance of the Head, Internal Audit taking into consideration the performance evaluations as per the scorecard results and behavioural competencies.
- vii. Reviewed the Audit Reports issued and status of 2021 audit plan.
- viii. Discussed data analytics audit approach and arranged for awareness session with Internal Audit team of another company with established data analytics tools, system and practice for its implementation in 2022.
- ix. Met twice with the Head, Internal Audit on 19 February 2021 and 23 November 2021 without the presence of the CEO and Management staff, to enquire the extent of assistance rendered by Management and issues and suggestions from Internal Audit.

External Audit

- i. Reviewed with the External Auditors, the audit plan of the Company and of the Group for the year (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and Management responses) prior to the commencement of the annual audit. The Audit Committee also reviewed and deliberated the key audit matters and areas of emphasis highlighted by the External Auditors including Management's response/actions taken.
- ii. Met thrice with the External Auditors on 20 February 2021, 19 March 2021 and 18 November 2021 without the presence of the CEO and Management staff, to enquire the extent of assistance rendered by Management and issues and suggestions arising from audits.

Audit Committee Report

- iii. Considered the appointment of External Auditors and conducted an assessment of their independence, objectivity and cost effectiveness of the audit which covered quality of services provided, sufficiency of experience and resources, audit scope and planning, communication and interaction. The External Auditors confirmed that they are independent throughout the audit engagement and remained in compliance with the terms of all relevant professional and regulatory requirements including the By-Laws of the MIA and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants' independence requirements.

Having taken all appropriate factors into consideration and being satisfied with the suitability, performance, technical competency and audit independence of Messrs Ernst & Young PLT (EY), the Audit Committee had recommended to the Board for approval, the appointment of EY as External Auditors of the Group for the financial year ended 31 December 2021.

The Audit Committee also considered the adequacy of experience and resources of the firm and the professional staff assigned to the audit and the level of non-audit services rendered by External Auditors to the Group for the financial year 2021 based on the feedback from Management who had substantial contact with the external audit team throughout the financial year. In the annual assessment on the suitability, objectivity and independence of the External Auditors conducted subsequent to the financial year ended 31 December 2021, the Audit Committee is guided by the factors as prescribed under paragraph 15.21 of the Listing

Requirements as well as the Corporate Governance Guide 4th Edition. The Audit Committee being satisfied with the suitability, performance, technical competency and audit independence of EY, had recommended the appointment of EY as External Auditors of the Company for the financial year ending 31 December 2022 and recommended the same for the Board's approval. The appointment of the External Auditors is subject to the shareholders' approval being sought at the forthcoming 14th Annual General Meeting in 2022.

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

Having reviewed and considered the nature and scope of the non-audit services provided by EY and/or its affiliates for the financial year ended 31 December 2021 as well as the written assurance obtained from EY confirming that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, the Audit Committee was satisfied that they were not likely to create any conflict of interest nor impair the independence and objectivity of the External Auditors.

The details of the nature of non-audit services rendered by the External Auditors and/or its affiliates for the financial year ended 31 December 2021 are set out as follows:

	Company RM'000	%	Group RM'000	%
Fees paid or payable to EY and its affiliates				
• Audit services				
- EY	298	63	1,547	72
• Non-audit services				
- EY	72	15	72	3
- Affiliates of EY	103	22	521	25
Total	473	100	2,140	100

Notes:

(a) The non-audit services fees paid or payable to EY were for quarterly review of the unaudited consolidated results.

(b) The non-audit services fees paid or payable to affiliates of EY were for preparation, review and submission of tax returns, review on interest restriction, provision of assistance on Inland Revenue Board (IRB) audit and others.

Audit Committee Report

- v. On 28 March 2022, the Audit Committee was briefed by the external auditors on EY's 2021 Transparency Report issued in November 2021, which outlined among others, the external auditors' governance and leadership structure, code of conduct, independence practices as well as measures undertaken by external auditors to uphold sustainable audit quality and manage risks.

Financial and Annual Reporting

- i. Reviewed the quarterly and annual financial statements with Management and the External Auditors for recommendation to the Board for approval and release to Bursa Securities.
- ii. Reviewed and recommended the Corporate Governance Overview Statement, Audit Committee Report and Statement on Internal Control and Risk Management for Annual Report 2021 of the Company and Corporate Governance Report in respect of Principle B of the MCCG to the Board for approval.
- iii. Considered the accounting model for measuring investment properties as allowed under the Malaysian Financial Reporting Standards.
- iv. Reviewed the financial implication of inventory clearance strategy and project feasibility losses.
- v. Discussed on the financial modelling for UEM Sunrise and reviewed the Annual Operating Plan, project financing facility and changes of authorised signatories.

Related Party Transactions

- i. Reviewed related party transactions to be entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.
- ii. Reviewed on a quarterly basis, the recurrent related party transactions of a revenue or trading nature entered into by the Group pursuant to the applicable percentage stipulated under paragraph 10.09(1), Chapter 10 of the Listing Requirements of Bursa Securities.
- iii. Reviewed the proposed land acquisition and land tenancy matters in Central and Southern regions which involved related parties' interests.

Internal Controls

- i. Reviewed the representation by Senior Management on specific questions posed on:
 - the reasonableness and appropriateness of the financial statements in accordance with applicable approved accounting standards;
 - risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Company; and
 - regulatory and legislative requirements are met and complied with by the Company.
- ii. Reviewed the results of the survey conducted on Management's internal control assessment and its view on the effectiveness of the Company-wide internal control procedures conducted with targeted group of senior and leadership management as well as plans to address the gaps and expectations.

Others

- i. The Chairperson of the Audit Committee had engaged on a continuous basis with the CFO, Head of Internal Audit and the External Auditors, in order to keep abreast of matters and issues affecting the Group.
- ii. The Audit Committee had requested and received a written assurance from the CEO and CFO that the risk management and internal control systems of the Company are generally adequate and effective in respect of the financial year ended 31 December 2021.
- iii. Reviewed the Terms of Reference of Audit Committee with regard to the inclusion of anti-corruption related oversight responsibilities and alignment with the revised MCCG dated 28 April 2021.
- iv. Outside of the usual Audit Committee meetings, the Audit Committee held separate discussions with Management and/or external consultants as follows:
 - Two (2) separate discussions together with Management and the appointed external independent consultant on 10 February 2021 and 18 February 2021 to deliberate on the outcome of the review of joint venture companies under UEM Sunrise.

Audit Committee Report

- Three (3) separate discussions with Management on 28 October 2021, 6 December 2021 and 31 December 2021 to deliberate on various matters with financial implication on the overall financial performance including provision arising from project feasibility losses and inventory clearance strategy, and Annual Operating Plan.
- v. Reviewed the report from the appointed external independent consultant on the review of joint venture companies under UEM Sunrise and provided views and suggestions on the action plans covering strategic directions, financials as well as governance for the Board's consideration.

5. INTERNAL AUDIT FUNCTION

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

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

For the financial year ended 31 December 2021, the total cost incurred for the audit function was RM2,091,342 (2020: RM2,419,475).

- ii. It is the responsibility of Internal Audit to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating divisions within the Company and its Group, and the extent of compliance with established policies and procedures as well as relevant statutory requirements.
- iii. The Audit Committee reviews on an ongoing basis the adequacy of the scope, functions, competency, proficiency and resources of the Internal Auditors as well as the quality of the audit reports and their monitoring progress.

- iv. The Internal Audit adopts a risk-based approach in the preparation of the annual internal audit plan from the formulation of its three-year audit plan.
- v. The Internal Audit highlighted to the Management and Audit Committee the audit findings including follow-up actions required to be taken by Management and arranged for the Audit Committee to meet the auditees and be briefed on the progress of selected outstanding audit issues. The internal audit reports are sent to the Audit Committee and Management and deliberated at the Audit Committee meetings. During the financial year, the internal audit works covered operational, ad-hoc and special audits on the areas set out in the above section.
- vi. Follow-up reviews are conducted subsequently to ascertain that improvement measures are implemented. In this respect, the Internal Audit strives to achieve sustainable control processes within the Group and to improve areas with weak controls.
- vii. The Internal Audit reported to the Audit Committee on the internal audit findings and recommended action plans to close the gaps from the investigations carried out in respect of the whistleblower reports when requested.

Statement on Internal Control and Risk Management

The Board of Directors (Board) of UEM Sunrise Berhad (UEM Sunrise or the Company) is committed to maintaining a sound internal control and risk management system.

The Board is pleased to present the following Statement on Internal Control and Risk Management, which outlines the nature and key components of risk management and internal controls within UEM Sunrise and its subsidiaries (Group) as well as its institutionalisation into our business operations to achieve our strategic objectives while safeguarding our assets and stakeholder's interest.

This statement is prepared in line with the Paragraph 15.26(b) of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities), that requires the Board of Listed Companies to include in their annual report, a 'statement about the state of risk management and internal controls of the listed issuer as a group'.

BOARD'S RESPONSIBILITIES

The Board of UEM Sunrise has the overall responsibility and accountability for maintaining sound internal control and risk management systems and processes to safeguard the shareholders' investments and the Group's assets, including by keeping abreast with the latest developments and best practices in both governance and risk management. In view of limitations inherent in any process, and that risks cannot be eliminated completely, the Group has implemented a system of internal control and risk management designed to manage and mitigate risks within tolerable levels and to provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board acknowledges its responsibility to review and monitor the adequacy, effectiveness and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The Board approves and monitors the Group's risk management strategy, sets the risk appetite and oversees its implementation. The Board is supported by the Board Governance

& Risk Committee as well as the Audit Committee in evaluating the adequacy of risk management and internal control framework. Overall, the Board is satisfied that the Group has put in place a systematic risk management framework incorporating processes to identify, evaluate and monitor principal risks; and to implement appropriate internal control processes and procedures to manage these risks across the Group.

• Board Governance & Risk Committee (BGRC)

The main responsibility of the BGRC is to support the Board in overseeing the Group's adherence to governance and anti-corruption compliance matters and make the necessary recommendations regarding risk, governance, anti-corruption compliance and sustainability matters in alignment to the Group's long-term strategy. The BGRC oversees the formulation of a strong governance, ethical and integrity culture within the Group and provides oversight and guidance on the Group's integrity, governance and anti-corruption initiatives including the whistleblowing management in line with Section 17A under the Malaysian Anti-Corruption Commission Act 2009. The BGRC assumes the whistleblowing management and oversight role from 1 April 2021 following the dissolution of the Whistleblowing Committee, a subcommittee of the BGRC. The committee provides avenues which allow individuals to raise concerns in confidence and without risk of reprisal, and enables legitimate concerns to be objectively addressed.

In respect of risk management, the BGRC assists the Board in ensuring a sound, robust Risk Management Framework and overseeing the implementation of appropriate systems and processes to enhance the Group's corporate governance practices with focus on key risk areas and its mitigations. The BGRC also provides oversight and guidance on the Group's sustainability governance, strategies and initiatives to ensure the Group remains resilient in its business operations.

• Audit Committee

The main responsibility of the Audit Committee is to assist the Board in assessing the effectiveness of the Group's internal control systems and overseeing the financial and non-financial reporting. The Audit Committee also reviews the adequacy and integrity of the Group's internal control systems, financial and non-financial reporting processes and management information

Statement on Internal Control and Risk Management

systems, including compliance with applicable laws, rules, directives and guidelines. The Audit Committee assesses the effectiveness and adequacy of the internal controls through the internal audit carried out by the Internal Audit Department and the relevant internal controls recommendations prepared by external auditor.

RISK MANAGEMENT

The Group recognises that a robust risk management framework and practices form an integral part of a good governance. The Integrity, Governance, Risk & Compliance Department (IGRC) has established the Group Risk Management Framework (Framework), which outlines the objectives, lines of responsibilities and accountabilities as well as the policy and processes where risk is managed to ensure the implementation and achievement of strategic objectives. This is achieved through the identification, analysis, evaluation, treatment as well as monitoring and review of the risks by risk owners at different levels of the Group in alignment with ISO 31000:2018 Risk Management.

Through a systematic and integrated process, the Framework emphasises the importance of balancing between calculated informed risk-taking and reward in making business decisions and ensuring sound corporate governance and compliance with all the relevant statutory and regulatory requirements. It serves as a tool in managing both existing and potential risks with the aim to enhance the business adaptability, agility and resilience while at the same time protecting key stakeholders' interests and safeguarding the Group's reputation.

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

KEY INTERNAL CONTROL SYSTEM AND STRUCTURE

The Board and Management of the Group has put in place the following key internal controls to assure the achievement of the Group's objectives and its operational effectiveness:

Board Committees

In undertaking its oversight function, the Board is supported by five Board Committees whose responsibilities are outlined and governed by specific terms of reference and authority assigned for areas within their scope. The Board Committees are:



The Board Committees report to the Board and in line with their respective terms of reference and authorisation limits granted by the Board, the Board Committees either approve or make recommendations for the Board's decision. The Whistleblowing Committee, previously a sub-committee of BGRC was dissolved on 1 April 2021 and the whistleblowing management and oversight role were assumed directly by the BGRC.

Board Meetings

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

Statement on Internal Control and Risk Management

Group and Organisational Structure

In line with the strategic direction of the Board, the Group's organisational structure has been revised accordingly in alignment with the business as well as operational requirements. As part of the Group's strategic initiatives, organisation structure has been put in place whilst clear lines of accountability and responsibility have been set and communicated via Organisation Charts, Strategic Plans, Annual Budgets and Authority Limits. The effectiveness of the organisational structure is assessed regularly and enhancements will be implemented as and when necessary to ensure future-proofing.

Strategic Plans and Budgets

The Group undertakes a comprehensive review of the existing businesses operations and has unveiled a three-pronged strategy – Triage (prioritising issues that need immediate attention and expediting launches), Stabilise (a transformation of how the Company organises its people, process and portfolio) and Sustain (diversifying the income stream for sustained revenue).

The Group also puts in place an annual strategic planning and thorough budgeting process to establish goals, targets and required resources. The Board participates in the review and approval of the Annual Strategic Plans and Budget. Performance are monitored on a regular basis, and interventions are put in place, where required. The Board pays particular attention to significant variances of key performance indicators against plans and budget to monitor performance. Key variances are highlighted and followed up by Management through the appropriate mitigation plans.

The quarterly financial results released to the public are prepared by the Management and reviewed by the Audit Committee and the external auditors prior to recommendation to the Board for approval. This allows the Board to give their input and guidance on areas requiring attention.

Authority Limits and Approved Policies

The establishment and implementation of clearly defined organisational roles, responsibilities and authorities via the Board-approved Discretionary Authority Limits (DAL) represents an essential element of good corporate governance. At UEM Sunrise, the DAL has been formulated to ensure robust governance as well as adequate checks and balances in initiation and approval processes of authorised transactions.

Formulated on a risk-based approach, the DAL enables implementation of a balanced span of accountability and control among the authorised parties involving the Board, Board Committees and Management of the Group as necessary. To ensure cohesive formulation and effective operationalisation of the DAL, holistics reviews were undertaken and the latest revised DAL was approved by the Board on 29 March 2022.

The Board has also approved the Group's financial and operating policies, which are developed in line with the relevant laws and regulations, to instill consistent management controls and operating practices.

Integrated Management System

The Quality Assurance, Safety, Health and Environment (QASHE) team within the Sustainability Department is responsible in overseeing the compliance of the Group's processes and procedures against the Integrated Standard Operating Procedures (ISOPs). ISOPs are continually reviewed and updated in line with the changes in business environment and good practices to ensure that products and services are delivered to the satisfaction of our customers. The QASHE team also helps facilitate adherence to relevant requirements pertaining to quality, occupational health, safety and environmental regimes, including COVID-19 pandemic directives and SOPs.

Statement on Internal Control and Risk Management

Benchmarked against ISO 9001:2015 and the related standards outlined below, the Group Integrated Management system is designed to embed operational risk management elements into key initiatives, processes and activities of the Group. To demonstrate our commitment in safeguarding the safety of stakeholders and employees, the Group upgraded the previous OHSAS 18001:2007 Occupational Health and Safety Management System certification to the latest ISO 45001:2018 standard at the time of reporting. Certified via the ISO 14001:2015 standard, the Group's existing Environment Management System as well as all related certifications are scheduled for renewal in 2022. The Group will ensure compliance with the requirements of the respective standards at all times.

Insurance on Key Assets

The Group undertakes insurance coverage for major assets and resources to cover against any mishap that may result in financial or material losses to the Group. The Group, in collaboration with the Group's insurance broker regularly assess the level of coverage and educate the asset owners on the respective assets, facilities, processes and responsibilities. The Group's insurance coverage is being renewed annually.

Management Information System

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

Information and Communication Technology (ICT)

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

Cyber Security Management

With the introduction of new digital businesses and the advancement of cyber security threats, one of Digital IT's immediate focuses is continuous control and management of cyber security. Our IT infrastructure is adequately protected against unauthorised access and security threats using an Identity Access Management System,

End Point Protection System and Unified Threat Management at both the end user as well as the gateway levels. Several dedicated layers of external and internal protections are in place such as Firewall with advanced network protection, Email protection from Spam and Malware, Multifactor authentication to strengthen user access and End Points Protection to protect the users' devices. The corporate IT perimeters are protected with 24/7 Proactive Network and Security monitoring, detection, advisory and remedial measures by ISO/IEC 27000 Information Security Management certified Operation Centre provider.

Besides, the Cyber Security Awareness Programme through e-learning and self-assessment has been introduced to all employees to upskill and provide awareness to the importance of cyber security knowledge in protecting the vulnerable human layers against cyber threats.

Human Resources Policies and Procedures

The Human Resources (HR) Policies and Procedures provide clarity for the organisation in all aspects of human resource management of the Group. People Division reviews its policies and procedures periodically to ensure that they remain relevant, and appropriate controls are in place to manage operational risks. The Group uses several communications and learning channels for employees, including emails/memoranda, intranet, townhalls, learning and knowledge sharing sessions as well as department/division meetings, to ensure alignment of all employees towards the strategic objectives and compliance with relevant policies and procedures. These policies and procedures are also easily accessible by all employees via the intranet.

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

Structured leadership and talent programmes are put in place as per business requirements to nurture emerging leaders and employees with high potential, as well as to enhance the leadership skills of existing leaders. This will ensure that the Group has sufficient bench strength and a robust leadership pipeline to meet future challenges and for succession planning.

Statement on Internal Control and Risk Management

Integrity and Anti-Corruption

A dedicated Integrity and Governance Unit (IGU) within the IGRC Department is responsible to drive the overall execution of the Group's integrity and anti-corruption initiatives outlined by the Group's Integrity and Anti-Corruption Plan (IACP). Following the comprehensive Corruption Risk Assessment (CRA) conducted in 2020, the Group has embarked on a further in-depth Gap Analysis Exercise on Adequate Procedures to assess the gaps and review of the anti-corruption policies and procedures to facilitate the closure of the gaps, as part of the continual improvement requirement.

In conjunction with the International Anti-Corruption Day, the Group held its 2021 UEM Sunrise's Integrity Day on 10 December 2021. Themed "INTEGRITY – Doing the right thing even when no one is watching", UEM Sunrise reaffirmed its commitment to upholding uncompromising integrity and zero-tolerance against all forms of corruption by signing the Corruption-Free Pledge with Malaysian Anti-Corruption Commission (MACC). The Group also conducted various integrity and anti-corruption awareness initiatives comprising the following:

- UEM Sunrise's Governance & Risk Conference.
- UEM Sunrise's Integrity Month which includes Integrity Video Competition, Integrity Infographic Series and Hati Honest Chat Sessions.
- Training for Board, Management and Nominee Directors on Section 17A of the MACC Act and Securities Commission Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries.
- Integrity and Anti-Corruption Talks.
- Anti-Corruption E-Learning Programme.
- Monthly Hi-Integrity Newsletters.

Internal Audit

The internal audit function is undertaken by UEM Sunrise's Internal Audit Department. Empowered by its audit charter, Internal Audit provides independent and objective assurance and consulting activity to add value and improve operations. These activities are being conducted on a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes for the Group.

The key role of Internal Audit function is to provide reasonable assurance to the Audit Committee and Board regarding the adequacy and effectiveness of risk management, internal control and governance systems. This is done through ongoing reviews of risks and internal controls relating to operational, financial, management information systems, and best practices of the Malaysian Code on Corporate Governance. The Audit Committee holds regular meetings to deliberate on internal audit findings and recommendations and reports to the Board.

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

Business Continuity Management

The Group is committed to safeguarding the interests of all our stakeholders by ensuring that critical business processes are resilient and the impact of disruptions to business operations is minimised and recovered in a timely manner following a disruption. The Group's Business Continuity Management Policy (Policy) outlines the objectives, establishes proper oversight structure in response to a disruption, sets out clear roles and responsibilities, and key elements of Business Continuity Plan (BCP).

In response to the global COVID-19 pandemic, a dedicated Business Continuity Plan for COVID-19 outbreak has been developed to serve as the main guidance and reference point for the control plan implementation. The Crisis Management Committee (CMC) and Crisis Management Team (CMT) were immediately formed in 2020 to safeguard the health, safety and well-being of the employees while ensuring the continuity of the business operations. CMT, which comprises representatives from business units, convenes as and when required to review and resolve any issues, and subsequently escalate to the CMC.

Among the key responses and control plans initiated during the COVID-19 outbreak include:

- Constant updates and communications on COVID-19 development and Standard Operating Procedures (SOPs), including enforcement of COVID-19 RTK self-test prior to entering office to relevant stakeholders within and outside the Group.

Statement on Internal Control and Risk Management

- Implementation of Work from Home (WFH) and split team operations except for essential services.
- Digital enablement and support extended to all employees.
- Strict enforcement and compliance of SOPs covering all different businesses within the Group in accordance with the prevailing regulations and requirements.
- Comprehensive sanitisation and disinfection carried out as and when required.
- Talk on COVID-19 impact on Mental Health by an external medical practitioner.
- Enhanced employee well-being programme and coverage in collaboration with our partners.
- Titans Caring Fund.
- Implementation of the Risk Assessment and Mitigation Checklist for any large gathering/event.
- Development and implementation of hUb Safe, which is a web-based application to improve the monitoring of COVID-19 self-test results submitted by employees who work in office (WIO) to ensure a safe workplace and strengthen safety culture.

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

Joint Ventures and Associates

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

The Nominee Directors' Framework, first approved by the Board on 20 October 2017 and revised on 11 December 2018, was further updated and approved on 26 July 2021 to reflect the enhanced management and monitoring (M&M) of investee companies which include subsidiaries, joint ventures and/or associate companies. A Nominee Directors Policy and Procedures was also developed and approved on 26 July 2021 to set out the guidelines and processes,

including nomination and appointment of nominee directors, to be observed by the M&M teams in exercising UEM Sunrise's lever of influence through the Board representation by the nominee directors to drive performance, strengthen governance and achieve shareholders' value in investee companies.

CONCLUSION

The Board has received written assurance from the Chief Executive Officer and Chief Financial Officer that the Group's internal control and risk management systems are operating adequately and effectively in all material aspects. The Board remains committed towards operating a sound system of internal control and risk management and recognises that the systems must continuously evolve to support the type of business and size of operations of the Group.

In order to keep abreast with any changes in the business environment and an increasingly complex economic environment, the Group is committed to continuously review and strengthen the internal control and risk management systems to ensure its adequacy and robustness. The Board is pleased to report that the state of the Group's internal control and risk management systems are generally adequate and effective for good corporate governance.

Risk Management Report

UEM Sunrise Berhad (UEM Sunrise or the Company) and its subsidiaries (Group) undertake various residential, commercial and mixed-use developments as well as retail and property management businesses.

The Group’s presence is primarily positioned in the Southern and Central regions in Peninsular Malaysia and extended to Australia and South Africa at the international level. Hence, a robust system which focuses on effective risk management is of paramount importance to ensure the balancing of risk and reward in making strategic business decisions and in day-to-day operations as well as to ensure compliance with corporate governance practices and regulatory requirements.

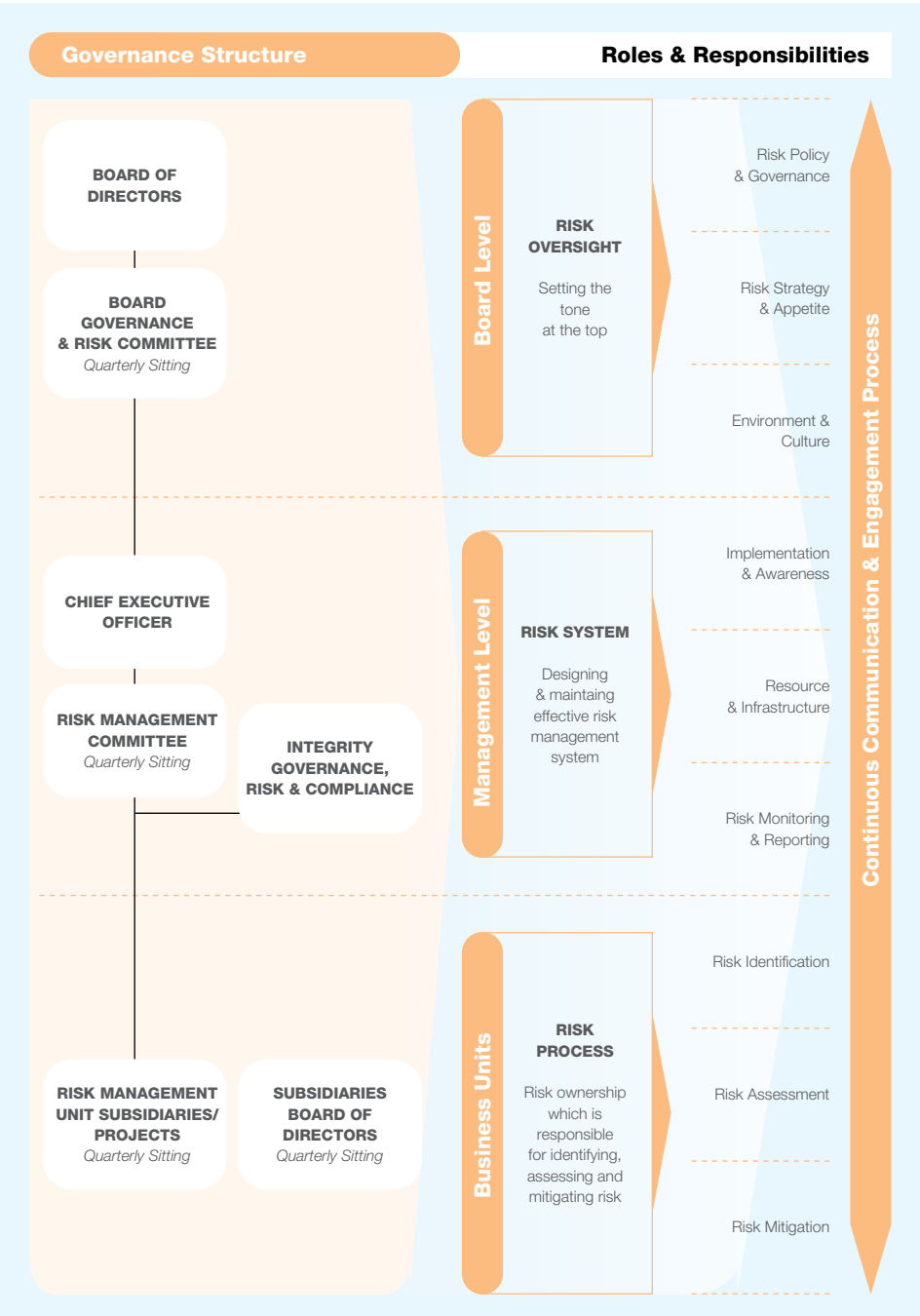
The Group Risk Management Framework (Framework), which is principally aligned with ISO31000:2018 comprises the risk management policy, risk assessment methodology, lines of responsibility and accountability in managing risk across the Group. The Framework serves as a tool to anticipate and manage both existing and potential risks through a systematic and integrated process, taking into consideration the changing risk profiles influenced by the changes in business environment.

