



**UEM SUNRISE BERHAD**

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

**THE FIGURES HAVE NOT BEEN AUDITED**

**I(A). CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter 31/03/2022 RM'000	Preceding year corresponding quarter 31/03/2021 RM'000	Three months to 31/03/2022 RM'000	Three months to 31/03/2021 RM'000
1. (a) <b>Revenue</b>		<b>416,451</b>	<b>252,693</b>	<b>416,451</b>	<b>252,693</b>
(b) Cost of sales		(317,587)	(173,149)	(317,587)	(173,149)
(c) Gross profit		98,864	79,544	98,864	79,544
(d) Other income		13,410	9,021	13,410	9,021
(e) Expenses		(59,652)	(62,508)	(59,652)	(62,508)
(f) Finance costs		(34,936)	(36,204)	(34,936)	(36,204)
(g) Foreign exchange gain		6,662	959	6,662	959
(h) Share of net results of associates		1,169	9,731	1,169	9,731
(i) Share of net results of joint ventures		10,262	(1,033)	10,262	(1,033)
(j) <b>Profit/(loss) before income tax</b>		<b>35,779</b>	<b>(490)</b>	<b>35,779</b>	<b>(490)</b>
(k) Income tax	14	(16,575)	(3,453)	(16,575)	(3,453)
(l) <b>Profit/(loss) for the period</b>		<b>19,204</b>	<b>(3,943)</b>	<b>19,204</b>	<b>(3,943)</b>
Attributable to:					
(m) Owners of the Parent		19,020	(4,319)	19,020	(4,319)
(n) Non-controlling Interests		184	376	184	376
Profit/(loss) for the period		19,204	(3,943)	19,204	(3,943)
2. <b>Profit/(loss) per share based on</b>					
<b>1(m) above</b>	21	0.38 sen	(0.09)sen	0.38 sen	(0.09)sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this quarterly announcement.



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**I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Three	Three
	quarter	corresponding	months	months
	31/03/2022	quarter	to	to
	31/03/2021	31/03/2022	31/03/2021	
	RM'000	RM'000	RM'000	RM'000
<b>Profit/(loss) for the period</b>	19,204	(3,943)	19,204	(3,943)
Other comprehensive income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	20,029	18,876	20,029	18,876
Total other comprehensive income for the period, net of tax	20,029	18,876	20,029	18,876
<b>Total comprehensive income for the period</b>	<b>39,233</b>	<b>14,933</b>	<b>39,233</b>	<b>14,933</b>
Attributable to:				
Owners of the Parent	39,073	14,565	39,073	14,565
Non-controlling Interests	160	368	160	368
<b>Total comprehensive income for the period</b>	<b>39,233</b>	<b>14,933</b>	<b>39,233</b>	<b>14,933</b>

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this quarterly announcement.



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**I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Three	Three
	quarter	corresponding	months	months
Note	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before income tax is arrived at after charging/(crediting):				
Finance costs	34,936	36,204	34,936	36,204
Depreciation	13,563	12,978	13,563	12,978
Interest income	(4,857)	(4,013)	(4,857)	(4,013)
(Gain)/loss on foreign exchange:				
- unrealised	(6,613)	(973)	(6,613)	(973)
- realised	(49)	14	(49)	14
Dividend income from investment at fair value through profit or loss	(25)	(1,409)	(25)	(1,409)
Write back of impairment of receivables	(556)	(322)	(556)	(322)
Net allowance for doubtful debts	(15)	828	(15)	828
Loss on disposal of a subsidiary	11(a) 479	-	479	-

Other than the above, there was no write-off of inventories, write-back of impairment of assets, exceptional items and reversal of provisions for the costs of restructuring.



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**II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at current</b>	<b>As at preceding</b>
	<b>financial year end</b>	<b>financial year end</b>
	<b>31/03/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>1. Non-current assets</b>		
Property, plant and equipment	442,161	446,687
Investment properties	796,163	798,048
Right-of-use assets	5,518	7,684
Land held for property development	5,486,164	5,462,947
Interests in associates	850,491	850,358
Interests in joint ventures	904,418	893,338
Amounts due from joint ventures	163,077	165,309
Goodwill	621,409	621,409
Deferred tax assets	283,457	290,191
Long term receivables	438,801	293,116
	9,991,659	9,829,087
<b>2. Current assets</b>		
Property development costs	715,966	820,541
Inventories held for sale	372,260	396,920
Inventories under contract of sale	51,188	59,967
Receivables	484,419	479,518
Contract assets	440,702	425,839
Amounts due from associates	289	389
Amounts due from joint ventures	88,011	82,120
Short term investments	5,005	5,005
Cash, bank balances and deposits	812,613	853,027
	2,970,453	3,123,326
<b>Total assets</b>	12,962,112	12,952,413



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**II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**

	Note	Unaudited As at current financial year end 31/03/2022 RM'000	Audited As at preceding financial year end 31/12/2021 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>3. Equity attributable to Owners of the Parent</b>			
Share capital		4,960,276	4,960,276
Reserves			
Merger relief reserve		34,330	34,330
Other reserves		102,851	82,798
Retained profits		1,634,736	1,615,716
		6,732,193	6,693,120
<b>4. Non-controlling Interests</b>		103,091	102,931
<b>Total equity</b>		6,835,284	6,796,051
<b>5. Non-current liabilities</b>			
Borrowings	16	3,249,608	3,205,262
Lease liabilities		79	286
Payables		50,831	81,777
Contract liabilities		236,642	240,634
Deferred income		163,481	163,509
Provisions		68,279	68,279
Deferred tax liabilities		176,148	178,609
		3,945,068	3,938,356
<b>6. Current liabilities</b>			
Provisions		159,399	148,433
Payables		987,275	995,062
Contract liabilities		60,597	62,108
Borrowings	16	961,394	999,706
Lease liabilities		6,419	8,716
Tax payable		6,676	3,981
		2,181,760	2,218,006
<b>Total liabilities</b>		6,126,828	6,156,362
<b>Total equity and liabilities</b>		12,962,112	12,952,413
<b>7. Net assets per share attributable to Owners of the Parent</b>		<b>RM 1.33</b>	<b>RM 1.32</b>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this quarterly announcement.



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**III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Unaudited Three months to 