RISK GOVERNANCE STRUCTURE AND RESPONSIBILITIES

A strong governance structure is essential to ensure an effective and consistent implementation of the Framework. The Board of Directors (Board), assisted by the

Board Governance and Risk Committee (BGRC), is ultimately responsible for the Group’s risk management activities and sets the strategic directions, risk appetite and relevant framework for the Group. The Risk Management Committee (RMC) serves as the platform for the Management to deliberate on the identification, assessment and treatment in managing significant risks of the Group as well as an avenue to communicate, monitor and review the risks.

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



Risk Management Report

RISK MANAGEMENT PROCESS

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



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

RISK MANAGEMENT INITIATIVES

A robust enterprise risk management framework and practices in response to a rapidly changing risk climate is essential in today's business world and it starts with the tone from the top. With that in mind, the Board and the Integrity, Governance, Risk & Compliance (IGRC) Department organised the inaugural virtual 2021 UEM Sunrise's Governance & Risk Conference on 24 September 2021 to convene the industry experts to keep abreast with the latest trends and developments shaping the leadership, governance and risk management landscape regionally and globally.

Themed 'Braving the Unknown: Turning Risks into Opportunities', the virtual Conference featured five international expert speakers who shared their insights on the topics encompassing anti-corruption, emerging risks, digital risks, data security and protection as well as the ESG. The Conference was attended by the Board and Leadership Team of the Group as well as its Joint Venture Board of Directors and Leadership Team.

As part of the Group's initiatives to institutionalise the risk awareness and practices, IGRC also conducted the following:

- Facilitate risk assessment and impact analysis for Board, Board Committees and Management Papers; new strategic initiatives/investments, key deliverables and its associated mitigation plans.
- Facilitate risk discussions with the respective risk owners on key risk concerns and mitigation plans.
- Provide risk governance advisory to Management including, but not limited to, Discretionary Authority Limits (DAL), Privacy Policy, data integrity and protection.

CONCLUSION

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management framework is operating adequately and effectively, in all material aspects, during the financial year under review. The Board is of the view that the Framework is satisfactory and is committed to continuously review and strengthen the risk management process to ensure adequacy and robustness of the system in line with the changes in business environment and its complexities.

Directors' Responsibility Statement in respect of Financial Statements

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



The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2021, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

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

The Board is satisfied that it has met its obligation to present a balanced and fair assessment of the Company's position and prospects in the Directors' Report on pages 158 to 163 and the Audited Financial Statements from pages 173 to 308 of this Integrated Report 2021.

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Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

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

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

Other information relating to the subsidiaries is disclosed in Note 43 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
(Loss)/profit net of tax	(212,125)	8,297
Attributable to:		
Owners of the parent	(213,047)	8,297
Non-controlling interests	922	-
	(212,125)	8,297

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than disclosed in Note 2.5(a) to the financial statements in respect of COVID-19 pandemic.

DIVIDEND

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

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

Directors' Report

DIRECTORS

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

Dato' Noorazman Abd Aziz	
Christina Foo	
Dato' Mohd Izani Ghani	
Zaida Khalida Shaari **	
Effizal Faiz Zulkifly	
Chari Thandalam Veeravalli Thirumala	
Poh Ying Loo	
Datin Sri Badrunnisa Mohd Yasin Khan	(appointed on 21 June 2021)
Yeow Wai Siaw	(appointed on 21 June 2021)
Tan Sri Dr Azmil Khalili Dato' Khalid **	(retired on 21 June 2021)
YM Ungku Suseelawati Ungku Omar	(retired on 21 June 2021)
Datin Teh Ija Mohd Jalil	(retired on 21 June 2021)

** Also directors of a subsidiary of the Company.

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

Sufian Abdullah	
Siew Chee Seng	
Wong Koon Keng	
Liong Kok Kit	
Ong Chee Wei	
Raja Norasikin Tengku Aziz	
Chua Siew Pei	
Liew Irene	
Tan Sri Dato' Yap Suan Chee	
Lim Tong Hee	
Cheah Jit Peng	
Chan Chee Yean	
Aminah Othman	
Professor Philip Sutton Cox	
Victor John Zacharias	
Dumisani Blessing Mnganga	
Sophia Lim Siew Fay	
Virgine Guillaume	
Meltem Amiot-Karakoc	(appointed on 6 January 2021)
Emmanuele Grippo	(appointed on 6 January 2021)
Fang Geok San	(appointed on 21 May 2021)
Hasniza Mohamed	(appointed on 21 May 2021)
Azri Zaharuddin	(appointed on 15 September 2021)

Directors' Report

DIRECTORS (CONT'D.)

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

Sarimah Talib	(appointed on 8 October 2021)
Vijayan Balan	(appointed on 8 October 2021)
Emilia Azyyati Abdul Rahman	(appointed on 5 November 2021)
Lee Pek Kee	(appointed on 5 November 2021)
Hoe Tian Hee	(appointed on 5 November 2021)
Syahid Mohd Zain	(appointed on 5 November 2021)
Enita Azlina Osman	(appointed on 15 November 2021)
Mohd Hasri Haron	(appointed on 15 November 2021)
Erika Mushtarina Mat Ariffin	(appointed on 15 November 2021)
Chong Chai Wea	(appointed on 15 November 2021)
Kong Kwai Ching	(appointed on 19 November 2021)
Aida Zurina Idris	(appointed on 21 May 2021 and resigned on 8 October 2021)
Lai Sook Fun	(appointed on 15 November 2021 and resigned on 1 March 2022)
Annick Magermans	(resigned on 6 January 2021)
Caroline Goergen	(resigned on 6 January 2021)
Yaw Choon Yee	(resigned on 21 May 2021)
Anuar Kasim	(resigned on 1 July 2021)
Mohamad Faizal Mohamad	(resigned on 1 July 2021)
Kutbuddin Asgar Ali	(resigned on 1 July 2021)
Amalanathan Thomas	(resigned on 15 September 2021)
Saw Seong Keat	(resigned on 8 October 2021)
Zamri Yusof	(resigned on 5 November 2021)
Zadil Hanief Mohamad Zaidi	(resigned on 15 November 2021)
Stewart Tew Peng Eng	(resigned on 19 November 2021)
Zulfa Ashida Zulkifli	(resigned on 30 November 2021)
Mohd Fahmi Zakaria	(resigned on 14 February 2022)
Paul Sandanasamy Richard	(resigned on 18 March 2022)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares and debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 5(i) to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 37 to the financial statements.

Directors' Report

DIRECTORS' INTERESTS

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

DIRECTORS' INDEMNITY

During the financial year, the directors and officers of the Company are covered under the Directors' and Officers' Liability Insurance ("DOLI") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the directors and officers of the Company subject to the terms of the DOLI policy procured for its group of companies. The insurance premium incurred by the Company was RM138,604.

BUSINESS OUTLOOK

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%) mainly supported by the improvement in domestic demand as economic activity normalised following the easing of containment measures under the National Recovery Plan¹. Economic recovery is expected to gain momentum in 2022, with growth projected at between 5.5% to 6.5%², anchored by a rebound in domestic demand, continued expansion in exports, and improvements in the trading of goods and the labour market. This is mainly enabled by the successful vaccination programme which managed to inoculate 80.8%³ of the total population to-date.

The recent outbreak of the Russia-Ukraine war and the consequential Brent crude oil price escalation added uncertainty and may impede Malaysia's nascent export-led economic recovery. Nonetheless, the Government's announcement of the reopening of international borders on 1 April 2022 and the transitioning into the endemic phase is expected to provide a boost to the economy that would help to counter these new headwinds.

The property market performed fairly well in 2021 with property transactions value surpassing pre-COVID levels of 2019. For the year under review, transaction activity (in terms of volume of units) showed a 1.5% increase from the previous corresponding year (2021: 300,000 units; 2020: 296,000 units)⁴, while value of transactions rose by a significant 22% year-on-year (y-o-y) compared to 2020 (2021: RM145 billion; 2020: RM119 billion).

Transaction volume and values in all property segments generally recorded positive y-o-y growth in 2021, except for agricultural land where transactions declined in both volume (-7.5% to 56,730 units) and value (-5% to RM12 billion), while development land recorded a decline in volume (-7.4% to 16,921 units) although an increase in value (+33% to RM11 billion). The residential and industrial segments were the star performers in 2021. Both segments surpassed pre-pandemic transaction levels.

The year ahead is expected to be challenging. The absence of the Home Ownership Campaign (HOC), which ended on 31 December 2021, may result in a decline of the number of property transactions in the first quarter of 2022. Bank Negara is expected to raise the OPR in the second half of 2022, pressured to do so sooner than expected, due to inflationary pressures. This may affect the property market as house buyers are no longer able to take advantage of the low interest cost. The anticipated incremental percentage hike however is expected to be non-substantial, and still cheaper than the rates offered during the pre-pandemic period. Property prices may also increase in 2022, although not driven by demand or speculation; rather by cost. The sector is expected to see a prolonged challenge of rising cost of materials, exacerbated by the surge in energy prices following the outbreak of war between Ukraine and Russia, supply chain disruptions as well as labour shortages. As borders reopen and international travel resumes however, there may be some recovery in interest from foreign buyers seeking out affordable locations within the region in addition to improvement on the labour front.

Directors' Report

BUSINESS OUTLOOK (CONT'D.)

Regardless of the challenges, the outlook for the residential market remains optimistic backed by proper product positioning, developer-led marketing campaigns and current relatively low interest rate environment. The pandemic has fuelled demand for residences that have larger living spaces with higher emphasis on functionality and comfort. Attractive property deals and pent-up demand are anticipated to support the sector. Other sub-sectors like commercial and retails continue to be challenging and the Group is taking a more proactive approach to ramp up services and operations and embarked on a comprehensive assessment to derive best value and returns.

The Group is also pursuing a turnaround plan in the next three to five years, and has identified a three-prong strategy – Triage (prioritising issues which need immediate attention and expediting launches), Stabilise (a transformation of how we organise our people, process and portfolio) and Sustain (diversifying the income stream for sustained revenue) as corrective measures to stem its losses with the objective that in the mid to long term, the Group is transformed into an effective and balanced real estate player.

¹ Bank Negara Malaysia, 4Q 2021 Quarterly Bulletin, Vol. 36 No. 4 dated 11 February 2022.

² Economic Outlook 2022, Budget 2022 dated 29 October 2021 by Ministry of Finance.

³ Ministry of Health, Malaysia (MoH).

⁴ All data relating to property transaction volume and value, overhang and house price index related are sourced from NAPIC.

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment of receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment had been made for receivables; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off bad debts or the amount of the allowance for impairment of receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D.)

- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

There are no items, transactions or events of a material and unusual nature which have arisen during the financial year and since 31 December 2021 which would substantially affect the performance and financial position of the Group and of the Company other than disclosed in Note 46 to the financial statements.

AUDITORS

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
EY and its affiliates	1,547	298
Other auditors	17	-
	1,564	298

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2022.

Dato' Noorazman Abd Aziz

Dato' Mohd Izani Ghani

Statement by Directors

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

We, Dato' Noorazman Abd Aziz and Dato' Mohd Izani Ghani, being two of the directors of UEM Sunrise Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 173 to 308 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2022.

Dato' Noorazman Abd Aziz

Dato' Mohd Izani Ghani

Statutory Declaration

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

I, Siew Chee Seng, being the officer primarily responsible for the financial management of UEM Sunrise Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 173 to 308 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Siew Chee Seng
at Kuala Lumpur in the Federal Territory
on 29 March 2022

Siew Chee Seng
(MIA Membership No. 7928)

Before me,
Abdul Shukor bin Md Noor (No. W725)
Commissioner of Oaths
Kuala Lumpur

Independent Auditors' Report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of UEM Sunrise Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 173 to 308.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. The key audit matters for the audit of the financial statements of the Group and Company are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Independent Auditors' Report

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

Key audit matters (cont'd.)

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

1. Impairment of goodwill

As at 31 December 2021, the carrying amount of goodwill recognised by the Group stood at RM621,409,000 which represents 6.3% and 4.8% of the Group's total non-current assets and total assets respectively.

The annual impairment assessment of goodwill is considered to be an area of audit focus because the assessment process is complex, involves significant management judgement and is based on assumptions that are affected by expected future market and economic conditions. The Group estimated the recoverable amount of goodwill by assessing the cash generating unit ("CGU") comprising of projects, land and investment properties based on the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU").

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

- (i) obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGU or groups of CGUs;
- (ii) assessed and tested the reasonableness of the key assumptions to which the recoverable amount of the CGUs are most sensitive such as estimated selling price, budgeted gross margin, market value of identifiable assets, the weighted average cost of capital, by comparing them to internal empirical data and external valuers' reports;
- (iii) evaluated the assumptions applied in estimating the expected take up rate for each development phase by comparing to the actual take up rate of similar completed development phases in previous years; and
- (iv) considered the historical accuracy of management's estimates of profits for similar completed property development activities; and also assessed whether the future cash flows used were based on the Annual Operating Plan 2022 – 2026 approved by the Board of Directors.

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

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

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

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

Independent Auditors' Report

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

Key audit matters (cont'd.)

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

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

A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 31 December 2021, property development revenue of RM730,194,000 and cost of sales of RM531,572,000 accounted for approximately 61.6% and 55.2% of the Group's revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for these property development contracts.

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

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

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

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

The Group's disclosure on property development costs recognised is included in Note 22 to the financial statements.

Independent Auditors' Report

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

Key audit matters (cont'd.)

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

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

As at 31 December 2021, the carrying amount of completed property units of RM396,920,000 represents 12.7% and 3.1% of the Group's total current assets and total assets respectively. The Group has recorded a write down of inventories (completed property development units) of RM29,158,000 during the year.

The current economic outlook and property market environment posed challenges to the sale of these inventories. We considered the net realisable value of completed units to be an area of audit focus as such assessment includes estimates made by management and is influenced by assumptions concerning future market and economic conditions.

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

- (i) obtained an understanding of the internal controls performed by management in estimating the net realisable value of these inventories; and
- (ii) evaluated the management's assessment of the estimated selling price (less estimated cost necessary to make the sale) of these inventories by comparing to the recent transacted prices of similar completed property development units within the vicinity.

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

4. *Impairment of investment properties*

As at 31 December 2021, the carrying amount of investment properties amounted to RM798,048,000, representing approximately 8.1% and 6.2% of the Group's total non-current assets and total assets respectively. The Group has recorded an impairment of investment properties of RM12,754,000 during the year.

The Group adopts the cost model for its completed investment properties. At the reporting date, the Group reviewed its investment properties for indications of impairment and where such indications exist, the Group performed an impairment assessment to determine the recoverable amounts of the investment properties. The closure of economic activities due to COVID-19 pandemic and continuous losses, were identified as indication of impairment for the investment properties. The Group has estimated the recoverable amounts of its investment properties based on the higher of FVLCD and VIU.

The Group has appointed independent professional valuers to perform valuations on its investment properties. The valuations are based on assumptions, amongst others, comparable historical transactions and adjustments factors to comparable transactions including location, size, condition, accessibility, design and market knowledge, estimated rental value per square feet, expected market rental growth and discount rate.

We consider the valuation of the investment properties as an area of audit focus as such valuation involves significant management judgement and estimates that are highly subjective.

Independent Auditors' Report

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

Key audit matters (cont'd.)

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

4. Impairment of investment properties (cont'd.)

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

- (i) assessed the objectivity, competence and capabilities of the independent valuers;
- (ii) reviewed the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- (iii) evaluated the data used by the independent valuers as input into their valuations. We interviewed the external valuers and assessed the key assumptions applied in their valuation process; and
- (iv) evaluated the key assumptions in which the Group has based its cash flow projections in deriving to the VIU, if the FVLCD of any of the investment properties is lower than their carrying amount.

The Group's disclosure on investment properties is included in Note 12 to the financial statements.

Key audit matter in respect of the financial statements of the Company

1. Impairment of interests in subsidiaries and joint ventures

As at 31 December 2021, the total carrying amount of the Company's interests in subsidiaries and joint venture companies stood at RM4,317,681,000 and RM294,589,000 respectively which represents 47.9% and 3.3% of the Company's total assets respectively. The Company had recorded an impairment of RM10,497,000 for the interests in a joint venture during the year.

At the reporting date, the Company reviewed its interests in subsidiaries and joint ventures for indications of impairment and where such indications exist, the Company performed an impairment assessment to determine the recoverable amounts of interests in subsidiaries and joint ventures. The closure of economic activities due to COVID-19 pandemic and continuous losses, were identified as indications of impairment for the interests in subsidiaries and joint ventures.

The Company estimated the recoverable amount of these investments by assessing their underlying CGU based on FVLCD or VIU, whichever is the higher. Estimating the VIU of the CGUs involved estimates made by management relating to the future cash inflows and outflows that will be derived from the CGU and discounting them at the appropriate rate. The cash flow forecasts included a number of significant judgements and estimated assumptions such as the revenue growth rates, discount rates and terminal growth rates.

We consider this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management's judgements about future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amount of the interests in subsidiaries and joint ventures.

Independent Auditors' Report

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

Key audit matters (cont'd.)

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

1. Impairment of interests in subsidiaries and joint ventures (cont'd.)

Our procedures to address this area of focus for testing the recoverable amounts of CGUs that are valued based on VIU include the following:

- (i) obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts VIU of the CGUs;
- (ii) performed inquiries to management on the subsidiaries' and joint ventures' prospect;
- (iii) assessed and tested the reasonableness of key assumptions to which the recoverable amount of the CGUs are most sensitive such as estimated selling price, budgeted gross margin, market value of identifiable assets, the weighted average cost of capital, by comparing them to internal empirical data and external valuers' reports;
- (iv) evaluated the assumptions applied in estimating the expected take up rate for each development phase by comparing to the actual take up rate of similar completed development phases in previous years; and
- (v) considered the historical accuracy of management's estimates of profits for similar completed property development activities; and also assessed whether the future cash flows used were based on the Annual Operating Plan 2022-2026 approved by the Board of Directors.

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

The Company's disclosure of interests in subsidiaries and joint ventures are included in Note 15 and 17(a) to the financial statements respectively.

Information other than the financial statements and auditors' report thereon.

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

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

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

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

Independent Auditors' Report

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Independent Auditors' Report

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

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

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

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

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

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

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

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 43 to the financial statements.

OTHER MATTERS

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

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

Kuala Lumpur, Malaysia
29 March 2022

Ong Chee Wai
No. 02857/07/2022 J
Chartered Accountant

Statements of Profit or Loss

For the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	3	1,184,511	1,136,881	228,964	228,040
Cost of sales	4	(963,483)	(838,105)	(84,852)	(82,718)
Gross profit		221,028	298,776	144,112	145,322
Other income		37,530	76,150	143,602	136,427
Selling and distribution expenses		(20,693)	(24,883)	-	-
Other expenses		(320,055)	(347,846)	(97,939)	(109,181)
Operating (loss)/profit	5	(82,190)	2,197	189,775	172,568
Finance costs	6	(144,712)	(132,850)	(178,269)	(164,936)
Share of results of associates		11,154	(7,628)	-	-
Share of results of joint ventures		1,827	(57,050)	-	-
(Loss)/profit before zakat and income tax		(213,921)	(195,331)	11,506	7,632
Zakat	7	-	(1,080)	-	-
Income tax benefit/(expense)	8	1,796	(80,305)	(3,209)	(72)
(Loss)/profit for the year		(212,125)	(276,716)	8,297	7,560
Attributable to:					
Owners of the parent		(213,047)	(277,284)	8,297	7,560
Non-controlling interests		922	568	-	-
		(212,125)	(276,716)	8,297	7,560
Loss per share attributable to owners of the parent (sen)	10	(4.2)	(5.5)		

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

Statements of Comprehensive Income

For the financial year ended 31 December 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/profit for the year	(212,125)	(276,716)	8,297	7,560
Other comprehensive income to be reclassified to profit or loss in subsequent period:				
- Foreign currency translation differences of foreign operations	4,566	64,641	-	-
Total comprehensive (expense)/income for the year	(207,559)	(212,075)	8,297	7,560
Total comprehensive (expense)/income attributable to:				
Owners of the parent	(208,487)	(212,717)	8,297	7,560
Non-controlling interests	928	642	-	-
	(207,559)	(212,075)	8,297	7,560

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

Statements of Financial Position

As at 31 December 2021

Group	Note	2021 RM'000	2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	446,687	478,614
Investment properties	12	798,048	823,932
Right-of-use assets	13	7,684	17,411
Land held for property development	14	5,462,947	5,832,747
Interests in associates	16(a)	850,358	486,611
Interests in joint ventures	17(a)	893,338	989,012
Amounts due from an associate	16(b)	-	9,745
Amounts due from joint ventures	17(b)	165,309	173,252
Other investments	18	-	5,000
Goodwill	19	621,409	621,409
Deferred tax assets	21	290,191	255,760
Long term receivables	24	293,116	145,355
		9,829,087	9,838,848
Current assets			
Property development costs	22	820,541	958,232
Inventories held for sale	23(a)	396,920	468,414
Inventories under contract of sale	23(b)	59,967	112,118
Receivables	24	479,518	494,297
Contract assets	25	425,839	242,745
Amounts due from associates	16(b)	389	950
Amounts due from joint ventures	17(b)	82,120	61,104
Short term investments	27	5,005	216,936
Cash, bank balances and deposits	20	853,027	1,086,269
		3,123,326	3,641,065
Total assets		12,952,413	13,479,913

Statements of Financial Position

As at 31 December 2021

Group	Note	2021 RM'000	2020 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	28	4,960,276	4,960,276
Merger relief reserve	28	34,330	34,330
Other reserves	29(a)	82,798	78,238
Retained profits	29(b)	1,615,716	1,828,763
		6,693,120	6,901,607
Non-controlling interests	31	102,931	468,974
Total equity		6,796,051	7,370,581
Non-current liabilities			
Borrowings	32	3,205,262	2,600,292
Lease liabilities	13	286	8,560
Payables	34	81,777	141,153
Contract liabilities	25	240,634	227,799
Deferred income	35	163,509	163,890
Provisions	33	68,279	68,317
Deferred tax liabilities	21	178,609	164,410
		3,938,356	3,374,421
Current liabilities			
Provisions	33	148,433	133,754
Payables	34	995,062	1,007,008
Contract liabilities	25	62,108	70,170
Borrowings	32	999,706	1,493,103
Lease liabilities	13	8,716	11,868
Tax payable		3,981	19,008
		2,218,006	2,734,911
Total liabilities		6,156,362	6,109,332
Total equity and liabilities		12,952,413	13,479,913

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

Statements of Financial Position

As at 31 December 2021

Company	Note	2021 RM'000	2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	23,726	30,637
Right-of-use assets	13	4,987	10,932
Interests in subsidiaries	15	4,317,681	4,317,681
Interests in an associate	16(a)	-	1,170
Interests in joint ventures	17(a)	294,589	305,086
Amounts due from joint ventures	17(b)	11,000	10,200
Other investments	18	-	5,000
Amounts due from subsidiaries	26	2,875,651	2,732,283
		7,527,634	7,412,989
Current assets			
Receivables	24	379,698	244,061
Amounts due from subsidiaries	26	1,005,481	971,470
Amount due from an associate	16(b)	221	221
Amounts due from joint ventures	17(b)	29,672	25,620
Short term investments	27	5,000	216,929
Cash, bank balances and deposits	20	61,360	23,487
		1,481,432	1,481,788
Total assets		9,009,066	8,894,777
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	28	4,960,276	4,960,276
Merger relief reserve	28	34,330	34,330
Retained profits	29(b)	123,773	115,476
Total equity		5,118,379	5,110,082
Non-current liabilities			
Borrowings	32	3,152,708	2,470,000
Amounts due to subsidiaries	26	146,450	201,951
Lease liabilities	13	126	5,469
		3,299,284	2,677,420

Statements of Financial Position

As at 31 December 2021

Company	Note	2021 RM'000	2020 RM'000
Current liabilities			
Payables	34	39,896	46,645
Amounts due to subsidiaries	26	21,115	24,480
Amount due to an associate		49	-
Borrowings	32	525,000	1,030,000
Lease liabilities	13	5,343	6,150
		591,403	1,107,275
Total liabilities		3,890,687	3,784,695
Total equity and liabilities		9,009,066	8,894,777

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

Statements of Changes in Equity

For the financial year ended 31 December 2021

Group	Attributable to owners of the parent						Non-controlling interests (Note 31) RM'000	Total equity RM'000
	Non-distributable			Distributable				
	Share capital (Note 28) RM'000	Merger relief reserve (Note 28) RM'000	Other reserves (Note 29) RM'000	Retained profits (Note 29) RM'000	Total RM'000			
At 1 January 2021	4,960,276	34,330	78,238	1,828,763	6,901,607	468,974	7,370,581	
Total comprehensive expense for the year	-	-	4,560	(213,047)	(208,487)	928	(207,559)	
Disposal of controlling interest in a subsidiary (Note 47)	-	-	-	-	-	(366,971)	(366,971)	
At 31 December 2021	4,960,276	34,330	82,798	1,615,716	6,693,120	102,931	6,796,051	
At 1 January 2020	5,110,276	34,330	13,671	2,106,047	7,264,324	468,332	7,732,656	
Total comprehensive expense for the year	-	-	64,567	(277,284)	(212,717)	642	(212,075)	
Redemption of RCPS (Note 28)	(150,000)	-	-	-	(150,000)	-	(150,000)	
At 31 December 2020	4,960,276	34,330	78,238	1,828,763	6,901,607	468,974	7,370,581	

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

Statements of Changes in Equity

As at 31 December 2021 (cont'd.)

Company	← Non-distributable →		Distributable	Total equity RM'000
	Share capital (Note 28) RM'000	Merger relief reserve (Note 28) RM'000	Retained profits (Note 29) RM'000	
At 1 January 2021	4,960,276	34,330	115,476	5,110,082
Total comprehensive income for the year	-	-	8,297	8,297
At 31 December 2021	4,960,276	34,330	123,773	5,118,379
At 1 January 2020	5,110,276	34,330	107,916	5,252,522
Total comprehensive income for the year	-	-	7,560	7,560
Redemption of RCPS (Note 28)	(150,000)	-	-	(150,000)
At 31 December 2020	4,960,276	34,330	115,476	5,110,082

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

Statements of Cash Flows

For the financial year ended 31 December 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Cash receipts from customers	886,392	1,279,863	344	111
Cash receipts from subsidiaries	-	-	308,720	84,526
Receipts from other related parties	2,557	2,561	2,173	2,122
Cash payments to suppliers	(192,463)	(195,693)	-	-
Cash payments to contractors	(351,711)	(359,380)	-	-
Cash payments for land and development related costs	(115,448)	(302,905)	-	-
Cash payments to other related parties	(26,193)	(13,493)	(18,042)	(11,771)
Cash payments to employees, for selling and distribution and for general expenses	(217,518)	(324,665)	(123,778)	(156,443)
Cash (used in)/generated from operations	(14,384)	86,288	169,417	(81,455)
Zakat paid	-	(1,080)	-	-
Net income tax paid	(37,261)	(186,592)	(2,976)	(134)
Interest received	8,259	11,603	1,706	1,642
Net cash (used in)/generated from operating activities	(43,386)	(89,781)	168,147	(79,947)
Cash flows from investing activities				
Dividend received from an associate	2,400	-	-	-
Dividend received from joint ventures	101,000	500	-	-
Dividend received from subsidiaries	-	-	875	34,520
Proceeds from disposals of property, plant and equipment	120	14	-	-
Purchase of:				
- property, plant and equipment (Note (a))	(12,923)	(16,834)	(943)	(3,906)
- investment properties (Note (b))	(9,310)	(18,400)	-	-

Statements of Cash Flows

For the financial year ended 31 December 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities (cont'd.)				
Advances to subsidiaries	-	-	(707,739)	(415,694)
Advances to an associate	(2,600)	-	-	-
Advances to joint ventures	(1,000)	(36,824)	(800)	(2,784)
Deposit received for disposal of controlling interest in a subsidiary (Note 47)	-	12,785	-	-
Repayment from subsidiaries	-	-	349,177	358,676
Repayment from a joint venture	5,000	4,500	-	-
Investment in land held for property development	(546,118)	(28,300)	-	-
Investment in a joint venture	(900)	-	-	-
Net proceeds from disposal of controlling interest in a subsidiary (Note 47)	148,026	-	-	-
Investment in other investment	-	(5,000)	-	(5,000)
Net redemption/(investment) of short term investments	219,601	(209,421)	219,601	(209,421)
Net cash used in investing activities	(96,704)	(296,980)	(139,829)	(243,609)
Cash flows from financing activities				
Drawdown of term loans	22,898	41,306	-	-
Drawdown of Commodity Murabahah Finance	66,798	52,777	-	-
Drawdown of Islamic Medium Term Notes ("IMTN")	1,140,000	1,205,000	1,140,000	1,205,000
Drawdown of structured commodity	50,000	200,000	50,000	200,000
Drawdown of revolving credits	345,000	243,700	25,000	30,000
Advance from a corporate shareholder	-	2,000	-	-
Redemption of Redeemable Convertible Preference Shares ("RCPS")	-	(150,000)	-	(150,000)
Repayment of term loans	(41,651)	(19,987)	-	-

Statements of Cash Flows

For the financial year ended 31 December 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from financing activities (cont'd.)				
Repayment of Commodity Murabahah Finance	(91,202)	(110,650)	-	-
Repayment of IMTN	(785,000)	(550,000)	(785,000)	(550,000)
Repayment to immediate holding company	-	(55,555)	-	-
Repayment of structured commodity	(100,000)	(170,000)	(100,000)	(170,000)
Repayment of revolving credits	(489,000)	(135,000)	(145,000)	(135,000)
Repayment of lease liabilities	(12,042)	(3,866)	(4,881)	(5,943)
Interest paid	(181,765)	(172,855)	(170,559)	(153,799)
Net cash (used in)/generated from financing activities	(75,964)	376,870	9,560	270,258
Net (decrease)/increase in cash and cash equivalents	(216,054)	(9,891)	37,878	(53,298)
Effects of foreign exchange rate changes	(16,474)	33,890	(5)	8
Cash and cash equivalents at beginning of year	1,080,732	1,056,733	23,487	76,777
Cash and cash equivalents at end of year (Note 20)	848,204	1,080,732	61,360	23,487

Note (a):

Additions of property, plant and equipment (Note 11)	2,915	9,786	943	6,215
Interest capitalised (Note 6)	-	(125)	-	-
Net accruals	10,008	7,173	-	(2,309)
Cash outflow for purchase of property, plant and equipment	12,923	16,834	943	3,906

Note (b):

Additions of investment properties (Note 12)	10,382	13,662	-	-
Interest capitalised (Note 6)	(346)	(51)	-	-
Net accruals	(726)	4,789	-	-
Cash outflow for purchase of investment property	9,310	18,400	-	-

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

Note to the Financial Statements

31 December 2021

1. CORPORATE INFORMATION

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

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 March 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies

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

- (a) On 1 January 2021, the Group and the Company adopted the following amendments to MFRS mandatory for annual financial periods beginning on or after 1 January 2021:

	Effective for the financial period beginning on or after
Amendments to MFRS 9 and MFRS 139:	
Recognition and Measurement	1 January 2021
Amendments to MFRS 7: Disclosure	1 January 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16:	
Interest Rate Benchmark Reform - Phase 2	1 January 2021

The adoption of the above amendments does not have any significant impact on the financial performance or position of the Group and of the Company.

2.3 Standards and interpretations issued but not yet effective

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

	Effective for the financial period beginning on or after
Amendments to MFRS 16: Covid-19 Related Rent Concessions	1 April 2021
Reference to the Conceptual Framework (Amendments to MFRS 3: Business Combinations)	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116: Property, Plant and Equipment)	1 January 2022
Onerous Contracts: Costs of Fulfilling a Contract (Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 101: Presentation of Financial Statements:	
Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements and MFRS Practice Statement 2:	
Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

	Effective for the financial period beginning on or after
Amendments to MFRS 112 Income Taxes:	
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

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

The amendments clarify that:

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

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

2.4 Summary of significant accounting policies

(a) Basis of consolidation

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

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

The consolidated financial statements comprise the financial statements of the Company and subsidiaries under its control as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

(i) Subsidiaries

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

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

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Subsidiaries (cont'd.)

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

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

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

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

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

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

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

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

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

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(ii) Associates and joint ventures

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

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

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

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

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

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

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

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

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

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

(b) Goodwill

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

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

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

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Property, plant and equipment and depreciation

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

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

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

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

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

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

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

(d) Investment properties

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

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(d) Investment properties (cont'd.)

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

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

(e) Cash and cash equivalents

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

(f) Inventories

(i) Land held for property development

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

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

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

(ii) Property development costs

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

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

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(f) Inventories (cont'd.)

(ii) Property development costs (cont'd.)

Property development costs are initially stated at cost. Cost includes (cont'd.)

- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Non-refundable commission cost.

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

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

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

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

Property development cost balance includes contract cost assets which comprise of costs to fulfil contracts and costs to obtain contracts in accordance with Note 2.4(ab).

(iii) Inventories held for sale

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

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

(iv) Inventories under contract of sale

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(g) Provisions

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

(h) Income taxes

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(h) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

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

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

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

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

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

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

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

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

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

(j) Zakat

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

(k) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(k) Employee benefits (cont'd.)

(iii) Employee share option plans

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

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

(l) Foreign currencies

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

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

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

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(l) Foreign currencies (cont'd.)

On consolidation, the assets and liabilities of foreign operations are translated at the rate of exchange prevailing at the reporting date and their profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of foreign operation, the components of OCI relating to that particular foreign operation are reclassified in profit or loss.

(m) Revenue recognition

Revenue recognition from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(i) Property development and strategic land sale

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

This is generally established when:

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

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset in accordance with Note 2.4(m)(ii).

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(m) Revenue recognition (cont'd.)

Revenue recognition from contracts with customers (cont'd.)

(i) Property development and strategic land sale (cont'd.)

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

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

(ii) Completed properties and properties under contract of sale

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

(iii) Assets and facilities management

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

(iv) Project management

Revenue from provision of project management in relation to property development activities is recognised in the period in which the services are rendered, by reference to completion of the actual service provided as a proportion of the total services to be performed.

(v) Car park collections

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(m) Revenue recognition (cont'd.)

Revenue recognition from contracts with customers (cont'd.)

(vi) Hotel operations

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

(vii) Management fees

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

Revenue from other sources

(i) Property investment

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

(ii) Dividends

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

(n) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(n) Impairment of non-financial assets (cont'd.)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to OCI. In this case the impairment is also recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(o) Financial instruments: initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(i) Financial assets (cont'd.)

Initial recognition and measurement (cont'd.)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include receivables and amounts due from associates and joint ventures included under other non-current financial assets.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(i) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI include investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132: *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(i) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are also recognised as other income in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(i) Financial assets (cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(i) Financial assets (cont'd.)

Impairment of financial assets (cont'd.)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Financial instruments: initial recognition and subsequent measurement (cont'd.)

(ii) Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

Financial liabilities at fair value through profit or loss (cont'd.)

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(p) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(q) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset which this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are a lessee, the Group and the Company have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(q) Leases (cont'd.)

(ii) Recognition and initial measurement

As a lessee

The Group and the Company recognise right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group and the Company entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(q) Leases (cont'd.)

(ii) Recognition and initial measurement (cont'd.)

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

Building	25% - 50%
Plant and equipment	20% - 30%

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(q) Leases (cont'd.)

(iii) Subsequent measurement (cont'd.)

As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

(r) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are recognised in equity in the period where shareholders' right to the receipt of payment is established.

(s) Redeemable convertible preference shares ("RCPS")

The redeemable convertible preference shares were regarded as compound instruments, consisting of a liability component and an equity component. The component of redeemable convertible preference shares that exhibited characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares were recognised as interest expense in profit or loss using the effective interest rate method. Upon issuance of the redeemable convertible preference shares, the fair value of the liability component was determined using a market rate for an equivalent non-convertible debt and this amount was carried as a financial liability in accordance with the accounting policy for other payables.

The residual amount, after deducting the fair value of the liability component, was recognised and included in shareholder's equity, net of transaction costs. The dividends on these shares were recognised in equity in the period in which they were declared.

Transaction costs were apportioned between the liability and equity components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

The RCPS matured in the prior financial year and movements as disclosed in Note 28.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(t) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position.

(u) Current versus non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classified all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(v) Statements of cash flows

The statements of cash flows classify movements in cash and cash equivalents according to operating, investing and financing activities.

The Group and the Company do not consider any of its assets other than deposits with maturity not more than 3 months with financial institutions, which are subject to an insignificant risk of changes in value, cash and bank balances reduced by bank overdraft as meeting the definition of cash and cash equivalents.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(w) Fair value measurements

The Group measures financial instruments, such as, financial assets at fair value through profit or loss at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured with the assumption that when pricing the asset or liability, the market participants would act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(x) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred.

Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(y) Deferred income

The profit recognised from the sales of land by the Group to associates and a joint venture is eliminated to the extent of the Group's interests in the companies. Accordingly, the Group recognise the excess of the unrealised profit over the carrying value of the associate or the joint venture as deferred income. The deferred income is realised to profit or loss over the period when the underlying asset of the associate or the joint venture is realised or disposed.

(z) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

(aa) Contract assets and contract liabilities

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

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

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(ab) Contract cost assets

(i) Incremental costs of obtaining a contract

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

(ii) Costs to fulfil a contract

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

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

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108: Accounting Policies, Changes in Accounting Estimate and Errors.

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract cost, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with other MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract cost assets in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136: Impairment of Assets to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Critical judgements and accounting estimates

Judgements, estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Consideration in respect of COVID-19 pandemic

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in 2020. A series of containment measures was introduced in 2020 and 2021 to contain the spread of the virus, with restrictions on inter-state travelling and economic activities. As a result, the sales and construction activities as well as the property investment and hotel operation were impacted. In 2021, the latest containment measure under the National Recovery Plan recently ended in September 2021. On the other hand, stay-at-home restrictions imposed in Victoria, Australia have also affected the settlement of the Group's international projects.

The prolonged pandemic has affected the Group's performance for the past two years. The lack in new product launches which were partially affected by the delayed approval processes from the authorities.

The Group and the Company have accounted for the impact of the pandemic and its consequential effects on the assessment of the recognition and impairment of its assets as disclosed in Notes 2.5(b)(iii), (iv), (v), (viii), (ix) and (x).

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Tax recoverable for BND legal case

As disclosed in Note 38(a), Bandar Nusajaya Development Sdn. Bhd. ("BND") received an additional assessment from the Inland Revenue Board ("IRB") for additional tax payable and tax penalty in respect of year of assessment 2006 totalling to RM73.8 million which has been paid in full. As the Group is disputing the additional assessment, the amount paid is recorded as tax recoverable instead of tax expense in the financial statements. The collectability of the tax recoverable of RM73.8 million is dependent on the ultimate outcome of the legal proceedings.

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

During the year, the Group has initiated legal proceeding via UEM Land Berhad ("UEML") in relation to additional tax assessment on deductibility of bumiputra quota waiver being served to UEML amounted to RM8.5 million, details are disclosed in Note 38(d). In addition, a joint venture company was served with additional tax assessment of RM8.6 million, currently appealing at the High Court while certain subsidiaries of the Company are disputing the payment of RM6.5 million in relation to the additional assessment of the same matter.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(ii) Additional tax assessment related to tax deductibility of bumiputra quota waiver (cont'd.)

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

(iii) Income tax and deferred tax assets

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

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

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax as at reporting date is disclosed in Note 21.

(iv) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and at other times when such indication exists. This requires an estimation of the fair value less costs of disposal and value-in-use ("VIU") of the cash-generating units ("CGU") to which the goodwill is allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and also to apply a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill are disclosed in Note 19.

(v) Property development costs

The Group recognises property development revenue and expenses in profit or loss over time or at a point in time. The Group recognises revenue over time using the stage of completion method. The stage of completion is determined by reference to the proportion of costs incurred for the work performed to date over the estimated total costs where the outcome of the projects can be reliably estimated.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(v) Property development costs (cont'd)

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the property development projects. Substantial changes in cost estimates, particularly in complex projects have had, and can in future periods have, a significant effect on the Group's profitability. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

Details of the property development costs are disclosed in Note 22.

(vi) Provision for construction costs

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

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

The carrying amount of the Group's provision for construction costs as at reporting date is disclosed in Note 33.

(vii) Provision for foreseeable losses for low cost housing

Provision for foreseeable losses for low cost housing is recognised for anticipated losses to be incurred for the development of low cost housing under the requirements of the local Government attributable to a premium housing project. The Group is of the view that the expected costs should be accrued progressively as and when the premium housing is constructed.

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

The carrying amount of the Group's provision for foreseeable losses for low cost housing as at reporting date is disclosed in Note 33.

Note to the Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(viii) Net realisable value of completed property development units classified as inventories

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

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

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

The carrying amount of the Group's inventories held for sale as at 31 December 2021 is disclosed in Note 23(a).

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

At each reporting date, the Group and the Company assess if any indication of impairment exists. If there is any indication, the Group and the Company will make an estimate of the recoverable amounts of its interests. This requires an estimation of the fair value less costs of disposal and value-in-use of the cash-generating units of its interests in subsidiaries, joint ventures and associates. Significant judgement is required in determining the estimated realisable value of the net assets and potential third party claims and other liabilities. In making the judgement, the Group and the Company rely on independent accredited third-party valuers and quantity surveyors' assessment. In determining the impairment charge, the market value or the forced sale value of the assets, as the case maybe, are assessed together with the potential third party claims and related liquidation costs.

The carrying amount as at 31 December 2021 is disclosed in Note 15, Note 16(a) and Note 17(a).

(x) Impairment of property, plant and equipment, investment properties, right-of-use assets, land held for development and property development costs

At each reporting date, the Group assesses if any indication of impairment exists. If there is any indication, the Group will make an estimate of the recoverable amounts of its investments. This requires an estimation of the fair value less costs of disposal and value-in-use of the cash-generating units of its investment properties, property, plant and equipment, land held for development, property development costs and right-of-use assets. Significant judgement is required in determining the estimated realisable value of the net assets and potential third party claims and other liabilities. In making the judgement, the Group relies on independent accredited third-party valuers assessment in determining the impairment charge less costs of disposal.

The carrying amount as at 31 December 2021 is disclosed in Note 11, Note 12, Note 13, Note 14 and Note 22.

Note to the Financial Statements

31 December 2021

3. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contract with customers	1,157,544	1,103,107	89,096	86,854
Revenue from other sources:				
- Rental income	26,967	33,774	-	-
- Dividend income from short term investments	-	-	2,993	7,186
- Dividend income from subsidiaries	-	-	136,875	134,000
	1,184,511	1,136,881	228,964	228,040

Revenue from contract with customers

Property development:

- Sales of development properties	872,251	1,003,785	-	-
- Sales of developed lands	192,149	-	-	-
	1,064,400	1,003,785	-	-
Strategic land sales	26,051	27,943	-	-
Car park collections	18,666	21,043	-	-
Hotel operations	8,889	10,302	-	-
Management fees from subsidiaries	-	-	89,096	86,854
Assets and facilities management and others	39,538	40,034	-	-
	1,157,544	1,103,107	89,096	86,854

Geographical market

Malaysia	1,115,776	653,230	88,405	85,475
Australia	40,110	448,114	655	1,330
Singapore	1,658	1,763	36	49
	1,157,544	1,103,107	89,096	86,854

Timing of revenue

At a point in time	286,484	592,613	89,096	86,854
Over time:				
- Property development (Note 25(a))	730,194	490,056	-	-
- Strategic land sales (Note 25(b))	20,415	20,438	-	-
- Sales of developed lands (Note 25(b))	120,451	-	-	-
	1,157,544	1,103,107	89,096	86,854

Note to the Financial Statements

31 December 2021

4. COST OF SALES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Property development:				
- Sales of development properties	705,431	781,034	-	-
- Sales of developed lands	210,320	-	-	-
	915,751	781,034	-	-
Strategic land sales	22,343	23,776	-	-
Rental income and car park collections	8,530	11,539	-	-
Hotel operations	5,204	6,285	-	-
Costs of services rendered to subsidiaries	-	-	84,852	82,718
Assets and facilities management and others	11,655	15,471	-	-
	963,483	838,105	84,852	82,718

5. OPERATING (LOSS)/PROFIT

The following amounts have been included in arriving at operating (loss)/profit:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts:				
- receivables (Note 24(vii))	3,798	8,706	-	-
- amounts due from subsidiaries (Note 26)	-	-	57,431	30,614
Rental expenses of:				
- short-term leases	547	358	911	564
- low-value assets	483	658	590	568
Auditors' remuneration:				
EY and its affiliates:				
- statutory audit for the year:				
- Malaysian operations	965	955	298	303
- overseas operations	582	613	-	-
- non-statutory audit	72	322	72	322
- EY affiliates	521	450	103	69
Other auditors	17	17	-	-
Depreciation of property, plant and equipment (Note 11)	24,024	24,688	7,390	8,009
Depreciation of investment properties (Note 12)	22,546	21,382	-	-
Depreciation of right-of-use assets (Note 13)	9,738	10,892	5,930	6,483
Directors' remuneration (Note (i))	1,563	3,342	1,563	3,342
Staff costs (Note (ii))	100,955	130,632	67,089	71,761

Note to the Financial Statements

31 December 2021

5. OPERATING (LOSS)/PROFIT (CONT'D.)

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Remeasurement of long term receivables (Note 24(v))	502	3,503	-	-
Write back of allowance for impairment receivables (Note 24(vii))	(273)	(591)	-	-
Net inventories written down	29,158	35,844	-	-
Loss/(gain) on foreign exchange:				
- unrealised	2,993	2,721	(60)	854
- realised	2,339	6,382	66	1
Direct operating expenses arising from investment properties that are:				
- generating rental income	16,963	20,634	-	-
- not generating rental income	6,089	7,392	-	-
Dividend income from short term investments	(3,094)	(7,186)	(2,993)	(7,186)
Interest income:				
- deposits with licensed banks	(4,280)	(6,399)	(1,644)	(1,670)
- accretion of interest on long term receivables (Note 24(v))	(205)	(2,092)	-	-
- subsidiaries	-	-	(140,274)	(135,031)
- joint ventures	(9,200)	(18,811)	(716)	-
- an associate	(431)	(176)	-	-
- others	(8,600)	(6,044)	-	-
Provision for impairment of:				
- interests in subsidiaries (Note 15)	-	-	-	714
- interests in an associate (Note 16(a))	1,170	-	1,170	-
- interests in a joint venture (Note 17(a))	-	-	10,497	34,877
- investment property (Note 12)	12,754	26,476	-	-
- land held for property development (Note 14)	-	17,458	-	-
- property, plant and equipment (Note 11)	8,724	2,566	-	-
- property development costs (Note 22)	20,605	1,065	-	-
- right-of-use asset (Note 13)	-	748	-	-
- amounts due from associates (Note 16(b))	13,332	2,255	-	-
Written off cost for property, plant and equipment (Note 11)	414	-	237	-
Loss/(gain) on disposal of:				
- a subsidiary (Note 47(ii))	842	-	-	-
- property, plant and equipment	(120)	(14)	-	-
Fair value adjustments of investment in an associate (Note 16(a) and 47(ii))	9,813	-	-	-

Note to the Financial Statements

31 December 2021

5. OPERATING (LOSS)/PROFIT (CONT'D.)

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

(i) Directors' remuneration

	Group/Company			
	2021		2020	
	Salary and other emoluments	Benefits-in -kind	Salary and other emoluments	Benefits-in -kind
	RM'000	RM'000	RM'000	RM'000
Executive director:				
Anwar Syahrin Abdul Ajib ^a	-	-	1,493	94
	Group/Company			
	2021		2020	
	Director fees ⁵	Other emoluments ⁵	Director fees ⁵	Other emoluments ⁵
	RM'000	RM'000	RM'000	RM'000
Non-executive directors:				
Dato' Noorazman Abd Aziz	217	41 ¹	179	16 ¹
Christina Foo	197	-	183	-
Dato' Mohd Izani Ghani	149 ²	-	156 ²	-
Zaida Khalida Shaari	154	-	132	-
Effizal Faiz Zulkifly ^b	124 ³	-	121 ³	-
Chari Thandalam Veeravalli Thirumala ^c	158	-	24	-
Poh Ying Loo ^c	165	-	26	-
Datin Sri Badrunnisa Mohd Yasin Khan ^d	75	-	-	-
Yeow Wai Siaw ^d	65	-	-	-
Tan Sri Dr Azmil Khalili Dato' Khalid ^e	74	-	166	-
YM Ungku Suseelawati Ungku Omar ^e	66	-	138	-
Datin Teh Ija Mohd Jalil ^e	78	-	201	-
Tan Sri Dato' Sri Zamzamairani Mohd Isa ^f	-	-	110	66 ⁴
Lim Tian Huat ^f	-	-	80	-
Subimal Sen Gupta ^g	-	-	157	-
	1,522	41	1,673	82
	1,522	41	3,166	176
Total directors' remuneration		1,563		3,342

Note to the Financial Statements

31 December 2021

5. OPERATING (LOSS)/PROFIT (CONT'D.)

(i) Directors' remuneration (cont'd.)

- ^a Resigned on 30 October 2020.
- ^b Appointed on 24 February 2020.
- ^c Appointed on 5 November 2020.
- ^d Appointed on 21 June 2021.
- ^e Retired on 21 June 2021.
- ^f Retired on 9 July 2020.
- ^g Resigned on 7 October 2020.
- ¹ Comprised car-related and other claimable benefits.
- ² Fees for nominees of UEM Group on the Board of the Company are paid to UEM Group.
- ³ Fees for nominees of UEM Group on the Board of the Company are paid to Khazanah.
- ⁴ Comprised car-related benefits and other permissible items/claims, home guard security services and provision of driver.
- ⁵ Excluding SST where applicable.

(ii) Staff costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries	85,258	84,380	46,049	45,924
Staff bonus, benefits and welfare	15,770	41,471	12,227	17,566
Statutory contribution to EPF and social security costs	13,778	12,308	7,871	7,329
Training expenses	943	981	942	942
	115,749	139,140	67,089	71,761
Capitalised to:				
Land held for property development (Note 14)	(2,008)	(2,345)	-	-
Property development costs (Note 22)	(12,786)	(6,163)	-	-
	100,955	130,632	67,089	71,761

Note to the Financial Statements

31 December 2021

6. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance costs incurred and accrued during the year on:				
- IMTN, term loans and structured commodity	175,093	155,202	166,912	143,150
- revolving credits and bank overdraft	14,453	21,219	5,025	13,575
- loan from immediate holding company	-	7	-	-
- loan from subsidiaries	-	-	5,919	7,519
- interest on lease liabilities (Note 13)	696	1,207	399	681
- accretion of interest on long term payables	5,454	5,199	-	-
- bank charges	899	1,019	14	11
	196,595	183,853	178,269	164,936
Capitalised in:				
- land held for property development (Note 14)	(45,513)	(41,033)	-	-
- property development costs (Note 22)	(6,024)	(9,794)	-	-
- property, plant, and equipment (Note 11)	-	(125)	-	-
- investment property (Note 12)	(346)	(51)	-	-
	(51,883)	(51,003)	-	-
	144,712	132,850	178,269	164,936

The interest and profit rates for borrowing cost capitalised during the financial year range from 3.01% to 5.32% (2020: 3.70% to 5.32%) per annum.

7. ZAKAT

	Group	
	2021 RM'000	2020 RM'000
Expensed and paid in the financial year	-	1,080

Note to the Financial Statements

31 December 2021

8. INCOME TAX (BENEFIT)/EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax:				
Malaysian income tax	23,987	19,843	910	-
Foreign tax	987	92,656	-	-
(Over)/underprovision in prior years	(2,749)	8,981	2,299	72
	22,225	121,480	3,209	72
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	(19,363)	(52,752)	-	-
(Over)/underprovision of deferred tax in prior years	(4,658)	11,577	-	-
	(24,021)	(41,175)	-	-
Total income tax (benefit)/expense	(1,796)	80,305	3,209	72

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

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

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/profit before zakat and income tax	(213,921)	(195,331)	11,506	7,632
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(51,341)	(46,879)	2,761	1,832
Effect of different tax rates in other countries	(926)	7,732	-	-
Income not subject to tax	(1,074)	(2,385)	(22,672)	(33,891)
Expenses not deductible for tax purposes	26,600	33,514	20,821	32,059
Deferred tax assets not recognised during the year	21,644	35,964	-	-
Reversal of deferred tax assets	13,823	16,537	-	-
Tax effect on share of associates' and joint ventures' results	(3,115)	15,523	-	-
(Over)/underprovision of income tax in prior years	(2,749)	8,981	2,299	72
(Over)/underprovision of deferred tax in prior years	(4,658)	11,577	-	-
Zakat deduction	-	(259)	-	-
Tax (benefit)/expense for the year	(1,796)	80,305	3,209	72

Note to the Financial Statements

31 December 2021

9. DIVIDEND

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

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

10. LOSS PER SHARE

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

	Group	
	2021	2020
Loss for the year attributable to owners of the parent (RM'000)	(213,047)	(277,284)
Weighted average number of ordinary shares in issue ('000)	5,058,476	5,058,476
Loss per share (sen)	(4.2)	(5.5)

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

Note to the Financial Statements

31 December 2021

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building RM'000	Capital work-in- progress RM'000	Plant and machinery RM'000	Floating pontoons RM'000	Motor vehicles RM'000	Renovation, equipment and others RM'000	Total RM'000
At 31 December 2021								
Net carrying amount at								
1 January 2021	14,896	344,740	3,633	70,953	-	86	44,306	478,614
Additions	-	-	1,460	190	-	-	1,265	2,915
Write-off (Note 5)	-	-	-	(2)	-	-	(412)	(414)
Foreign currency translation	-	(339)	-	-	-	-	(100)	(439)
Transfer to investment properties (Note 12)	-	-	(1,241)	-	-	-	-	(1,241)
Reclassification	-	-	(226)	-	-	-	226	-
Depreciation charge (Note 5)	-	(8,150)	-	(4,866)	-	(77)	(10,931)	(24,024)
Impairment (Note 5)	-	-	-	(8,724)	-	-	-	(8,724)
Net carrying amount at								
31 December 2021	14,896	336,251	3,626	57,551	-	9	34,354	446,687
Cost	14,896	372,119	3,626	104,890	6,476	8,996	110,949	621,952
Accumulated depreciation	-	(35,868)	-	(36,049)	(6,476)	(8,987)	(76,595)	(163,975)
Accumulated impairment	-	-	-	(11,290)	-	-	-	(11,290)
Net carrying amount	14,896	336,251	3,626	57,551	-	9	34,354	446,687

Included in capital work-in-progress is the borrowing cost of RMNil (2020: RM125,000) for the construction of buildings.

Note to the Financial Statements

31 December 2021

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

Group	Freehold land RM'000	Building RM'000	Capital work-in- progress RM'000	Plant and machinery RM'000	Floating pontoons RM'000	Motor vehicles RM'000	Renovation, equipment and others RM'000	Total RM'000
At 31 December 2020								
Net carrying amount at								
1 January 2020	14,882	305,220	14,651	78,814	28	191	42,270	456,056
Additions	-	1,682	6,485	-	-	-	1,619	9,786
Foreign currency translation	-	170	-	-	-	-	86	256
Transfer to investment properties (Note 12)	-	-	(3,569)	-	-	-	(1,312)	(4,881)
Transfer from land held for development costs (Note 14)	14	-	-	-	-	-	-	14
Transfer to property development cost (Note 22)	-	44,637	-	-	-	-	-	44,637
Reclassification	-	-	(13,934)	-	-	-	13,934	-
Depreciation charge (Note 5)	-	(6,969)	-	(5,295)	(28)	(105)	(12,291)	(24,688)
Impairment (Note 5)	-	-	-	(2,566)	-	-	-	(2,566)
Net carrying amount at								
31 December 2020	14,896	344,740	3,633	70,953	-	86	44,306	478,614
Cost	14,896	372,458	3,633	104,927	6,476	9,787	109,898	622,075
Accumulated depreciation	-	(27,718)	-	(31,408)	(6,476)	(9,701)	(65,592)	(140,895)
Accumulated impairment	-	-	-	(2,566)	-	-	-	(2,566)
Net carrying amount	14,896	344,740	3,633	70,953	-	86	44,306	478,614

Note to the Financial Statements

31 December 2021

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

Company	Capital work-in- progress RM'000	Renovation, equipment and others RM'000	Total RM'000
At 31 December 2021			
Net carrying amount at 1 January 2021	227	30,410	30,637
Additions	319	624	943
Disposal	(227)	-	(227)
Write-off (Note 5)	-	(237)	(237)
Reclassification	(226)	226	-
Depreciation charge (Note 5)	-	(7,390)	(7,390)
Net carrying amount at 31 December 2021	93	23,633	23,726
Cost	93	42,454	42,547
Accumulated depreciation	-	(18,821)	(18,821)
Net carrying amount	93	23,633	23,726
At 31 December 2020			
Net carrying amount at 1 January 2020	15,849	16,596	32,445
Additions	2,363	3,852	6,215
Adjustment to cost estimates	(4)	-	(4)
Disposal	-	(10)	(10)
Reclassification	(17,981)	17,981	-
Depreciation charge (Note 5)	-	(8,009)	(8,009)
Net carrying amount at 31 December 2020	227	30,410	30,637
Cost	227	41,841	42,068
Accumulated depreciation	-	(11,431)	(11,431)
Net carrying amount	227	30,410	30,637

Note to the Financial Statements

31 December 2021

12. INVESTMENT PROPERTIES

Group	Investment properties under construction RM'000	Completed investment properties RM'000	Total RM'000
Cost			
At 1 January 2021	14,638	955,761	970,399
Additions	6,226	4,156	10,382
Transfer from property, plant and equipment (Note 11)	1,241	-	1,241
Foreign translation	-	(2,207)	(2,207)
At 31 December 2021	22,105	957,710	979,815
Accumulated depreciation			
At 1 January 2021	-	(119,991)	(119,991)
Depreciation charge (Note 5)	-	(22,546)	(22,546)
At 31 December 2021	-	(142,537)	(142,537)
Accumulated impairment			
At 1 January 2021	-	(26,476)	(26,476)
Impairment charge (Note 5)	-	(12,754)	(12,754)
At 31 December 2021	-	(39,230)	(39,230)
Net carrying amount	22,105	775,943	798,048
Fair value of investment properties (Note 40)	#	1,082,102	1,082,102

Impairment losses of investment properties

At the reporting date, the Group conducted an impairment review of its investment properties, principally based on the independent accredited third-party valuers assessment, which represents the directors' estimation of the market value less costs of disposal.

The COVID-19 pandemic and restricted movement control order have affected the retail business with the reduction of footfall of customers. This resulted to decline in profitability and occupancy rates of the retails business during those periods, hence affected the market value of the properties which gave rise to recognition of impairment loss amounting to RM12,754,000 (2020: RM26,476,000).

Note to the Financial Statements

31 December 2021

12. INVESTMENT PROPERTIES (CONT'D.)

Group	Investment properties under construction RM'000	Completed investment properties RM'000	Total RM'000
Cost			
At 1 January 2020	-	944,220	944,220
Additions	11,069	2,593	13,662
Transfer from property, plant and equipment (Note 11)	3,569	1,312	4,881
Foreign translation	-	7,636	7,636
At 31 December 2020	14,638	955,761	970,399
Accumulated depreciation			
At 1 January 2020	-	(98,609)	(98,609)
Depreciation charge (Note 5)	-	(21,382)	(21,382)
At 31 December 2020	-	(119,991)	(119,991)
Accumulated impairment			
At 1 January 2020	-	-	-
Impairment charge (Note 5)	-	(26,476)	(26,476)
At 31 December 2020	-	(26,476)	(26,476)
Net carrying amount	14,638	809,294	823,932
Fair value of investment properties (Note 40)	#	1,103,121	1,103,121

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

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

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

The fair value of investment properties described above was based on conditions existing as at 31 December 2021.

Included in investment properties under construction is the borrowing cost of RM346,000 (2020: RM51,000) for the construction of a building.

Note to the Financial Statements

31 December 2021

13. RIGHT-OF-USE ASSETS

Group	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At 1 January 2021	17,357	54	17,411
Addition	11	-	11
Depreciation (Note 5)	(9,694)	(44)	(9,738)
At 31 December 2021	7,674	10	7,684
At 1 January 2020	28,425	104	28,529
Addition	522	-	522
Depreciation (Note 5)	(10,842)	(50)	(10,892)
Impairment (Note 5)	(748)	-	(748)
At 31 December 2020	17,357	54	17,411

Company	Buildings	
	2021 RM'000	2020 RM'000
At 1 January	10,932	17,200
Addition	-	537
Write-off	(15)	(322)
Depreciation (Note 5)	(5,930)	(6,483)
At 31 December	4,987	10,932

The Group and the Company lease a number of offices and buildings for a period of between 1 year and 3 years, with fixed rents and an option to renew the lease.

Group	Buildings RM'000	Plant and equipment RM'000	Total RM'000
Lease liabilities			
At 1 January 2021	20,371	57	20,428
Addition	11	-	11
Accretion of interest (Note 6)	694	2	696
Billings	(12,086)	(47)	(12,133)
At 31 December 2021	8,990	12	9,002
Analysed into:			
Non-current	284	2	286
Current	8,706	10	8,716
	8,990	12	9,002

Note to the Financial Statements

31 December 2021

13. RIGHT-OF-USE ASSETS (CONT'D.)

Group	Buildings RM'000	Plant and equipment RM'000	Total RM'000
Lease liabilities			
At 1 January 2020	29,988	106	30,094
Addition	522	-	522
Accretion of interest (Note 6)	1,203	4	1,207
Billings	(11,342)	(53)	(11,395)
At 31 December 2020	20,371	57	20,428
Analysed into:			
Non-current	8,549	11	8,560
Current	11,822	46	11,868
	20,371	57	20,428

Company	Buildings	
	2021 RM'000	2020 RM'000
Lease liabilities		
At 1 January	11,619	17,808
Addition	-	537
Write-off	(15)	(333)
Accretion of interest (Note 6)	399	681
Billings	(6,534)	(7,074)
At 31 December	5,469	11,619
Analysed into:		
Non-current	126	5,469
Current	5,343	6,150
	5,469	11,619

The maturity analysis of lease liabilities is disclosed as below:

Group	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2021			
Within 1 year	8,883	167	8,716
Between 2 and 5 years	288	2	286

Note to the Financial Statements

31 December 2021

13. RIGHT-OF-USE ASSETS (CONT'D.)

The maturity analysis of lease liabilities is disclosed as below: (con'td.)

Group	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2020			
Within 1 year	12,549	681	11,868
Between 2 and 5 years	8,729	169	8,560

Company	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2021			
Within 1 year	5,446	103	5,343
Between 2 and 5 years	128	2	126

2020			
Within 1 year	6,550	400	6,150
Between 2 and 5 years	5,574	105	5,469

Sale and leaseback

In 2015, the Group sold an office building and leased the building back for seven years. This sale and leaseback transaction enabled the Group to gain access more capital while continuing to use the office building. The rent is adjusted every two years after the first tenancy period of three years to reflect increases in local market rents for similar properties.

Note to the Financial Statements

31 December 2021

14. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2021	2020
	RM'000	RM'000
Cost		
At 1 January	5,832,747	5,611,632
Additions	710,525	354,444
Disposal	(2,498)	(2,000)
Disposal of controlling interest in a subsidiary (Note 47)	(901,373)	-
Impairment (Note 5)	-	(17,458)
Transfer to property, plant and equipment (Note 11)	-	(14)
Transfer to property development costs (Note 22)	(176,454)	(113,857)
At 31 December	5,462,947	5,832,747

As at the reporting date, land and related development expenditures of RM755,763,000 (2020: RM749,400,000) are pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 32(a).

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

	Group	
	2021	2020
	RM'000	RM'000
Interest capitalised (Note 6)	45,513	41,033
Staff costs (Note 5(ii))	2,008	2,345

Included in land held for property development of the Group are parcels of land committed through the Master Agreement ("MA") between UEM Land Berhad ("UEM Land"), a wholly-owned subsidiary of the Company with Ascendas Land (Malaysia) Sdn. Bhd. ("Ascendas").

The Master Agreement was entered on 23 October 2012 whereby UEM Land has granted the option for Ascendas to purchase 519 acres of land within the nine years period commencing from the date of the Master Agreement. As at the end of the financial year, 399 acres of land remain unsold. The options had lapsed during the year.

Impairment losses of land held for property development

At the reporting date, the Group conducted an impairment review on land held for property development, principally based on the independent accredited third-party valuers' assessment, which represents the directors' estimation of the market value less costs of disposal.

The review has not resulted in further impairment other than those recognised in prior year (2020: RM17,458,000). In prior year, the impairment losses arose mainly due to COVID-19 pandemic which resulted in a drop of market values of the assets.

Note to the Financial Statements

31 December 2021

15. INTERESTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Investment in subsidiaries, unquoted shares		
At 1 January/31 December	3,181,299	3,181,299
Investment in RCPS/RPS, issued by subsidiaries		
At 1 January/31 December	1,155,212	1,155,212
Impairment losses		
At 1 January	(18,830)	(18,116)
Impairment losses (Note 5)	-	(714)
At 31 December	(18,830)	(18,830)
	4,317,681	4,317,681

Details of the subsidiaries are disclosed in Note 43.

Impairment losses of interests in subsidiaries

At the reporting date, the Company conducted an impairment review of its interests in certain subsidiaries, principally based on the Company's share of net assets in these subsidiaries, which represents the directors' estimation of fair value less costs of disposal of these subsidiaries. In the prior year, the Company recognised an impairment of RM714,000.

Note to the Financial Statements

31 December 2021

16a. INTERESTS IN ASSOCIATES

	Group	
	2021 RM'000	2020 RM'000
Investment in associates, unquoted shares		
At 1 January	56,553	56,553
Addition in an associate resulting from disposal of controlling interest in a subsidiary (Note 47)	363,371	-
Fair value adjustment (Note 5)	(9,813)	-
Written off (Note 5)	(1,170)	-
At 31 December	408,941	56,553
Investment in RPS, issued by an associate		
At 1 January	360,000	360,000
Addition in an associate resulting from disposal of controlling interest in a subsidiary (Note 47)	3,600	-
At 31 December	363,600	360,000
Share of post-acquisition reserves		
At 1 January	95,685	103,313
Share of reserve during the year	8,754	(7,628)
At 31 December	104,439	95,685
Foreign currency translation	(26,622)	(25,627)
	850,358	486,611

During the year, Aura Muhibah Sdn. Bhd. is reclassified from interest in subsidiary to interest in associate as result of disposal of controlling interest in a subsidiary. Details are disclosed in Note 47.

	Company	
	2021 RM'000	2020 RM'000
Investment in an associate, unquoted shares		
At 1 January	1,170	1,170
Written off (Note 5)	(1,170)	-
At 31 December	-	1,170

Details of associates are disclosed in Note 44.

Note to the Financial Statements

31 December 2021

16a. INTERESTS IN ASSOCIATES (CONT'D.)

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

Summarised statement of financial position

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.		Aura Muhibah Sdn. Bhd.	
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	883,996	883,995	333,476	1,123,433	901,377	-
Current assets	18,445	19,197	566,199	1,583,672	15,122	-
Total assets	902,441	903,192	899,675	2,707,105	916,499	-
Non-current liabilities	-	-	-	1,880,534	-	-
Current liabilities	44	39	247,790	218,096	736	-
Total liabilities	44	39	247,790	2,098,630	736	-
Net assets	902,397	903,153	651,885	608,475	915,763	-

Summarised statement of comprehensive income

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.		Aura Muhibah Sdn. Bhd.	
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	62,478	110,002	-	-
Profit/(loss) before tax	303	476	53,828	(30,236)	4,135	-
Total comprehensive income/(expense)	244	384	43,410	(24,384)	3,335	-

Note to the Financial Statements

31 December 2021

16a. INTERESTS IN ASSOCIATES (CONT'D.)

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

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

	Scope Energy Sdn. Bhd.		Setia Haruman Sdn. Bhd.		Aura Muhibah Sdn. Bhd.	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net assets at 1 January	903,153	902,769	608,475	632,859	-	-
Profit/(loss) for the year	244	384	43,410	(24,384)	3,335	-
Addition in an associate resulting from disposal of controlling interest in a subsidiary	-	-	-	-	917,428	-
Dividend paid	(1,000)	-	-	-	(5,000)	-
Net assets at 31 December	902,397	903,153	651,885	608,475	915,763	-
Interests in associate	40%	40%	25%	25%	40%	-
	360,959	361,261	162,971	152,119	366,305	-
Unrealised profit arising from land sales	(35,902)	(35,902)	-	-	-	-
Fair value adjustments of options in investments	-	-	-	-	(9,813)	-
Carrying value of Group's interest	325,057	325,359	162,971	152,119	356,492	-

Aggregate information of associates that are not individually material.

	2021 RM'000	2020 RM'000
The Group's share of loss before tax	(1,130)	(1,686)
The Group's share of loss after tax	(1,130)	(1,686)

Apart from as disclosed in Note 38, there is no material contingent liability and capital commitment relating to associates as at 31 December 2021 and 31 December 2020.

Note to the Financial Statements

31 December 2021

16b. AMOUNTS DUE FROM ASSOCIATES

	2021 RM'000	2020 RM'000
Group		
Amount due from associates	15,976	12,950
Accumulated impairment losses		
At 1 January	(2,255)	-
Impairment losses (Note 5)	(13,332)	(2,255)
At 31 December	(15,587)	(2,255)
	389	10,695
Analysed into:		
Non-current	-	9,745
Current	389	950
	389	10,695

Amounts due from associates are unsecured, non-interest bearing and repayable on demand except for amount of RMNil (2020: RM9,745,000) which bears interest at an average rate of Nil% (2020: 5.5%) per annum.

Company

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

Note to the Financial Statements

31 December 2021

17a. INTERESTS IN JOINT VENTURES

	2021 RM'000	2020 RM'000
Group		
Investment in joint ventures, unquoted shares		
At 1 January/31 December	33,954	33,954
Investment in Redeemable Convertible Loan Stocks ("RCULS"), RCPS and RPS, issued by joint ventures		
At 1 January	697,021	697,021
Additional investment (Note (ii))	900	-
At 31 December	697,921	697,021
Share of post-acquisition reserves	38,277	137,084
Amounts due from joint ventures (Note (ii))	184,506	182,273
Accumulated impairment losses	(61,320)	(61,320)
	893,338	989,012
Company		
Investments in joint ventures, unquoted shares		
At 1 January/31 December	23,580	23,580
Investment in RCULS, RCPS and RPS, issued by joint ventures		
At 1 January/31 December	502,562	502,562
Impairment losses (Note (iv))	(231,553)	(221,056)
At 31 December	294,589	305,086

Note to the Financial Statements

31 December 2021

17a. INTERESTS IN JOINT VENTURES (CONT'D.)

- (i) During the year, UEM Land Berhad, a wholly-owned subsidiary of the Company subscribed for additional Redeemable Preference Shares at RM1.00 per share in FASTrack Iskandar Sdn. Bhd. for total cash consideration of RM900,000.
- (ii) Amounts due from joint ventures are unsecured and non-interest bearing. The Group views the non-trade amounts due from joint ventures as part of the Group's interests in joint ventures.
- (iii) Apart from as disclosed in Note 38, there is no material contingent liability and capital commitment relating to joint ventures as at 31 December 2021 and 31 December 2020.
- (iv) At the reporting date, the Company conducted an impairment review of its interests in certain joint ventures, principally based on the share of net assets in these joint ventures, which represent the directors' estimation of fair value less costs of disposal in these joint ventures.

The impairment losses of RM10,497,000 (2020: RM34,877,000) arose mainly due to the decline in recoverable amounts which comprise of lower values of the properties held by a joint venture due to COVID-19 pandemic.

Note to the Financial Statements

31 December 2021

17a. INTERESTS IN JOINT VENTURES (CONT'D.)

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

Summarised statement of financial position

	FASTrack Iskandar		Nusajaya Tech Park Sdn. Bhd.		Nusajaya Lifestyle		Horizon Hills Development		Nusajaya Premier		Sunrise MCL Land Sdn. Bhd.		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	204,726	203,850	4,535	9,530	173,480	191,191	226,667	201,225	194,127	194,636	125,635	133,318	929,170	933,750
Cash and cash equivalents	2,640	2,564	47,476	21,263	478	710	75,575	243,687	313	249	43,580	48,745	170,062	317,218
Other current assets	87,463	87,163	114,659	153,019	3,033	6,665	706,468	634,216	13,643	10,470	76,285	79,934	1,001,551	971,467
Total current assets	90,103	89,727	162,135	174,282	3,511	7,375	782,043	877,903	13,956	10,719	119,865	128,679	1,171,613	1,288,685
Total assets	294,829	293,577	166,670	183,812	176,991	198,566	1,008,710	1,079,128	208,083	205,355	245,500	261,997	2,100,783	2,222,435
Current liabilities	34	-	-	-	-	-	26,604	122,387	15,090	15,206	1,311	1,281	43,039	138,874
Trade and other payables and provisions	13	48	6,225	8,861	32,657	33,967	75,629	74,832	981	157	14,583	39,088	130,088	156,953
Total current liabilities	47	48	6,225	8,861	32,657	33,967	102,233	197,219	16,071	15,363	15,894	40,369	173,127	295,827
Non-current liabilities	-	84	-	13,845	-	-	225,455	31,203	-	-	-	-	225,455	45,132
Trade and other payables and provision	-	-	-	-	-	-	4,727	9,723	-	-	-	-	4,727	9,723
Total non-current liabilities	-	84	-	13,845	-	-	230,182	40,926	-	-	-	-	230,182	54,855
Total liabilities	47	132	6,225	22,706	32,657	33,967	332,415	238,145	16,071	15,363	15,894	40,369	403,309	350,682
Net assets	294,782	293,445	160,445	161,106	144,334	164,599	676,295	840,983	192,012	189,992	229,606	221,628	1,697,474	1,871,753

Note to the Financial Statements

31 December 2021

17a. INTERESTS IN JOINT VENTURES (CONT'D.)

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

Summarised statement of comprehensive income

	FASTrack Iskandar		Nusajaya Tech Park		Nusajaya Lifestyle		Horizon Hills Development		Nusajaya Premier		Sunrise MCL Land		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	27,443	15,612	4,548	5,760	181,150	150,803	-	-	63,929	82,971	277,770	255,146
Depreciation, amortisation and impairment loss	-	-	-	-	(20,194)	(31,460)	(2,471)	(2,873)	-	-	(218)	(166)	(22,883)	(34,499)
Interest income	17	104	436	670	120	40	-	-	228	287	393	588	1,194	1,689
Interest expenses	-	(1,190)	(527)	(1,111)	(590)	(714)	(1,440)	(4,143)	(728)	(901)	(100)	(100)	(3,385)	(8,159)
(Loss)/Profit before tax	(1,663)	(2,110)	77	(2,297)	(20,265)	(37,880)	46,463	30,995	2,658	(885)	26,287	17,475	53,557	5,298
Income tax expenses	-	-	(738)	107	-	-	(11,151)	(7,439)	(638)	-	(6,309)	(4,194)	(18,836)	(11,526)
(Loss)/Profit after tax	(1,663)	(2,110)	(661)	(2,190)	(20,265)	(37,880)	35,312	23,556	2,020	(885)	19,978	13,281	34,721	(6,228)
Total comprehensive (expense)/income	(1,663)	(2,110)	(661)	(2,190)	(20,265)	(37,880)	35,312	23,556	2,020	(885)	19,978	13,281	34,721	(6,228)

Note to the Financial Statements

31 December 2021

17a. INTERESTS IN JOINT VENTURES (CONT'D.)

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

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

	FASTRack Iskandar Sdn. Bhd.		Nusajaya Tech Park Sdn. Bhd.		Nusajaya Lifestyle Sdn. Bhd.		Horizon Hills Development Sdn. Bhd.		Nusajaya Premier Sdn. Bhd.		Sunrise MCL Land Sdn. Bhd.		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net assets at 1 January	293,445	295,555	161,106	163,296	164,599	202,479	840,983	817,427	189,992	190,877	221,628	218,347	1,871,753	1,887,981
(Loss)/Profit for the year	(1,663)	(2,110)	(661)	(2,190)	(20,265)	(37,880)	35,312	23,556	2,020	(885)	19,978	13,281	34,721	(6,228)
Additional issuance of RPS	3,000	-	-	-	-	-	-	-	-	-	-	-	3,000	-
Dividend paid	-	-	-	-	-	-	(200,000)	-	-	-	(2,000)	(1,000)	(202,000)	(1,000)
Redemption of investment	-	-	-	-	-	-	-	-	-	-	(10,000)	(9,000)	(10,000)	(9,000)
Net assets at 31 December	294,782	293,445	160,445	161,106	144,334	164,599	676,295	840,983	192,012	189,992	229,606	221,628	1,697,474	1,871,753
Interest in joint venture	30%	30%	40%	40%	55%	55%	50%	50%	80%	80%	50%	50%		
Share of net assets of the Group	88,435	88,033	64,178	64,442	79,384	90,529	338,148	420,492	153,609	151,993	114,803	110,814	838,557	926,303
Unrealised profit arising from land sales	-	-	-	-	-	-	(38,084)	(38,437)	-	-	-	-	(38,084)	(38,437)
Carrying value of Group's interest	88,435	88,033	64,178	64,442	79,384	90,529	300,064	382,055	153,609	151,993	114,803	110,814	800,473	887,866

Note to the Financial Statements

31 December 2021

17b. AMOUNTS DUE FROM JOINT VENTURES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amounts due from joint ventures				
- Non-current (Note (i))	165,309	173,252	11,000	10,200
- Current (Note (ii))	82,120	61,104	29,672	25,620
	247,429	234,356	40,672	35,820

Group

- (i) Amounts due from joint ventures are unsecured, not expected to be repayable in the next 12 months and bear interest at average rates of 5.4% (2020: 5.5%) per annum.
- (ii) Amounts due from these joint ventures are unsecured, non-interest bearing and repayable on demand except for an amount of RM6,020,000 (2020: RM6,021,000) which bears interest at an average rate of 6.4% (2020: 6.7%) per annum.

Company

- (i) Amounts due from joint ventures are unsecured, not expected to be repayable in the next 12 months and bear interest at average rate of 7.02% (2020: 7.02%) per annum.
- (ii) Amounts due from these joint ventures are unsecured, non-interest bearing and repayable on demand.

18. OTHER INVESTMENTS

	Group and Company	
	2021 RM'000	2020 RM'000
Fair value through profit or loss:		
Sukuk Prihatin	-	5,000
Unquoted shares in Malaysia	22,525	22,525
Less: Accumulated impairment losses	(22,525)	(22,525)
	-	-

During the financial year, the Group and the Company have reclassified the "Sukuk Prihatin" to short term investment since the maturity period will be ending on 22 September 2022. The "Sukuk Prihatin" issued by Government of Malaysia which earns profit at 2.0% (2020: 2.0%) per annum.

Note to the Financial Statements

31 December 2021

19. GOODWILL

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

	Group	
	2021	2020
	RM'000	RM'000
At 1 January/31 December	621,409	621,409

Assumptions and approach used

The recoverable amounts of the CGU have been determined based on fair value less costs of disposal and value-in-use calculations using cash flow projections from financial budgets approved by the management covering a five-year period. The management has applied a pre-tax discount rate of 12.5% (2020: 12.5%).

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

- Budgeted gross margins - Gross margins are based on historical trend of gross margins for the CGU.
- Pre-tax discount rates - Discount rates reflect the weighted average cost of capital of the CGU.
- Sales take-up rate - Sales take-up rate is based on historical trend of the market of which the CGU operates.

In determining fair value less costs of disposal of the properties, the Group relies on the works performed by the accredited independent valuers. In the absence of such valuation, the Group applies the previous transacted price.

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

Impact of possible changes in key assumptions

The sensitivity tests indicated that with an increase in the discount rate by 4% or a reduction in the market value of identifiable assets by 16% or a reduction in the net development value of property sales by 6%, there will be no impairment loss required where other realistic variations remained the same.

The calculation for value-in-use for the CGU described above was based on conditions existing as at 31 December 2021. The Group will continue to monitor and assess the assumptions applied.

Note to the Financial Statements

31 December 2021

20. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits with licensed banks (Note (i))	81,577	37,062	45,000	-
Cash and bank balances (Note (ii))	771,450	1,049,207	16,360	23,487
	853,027	1,086,269	61,360	23,487
Bank overdraft (Note 32(e))	(4,823)	(5,537)	-	-
Cash and cash equivalents	848,204	1,080,732	61,360	23,487

- (i) The average interest rates and maturity of deposits of the Group as at financial year end were 1.01% per annum (2020: 0.36% per annum) and 62 days (2020: 41 days) respectively.

The average interest rates and maturity of deposits of the Company as at financial year end were 1.55% per annum (2020: Nil% per annum) and 90 days (2020: Nil days) respectively.

	Group	
	2021 RM'000	2020 RM'000

- (ii) Included in cash and bank balances of the Group are:

- Housing Development Accounts	249,444	191,066
- Securities under credit facilities*	2,481	2,692

Included in housing development accounts is a minimal foreign currency amount under fixed deposit in Canada which is restricted to the Letter of Credit, pending defect liability period.

* Comprise credit facilities as disclosed in Note 32(c).

Note to the Financial Statements

31 December 2021

21. DEFERRED TAXATION

	Group	
	2021 RM'000	2020 RM'000
At 1 January	(91,350)	(48,373)
Recognised in profit or loss (Note 8)	(24,021)	(41,175)
Foreign currency translation	3,789	(1,802)
At 31 December	(111,582)	(91,350)
Presented as follows:		
Deferred tax liabilities	178,609	164,410
Deferred tax assets	(290,191)	(255,760)
	(111,582)	(91,350)

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

Deferred tax liabilities of the Group:

	Fair value adjustment of land and building RM'000	Interest capitalised RM'000	Others RM'000	Total RM'000
At 1 January 2021	154,015	108,394	117	262,526
Recognised in profit or loss	(1,257)	6,360	(44)	5,059
At 31 December 2021	152,758	114,754	73	267,585
At 1 January 2020	155,877	108,936	53,779	318,592
Recognised in profit or loss	(1,862)	(542)	(53,662)	(56,066)
At 31 December 2020	154,015	108,394	117	262,526

Note to the Financial Statements

31 December 2021

21. DEFERRED TAXATION (CONT'D.)

Deferred tax assets of the Group:

	Provisions RM'000	Tax losses and capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2021	(181,865)	(123,468)	(48,543)	(353,876)
Recognised in profit or loss	(2,589)	(32,556)	6,065	(29,080)
Foreign currency translation	-	3,789	-	3,789
At 31 December 2021	(184,454)	(152,235)	(42,478)	379,167
At 1 January 2020	(187,589)	(121,602)	(57,774)	(366,965)
Recognised in profit or loss	5,724	(64)	9,231	14,891
Foreign currency translation	-	(1,802)	-	(1,802)
At 31 December 2020	(181,865)	(123,468)	(48,543)	(353,876)

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

	Group	
	2021 RM'000	2020 RM'000
Unused tax losses	454,679	362,380
Others	44,968	47,083
	499,647	409,463
Deferred tax benefit at 24%, if recognised	119,915	98,271

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

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses		
- Expires in FY2028	123,608	123,608
- Expires in FY2029	53,169	53,169
- Expires in FY2030	185,603	185,603
- Expires in FY2031	92,299	-
	454,679	362,380

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group is subject to no substantial changes in shareholdings of the respective companies under the Income Tax Act, 1967, and guidelines issued by the tax authority. Effective from YA 2019, unused tax losses are allowed to be carried forward for a maximum period of ten years.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available in the Company and certain subsidiaries against which the Group can utilise the benefits.

Note to the Financial Statements

31 December 2021

22. PROPERTY DEVELOPMENT COSTS

	Group	
	2021 RM'000	2020 RM'000
At 1 January	3,250,850	4,482,130
Development costs incurred during the year	480,622	419,678
Transfer from/(to):		
- land held for property development (Note 14)	176,454	113,857
- property, plant and equipment (Note 11)	-	(44,637)
- inventories held for sale	(30,883)	(24,251)
- inventories under contract of sale	(1,913)	-
Impairment (Note 5)	(20,605)	(1,065)
Reversal of cost arising from completed projects	(259,514)	(1,694,862)
	344,161	(1,231,280)
At 31 December	3,595,011	3,250,850
Costs recognised in profit or loss		
At 1 January	(2,292,618)	(3,609,753)
Recognised during the year	(741,366)	(377,727)
Reversal of cost arising from completed projects	259,514	1,694,862
At 31 December	(2,774,470)	(2,292,618)
Property development costs as at 31 December	820,541	958,232

The property development costs balances include contract cost assets which comprise of costs to fulfil and obtain contracts are as follows:

	Group	
	2021 RM'000	2020 RM'000
Contract cost assets:		
Costs to fulfil contracts with customers	200,934	104,639
Incremental costs to obtain contracts with customers	16,219	15,473
	217,153	120,112
Amortised to profit or loss:		
Costs to fulfil contracts with customers	749,665	363,916
Incremental costs to obtain contracts with customers	8,929	7,224
	758,594	371,140

Note to the Financial Statements

31 December 2021

22. PROPERTY DEVELOPMENT COSTS (CONT'D.)

Included in costs incurred during the financial year are:

	Group	
	2021	2020
	RM'000	RM'000
Interest capitalised (Note 6)	6,024	9,794
Staff costs (Note 5(ii))	12,786	6,163

As at the reporting date, freehold land and related development expenditure of RM163,927,000 (2020: RM194,057,000) are pledged as securities for the borrowing facilities granted to the Group as disclosed in Note 32 (a), (b) and (c).

23. INVENTORIES

(a) Inventories held for sale

	Group	
	2021	2020
	RM'000	RM'000
At cost		
Completed properties	146,584	196,169
Consumables	143	404
	146,727	196,573
At net realisable value		
Completed properties	221,982	243,630
Golf memberships*	28,211	28,211
	396,920	468,414

The cost of inventories recognised as cost of sales during the year amounted to RM101,623,000 (2020: RM67,287,000).

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

(b) Inventories under contract of sale

	Group	
	2021	2020
	RM'000	RM'000
At cost		
Completed properties	59,967	112,118

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

Note to the Financial Statements

31 December 2021

24. RECEIVABLES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables	(i), (vii)	599,355	304,336	-	-
Amounts due from related parties	(ii)	3,391	3,085	-	-
Other receivables	(iii)	200,370	362,947	379,698	244,061
		803,116	670,368	379,698	244,061
Less: Allowance for impairment	(iv)	(30,482)	(30,716)	-	-
		772,634	639,652	379,698	244,061
Analysed into:					
Non-current	(v)	293,116	145,355	-	-
Current		479,518	494,297	379,698	244,061
		772,634	639,652	379,698	244,061

- (i) Included in the trade receivables is an amount of RM32,281,000 (2020: RM32,281,000) owing from a joint venture entity arising from a sale of land in the prior years which bears interest at 6% (2020: 6%) per annum.
- (ii) Related parties refer to those as specified in Note 37. Amounts due from related parties are unsecured, non-interest bearing and repayable on demand.
- (iii) Other receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Dividend receivable	-	-	371,000	235,000
Sundry debtors and prepayments (Note (a))	66,577	208,832	8,028	8,158
Tax recoverable (Note (a))	106,998	97,780	670	903
Deposits (Note (b))	26,795	56,335	-	-
	200,370	362,947	379,698	244,061

- (a) Included in the tax recoverable and sundry debtors are amounts of RM50.9 million and RM22.9 million respectively representing additional tax and penalty paid under protest and subject to appeal to Inland Revenue Board (Note 38).
- (b) Included in the prior financial year's deposits were RM19.0 million representing deposit paid by a subsidiary for the land acquisition of 1.33 acres freehold site 21-53 Hoddle Street, Collingwood, in Melbourne, Australia.

Note to the Financial Statements

31 December 2021

24. RECEIVABLES (CONT'D.)

- (iv) Allowance for impairment

	Group	
	2021 RM'000	2020 RM'000
Trade receivables	9,253	9,173
Amounts due from related parties	628	628
Sundry debtors	20,601	20,915
	30,482	30,716

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

Pursuant to the measurement and recognition requirement of MFRS 9, the amounts due from the customers are measured at fair value which are computed based on estimated future cash flows discounted at the debtor's cost of borrowing as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	145,355	166,052
Addition	152,407	-
Reclassification to current receivables	(4,349)	-
Settlement	-	(19,286)
Remeasurement (Note 5)	(502)	(3,503)
Accretion of interest (Note 5)	205	2,092
At 31 December	293,116	145,355

- (vi) The Group's normal trade credit terms range from 30 to 90 days (2020: 30 to 90 days). For strategic land sales and sales of developed land, credit terms are negotiated and approved on a case-by-case basis.

Note to the Financial Statements

31 December 2021

24. RECEIVABLES (CONT'D.)

(vii) Ageing analysis

Ageing analysis of trade receivables

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

	Group	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	405,186	141,414
1 to 30 days past due not impaired	52,452	38,566
31 to 60 days past due not impaired	10,196	16,091
61 to 90 days past due not impaired	18,573	14,450
More than 90 days past due not impaired	103,695	84,642
Past due but not impaired	184,916	153,749
Impaired	9,253	9,173
	599,355	304,336
<u>Individually impaired</u>		
Nominal amount	9,253	9,173
Allowance for impairment	(9,253)	(9,173)
	-	-

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

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

The methods, assumptions and information used to measure expected credit loss ("ECL") at the reporting date were based on conditions existing as at 31 December 2021.

Note to the Financial Statements

31 December 2021

24. RECEIVABLES (CONT'D.)

(vii) Ageing analysis (cont'd.)

Receivables that are impaired

The movement in allowance account for receivables is as follows:

	Group	
	2021	2020
	RM'000	RM'000
At 1 January	30,716	22,601
Charge for the year (Note 5)	3,798	8,706
Reversal of impairment loss (Note 5)	(273)	(591)
Write off	(3,759)	-
At 31 December	30,482	30,716

25. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2021	2020
	RM'000	RM'000
Contract assets		
Contract assets from property development (Note (a))	425,839	242,745
Analysed into:		
Current	425,839	242,745
Contract liabilities		
Contract liabilities from property development (Note (a))	2,762	28,837
Contract liabilities from strategic land sales (Note (b))	299,980	269,132
Carrying amount at the end of the financial year	302,742	297,969
Analysed into:		
Non-current	240,634	227,799
Current	62,108	70,170
	302,742	297,969

Note to the Financial Statements

31 December 2021

25. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)

(a) Contract assets and contract liabilities from property development

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

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

	Group	
	2021 RM'000	2020 RM'000
Contract assets	425,839	242,745
Contract liabilities	(2,762)	(28,837)
	423,077	213,908
As at 1 January	213,908	142,750
Revenue recognised during the financial year (Note 3)	730,194	490,056
Progress billings during the financial year	(521,025)	(418,898)
As at 31 December	423,077	213,908

(b) Contract assets and contract liabilities from strategic land sales

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

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

	Group	
	2021 RM'000	2020 RM'000
Contract liabilities	(299,980)	(269,132)
As at 1 January	(269,132)	(288,896)
Revenue recognised during the financial year (Note 3)	140,866	20,438
Deferred during the financial year	(171,714)	(674)
As at 31 December	(299,980)	(269,132)

Note to the Financial Statements

31 December 2021

25. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)

(c) Unsatisfied performance obligations

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

	Group	
	2021	2020
	RM'000	RM'000
Within 1 year	1,230,652	975,538
Between 1 and 4 years	697,816	894,298
More than 4 years	207,057	225,991
	2,135,525	2,095,827

26. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2021	2020
	RM'000	RM'000
Amounts due from subsidiaries		
- Non-current (Note (i))	2,875,651	2,732,283
- Current (Note (ii))	1,005,481	971,470
	3,881,132	3,703,753
At 31 December	3,971,837	3,737,027
Impairment loss	(90,705)	(33,274)
	3,881,132	3,703,753
Amounts due to subsidiaries		
- Non-current (Note (iii))	146,450	201,951
- Current (Note (iv))	21,115	24,480
	167,565	226,431

During the financial year, the Company has made a provision for impairment on the amounts due from subsidiaries of RM57,431,000 (2020: RM30,614,000).

- (i) Amounts due from subsidiaries are unsecured, not expected to be repayable in the next 12 months and bear interest at rates ranging from 4.63% to 4.82% (2020: 3.21% to 5.32%) per annum.
- (ii) Amounts due from subsidiaries mainly comprise advances, interest receivable and payment on behalf which are unsecured, repayable on demand and non-interest bearing except for amounts totalling of RM74,267,000 (2020: RM213,399,000) which bear interest rates ranging from 4.63% to 4.82% (2020: 3.21% to 5.32%) per annum.

Note to the Financial Statements

31 December 2021

26. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONT'D.)

(cont'd.)

- (iii) Amounts due to subsidiaries not expected to be paid within the next 12 months mainly comprise advances, interest payable and payment on behalf which are unsecured and bear interest rates ranging from 3.01% to 4.82% (2020: 3.77% to 5.02%) per annum.
- (iv) Amounts due to subsidiaries mainly comprise advances, interest payable and payment on behalf which are unsecured, repayable on demand and non-interest bearing except for amounts totalling of RM13,640,000 (2020: RM9,440,000) which bear interest rates ranging from 3.77% to 4.82% (2020: 3.77% to 5.02%) per annum.

27. SHORT TERM INVESTMENTS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
In Malaysia:				
Financial assets at fair value through other comprehensive income				
- quoted shares	5	7	-	-
Financial assets at fair value through profit or loss				
- unquoted unit trust [#]	-	216,929	-	216,929
- Sukuk Prihatin	5,000	-	5,000	-
	5,005	216,936	5,000	216,929

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

Note to the Financial Statements

31 December 2021

28. SHARE CAPITAL AND MERGER RELIEF RESERVE

(i) Share capital

Issued and fully paid up

	Group/Company	
	2021	2020
	RM'000	RM'000
Ordinary shares		
At 1 January	4,960,276	4,317,760
Conversion from RCPS (Note ii)	-	642,516
At 31 December	4,960,276	4,960,276
RCPS (Note 30)		
At 1 January	-	792,516
Redemption (Note i)	-	(150,000)
Conversion to ordinary share (Note ii)	-	(642,516)
At 31 December	-	-
Total share capital	4,960,276	4,960,276

The movement of RCPS in the prior financial year:

- (i) On 24 April 2020, the Company had redeemed a total of 123,340,418 RCPS out of the share capital account for a redemption sum of RM150,000,000 at approximately RM1.22 for each RCPS following a redemption notice dated 17 April 2020 issued to UEM Group Berhad, the immediate holding company of the Company.
- (ii) On 29 October 2020, all the outstanding 669,175,335 RCPS with value of RM833,664,000 matured and were automatically converted into 521,040,184 new ordinary shares at the conversion price of RM1.60 per RCPS for one (1) ordinary share. Upon issuance and allotment of the new ordinary shares on 30 October 2020, the issued share capital is RM4,960,276,000 comprising 5,058,476,221 ordinary shares.

(ii) Merger relief reserve

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

Note to the Financial Statements

31 December 2021

29. OTHER RESERVES AND RETAINED PROFITS

(a) Other reserves

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(i) Exchange fluctuation reserve				
At 1 January	46,333	(18,234)	-	-
Foreign currency translation	4,560	64,567	-	-
At 31 December	50,893	46,333	-	-
(ii) Merger reserve				
At 1 January/31 December	32,112	32,112	-	-
(iii) Fair value adjustments reserve				
At 1 January/31 December	(207)	(207)	-	-
Total	82,798	78,238	-	-

(b) Retained profits

The Company may distribute dividends out of its entire retained profits as at 31 December 2021 under the single-tier system.

30. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

The Company issued 792,515,753 RCPS of RM0.01 per RCPS at an issue price of RM1.00 per RCPS on 30 October 2015, as a partial settlement of the redemption of Bandar Nusajaya Development Sdn. Bhd. ("BND"), a wholly-owned subsidiary of the Company, RCPS held by UEM in BND.

The salient terms of the RCPS are as follows:

- (a) Conversion price of RM1.60 per RCPS.
- (b) The RCPS matured on 29 October 2020.
- (c) The RCPS can be converted at any time after the 54th month from the Issuance Date at the option of the Subscriber at the Conversion Price into Conversion Shares. Any remaining RCPS that are not converted or redeemed by the expiry of the tenure of the RCPS shall be automatically converted into Conversion Shares at the Conversion Price.

Note to the Financial Statements

31 December 2021

30. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") (CONT'D.)

The salient terms of the RCPS are as follows: (cont'd.)

- (d) The RCPS can be redeemed at the option of the issuer at the Redemption Price at any time after the 48th month from the Issuance Date for a period of 6 months (up to the 54th month from the Issuance Date).
- (e) The Redemption Price is equivalent to the Redemption Value in respect of each RCPS to be redeemed.
- (f) The RCPS shall be converted or redeemed, at the value of each outstanding RCPS on the Conversion Date (as defined below) or Redemption Date (as defined below) (as the case may be) based on the following calculation:

Redemption Value = [Carrying Value 4 x 1.05 x (number of months from the 49th month from the Issuance Date to the Redemption Date / 12)] - any dividends declared for the period from the 49th month from the Issuance Date to the Redemption Date (as defined below).

Where:

Carrying value 4 = (Carrying Value 3 x 1.05) - any dividends declared for the period from the 37th to the 48th month from the Issuance Date.

Carrying value 3 = (Carrying Value 2 x 1.05) - any dividends declared for the period from the 25th to the 36th month from the Issuance Date.

Carrying value 2 = (Carrying Value 1 x 1.05) - any dividends declared for the period from the 13th to the 24th month from the Issuance Date.

Carrying value 1 = (Issue Price x 1.05) - any dividends declared for the period from the Issuance Date to the 12th month from the Issuance Date.

- (g) The number of Conversion Shares to be issued to the Subscriber shall be calculated in accordance with the following formula:

$$\text{Number of Conversion Share} = \frac{\text{Conversion Value}}{\text{Conversion Price}}$$

- (h) Any dividends to be declared to the holders of the RCPS must be decided at the sole discretion of the Issuer whether to annually declare, any non-cumulative dividend and the quantum of such dividend to the Subscriber, provided always that:
 - (i) Such dividend shall not be more than 4.75 sen per RCPS; and
 - (ii) If dividends are declared to its ordinary shareholders, then dividends in respect of the RCPS shall be paid to the Subscriber in preference.
- (i) The RCPS shall rank pari passu among themselves in respect of the right to receive dividends out of distributable profit. The Conversion Share to be issued upon conversion of the RCPS shall upon allotment and issue rank equal in all respects with the then existing shares of the Company.

All RCPS were redeemed or automatically converted into ordinary shares in the previous financial year.

Note to the Financial Statements

31 December 2021

31. NON-CONTROLLING INTERESTS

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

(i) Summarised statement of financial position

	Mega Legacy (M)		Aura Muhibah	
	Sdn. Bhd.		Sdn. Bhd.	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-current assets	689,523	678,106	-	901,373
Current assets	147,617	99,443	-	14,586
Total assets	837,140	777,549	-	915,959
Non-current liabilities	122,554	111,307	-	-
Current liabilities	506,210	457,986	-	1,278
Total liabilities	628,764	569,293	-	1,278
Net assets	208,376	208,256	-	914,681
Net assets attributable to:				
Owner of the parent	104,188	104,128	-	548,809
Non-controlling interest	104,188	104,128	-	365,872
	208,376	208,256	-	914,681

(ii) Summarised statement of comprehensive income

	Mega Legacy (M)		Aura Muhibah	
	Sdn. Bhd.		Sdn. Bhd.	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the year	120	(88)	-	2,221
Profit/(loss) attributable to owners of the Company	60	(44)	-	1,333
Profit/(loss) attributable to non-controlling interest	60	(44)	-	888
Total comprehensive income/(expense)	120	(88)	-	2,221

Note to the Financial Statements

31 December 2021

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

(iii) Summarised statement of cash flows

	Mega Legacy (M)		Aura Muhibah	
	Sdn. Bhd.		Sdn. Bhd.	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net cash (used in)/generated from operating activities	(13,343)	(105,948)	-	1,741
Net cash used in investing activity	(8,236)	(9,634)	-	-
Net cash generated from financing activities	37,671	116,977	-	-
Net change in cash and cash equivalents	16,092	1,395	-	1,741
Cash and cash equivalents at the beginning of the year	3,477	2,082	-	11,262
Cash and cash equivalents at the end of the year	19,569	3,477	-	13,003

There are no non-controlling interests in Aura Muhibah Sdn. Bhd. as a result of disposal of controlling interest. Details are disclosed in Note 47.

32. BORROWINGS

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Non-current					
Secured					
Term loans	(a)	52,554	91,046	-	-
Commodity Murabahah Finance	(b), (c)	-	39,246	-	-
Unsecured					
IMTN	(d)	3,152,708	2,470,000	3,152,708	2,470,000
		3,205,262	2,600,292	3,152,708	2,470,000
Current					
Secured					
Revolving credits	(a)	375,640	375,160	-	-
Term loans	(a)	49,739	30,000	-	-
Commodity Murabahah Finance	(b),(c)	24,504	8,406	-	-
Bank overdraft	(e)	4,823	3,742	-	-
Unsecured					
Revolving credits	(a)	45,000	189,000	25,000	145,000
IMTN	(d)	450,000	785,000	450,000	785,000
Bank overdraft	(e)	-	1,795	-	-
Structured commodity	(f)	50,000	100,000	50,000	100,000
		999,706	1,493,103	525,000	1,030,000
Total borrowings		4,204,968	4,093,395	3,677,708	3,500,000

Note to the Financial Statements

31 December 2021

32. BORROWINGS (CONT'D.)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Maturities of borrowings:				
Not later than one year	999,706	1,493,103	525,000	1,030,000
Later than 1 year and not later than 5 years	3,205,262	2,600,292	3,152,708	2,470,000
	4,204,968	4,093,395	3,677,708	3,500,000

- (a) The term loans and revolving credits facilities obtained from various banks, by the Company and certain subsidiaries, bear interest rates of 3.02% to 4.32% (2020: 3.00% to 4.76%) per annum. Certain loans are secured by land held for property development and property development cost as disclosed in Note 14 and Note 22.

On 29 October 2019, the Group obtained a new Revolving Financing-i Facility ("RF-i"), with a limit of RM300.0 million, which bears an interest rate of 4.32% per annum. A first party charge over the land held for property development is disclosed in Note 14. The Group utilised RM298.6 million of the RF-i.

On 20 February 2020 and 14 September 2020 respectively, Mega Legacy (M) Sdn. Bhd. ("MLSB"), a 50% + 1 shareholdings subsidiary via Sunrise Berhad, obtained Credit Facilities of up to RM199.0 million and Commodity Murabahah Revolving Financing ("CMRF-i"), with a limit of RM70.0 million to part-finance the development of Kiara Bay project in Kepong, Kuala Lumpur, secured by the following:

Credit Facilities:

- Letter of Guarantee from Shareholders
- Letter of Subordination of Debts from Shareholders and related party
- Letter of Undertaking from Shareholders and related party
- First Party Legal Charge over the development's land as disclosed in Note 22;

CMRF-i:

- Corporate Guarantee from Shareholders
- A first party charge over the land held for property development is as disclosed in Note 14.

MLSB utilised a total of RM52.6 million (2020: RM45.0 million) of the Credit Facilities at interest rates of 3.54% to 4.10% (2020: 3.85% to 5.64%) per annum during the financial year and has fully utilised RM70.0 million of the CMRF-i at interest rates of 3.74% per annum in the prior year.

Note to the Financial Statements

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32. BORROWINGS (CONT'D.)

(b) On 10 May 2019, Milik Harta Sdn Bhd ("MHSB"), a wholly-owned subsidiary of the Company via Sunrise Berhad, obtained a Commodity Murabahah Financing-i ("CMF-i") of up to RM81.0 million, to part-finance the development of Residensi Astrea project in Mont'Kiara, Kuala Lumpur, secured by the following:-

- First Party Legal Charge over the development's land as disclosed in Note 22;
- Debentures (all monies): Fixed and Floating charge; and
- Corporate guarantee from Sunrise Berhad, the wholly-owned subsidiary of the Company.

MHSB utilised a total of RM24.5 million of the CMF-i at interest rates of 3.19% (2020: 4.63% to 4.71%) per annum during the financial year.

(c) On 21 March 2018, Ibarat Duta Sdn. Bhd. ("IDSB"), a wholly-owned subsidiary of the Company via Sunrise Berhad, obtained the following:-

- Commodity Murabahah Term Financing-i 1 ("CMTF-i 1") of up to RM60.0 million, to fully redeem the existing banking facility of up to RM60.0 million for the purpose of land acquisition;
- Commodity Murabahah Term Financing-i 2 ("CMTF-i 2") of up to RM140.0 million, to part-finance the development of Residensi Solaris Parq project in Mont'Kiara ("Residensi Solaris Parq project").

CMTF-i 1 & 2 are secured by the following:-

- Registered third party first legal mortgage over the land and building as disclosed in Note 22;
- Corporate Guarantee from Sunrise Berhad;
- Debenture over IDSB's present and future fixed and floating assets;
- Legal charge over Designated Accounts (except Housing Development Account);
- Assignment of rights, title, interest and benefits under all performance bonds, warranty and maintenance bonds (if any) in relation to Residensi Solaris Parq project;
- Assignment of IDSB's rights and benefits arising from all material contracts (including but not limited to the building agreement, design and construction contracts and Project Management and Marketing Contracts in relation to Residensi Solaris Parq project); and
- Assignment of rights, title, interest and benefits under all applicable takaful/insurance policies taken/ to be taken up by IDSB in relation to Residensi Solaris Parq project with the Bank where the bank is to be endorsed as Loss Payee.

The facility has been fully settled in the current financial year.

Note to the Financial Statements

31 December 2021

32. BORROWINGS (CONT'D.)

- (d) (i) In 2012, the Company established its Islamic Commercial Paper Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") with a combined nominal value of RM2.0 billion and a sub-limit on the ICP Programme of RM500.0 million in nominal value. Malaysian Rating Corporation Berhad ("MARC") has assigned a rating of MARC-1is/AA-is for the ICP and IMTN Programmes respectively.

The details of the IMTN issuances are as follows:

Issuance date	Tenure (Years)	Profit rate	At 1	Issuance	Repayment	At 31
			January		and others	December
			RM'million	RM'million	RM'million	RM'million
30 June 2014	7	4.90%	200	-	(200)	-
10 April 2015	7	4.80%	150	-	-	150
22 March 2019	5	4.75%	300	-	-	300
30 April 2020	1	3.70%	130	-	(130)	-
18 May 2020	1	3.70%	105	-	(105)	-
10 June 2020	3	4.00%	270	-	-	270
12 June 2020	3	4.00%	150	-	-	150
21 September 2020	3	3.90%	350	-	-	350
20 May 2021	5	4.60%	-	300	-	300
8 September 2021	5	4.40%	-	290	-	290
21 September 2021	4	4.25%	-	150	-	150
			1,655			1,960
Adjustments			-	-	(7)	(7)
			1,655			1,953

- (ii) In 2016, the Company established its second programme: ICP Programme and IMTN Programme with a combined nominal value of RM2.0 billion and a sub-limit on the ICP Programme of RM500.0 million in nominal value. MARC has assigned a rating of MARC-1is/AA-is for the ICP and IMTN Programmes respectively.

The details of the IMTN issuances are as follows:

Issuance date	Tenure (Years)	Profit rate	At 1	Issuance	Repayment	At 31
			January		and others	December
			RM'million	RM'million	RM'million	RM'million
20 May 2016	7	5.00%	500	-	-	500
11 December 2017	5	5.06%	300	-	-	300
11 December 2017	7	5.32%	100	-	-	100
31 October 2018	3	4.85%	350	-	(350)	-
31 October 2018	5	4.98%	100	-	-	100
31 October 2018	7	5.15%	250	-	-	250
18 February 2021	3	4.00%	-	230	-	230
18 February 2021	5	4.30%	-	170	-	170
			1,600			1,650

Note to the Financial Statements

31 December 2021

32. BORROWINGS (CONT'D.)

- (d) (iii) In 2021, the Company established its third programme: ICP Programme and IMTN Programme with a combined aggregate limit of up to RM4.0 billion in nominal value. MARC has assigned a rating of MARC-1 is/AA-is for the ICP and IMTN Programmes respectively.

No issuance made during the financial year.

- (e) The bank overdraft taken by Mega Legacy (M) Sdn. Bhd., an indirect subsidiary of the Company, bears interest rates of 5.64% (2020: 5.64% to 6.64%) per annum. In the prior financial year, the bank overdraft taken by Sunrise Berhad, a wholly-owned subsidiary of the Company, bears interest rates of 7.74% to 7.92% per annum, and has been fully repaid in the current year.
- (f) The Structured Commodity Financing-i facility ("SCF-i") of RM50 million was obtained by the Company in 2013. In 2015, the Company entered into an additional SCF-i Facility of RM50 million.

During the financial year, RM50 million was utilised for projects and working capital purposes, which bears profit rate of 3.60% to 4.08% (2020: 3.60% to 5.10%) per annum. RM100 million drawn down in the prior financial year has been fully repaid.

- (g) Reconciliation of liabilities arising from financing activities:

Group	<div> <div>Movement</div> <div> <div>Cash flows</div> <div>Non-cash changes</div> </div> </div>				
	2021	2020	Principal movement	Interest paid	Interest cost & others
	RM'000	RM'000	RM'000	RM'000	RM'000
IMTN	3,602,708	3,255,000	355,000	(157,028)	149,736
Term loans	102,293	121,046	(18,753)	(6,953)	6,953
Commodity Murabahah Finance	24,504	47,652	(24,404)	(1,749)	3,005
Revolving credits	420,640	564,160	(144,000)	(14,267)	14,747
Bank overdraft	4,823	5,537	-	-	(714) [^]
Structured commodity	50,000	100,000	(50,000)	(1,768)	1,768
	4,204,968	4,093,395	117,843	(181,765)	175,495

Presented in statements of financial position

	2021 RM'000	2020 RM'000
Non-current	3,205,262	2,600,292
Current	999,706	1,493,103
	4,204,968	4,093,395

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

Note to the Financial Statements

31 December 2021

32. BORROWINGS (CONT'D.)

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

Group	Movement				
			Cash flows		Non-cash
	2020	2019	Principal movement	Interest paid	Interest cost & others
	RM'000	RM'000	RM'000	RM'000	RM'000
Loan from immediate holding company	-	55,916	(55,555)	(679)	318
IMTN	3,255,000	2,600,000	655,000	(140,973)	140,973
Term loans	121,046	99,727	21,319	(5,703)	5,703
Commodity Murabahah Finance	47,652	105,525	(57,873)	(3,632)	3,632
Revolving credits	564,160	454,980	108,700	(18,766)	19,246
Bank overdraft	5,537	713	-	(308)	5,132 [^]
Structured commodity	100,000	70,000	30,000	(2,794)	2,794
	4,093,395	3,386,861	701,591	(172,855)	177,798

Presented in statements of financial position

	2020	2019
	RM'000	RM'000
Non-current	2,600,292	2,337,883
Current	1,493,103	1,048,978
	4,093,395	3,386,861

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

Note to the Financial Statements

31 December 2021

32. BORROWINGS (CONT'D.)

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

Company	Movement				
			Cash flows		Non-cash
	2021	2020	Principal movement	Interest paid	Interest cost & others
	RM'000	RM'000	RM'000	RM'000	RM'000
IMTN	3,602,708	3,255,000	355,000	(165,065)	157,773 [^]
Revolving credits	25,000	145,000	(120,000)	(3,726)	3,726
Structured commodity	50,000	100,000	(50,000)	(1,768)	1,768
	3,677,708	3,500,000	185,000	(170,559)	163,267

Presented in statements of financial position

	2021	2020
	RM'000	RM'000
Non-current	3,152,708	2,470,000
Current	525,000	1,030,000
	3,677,708	3,500,000

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

Company	Movement				
			Cash flows		Non-cash
	2020	2019	Principal movement	Interest paid	Interest cost & others
	RM'000	RM'000	RM'000	RM'000	RM'000
IMTN	3,255,000	2,600,000	655,000	(140,973)	140,973
Revolving credits	145,000	250,000	(105,000)	(10,032)	10,032
Structured commodity	100,000	70,000	30,000	(2,794)	2,794
	3,500,000	2,920,000	580,000	(153,799)	153,799

Presented in statements of financial position

	2020	2019
	RM'000	RM'000
Non-current	2,470,000	2,250,000
Current	1,030,000	670,000
	3,500,000	2,920,000

Note to the Financial Statements

31 December 2021

33. PROVISIONS

Group	Provision for public infrastructure RM'000 (Note a)	Provision for construction costs RM'000 (Note b)	Provision for foreseeable losses RM'000 (Note c)	Other provisions RM'000 (Note d)	Total RM'000
2021					
Non-current					
At 1 January	19,953	-	48,364	-	68,317
Utilisation	-	-	(38)	-	(38)
At 31 December	19,953	-	48,326	-	68,279
Current					
At 1 January	20,678	87,888	22,262	2,926	133,754
Additions	8,909	89,970	9,595	1,485	109,959
Utilisation	(3,094)	(81,807)	(3,044)	(927)	(88,872)
Reversal	-	(6,408)	-	-	(6,408)
At 31 December	26,493	89,643	28,813	3,484	148,433
2020					
Non-current					
At 1 January	19,953	-	48,451	-	68,404
Utilisation	-	-	(87)	-	(87)
At 31 December	19,953	-	48,364	-	68,317
Current					
At 1 January	17,650	140,336	17,208	2,481	177,675
Additions	5,519	86,817	5,054	445	97,835
Utilisation	(2,491)	(116,612)	-	-	(119,103)
Reversal	-	(22,653)	-	-	(22,653)
At 31 December	20,678	87,888	22,262	2,926	133,754

(a) Provision for public infrastructure

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

(b) Provision for construction costs

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

Note to the Financial Statements

31 December 2021

33. PROVISIONS (CONT'D.)

(c) Provision for foreseeable losses

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

(d) Other provisions

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

34. PAYABLES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables and accruals	(i)	476,520	510,099	-	-
Amount due to immediate holding company	(ii)	26,653	50,123	613	17,498
Amounts due to related parties	(ii)	1,026	3,870	606	606
Amount due to a director of minority shareholder of a subsidiary	(iii)	41,080	41,080	-	-
Other payables and accruals	(iv)	531,560	542,989	38,677	28,541
		1,076,839	1,148,161	39,896	46,645
Analysed into:					
Non-current		81,777	141,153	-	-
Current		995,062	1,007,008	39,896	46,645
		1,076,839	1,148,161	39,896	46,645

The normal trade credit terms granted to the Group range from 30 to 60 days (2020: 30 to 60 days).

- (i) Included in trade payables and accruals is an amount of RM79.3 million (2020: RM83.0 million) representing accrued project development cost.
- (ii) Amounts due to immediate holding company and related parties are unsecured and non-interest bearing with monthly installment of payment and credit terms of 30 days (2020: 30 days).
- (iii) Amount due to a director of minority shareholder of a subsidiary is unsecured and non-interest bearing with repayable of demand.

Note to the Financial Statements

31 December 2021

34. PAYABLES (CONT'D.)

(cont'd.)

(iv) Other payables and accruals

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sundry creditors*	203,029	200,188	3,020	2,989
Deposits received	26,549	30,803	-	-
Accruals**	301,982	311,998	35,657	25,552
	531,560	542,989	38,677	28,541

* Included in the current financial year's sundry creditors of the Group is the remaining purchase consideration RM60.9 million (2020: RM87.0 million) payable for the land acquisition in Cheras, Selangor.

** Included in accruals of the Group is an amount of accrued development charges payable to Datuk Bandar Kuala Lumpur amounting RM197.0 million.

35. DEFERRED INCOME

Unrealised profits

	Group	
	2021 RM'000	2020 RM'000
At 1 January	163,890	164,193
Realised during the year	(381)	(303)
At 31 December	163,509	163,890

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

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

Note to the Financial Statements

31 December 2021

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

(a) Credit risk

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

Generally, the Group does not require collateral in respect of its financial assets. The Group is not duly exposed to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument except as disclosed in Note 24. Furthermore, for property development in Malaysia, the developer has the option to terminate the sale and purchase agreement in the event of default by the purchaser.

The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statements of financial position. The Group's main financial assets are its receivables. Ageing analysis is disclosed in Note 24(vii).

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or group of receivables except for the land sales receivables representing 23% of the total gross receivables.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or group of receivables except for the dividend receivable from a subsidiary representing 98% (2020: 96%) of the total gross receivables and amount owing by a subsidiary representing 50% (2020: 47%) of the total gross amount due from subsidiaries as disclosed in Note 24 and Note 26 respectively.

Note to the Financial Statements

31 December 2021

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

(a) Credit risk (cont'd.)

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Financial assets</u>				
Receivables				
- Non-current (Note 24)	293,116	145,355	-	-
- Current*	364,704	388,701	5,507	4,806
Amounts due from subsidiaries				
- Non-current (Note 26)	-	-	2,875,651	2,732,283
- Current (Note 26)	-	-	1,005,481	971,470
Amounts due from associates				
- Non-current (Note 16(b))	-	9,745	-	-
- Current (Note 16(b))	389	950	221	221
Interests in joint ventures				
- Amounts due from joint ventures (Note 17(a))	184,506	182,273	-	-
Amounts due from joint ventures				
- Non-current (Note 17(b))	165,309	173,252	11,000	10,200
- Current (Note 17(b))	82,120	61,104	29,672	25,620
Short term investments (Note 27)	5,005	216,936	5,000	216,929
Cash, bank balances and deposits (Note 20)	853,027	1,086,269	61,360	23,487
	1,948,176	2,264,585	3,993,892	3,985,016

* Trade and other receivables exclude prepayments and tax recoverable.

Note to the Financial Statements

31 December 2021

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

(b) Foreign currency risk

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

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

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

	Functional currency of Group		Functional currency of Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Canadian Dollar ("CAD")	9,458	10,684	-	-
Singapore Dollar ("SGD")	8	8	-	-
South African Rand ("ZAR")	22,217	23,308	-	-
United States Dollar ("USD")	16,563	15,975	-	-
	48,246	49,975	-	-

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

	Effect on loss after tax			
	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
CAD / RM (strengthened 5%)	359	406	-	-
ZAR / RM (strengthened 5%)	844	886	-	-
USD / RM (strengthened 5%)	629	619	-	-

Note to the Financial Statements

31 December 2021

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

(c) Liquidity and cash flow risk

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

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

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade and other payables (Note 34)	1,076,839	1,148,161	39,896	46,645
Borrowings (Note 32)	4,204,968	4,093,395	3,677,708	3,500,000
Lease liabilities (Note 13)	9,002	20,428	5,469	11,619
Amounts due to subsidiaries (Note 26)	-	-	167,565	226,431
Amount due to an associate	-	-	49	-
	5,290,809	5,261,984	3,890,687	3,784,695

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

	2021			Total RM'000
	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	
Group				
Trade and other payables	995,062	81,777	-	1,076,839
Loans and borrowings	1,163,298	1,485,805	1,966,711	4,615,814
Lease liabilities (Note 13)	8,883	288	-	9,171
Corporate guarantee **	213	-	-	213
	2,167,456	1,567,870	1,966,711	5,702,037
Company				
Trade and other payables	39,896	-	-	39,896
Loans and borrowings	685,000	1,483,857	1,919,337	4,088,194
Lease liabilities (Note 13)	5,446	128	-	5,574
Corporate guarantee **	309,060	-	-	309,060
Amounts due to subsidiaries	21,755	53,055	105,662	180,472
Amount due to an associate	49	-	-	49
	1,061,206	1,537,040	2,024,999	4,623,245

Note to the Financial Statements

31 December 2021

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

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

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

	2020			Total RM'000
	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	
Group				
Trade and other payables	1,007,008	68,214	72,939	1,148,161
Loans and borrowings	1,637,355	651,536	2,159,186	4,448,077
Lease liabilities (Note 13)	12,549	8,601	128	21,278
Corporate guarantee **	6,200	-	-	6,200
	2,663,112	728,351	2,232,253	5,623,716
Company				
Trade and other payables	46,645	-	-	46,645
Loans and borrowings	1,168,606	558,968	2,114,510	3,842,084
Lease liabilities (Note 13)	6,550	5,446	128	12,124
Corporate guarantee **	309,270	-	-	309,270
Amounts due to subsidiaries	24,836	-	225,827	250,663
	1,555,907	564,414	2,340,465	4,460,786

** Based on the maximum amount that can be called for under the corporate guarantees. No default has occurred as at the end of the financial year.

(d) Interest rate risk

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

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

	Group	
	2021 %	2020 %
Financial assets		
Floating rate	1.01%	0.36%
Financial liabilities		
Fixed rate	4.59%	4.63%
Floating rate	3.49%	3.45%

Note to the Financial Statements

31 December 2021

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

(d) Interest rate risk (cont'd.)

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

	Group	
	2021	2020
	%	%
Financial liabilities		
Commodity Murabahah Finance	3.19%	3.31%
Term loans	4.07%	4.11%
Revolving credits	3.28%	3.27%
Bank overdraft	5.64%	6.32%
IMTN	4.59%	4.63%
Lease liabilities	4.90%	4.90%
Structured commodity	4.08%	3.60%

At the reporting date, if the interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss after tax will be lower/higher by approximately RM469,000 (2020: RM656,000) as a result of higher/lower interest expense on borrowings.

(e) Market risk

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

Note to the Financial Statements

31 December 2021

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2021 RM'000	2020 RM'000
Paid/payable to UEM:		
- Rental	(7,800)	(6,717)
- Information technology shared cost	-	(2,008)
- Interest on loan	-	(7)
Paid/payable to UEM Sunrise Edgenta TMS Sdn. Bhd., an associate:		
- Management fees	-	(73)
Realisation of land sales to joint ventures:		
- Horizon Hills Development Sdn. Bhd.	366	1,668
- Haute Property Sdn. Bhd.	275	88
- Sarandra Malaysia Sdn. Bhd.	396	463
Paid/payable to Telekom Malaysia Berhad, Khazanah Group's associate company:		
- Smart building services	(1,708)	(1,055)
Interest income from joint ventures:		
- Desaru North Course Residences Sdn. Bhd.	238	90
- Sime Darby Property Sunrise Development Sdn. Bhd.	4,450	4,124
- Nusajaya Lifestyle Sdn. Bhd.	150	153
- Nusajaya Consolidated Sdn. Bhd.	637	646
- Haute Property Sdn. Bhd.	3,725	13,798
Interest income from an associate:		
- Sarandra Malaysia Sdn. Bhd.	431	176
Rental income from a joint venture:		
- UEM Sunrise WOTSO Malaysia Sdn. Bhd.	-	197
Management fees received/receivable from joint ventures:		
- Nusajaya Tech Park Sdn. Bhd.	-	59
- Cahaya Jauhar Sdn. Bhd.	420	420
- Nusajaya Premier Sdn. Bhd.	-	117
- Desaru North Course Residences Sdn. Bhd.	745	403
- Nusajaya Lifestyle Sdn. Bhd.	108	128
Professional services rendered by firms related to directors of the Company:		
- Nawawi Tie Leung group of companies	(78)	(478)
Sales of properties to:		
- Directors of the Company	-	1,557

Note to the Financial Statements

31 December 2021

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (cont'd.)

	Company	
	2021 RM'000	2020 RM'000
Dividend from subsidiaries	136,875	134,000
Management fees from subsidiaries	89,096	86,854
Interest income from subsidiaries	140,274	135,031
Interest income from joint ventures	716	-
Paid/payable to UEM:		
- Information technology shared cost	-	(2,008)
Rental paid/payable to subsidiaries	(4,694)	(4,870)

Related parties refer to:

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

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

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries and other emoluments	9,555	10,903	7,161	7,557
Bonus and separation scheme	1,293	1,812	1,267	1,422
Defined contribution plan	1,324	1,721	1,049	1,274
Benefits-in-kind	702	696	668	586
Other benefits	-	82	-	82
	12,874	15,214	10,145	10,921
Included in compensation of key management personnel are executive director's remuneration (Note 5(i))	-	1,587	-	1,587

Note to the Financial Statements

31 December 2021

38. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Corporate guarantees issued to bank for credit facilities granted to:				
- joint ventures	205	5,959	-	-
- a subsidiary	-	-	300,000	300,000
	205	5,959	300,000	300,000

(a) Income tax assessment

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

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

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

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

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

The hearing which was initially fixed on 14 and 15 September 2021 was vacated. The SCIT has fixed the matter for hearing on 29 and 30 August 2022.

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

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

The Claim seeks, amongst others, for:

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

Note to the Financial Statements

31 December 2021

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

(b) (cont'd.)

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

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

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

The appeal for this case has been scheduled for hearing on 28 April 2022.

UEM Land denies allegations made by the Plaintiffs and is vigorously defending the Claim. Based on the foregoing, at this juncture, the Claim has no material financial and operational impact to the Group and the Company. The Company's solicitor is of the view that UEM Land has a reasonably good chance of success in defending the Plaintiffs' case against UEM Land.

(c) By way of a Notice of Arbitration ("NOA") dated 17 April 2019, Ireka commenced arbitration proceedings against UEM Land for certain disputes arising from the Letter of Award dated 15 June 2012 ("LOA") for the construction of Imperia in Puteri Harbour, Iskandar Puteri, Johor ("Project"). The Asian International Arbitration Centre has appointed Mr. Wayne Martin from Australia as the arbitrator in this matter.

Based on the Statement of Claim dated 27 December 2019, Ireka is seeking inter-alia, 372 days of extension of time or alternatively for time at large declaration, RM20,395,000 for loss and expense, RM29,250,000 for the amount allegedly due to Ireka pursuant to the Statement of Final Account or alternatively any other amount assessed by the Arbitral Tribunal, interest on all sums directed to be paid from such date as the Tribunal deems fit and costs.

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

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

The list of issues to be addressed by the expert and list of non-contentious facts were filed on 18 May 2021. Witness statements were exchanged on 25 October 2021. Procedural hearing was fixed on 11 November 2021 for the purpose of, amongst others, setting timeline to exchange rebuttal witness statements and expert reports. The parties have exchanged the expert reports in reply on 14 February 2022 and rebuttal factual witness statements on 7 March 2022. The parties' respective experts held a without prejudice meeting on 7 March 2022, and to deliver a joint expert report thereafter by 7 April 2022. The hearing dates are now fixed for 23 May 2022 to 3 June 2022.

Note to the Financial Statements

31 December 2021

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

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

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

After taking into account the advice from both the Company's tax consultants and solicitors, the Company believes that there are reasonable grounds to appeal and contest the basis of the assessments.

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

The case management for UEM Land's case is fixed on 13 June 2022, whilst for Symphony Hills is fixed on 1 June 2022.

39. CAPITAL COMMITMENTS

	Group	
	2021 RM'000	2020 RM'000
In respect of purchase of property, plant and equipment, and investment properties:		
Approved and contracted for	4,185	14,565
Approved but not contracted for	392,546	404,069
	396,731	418,634

Note to the Financial Statements

31 December 2021

40. FAIR VALUES

The following are fair value of financial instruments by classes:

	2021		2020	
	Carrying amount RM'000	Fair values (Level 3) RM'000	Carrying amount RM'000	Fair values (Level 3) RM'000
Group				
Borrowings (non-current portion)	3,205,262	3,181,182	2,600,292	2,549,604
Company				
Borrowings (non-current portion)	3,152,708	3,128,628	2,470,000	2,419,311

As stipulated in Amendments to *MFRS 7: Improving Disclosure about Financial Instruments*, the Group and the Company are required to classify fair value measurement using a fair value hierarchy. The fair value hierarchy would have the following levels:

- Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Note to the Financial Statements

31 December 2021

40. FAIR VALUES (CONT'D.)

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

	Level 1 RM'000	Level 2 RM'000	Total RM'000
At 31 December 2021:			
Assets			
Group			
Short term investments:			
Financial and other assets at fair value through other comprehensive income	5	-	5
Financial asset at fair value through profit or loss	-	5,000	5,000
	5	5,000	5,005
Company			
Short term investment:			
Financial asset at fair value through profit or loss	-	5,000	5,000
At 31 December 2020:			
Assets			
Group			
Short term investments:			
Financial assets at fair value through other comprehensive income	7	-	7
Financial asset at fair value through profit or loss	5,000	216,929	221,929
	5,007	216,929	221,936
Company			
Short term investment:			
Financial asset at fair value through profit or loss	5,000	216,929	221,929

Note to the Financial Statements

31 December 2021

40. FAIR VALUES (CONT'D.)

Determination of fair values

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

Receivables (Note 24)

Payables (Note 34)

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

(a) Borrowings (current)

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

(b) Unquoted debt securities and corporate bonds

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

(c) Long term receivables/payables

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

(d) Corporate guarantees

Fair value of all unexpired corporate guarantees given to bank for credit facilities granted to subsidiaries was assessed to be RMNil (2020: RMNil) at the inception of issuance of the guarantees due to the likelihood of the guaranteed party defaulting is nil within the guaranteed period.

Note to the Financial Statements

31 December 2021

40. FAIR VALUES (CONT'D.)

Non financial instruments

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

Quantitative disclosures fair value measurement hierarchy for asset:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2021:				
Assets for which fair value are disclosed:				
Investment properties (Note 12)	-	-	1,082,102	1,082,102
At 31 December 2020:				
Assets for which fair value are disclosed:				
Investment properties (Note 12)	-	-	1,103,121	1,103,121

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

As at 31 December 2021, accredited independent valuers have been engaged to perform a valuation of the Group's properties. Depending on the types of properties, the independent valuers applied various valuation techniques.

Description of valuation techniques used and key inputs:

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

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

The income approach uses valuation techniques to convert estimated future amounts of cash flows or income to a single present value (discounted) amount. To this estimated future amounts of cash flows or income, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

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

Note to the Financial Statements

31 December 2021

40. FAIR VALUES (CONT'D.)

Non financial instruments (cont'd.)

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

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

There are no externally imposed capital requirements.

42. SEGMENT INFORMATION

(a) Business unit segments

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

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

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

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

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

Note to the Financial Statements

31 December 2021

42. SEGMENT INFORMATION (CONT'D.)

(b) Geographical segments

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

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

Business segment information

At 31 December 2021	Property development RM'000	Property investment and hotel operation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	1,090,451	54,521	39,539	-	1,184,511
Inter-segment revenue	-	1,476	97,405	(98,881)	-
Total revenue	1,090,451	55,997	136,944	(98,881)	1,184,511
Results					
Segment results	20,101	(33,944)	(29,983)	(38,364)	(82,190)
Finance costs	(102,877)	(38,369)	(41,830)	38,364	(144,712)
Share of results of associates	9,820	-	1,334	-	11,154
Share of results of joint ventures	14,858	(13,031)	-	-	1,827
Loss before zakat and income tax	(58,098)	(85,344)	(70,479)	-	(213,921)
Tax benefit/(expense)	3,732	550	(2,486)	-	1,796
Loss for the year	(54,366)	(84,794)	(72,965)	-	(212,125)
Attributable to:					
Owners of the parent	(54,426)	(84,794)	(73,827)	-	(213,047)
Non-controlling interests	60	-	862	-	922
Loss for the year	(54,366)	(84,794)	(72,965)	-	(212,125)

Note to the Financial Statements

31 December 2021

42. SEGMENT INFORMATION (CONT'D.)

Business segment information (cont'd.)

At 31 December 2021	Property development RM'000	Property investment and hotel operation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segment assets	10,577,672	971,972	292,634	(740,559)	11,101,719
Interests in:					
- associates	850,358	-	-	-	850,358
- joint ventures	813,822	79,516	-	-	893,338
Income tax assets	104,688	366	1,944	-	106,998
Total assets	12,346,540	1,051,854	294,578	(740,559)	12,952,413
Liabilities					
Segment liabilities	5,167,777	841,494	883,669	(740,559)	6,152,381
Income tax liabilities	3,813	-	168	-	3,981
Total liabilities	5,171,590	841,494	883,837	(740,559)	6,156,362
Other information					
Additions to non-current assets	1,078,400	10,943	2,361	-	1,091,704
Depreciation and amortisation	(9,427)	(26,224)	(20,657)	-	(56,308)

Note to the Financial Statements

31 December 2021

42. SEGMENT INFORMATION (CONT'D.)

Business segment information (cont'd.)

At 31 December 2020	Property development RM'000	Property investment and hotel operation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	1,031,728	65,119	40,034	-	1,136,881
Inter-segment revenue	-	1,631	96,679	(98,310)	-
Total revenue	1,031,728	66,750	136,713	(98,310)	1,136,881
Results					
Segment results	106,523	(46,687)	(20,287)	(37,352)	2,197
Finance costs	(93,091)	(34,149)	(42,962)	37,352	(132,850)
Share of results of associates	(7,195)	-	(433)	-	(7,628)
Share of results of joint ventures	(34,853)	(22,197)	-	-	(57,050)
Loss before zakat and income tax	(28,616)	(103,033)	(63,682)	-	(195,331)
Zakat	(1,080)	-	-	-	(1,080)
Tax (expense)/benefit	(79,348)	13	(970)	-	(80,305)
Loss for the year	(109,044)	(103,020)	(64,652)	-	(276,716)
Attributable to:					
Owners of the parent	(109,000)	(103,020)	(65,264)	-	(277,284)
Non-controlling interests	(44)	-	612	-	568
Loss for the year	(109,044)	(103,020)	(64,652)	-	(276,716)

Note to the Financial Statements

31 December 2021

42. SEGMENT INFORMATION (CONT'D.)

Business segment information (cont'd.)

At 31 December 2020	Property development RM'000	Property investment and hotel operation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segment assets	11,179,215	994,584	421,844	(689,133)	11,906,510
Inteests in:					
- associates	485,439	-	1,172	-	486,611
- joint ventures	898,350	90,662	-	-	989,012
Income tax assets	95,827	348	1,605	-	97,780
Total assets	12,658,831	1,085,594	424,621	(689,133)	13,479,913
Liabilities					
Segment liabilities	5,173,482	793,266	812,709	(689,133)	6,090,324
Income tax liabilities	18,489	-	519	-	19,008
Total liabilities	5,191,971	793,266	813,228	(689,133)	6,109,332
Other information					
Additions to non-current assets	367,162	4,485	6,767	-	378,414
Depreciation and amortisation	(10,592)	(24,361)	(22,009)	-	(56,962)

Note to the Financial Statements

31 December 2021

42. SEGMENT INFORMATION (CONT'D.)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2021	2020
	RM'000	RM'000
Malaysia	1,142,743	687,004
Australia	40,110	448,114
Singapore	1,658	1,763
	1,184,511	1,136,881

	Non-current assets	
	2021	2020
	RM'000	RM'000
Malaysia	9,560,825	9,697,939
Australia	256,985	126,895
South Africa	11,277	12,890
Singapore	-	1,124
	9,829,087	9,838,848

Note to the Financial Statements

31 December 2021

43. SUBSIDIARIES

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2021 %	2020 %
Nusajaya Five O Sdn. Bhd.	Ceased operations	Malaysia	100	100
Nusajaya Resort Sdn. Bhd.	Operator of clubhouse and restaurant	Malaysia	100	100
Sunrise Berhad	Property development and investment holding	Malaysia	100	100
UEM Land Berhad	Property development, property investment, project procurement and management, and strategic investment holding	Malaysia	100	100
UEM Sunrise (Australia) Sdn. Bhd.	Investment holding	Malaysia	100	100
UEM Sunrise (Canada) Sdn. Bhd.	Investment holding, property development and general trading	Malaysia	100	100
UEM Sunrise Management Services Sdn. Bhd.	Investment holding	Malaysia	100	100
UEM Sunrise Properties Sdn. Bhd.	Investment holding, property development and general trading	Malaysia	100	100
Subsidiaries of Sunrise Berhad				
Arcoris Sdn. Bhd.	Property investment and development	Malaysia	100	100
Ascot Assets Sdn. Bhd.	Property development	Malaysia	100	100
Allevia Sdn. Bhd.	Property investment, development and construction	Malaysia	100	100
Aurora Tower at KLCC Sdn. Bhd.	Property development	Malaysia	100	100
Ibarat Duta Sdn. Bhd.	Property development	Malaysia	100	100
Laser Tower Sdn. Bhd.	Property development	Malaysia	100	100

Note to the Financial Statements

31 December 2021

43. SUBSIDIARIES (CONT'D.)

			Effective interest	
			2021	2020
Name of subsidiaries	Principal activities	Country of incorporation	%	%
Subsidiaries of Sunrise Berhad (cont'd.)				
Lembah Suria Sdn. Bhd.	Property development	Malaysia	100	100
Lucky Bright Star Sdn. Bhd.	Property investment and development	Malaysia	100	100
Mega Legacy (M) Sdn. Bhd.	Property development	Malaysia	50	50
Milik Harta Sdn. Bhd.	Property development	Malaysia	100	100
New Planet Trading Sdn. Bhd.	Property investment and development	Malaysia	100	100
Prinsip Eramaju Sdn. Bhd.	Property development	Malaysia	100	100
** SCM Property Services Sdn. Bhd.	Provision of property management services	Malaysia	100	100
Solid Performance Sdn. Bhd.	Property development	Malaysia	100	100
Summer Suites Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Alliance Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Benchmark Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Century Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Innovations Sdn. Bhd.	Property development	Malaysia	100	100
* Sunrise International Development Ltd.	Investment holding	The Cayman Islands	100	100
Sunrise Landmark Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Mersing Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Oscar Sdn. Bhd.	Investment holding	Malaysia	100	100
Sunrise Overseas Corporation Sdn. Bhd.	Investment holding and provision of management services	Malaysia	100	100

Note to the Financial Statements

31 December 2021

43. SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2021 %	2020 %
Subsidiaries of Sunrise Berhad (cont'd.)				
Sunrise Paradigm Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Pioneer Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Project Services Sdn. Bhd.	Property development and project management for property development projects	Malaysia	100	100
Sunrise Quality Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Region Sdn. Bhd.	Property development	Malaysia	100	100
Sunrise Sovereign Sdn. Bhd.	Property development and investment holding	Malaysia	100	100
Sun Victory Sdn. Bhd.	Property investment and development, and hotel operations	Malaysia	100	100
Sunrise MS Pte. Ltd.	Provision of consultancy, advisory and technical services in relation to project development	Singapore	100	100
Sunrise Overseas (S) Pte. Ltd.	Promotion and management services relating to the Group's properties in Malaysia	Singapore	100	100
* ^^ Sunrise Hospitality and Leisure Sdn. Bhd.	Dissolved	Malaysia	-	100
Subsidiary of Sunrise Oscar Sdn. Bhd.				
Sunrise DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	100	100
Subsidiary of Sunrise International Development Ltd.				
Sunrise Holdings S.à.r.l.	Investment holding	The Grand Duchy of Luxembourg	100	100

Note to the Financial Statements

31 December 2021

43. SUBSIDIARIES (CONT'D.)

			Effective interest	
		Country of incorporation	2021 %	2020 %
Name of subsidiaries	Principal activities			
Subsidiary of Sunrise Holdings S.à.r.l.				
*	Canada Sunrise Development Corp.	Property investment and development	Canada	100
Subsidiaries of UEM Land Berhad				
^	Aura Muhibah Sdn. Bhd.	Property development	Malaysia	60
	Bandar Nusajaya Development Sdn. Bhd.	Investment holding, property development, land trading and an agent for its subsidiaries	Malaysia	100
	Finwares Sdn. Bhd.	Investment holding	Malaysia	100
	Fleet Group Sdn. Bhd.	Investment holding	Malaysia	100
	Mahisa Sdn. Bhd.	Property development and undertakes construction and turnkey development contracts	Malaysia	100
	Marak Unggul Sdn. Bhd.	Dormant	Malaysia	50
	Marina Management Sdn. Bhd.	Property management	Malaysia	100
	Nusajaya Development Sdn. Bhd.	Property development	Malaysia	100
*	Nusajaya Medical Park Sdn. Bhd.	Construct, manage and/or operate specialised buildings for long-term lease and property development	Malaysia	100
	UEM Sunrise Overseas Corporation Sdn. Bhd.	Investment holding	Malaysia	100
*	Hatibudi Nominees (Tempatan) Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	100
*	UEM Sunrise Nusantara Sdn. Bhd.	In Member's Voluntary Winding Up	Malaysia	100

Note to the Financial Statements

31 December 2021

43. SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2021 %	2020 %
Subsidiaries of Bandar Nusajaya Development Sdn. Bhd.				
Nusajaya Gardens Sdn. Bhd.	Land trading and investment holding	Malaysia	100	100
Nusajaya Greens Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
Nusajaya Heights Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
Nusajaya Industrial Park Sdn. Bhd.	Property development	Malaysia	100	100
Nusajaya Land Sdn. Bhd.	Property development	Malaysia	100	100
Nusajaya Rise Sdn. Bhd.	Property development, land trading, investment holding and money lending activity	Malaysia	100	100
Nusajaya Seaview Sdn. Bhd.	Land trading and investment holding Malaysia	Malaysia	100	100
Symphony Hills Sdn. Bhd.	Property development, land trading and investment holding	Malaysia	100	100
Subsidiary of UEM Sunrise Nusantara Sdn. Bhd. (In Member's Voluntary Winding Up)				
P.T. Bias Permata	Investment holding	Indonesia	100	100
Subsidiary of UEM Sunrise Overseas Corporation Sdn. Bhd.				
* UEM Sunrise South Africa (Pty) Ltd.	Investment holding	South Africa	100	100
Subsidiary of UEM Sunrise South Africa (Pty) Ltd.				
* Roc-Union (Proprietary) Ltd.	Investment holding	South Africa	80.4	80.4

Note to the Financial Statements

31 December 2021

43. SUBSIDIARIES (CONT'D.)

				Effective interest	
			Country of incorporation	2021	2020
Name of subsidiaries		Principal activities		%	%
Subsidiary of Roc-Union (Proprietary) Ltd.					
*	Rocpoint (Proprietary) Ltd.	Acquisition and development of land	South Africa	80.4	80.4
Subsidiaries of UEM Sunrise (Australia) Sdn. Bhd.					
	UEM Sunrise (Land) Pty. Ltd.	Holding and financing company	Australia	100	100
	UEM Sunrise (Developments) Pty. Ltd.	Holding and financing company	Australia	100	100
Subsidiaries of UEM Sunrise (Land) Pty. Ltd.					
	UEM Sunrise (La Trobe Street) Pty. Ltd.	Trustee company	Australia	100	100
	UEM Sunrise (Mackenzie Street) Pty. Ltd.	Trustee company	Australia	100	100
@	UEM Sunrise (St Kilda Road) Pty. Ltd.	Trustee company	Australia	-	100
	UEM Sunrise (Collingwood) Pty. Ltd.	Trustee company	Australia	100	100
#	UEM Sunrise (La Trobe Street) Unit Trust	Landowning entity	Australia	100	100
#	UEM Sunrise (Mackenzie Street) Unit Trust	Landowning entity	Australia	100	100
#@@	UEM Sunrise (St Kilda Road) Unit Trust	Landowning entity	Australia	-	100
#	UEM Sunrise (Collingwood) Unit Trust	Land holding entity	Australia	100	100

Note to the Financial Statements

31 December 2021

43. SUBSIDIARIES (CONT'D.)

				Effective interest	
				2021	2020
	Name of subsidiaries	Principal activities	Country of incorporation	%	%
	Subsidiaries of UEM Sunrise (Developments) Pty. Ltd.				
#	UEM Sunrise (La Trobe Street Development) Pty. Ltd.	Development company	Australia	100	100
#	UEM Sunrise (Mackenzie Street Development) Pty. Ltd.	Development company	Australia	100	100
#	UEM Sunrise (St Kilda Road Development) Pty. Ltd.	Development company	Australia	100	100
#	UEM Sunrise (Collingwood Development) Pty. Ltd.	Project Development	Australia	100	100
#	UEM Sunrise (Aurora Melbourne Central Property Management) Pty. Ltd.	Property management services	Australia	100	100
#	UEM Sunrise (Conservatory Melbourne Property Management) Pty. Ltd.	Property management services	Australia	100	100
	Subsidiaries of UEM Sunrise Management Services Sdn. Bhd.				
	UEM Sunrise Project Services Sdn. Bhd.	Project management for property development	Malaysia	100	100
	Rise Digital Sdn. Bhd.	Provision of digital services	Malaysia	100	100

Note to the Financial Statements

31 December 2021

43. SUBSIDIARIES (CONT'D.)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest	
			2021 %	2020 %
Subsidiaries of UEM Sunrise Properties Sdn. Bhd.				
UEM Sunrise Nusajaya Properties Sdn. Bhd.	Property investment	Malaysia	100	100
Nusajaya DCS Sdn. Bhd.	Provision of cooling plant facility services	Malaysia	100	100
Opera Retreat Sdn. Bhd.	Property investment	Malaysia	100	100
Puteri Harbour Convention Centre Sdn. Bhd.	Own and operate a convention centre	Malaysia	100	100

Note:

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

** Subsequent to year end, the company has been disposed on 18 March 2022. Details are disclosed in Note 46.

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

^ Aura Muhibah Sdn. Bhd., previously a subsidiary that has been classified as an associate as a result of disposal of 20% equity interest by the Group. Details are disclosed in Note 47.

^^ Dissolved pursuant to Section 459(5) of the Companies Act 2016.

@ The subsidiary was dissolved on 16 May 2021 by way of voluntary deregistration under Corporations Act 2001.

@@ The trust was vested on 19 January 2021 by the Trustee and Unitholder in accordance with the provisions of the Vesting Deed and Trust Deed.

Note to the Financial Statements

31 December 2021

44. ASSOCIATES

Name of associates	Principal activities	Country of incorporation	Effective interest	
			2021 %	2020 %
UEM Sunrise Edgenta TMS Sdn. Bhd.	Investment holding and provision of real estate management services	Malaysia	30	30
Associates of UEM Land Berhad				
* Inneonusa Sdn. Bhd.	Provision of smart building infrastructure, smart safety and security system, smart in-building services and smart wide services including smart tenant services for building owners, operators, residents and visitors	Malaysia	39	39
^ Aura Muhibah Sdn. Bhd.	Property development	Malaysia	40	-
* Setia Haruman Sdn. Bhd.	Township development, property development, project development and sale of land	Malaysia	25	25
* Scope Energy Sdn. Bhd.	Property development	Malaysia	40	40
Sarandra Malaysia Sdn. Bhd.	Investment holding company, constructing, managing and developing of marina club	Malaysia	40	40
Associate of Rocpoint (Proprietary) Ltd.				
* Durban Point Development Company (Proprietary) Ltd.	Property development	South Africa	40.2	40.2

Note:

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

^ Aura Muhibah Sdn. Bhd., previously a subsidiary that has been classified as an associate as a result of disposal of 20% equity interest by the Group. Details are disclosed in Note 47.

Note to the Financial Statements

31 December 2021

45. JOINT VENTURES

Name of joint ventures	Principal activities	Country of incorporation	Effective interest	
			2021 %	2020 %
Desaru North Course Residences Sdn. Bhd.	Property development	Malaysia	51	51
Desaru South Course Land Sdn. Bhd.	Property development	Malaysia	51	51
Desaru South Course Residences Sdn. Bhd.	Property development	Malaysia	51	51
Nusajaya Premier Sdn. Bhd.	Property development and investment holding	Malaysia	80	80
Nusajaya Lifestyle Sdn. Bhd.	Property and real estate development, management and property management	Malaysia	55	55
* Malaysian Bio-XCell Sdn. Bhd.	Development and operation of a biotechnology park in the Southern Industrial Logistics Cluster in Iskandar Puteri, Iskandar Malaysia, Johor (In receivership and in liquidation)	Malaysia	40	40
Joint ventures of UEM Land Berhad				
Cahaya Jauhar Sdn. Bhd.	Undertake the turnkey design and build contract for the development of the Johor State New Administrative Centre (now known as Kota Iskandar) and State Government staff housing in Iskandar Puteri, Johor and provision of facilities maintenance and management services	Malaysia	60	60
* ^ Gerbang Leisure Park Sdn. Bhd.	Striking-off	Malaysia	50	50
Horizon Hills Development Sdn. Bhd.	Property development	Malaysia	50	50

Note to the Financial Statements

31 December 2021

45. JOINT VENTURES (CONT'D.)

			Effective interest		
		Country of incorporation	2021 %	2020 %	
Name of joint ventures	Principal activities				
Joint ventures of UEM Land Berhad (cont'd.)					
	Nusajaya Tech Park Sdn. Bhd.	Property development	Malaysia	40	40
*	Nusajaya Consolidated Sdn. Bhd.	Property development and related activities	Malaysia	50	50
*	Haute Property Sdn. Bhd.	Property development and property marketing	Malaysia	40	40
	FASTrack Iskandar Sdn. Bhd.	Property development and to develop, construct, operate and manage motorsport city with related facilities and services	Malaysia	30	30
Joint ventures of Sunrise Berhad					
*	Sime Darby Property Sunrise Development Sdn. Bhd.	Property development	Malaysia	50	50
*	Sunrise MCL Land Sdn. Bhd.	Property development and property investment	Malaysia	50	50
Joint venture of UEM Sunrise Properties Sdn. Bhd.					
*	UEM Sunrise WOTSO Malaysia Sdn. Bhd.	Provision of flexible commercial office tenancies	Malaysia	50	50

Note:

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

^ During the financial year, the joint venture company submitted its application to the Companies Commission of Malaysia ("CCM") to strike off its name from the register of CCM pursuant to Section 550 of the Companies Act 2016. The joint venture company had been struck off from register and dissolved following the publication of the notice of striking off pursuant to Section 551 (3) of the Companies Act 2016 on 3 March 2022.

Note to the Financial Statements

31 December 2021

46. SUBSEQUENT EVENT

A Share Sale and Purchase Agreement ("SSPA") between Sunrise Berhad ("SB"), a wholly-owned subsidiary of the Company and SCM Property Management Sdn. Bhd. ("Purchaser") for the disposal of SB's 100% equity interest held in SCM Property Services Sdn. Bhd. ("SCM") comprising 2,501,000 ordinary shares for a total consideration of RM1.7 million to the Purchaser was completed on 18 March 2022.

The transactions does not give rise any significant impact to the statement of profit or loss and the statement of financial position of the Group.

47. DISPOSAL OF CONTROLLING INTEREST IN A SUBSIDIARY

On 17 June 2021, UEM Land Berhad ("UEML"), a wholly-owned subsidiary of the Company, completed the Share Sale Agreement with KLK Land Sdn. Bhd. ("KLKL") for the disposal of 50,000 ordinary shares and 180 million redeemable non-convertible non-cumulative preference shares ("RPS") in Aura Muhibah Sdn. Bhd. ("AMSB") representing UEML's 20% equity in AMSB to KLKL ("SSA") for a total sale consideration of RM182.6 million. A new shareholders agreement ("SHA") between UEML and KLKL was entered and consequently, AMSB ceased to be an indirect subsidiary and has become an indirect associate of the Company.

UEML grants KLKL a call option to buy, and KLKL grants UEML a put option to sell, respectively, on UEML's remaining 40% equity in AMSB. The option price will be based on AMSB's adjusted Net Tangible Assets at the point of exercising the option. As at the reporting date, the options amounted to RM6.6 million.

The effects of the 20% disposal to the statement of profit or loss of the Group are as follows:

	2021 RM'000
(i) Loss on disposal of 20% interest in AMSB:	
Proceeds from disposal	182,644
Carrying value of 20% interest in AMSB	(183,486)
Loss on disposal of 20% interest in AMSB	(842)
(ii) Fair value adjustment of remaining 40% interest in AMSB, including options:	
Fair value of 40% interest in AMSB, including options	357,158
Carrying value of 40% interest in AMSB	(366,971)
Fair value adjustment of 40% interest in AMSB	(9,813)
Total loss recognised at the Group	(10,655)

Note to the Financial Statements

31 December 2021

47. DISPOSAL OF CONTROLLING INTEREST IN A SUBSIDIARY (CONT'D.)

The effect of the 20% disposal to the statement of financial position of the Group is as follows:

	2021 RM'000
Land held for property development	901,373
Receivables	1,138
Cash and bank balances	16,354
Payables	(1,262)
Tax payables	(173)
Provision for auditor's remuneration	(2)
Net identifiable assets of AMSB	917,428
Less: Non-controlling interests	(366,971)
Group's share of net assets disposed	550,457
Carrying value of 20% interest in AMSB	(183,486)
Net assets of AMSB deconsolidated at Group	366,971

The effect of the 20% disposal on statement of cash flows of the Group is as follows:

	2021 RM'000
Consideration received, satisfied in cash	182,644
Less: Retention sum	(5,479)
Less: Deposit received in prior year	(12,785)
Less: Cash and balances disposed	(16,354)
Net cash flow from disposal to the Group	148,026

GRI Content Index

Disclosure	Reference page/section	Reason for Omission(s)
ORGANISATIONAL PROFILE		
102-1 Name of the organisation	Cover page	
102-2 Activities, brands, products, and services	Corporate Profile, page 6 Group Corporate Structure, page 11	
102-3 Location of headquarters	Corporate Profile, page 6	
102-4 Location of operations	Corporate Profile, page 6 Group Corporate Structure, page 11	
102-5 Ownership and legal form	Group Corporate Structure, page 11	
102-6 Markets served	Group Corporate Structure, page 11	
102-7 Scale of the organisation	Group Corporate Structure, page 11	
102-8 Information on employees and other workers	Valuing Our People, page 69	
102-9 Supply chain	Market Landscape, pages 88-93	
102-10 Significant changes to the organisation and its supply chain	Not available during this reporting period	There were no significant changes to the organisation and its supply chain during this financial year
102-11 Precautionary Principle or approach	Our Materiality, pages 94 - 95	
102-12 External initiatives	United Nations Sustainable Development Goals in Sustainability Review, pages 58, 65, 69 and 82	
102-13 Membership of associations	Corporate Governance Overview Statement, pages 135 - 137	
STRATEGY		
102-14 Statement from senior decision-maker	Chairman's Letter to Shareholders, pages 12 - 17 CEO's Letter to Shareholders, pages 18 - 25	
102-15 Key impacts, risks, and opportunities	CEO's Letter to Shareholders, pages 18 - 25 Management Discussion & Analysis, pages 26 - 57	

GRI Content Index

Disclosure	Reference page/section	Reason for Omission(s)
ETHICS AND INTEGRITY		
102-16 Values, principles, standards, and norms of behaviour	Corporate Profile, page 6 Our Approach to Sustainability, pages 8 - 9	
102-17 Mechanisms for advice and concerns about ethics	Corporate Governance Overview Statement, page 129	
GOVERNANCE		
102-18 Governance structure	Corporate Governance Overview Statement, page 121	
102-19 Delegating authority	Corporate Governance Overview Statement, page 122	
102-20 Executive-level responsibility for economic, environmental, and social topics	Corporate Governance Overview Statement, page 122	
102-21 Consulting stakeholders on economic, environmental, and social topics	Corporate Governance Overview Statement, pages 135 - 137	
102-22 Composition of the highest governance body and its committees	Corporate Governance Overview Statement, page 121	
102-23 Chair of the highest governance body	Corporate Governance Overview Statement, page 121	
102-24 Nominating and selecting the highest governance body	Corporate Governance Overview Statement, page 130	
102-25 Conflicts of interest	Corporate Governance Overview Statement, page 142	
102-26 Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Overview Statement, page 121	
102-27 Collective knowledge of highest governance body	Corporate Governance Overview Statement, pages 102-119	
102-28 Evaluating the highest governance body's performance	Corporate Governance Overview Statement, page 131	

GRI Content Index

Disclosure	Reference page/section	Reason for Omission(s)
GOVERNANCE		
102-29 Identifying and managing economic, environmental, and social impacts	Sustainability Governance, pages 122-123	
102-30 Effectiveness of risk management processes	Statement on Internal Control and Risk Management, page 148	
102-31 Review of economic, environmental, and social topics	Sustainability Governance, pages 122 - 123 Our Materiality, pages 94 - 95	
102-32 Highest governance body's role in sustainability reporting	Sustainability Governance, pages 122 - 123	
102-33 Communicating critical concerns	Corporate Governance Overview Statement, pages 135 - 138	
102-34 Nature and total number of critical concerns	Integrated Report 2021, pages 31 - 35	
102-35 Remuneration policies	Corporate Governance Overview Statement, pages 132 - 133	
102-36 Process for determining remuneration	Corporate Governance Overview Statement, pages 132 - 133	
102-37 Stakeholders' involvement in remuneration	Corporate Governance Overview Statement, pages 132 - 133	
102-38 Annual total compensation ratio	Data not disclosed	
102-39 Percentage increase in annual total compensation ratio	Data not disclosed	
STAKEHOLDER ENGAGEMENT		
102-40 List of stakeholder groups	Corporate Governance Overview Statement, pages 135 - 137	
102-42 Identifying and selecting stakeholders	Corporate Governance Overview Statement, pages 135 - 137	

GRI Content Index

Disclosure	Reference page/section	Reason for Omission(s)
STAKEHOLDER ENGAGEMENT		
102-43 Approach to stakeholder engagement	Corporate Governance Overview Statement, pages 135 - 137	
102-44 Key topics and concerns raised	Corporate Governance Overview Statement, pages 135 - 137	
REPORTING PRACTICE		
102-45 Entities included in the consolidated financial statements	Financial Statements, pages 296 - 306	
102-46 Defining report content and topic boundaries	About this Report, page 1	
102-47 List of material topics	Our Materiality, pages 94 - 95	
102-48 Restatements of information	Not available during this reporting period	There was no restatement of data from previous years in this report.
102-49 Changes in reporting	About this Report, page 1	
102-50 Reporting period	About this Report, page 1	
102-51 Date of most recent report	UEM Sunrise Sustainability Report 2020 was published in May 2021.	
102-52 Reporting cycle	About this Report, page 1	
102-53 Contact point for questions regarding the report	About this Report, page 1	
102-54 Claims of reporting in accordance with the GRI Standards	About this Report, page 1	
102-55 GRI content index	GRI Content Index, pages 309 - 318	
102-56 External assurance	This report has not been verified by an external party. The report was reviewed by the Sustainability Unit and respective Heads of Department (HODs) before presented to the Board for endorsement.	

GRI Content Index

Disclosure	Reference page/section
GRI 200: ECONOMIC	
201: ECONOMIC PERFORMANCE	
201-1 Direct economic value generated and distributed	Financial Statements, pages 173 - 178
201-3 Defined benefit plan obligations and other retirement plans	Valuing Our People, pages 69 - 81
202: MARKET PRESENCE	
202-1 Ratio of standard entry level wage by gender compared to local minimum wage	Valuing Our People, page 76
203: INDIRECT ECONOMIC IMPACTS	
203-1 Infrastructure investments and services supported	Product Responsibility, pages 82 - 87
203-2 Significant indirect economic impacts	Community, pages 65 - 68 Product Responsibility, pages 82 - 87
204: PROCUREMENT PRACTICES	
204-1 Proportion of spending on local suppliers	Our Value Creation Model, page 96
205: ANTI-CORRUPTION	
205-1 Operations assessed for risks related to corruption	Our Risks Linked to Strategy, page 100
205-2 Communication and training about anti-corruption policies and procedures	Statement on Internal Control and Risk Management, page 152

GRI Content Index

Disclosure	Reference page/section
GRI 300: ENVIRONMENTAL	
302: ENERGY	
302-1 Energy consumption within the organisation	Environment, page 59
302-4 Reduction of energy consumption	Environment, page 59
303: WATER AND EFFLUENTS	
303-1 Interactions with water as a shared resource	Environment, page 61
303-2 Management of water discharge-related impacts	Environment, page 61
303-3 Water withdrawal	Environment, page 61
305: EMISSIONS	
305-1 Direct (Scope 1) GHG emissions	Environment, page 60
305-2 Energy indirect (Scope 2) GHG emissions	Environment, page 60
306: WASTE	
306-1 Waste generation and significant waste-related impacts	Environment, page 62
306-2 Management of significant waste-related impacts	Environment, page 62
306-3 Waste generated	Environment, page 62
307: ENVIRONMENTAL COMPLIANCE	
307-1 Non-compliance with environmental laws and regulations	Environment, page 63

GRI Content Index

Disclosure	Reference page/section
GRI 400: SOCIAL	
401: EMPLOYMENT	
401-1 New employee hires and employee turnover	Valuing Our People, page 73
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Valuing Our People, page 76
401-3 Parental leave	Valuing Our People, page 76
403: OCCUPATIONAL HEALTH AND SAFETY	
403-1 Occupational health and safety management system	Valuing Our People, page 77
403-2 Hazard identification, risk assessment and incident investigation	Valuing Our People, pages 78 - 79
403-4 Worker participation, consultation, and communication on occupational health and safety	Valuing Our People, page 77
403-5 Worker training on occupational health and safety	Valuing Our People, page 70 and 78
403-8 Workers covered by an occupational health and safety management system	Valuing Our People, page 77
403-9 Work-related injuries	Valuing Our People, pages 79 - 81

GRI Content Index

Disclosure	Reference page/section
GRI 400: SOCIAL	
404: TRAINING AND EDUCATION	
404-2 Programmes for upgrading employee skills and transition assistance programs	Valuing Our People, page 74
404-3 Percentage of employees receiving regular performance and career development reviews	Valuing Our People, page 76
405: DIVERSITY AND EQUAL OPPORTUNITY	
405-1 Diversity of governance bodies and employees	Valuing Our People, page 71 and 102
405-2 Ratio of basic salary and remuneration of women to men	Valuing Our People, page 76
407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Valuing Our People, page 69
408: CHILD LABOUR	
408-1 Operations and suppliers at significant risk for incidents of child labour	Human Rights and Labour Compliance Standards, page 69
409: FORCED OR COMPULSORY LABOUR	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Human Rights and Labour Compliance Standards, page 69
410: SECURITY PRACTICES	
410-1 Security personnel trained in human rights policies or procedures	Human Rights and Labour Compliance Standards, page 70

GRI Content Index

Disclosure	Reference page/section
GRI 400: SOCIAL	
411: RIGHTS OF INDIGENOUS PEOPLES	
411-1 Incidents of violations involving rights of indigenous peoples	Human Rights and Labour Compliance Standards, page 69
412: HUMAN RIGHTS ASSESSMENT	
412-1 Operations that have been subject to human rights reviews or impact assessments	Human Rights and Labour Compliance Standards, page 70
412-2 Employee training on human rights policies or procedures	Human Rights and Labour Compliance Standards, page 70
413: LOCAL COMMUNITIES	
413-1 Operations with local community engagement, impact assessments, and development programs	Community, pages 65 - 68
413-2 Operations with significant actual and potential negative impacts on local communities	Community, pages 65 - 68
416: CUSTOMER HEALTH SAFETY	
416-1 Assessment of the health and safety impacts of product and service categories	Product Responsibility, pages 82 - 87
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Responsibility, pages 82 - 87

GRI Content Index

Disclosure	Reference page/section
GRI 400: SOCIAL	
417: MARKETING AND LABELLING	
417-1 Requirements for product and service information and labelling	Product Responsibility, pages 82 - 87
417-2 Incidents of non-compliance concerning product and service information and labelling	Product Responsibility, pages 82 - 87
417-3 Incidents of non-compliance concerning marketing communications	Product Responsibility, pages 82 - 87
418: CUSTOMER PRIVACY	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product Responsibility, page 86
419: SOCIOECONOMIC COMPLIANCE	
419-1 Non-compliance with laws and regulations in the social and economic area	Product Responsibility, page 87

Analysis of Shareholdings

As at 22 March 2022

SHARE CAPITAL

Total number of Issued and Paid-up Shares : 5,058,476,221 ordinary shares
Voting Rights : One vote per ordinary share held

DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

As at 22 March 2022

Size of Holdings	No. of shareholders	%	Total shareholdings	%
Less than 100	3,035	9.33	100,617	0.00
100 to 1,000	8,983	27.62	4,718,262	0.09
1,001 to 10,000	13,575	41.74	61,625,778	1.22
10,001 to 100,000	5,844	17.97	194,794,977	3.85
100,001 to 252,923,810 (less than 5% of issued shares)	1,081	3.33	964,160,924	19.06
252,923,811 (5% of issued shares) and above	2	0.01	3,833,075,663	75.78
Total	32,520	100.00	5,058,476,221	100.00

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

As at 22 March 2022

No.	Name of Shareholder	No. of Shares held	% of Issued shares
1.	UEM GROUP BERHAD	3,518,531,963	69.56
2.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. URUSHARTA JAMAAH SDN. BHD. (1)	314,543,700	6.22
3.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	147,437,437	2.91
4.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	53,985,500	1.07
5.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBLDN FOR POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC	47,909,434	0.95
6.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR NORGES BANK (FI 17)	24,329,200	0.48
7.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (GROWTH)	23,931,800	0.47
8.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	17,439,200	0.34
9.	LIEW SWEE MIO @ LIEW HOI FOO	17,300,000	0.34
10.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. THE BANK OF NEW YORK MELLON FOR DELAWARE GROUP GLOBAL & INTERNATIONAL FUNDS DELAWARE EMERGING MARKETS FUND	17,000,000	0.34

Analysis of Shareholdings

As at 22 March 2022

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONT'D)

As at 22 March 2022

No.	Name of Shareholder	No. of Shares held	% of Issued shares
11.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG KIM JHEW (E-TMI)	16,194,400	0.32
12.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	14,018,200	0.28
13.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	13,083,755	0.26
14.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	10,657,700	0.21
15.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (BALANCE)	8,510,800	0.17
16.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	8,361,365	0.17
17.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	7,734,063	0.15
18.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE)	7,422,400	0.15
19.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UOB KAY HIAN PTE. LTD. (A/C CLIENTS)	7,157,160	0.14
20.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (PREM EQUITY)	7,095,100	0.14
21.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	7,009,200	0.14
22.	HSBC NOMINEES (ASING) SDN. BHD. SBL EXEMPT AN FOR J.P. MORGAN SECURITIES PLC	6,838,600	0.14
23.	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT FUND J724 FOR SPDR S&P EMERGING MARKETS ETF	6,783,488	0.13
24.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. MAYBANK KIM ENG SECURITIES PTE. LTD. FOR CHUMPON CHANTHARAKULPONGSA @ CHAN TEIK CHUAN	6,600,000	0.13
25.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	6,462,600	0.13
26.	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT FUND ZYEF FOR VANGUARD GLOBAL EX-U.S. REAL ESTATE INDEX FUND	5,575,165	0.11
27.	CHONG SIEW CHIN	5,070,000	0.10
28.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC.	4,767,145	0.09
29.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. THE BANK OF NEW YORK MELLON FOR DELAWARE VIP TRUST DELAWARE VIP EMERGING MARKETS SERIES	4,748,132	0.09
30.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEONG SIN KHONG	4,716,900	0.09
TOTAL		4,341,214,407	85.82

Analysis of Shareholdings

As at 22 March 2022

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

As at 22 March 2022

	Name	Direct	No. of shares		%
			%	Indirect	
1.	UEM Group Berhad	3,518,531,963	69.56	-	-
2.	Khazanah Nasional Berhad*	-	-	3,518,531,963	69.56
3.	Urusharta Jamaah Sdn. Bhd.	314,543,700	6.22	-	-

Note:

* Deemed interested by virtue of being the holding company of UEM Group Berhad

STATEMENT OF DIRECT AND DEEMED INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS RELATED CORPORATIONS

As at 22 March 2022

ORDINARY SHARES OF UEM SUNRISE BERHAD

No.	Name	No. of shares			
		Direct	%	Indirect	%
DIRECTORS					
1.	Dato' Noorazman Abd Aziz	-	-	-	-
2.	Christina Foo	-	-	-	-
3.	Dato' Mohd Izani Ghani	-	-	-	-
4.	Zaida Khalida Shaari	-	-	-	-
5.	Effizal Faiz Zulkifly	-	-	-	-
6.	Chari T.V. Thirumala	-	-	-	-
7.	Poh Ying Loo	-	-	-	-
8.	Datin Sri Badrunnisa Mohd Yasin Khan	-	-	-	-
9.	Alex Yeow Wai Siaw	-	-	-	-
CHIEF EXECUTIVE OFFICER					
10.	Sufian Abdullah	-	-	-	-

Material Properties of UEM Sunrise Berhad Group

Location and address of property	Brief description and existing use	Area (sq meters)	Tenure and year of expiry	Age of building (years)	Net book value as at 31/12/2021 RM'000	Date of revaluation/ acquisition
Iskandar Puteri (fka Bandar Nusajaya) Iskandar Development Region Johor Darul Takzim	Land held for property development and development in progress	20,243,832	Freehold	-	2,548,150	1995
PTD 26684-26689, 26691-22693 Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Land held for property development	269,237	Leasehold expiring on 29-Dec-2112	-	788,652	02-Apr-19
Solaris Dutamas 1 Jalan Dutamas 1 50480 Kuala Lumpur	Building - Retail and Carpark	150,187	Freehold	11	378,969	25-Jul-11*
PTD 43305-43350, 43361-43437 44290-44505, 44520, 44533 Mukim Semenyih, Daerah Ulu Langat, Selangor Darul Ehsan	Land held for property development	1,218,965	Freehold	-	397,009	29-Sep-11
GM 4733 Lot 149 Seksyen 58 Bandar of Kuala Lumpur Daerah Kuala Lumpur	Land held for property development	6,434	Freehold	-	320,558	4-Jun-11*
Arcoris GM 9305 Lot 80199 Mukim Batu Daerah Kuala Lumpur	Hotel, Retail and Carpark	66,397	Freehold	4 (Hotel), 5 (Retail and Carpark)	299,826	20-Mar-12
PN 33305 Lot 78, 33306 Lot 79 and 96122 Lot 48, Seksyen 13 Bandar Petaling Jaya, Daerah Petaling, Selangor	Land held for property development	40,193	99 years lease expiring between 20/10/2059 to 23/11/2059		208,179	10-Mar-21
PT 6584 - 6585, Mukim Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Land held for property development	46,130	99 years lease expiring on 01-Jul-2102		190,937	28-Aug-20
Geran 79823, Lot 103000, Mukim Petaling, Daerah Kuala Lumpur Negeri Wilayah Persekutuan Kuala Lumpur	Land held for property development	27,770	Freehold		164,412	04-Jun-21
21-53 Hoddle Street Collingwood, Melbourne, Australia	Land held for property development	5,390	Freehold		135,697	18-Jun-20
PN 9988 Lot 1108 Pekan Kajang Daerah Ulu Langat Selangor Darul Ehsan	Land held for property development	136,205	99 years lease expiring on 22-Dec-2090	-	91,514	14-Jun-11*
Aurora Retail 224-252 La Trobe Street Melbourne, Australia	Building - Retail	2,123	Freehold	4	89,354	24-Aug-18
PN 9989 Lot 1109, Pekan Kajang Daerah Ulu Langat Selangor Darul Ehsan	Land held for property development	98,329	99 years lease expiring on 22-Oct-2090	-	58,811	14-Jun-11*
PTD 4936-4955 and 7905 Mukim of Batang Padang Daerah Batang Padang Perak Darul Ridzuan	Agriculture land	9,710,241	Leasehold expiring on 18-Aug-2109	-	56,411	19-Aug-10

* Revaluation date

Notice of Annual General Meeting

UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting (14th AGM) of UEM Sunrise Berhad (the Company) will be conducted virtually through live streaming and online voting via the remote participation and electronic voting facilities, for the purpose of considering and, if thought fit, passing with or without modifications the resolutions as set out in this notice.

Meeting day and date	: Thursday, 23 June 2022
Time	: 10.00 a.m.
Broadcast venue	: Board Room, Level U6, Block C5, Solaris Dutamas No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur
Meeting platform	: https://meeting.boardroomlimited.my/
Mode of communication	: i. Shareholders may submit questions to the Board of Directors in advance prior to the 14 th AGM via the Share Registrars' website, Boardroom Smart Investor Portal at https://investor.boardroomlimited.com/ or email to the Company's Investor Relations at ir@uemsunrise.com in relation to the agenda items for the 14 th AGM no later than 10.00 a.m. on Friday, 17 June 2022 ii. Pose questions via real time submission of typed texts at https://meeting.boardroomlimited.my/ during live streaming of the 14 th AGM

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors, who retire in accordance with Article 93 of the Company's Constitution and, being eligible, have offered themselves for re-election:

- (i) YBhg Dato' Noorazman Abd Aziz
- (ii) Ms Christina Foo
- (iii) Pn Zaida Khalida Shaari

Ordinary Resolution 1
Ordinary Resolution 2
Ordinary Resolution 3

3. To re-elect the following Directors, who retire in accordance with Article 100 of the Company's Constitution and, being eligible, have offered themselves for re-election:

- (i) YBhg Datin Sri Badrunnisa Mohd Yasin Khan
- (ii) Mr Yeow Wai Siaw

Ordinary Resolution 4
Ordinary Resolution 5

Notice of Annual General Meeting

UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
(Incorporated in Malaysia)

4. To approve the Directors' fees and the payment thereof to the Directors for the period from the 14th AGM until the next AGM of the Company, to be payable on a quarterly basis as follows:

Directors' Fees/person	Non-Executive Chairman		Non-Executive Director/Member	
	Per Quarter (RM)	Per Annum (RM)	Per Quarter (RM)	Per Annum (RM)
Board	52,500	210,000	27,000	108,000
Audit Committee	12,500	50,000	7,500	30,000
Other Board Committees	6,250	25,000	3,750	15,000

Ordinary Resolution 6

5. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors based on the following table of benefits and remuneration for the period from the 14th AGM until the next AGM of the Company:

Description	Directors' remuneration/benefits
Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes.	(i) Chairman of committee – RM2,000 per meeting (ii) Member of committee – RM1,000 per meeting
Discount for purchase of property by Directors, which is the same policy applied for employees.	(i) Up to 10% discount will be given once in 5 years for residential property; and (ii) For subsequent purchase of residential property within 5 years' period or any non-residential property purchase, up to 3% discount will be given.
Benefits for Chairman: • Car allowance • Car maintenance, fuel and other claimable benefits	RM3,400 per month Up to RM32,100 per annum

Ordinary Resolution 7

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

Ordinary Resolution 8

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

NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 14th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with the provisions under Article 65 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors (ROD) as at 17 June 2022. Only a depositor whose name appears on the ROD as at 17 June 2022 shall be entitled to attend this 14th AGM or appoint a proxy(ies) to attend, participate, speak and vote on his/her behalf.

By Order of the Board

LIEW IRENE (SSM PC No. 201908001893) (MAICSA 7022609)

WONG LEE LOO (SSM PC No. 201908001993) (MAICSA 7001219)

Company Secretaries

Kuala Lumpur
29 April 2022

Notice of Annual General Meeting

UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
(Incorporated in Malaysia)

NOTES:

1. REMOTE PARTICIPATION AND ELECTRONIC VOTING, PROXY AND/OR CORPORATE REPRESENTATIVES

- 1.1 The Company's 14th AGM will be conducted **fully virtual** and entirely via remote participation and electronic voting facilities.
- 1.2 The main and only venue for the 14th AGM is the broadcast venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 (the Act) and Article 70 of the Constitution of the Company that require the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders/proxies/corporate representatives should be physically present** nor admitted at the broadcast venue on the day of the 14th AGM.
- 1.3 As the 14th AGM will be conducted as a fully virtual meeting, a member who is not able to participate in the AGM is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the instrument appointing a proxy (Form of Proxy).
- 1.4 Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act, 1991 (Central Depositories Act) and authorised nominees defined under the Central Depositories Act which are exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act (Exempt Authorised Nominees) which hold ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at the AGM and that such proxy need not be a member.
- 1.5 Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- 1.6 The Form of Proxy shall be in writing under the hand of the member or his/her attorney duly authorised in writing or, if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or in the case of a sole director, by that director in the presence of a witness who attests the signature or of its attorney duly authorised in writing.
- 1.7 The Form of Proxy duly completed must be deposited at the Share Registrars' office, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time of holding the AGM. Alternatively, the Form of Proxy may also be deposited electronically through the Share Registrars' website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com/> not less than forty-eight (48) hours before the time of holding the AGM.
- 1.8 If the Form of Proxy is submitted without any instruction as to how the proxy shall vote, the proxy will vote in his/her discretion. Any alteration to the Form of Proxy must be initialled. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
- 1.9 Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice are to be voted on a poll.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3. ORDINARY RESOLUTIONS 1, 2, 3, 4 AND 5 – RE-ELECTION OF DIRECTORS

- 3.1 The Nominations & Remuneration Committee (NRC) has considered the performance and contribution of each of the retiring Directors and has also assessed the independence of the Independent Non-Executive Directors (INEDs) seeking re-election.
- 3.2 Based on the results of the Board & Directors Effectiveness Evaluation (BDEE) conducted for the financial year ended 31 December 2021 by an independent consultant, the performance of each of the retiring Directors was found to be satisfactory.

Notice of Annual General Meeting

UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
(Incorporated in Malaysia)

- 3.3 The retiring INEDs have also fulfilled the independence criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other independence criteria applied by the Company.
- 3.4 The Board has endorsed the NRC's recommendation to seek shareholders' approval for the re-election of the retiring Directors and the Board's statements of support are set out in the Statement Accompanying Notice of AGM. The retiring Directors had abstained from deliberations and decisions on their re-election at the NRC and Board meetings.
- 3.5 The details and profiles of the Directors who are standing for re-election at the 14th AGM are provided in the Board of Directors' Profile section in the Company's Integrated Report 2021.

4. DIRECTORS' FEES AND BENEFITS PAYABLE TO THE NON-EXECUTIVE CHAIRMAN AND NON-EXECUTIVE DIRECTORS

- 4.1 Pursuant to Section 230(1) of the Act, the shareholders' approval shall be sought for the Directors' fees and benefits in the following resolutions:
 - (a) **Ordinary Resolution 6** on payment of Directors' fees to the Directors for the period from the 14th AGM until the next AGM of the Company on a quarterly basis; and
 - (b) **Ordinary Resolution 7** on payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors for the period from the 14th AGM until the next AGM of the Company.
- 4.2 The Directors' fees remain unchanged as per the fees approved at the last AGM held on 21 June 2021 and has remained the same since the financial year 2012.
- 4.3 The Directors' benefits remained unchanged as per the benefits approved at the last AGM held on 21 June 2021.
- 4.4 The benefits for the Non-Executive Chairman are given in recognition of the significant role in leadership and oversight including the wide-ranging scope of responsibilities expected of him. It is a unique feature of the Company aimed to attract and retain leadership for the Board.

5. ORDINARY RESOLUTION 8 – APPOINTMENT OF AUDITORS AND AUDIT FEES

- 5.1 The Audit Committee had, at its meeting held on 28 March 2022, conducted an annual assessment of the suitability and independence of the external auditors, Messrs Ernst & Young PLT.
- 5.2 In its assessment, the Audit Committee considered several factors which include the following:
 - (a) Adequacy of experience and resources provided to the Group by the external auditors and the level of knowledge, capabilities and experience of the professional staff assigned to the audit;
 - (b) Quality of performance and level of engagement with the Audit Committee and the Group based on feedback obtained via assessment questionnaires from the Company's personnel who had substantial contact with the external audit team throughout the year;
 - (c) Ability to provide constructive observations, implications and recommendations in areas requiring improvements;
 - (d) Appropriateness of audit approach and the effectiveness of audit planning;
 - (e) Ability to perform audit work within agreed timeframe; and
 - (f) Independence and objectivity of the external auditors when interpreting standards/policies adopted by the Company and the level of non-audit services rendered by the external auditors.
- 5.3 Being satisfied with the performance, technical competency, audit approach as well as audit independence of Messrs Ernst & Young PLT, the Audit Committee has recommended the appointment of Messrs Ernst & Young PLT as external auditors of the Company for the financial year ending 31 December 2022.
- 5.4 The Board had, at its meeting held on 29 March 2022, endorsed the Audit Committee's recommendation for the shareholders' approval to be sought at the 14th AGM on the appointment of Messrs Ernst & Young PLT as external auditors of the Company for the financial year ending 31 December 2022 in accordance with Section 340(1)(c) of the Act.
- 5.5 The Board is also seeking shareholders' approval to authorise the Directors to fix the remuneration of the external auditors for the financial year ending 31 December 2022 in accordance with Section 274(1)(a) of the Act.

Notice of Annual General Meeting

UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
(Incorporated in Malaysia)

6. PERSONAL DATA PRIVACY

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

Statement Accompanying Notice of Annual General Meeting (AGM)

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of persons who are standing for re-election as Directors at the 14th AGM

The details of the Directors who are standing for re-election at the 14th AGM are provided in the Board of Directors' Profile section in the Integrated Report 2021.

Based on the Nominations & Remuneration Committee's review, the Board found that the performance of the following retiring directors and contribution in discharge of their duties assessed during the Board & Directors Effectiveness Evaluation (BDEE) for the financial year 2021 conducted by an external independent consultant were satisfactory:

1. Dato' Noorazman Abd Aziz
2. Ms Christina Foo
3. Pn Zaida Khalida Shaari
4. Datin Sri Badrunnisa Mohd Yasin Khan
5. Mr Yeow Wai Siaw

The Board, through Nominations & Remuneration Committee, has assessed and was satisfied that Dato' Noorazman Abd Aziz has contributed effectively by leading the Board's deliberations at the meetings and facilitated a conducive environment for healthy debate, including dissenting views, and fresh ideas, and steers towards a good relationship between the Board and Management. He has demonstrated his diligence and commitment as Board Chairman. He brings to the Board more than 37 years of experience in banking and finance, investments and capital markets. He has served as Non-Independent Non-Executive Director/Chairman for 3 years 5 months as at 22 March 2022 since the date of his appointment as Director on 1 October 2018 and subsequent redesignation to Board Chairman on 13 August 2020.

The Board, through Nominations & Remuneration Committee, has assessed and was satisfied that Ms Christina Foo has contributed effectively to the Board's deliberations. She had demonstrated her diligence and commitment as a capable individual with high integrity who conducts herself in a professional manner, particularly as Audit Committee Chairperson and Senior Independent Director appointed since 14 October 2020 and 21 June 2021 respectively. Her extensive experience as a certified accountant and consultant puts her in good stead to lead the Audit Committee. She has served on the Board for a period of 3 years 4 months as at 22 March 2022 since the date of her appointment as Independent Non-Executive Director on 23 November 2018.

The Board, through Nominations & Remuneration Committee, has assessed and was satisfied that Pn Zaida Khalida Shaari has contributed effectively to the Board's deliberations. She has demonstrated her diligence and commitment, as well as good understanding of the Board's activities and the business and is able to leverage on her past experience to contribute positively to deliberations in mitigating risks associated with the business. She has served as Non-Independent Non-Executive Director for 5 years 11 months as at 22 March 2022 since the date of her appointment as Director on 8 April 2016. She brings to the Board the benefits of her extensive experience in corporate finance and legal.

The Board, through Nominations & Remuneration Committee, has assessed and was satisfied that Datin Sri Badrunnisa Mohd Yasin Khan has contributed effectively to the Board's deliberations. She has demonstrated her diligence and commitment, particularly as Nominations & Remuneration Committee Chairperson. She brings extensive experience in human capital management to the Board. She has served on the Board for 9 months as at 22 March 2022 since the date of her appointment as Independent Non-Executive Director on 21 June 2021.

The Board, through Nominations & Remuneration Committee, has assessed and was satisfied that Mr Yeow Wai Siaw has contributed effectively to the Board's deliberations. He has demonstrated his diligence and commitment, particularly as Board Development Committee member by providing strategic oversight and guidance on an increasing number of projects with a corresponding increase in complexity.

Statement Accompanying Notice of Annual General Meeting (AGM)

He brings significant professional and management experience to the Board, which includes multinational companies, conglomerates and Government Linked Companies as well as his years of extensive experience as both senior management and director in the real estate and property development industries. He has served on the Board for 9 months as at 22 March 2022 since the date of his appointment as Independent Non-Executive Director on 21 June 2021.

The above Directors have abstained themselves from deliberation and decision by the Board on their re-election respectively. The Board upon due deliberation, resolved to support and approve the proposed re-election of Dato' Noorazman Abd Aziz, Ms Christina Foo, Pn Zaida Khalida Shaari, Datin Sri Badrunnisa Mohd Yasin Khan and Mr Yeow Wai Siaw to be tabled at the 14th AGM of the Company, as recommended by the Nominations & Remuneration Committee.

No individual is seeking election as a Director at the 14th AGM.

FORM OF PROXY

UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
(Incorporated in Malaysia)



A member of UEM Group

I/We _____ NRIC/Company No. _____

of _____

being a member of UEM Sunrise Berhad (the Company) hereby appoint _____

_____ NRIC/Passport No. _____

of _____

and/or failing him/her, _____ NRIC/Passport No. _____

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting (14th AGM) of the Company to be held as a fully virtual meeting through live streaming from the broadcast venue at Board Room, Level U6, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur via <https://meeting.boardroomlimited.my/> on Thursday, 23 June 2022 at 10.00 a.m. or at any adjournment thereof.

(Please indicate with an "X" in the boxes provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

ORDINARY RESOLUTIONS	NO.	FOR	AGAINST
To re-elect YBhg Dato' Noorazman Abd Aziz who is retiring in accordance with Article 93 of the Company's Constitution.	1		
To re-elect Ms Christina Foo who is retiring in accordance with Article 93 of the Company's Constitution.	2		
To re-elect Pn Zaida Khalida Shaari who is retiring in accordance with Article 93 of the Company's Constitution.	3		
To re-elect YBhg Datin Sri Badrunnisa Mohd Yasin Khan who is retiring in accordance with Article 100 of the Company's Constitution.	4		
To re-elect Mr Yeow Wai Siaw who is retiring in accordance with Article 100 of the Company's Constitution.	5		
To approve the payment of Directors' fees for the period from the 14 th AGM until the next AGM of the Company on a quarterly basis.	6		
To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors for the period from the 14 th AGM until the next AGM of the Company.	7		
To appoint Messrs Ernst & Young PLT as Auditors and to authorise Directors to fix their remuneration.	8		

Signature or Common Seal of Member

Signed this _____ day of _____ 2022.

No. of shares		
CDS Account No.		
Telephone No.		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %

NOTES

1. The Company's 14th AGM will be conducted **fully virtual** and entirely via remote participation and electronic voting facilities.
2. The main and only venue for the 14th AGM is the broadcast venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Article 70 of the Constitution of the Company that require the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders/proxies/corporate representatives should be physically present** nor admitted at the broadcast venue on the day of the 14th AGM.
3. As the 14th AGM will be conducted as a fully virtual meeting, a member who is not able to participate in the AGM is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the instrument appointing a proxy (Form of Proxy).
4. Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act, 1991 (Central Depositories Act) and authorised nominees defined under the Central Depositories Act which are exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act (Exempt Authorised Nominees) which hold ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote instead of him/her at the AGM and that such proxy need not be a member.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
6. The Form of Proxy shall be in writing under the hand of the member or his/her attorney duly authorised in writing or, if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or in the case of a sole director, by that director in the presence of a witness who attests the signature or of its attorney duly authorised in writing.
7. The Form of Proxy duly completed must be deposited at the Share Registrars' office, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time of holding the AGM. Alternatively, the Form of Proxy may also be deposited electronically through the Share Registrars' website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com/> not less than forty-eight (48) hours before the time of holding the AGM.
8. If the Form of Proxy is submitted without any instruction as to how the proxy shall vote, the proxy will vote in his/her discretion. Any alteration to the Form of Proxy must be initialled. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
9. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice are to be voted on a poll.

PERSONAL DATA PRIVACY

By submitting a Form of Proxy or an instrument appointing a representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 29 April 2022.

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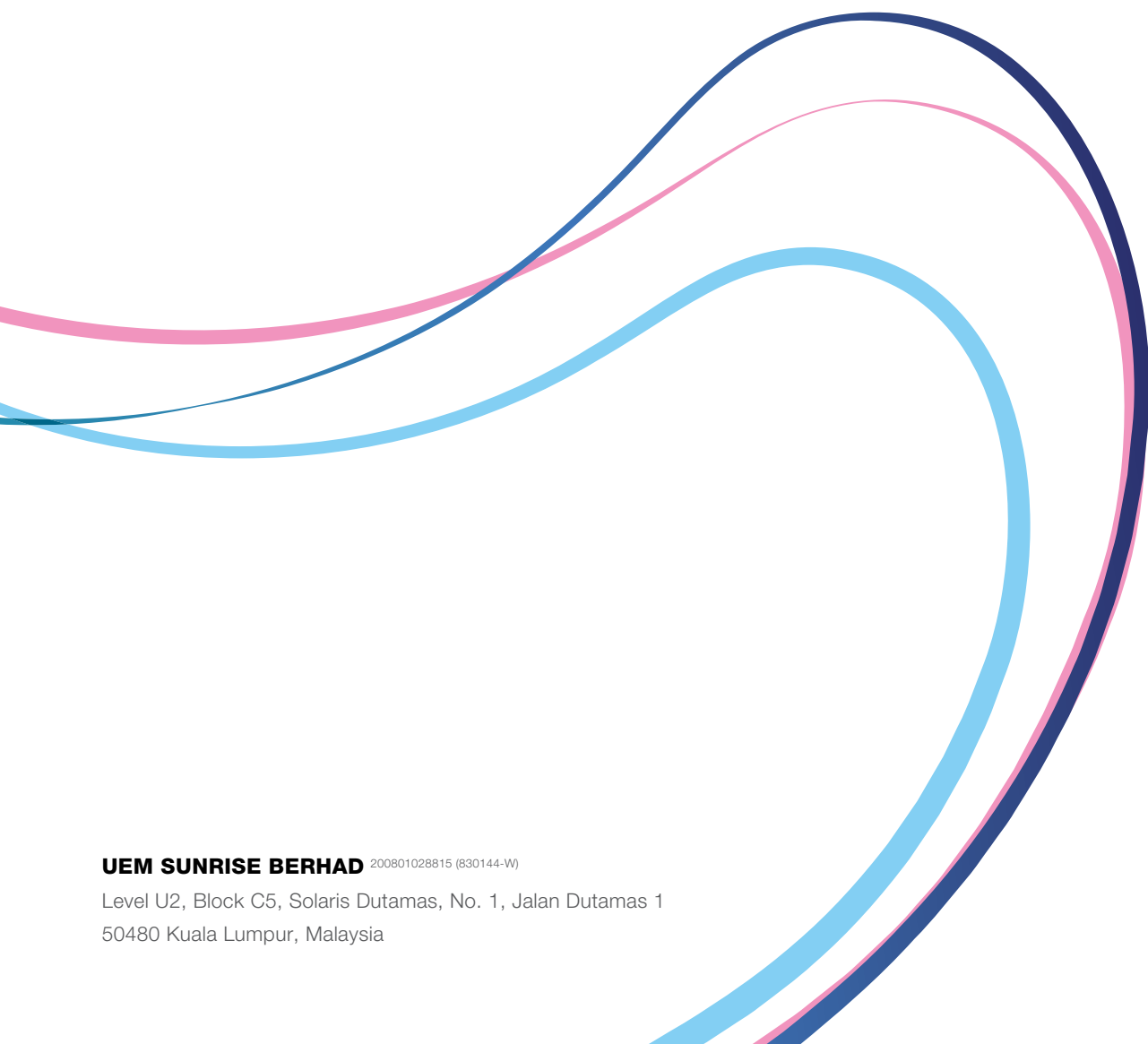
STAMP

The Share Registrars' Office

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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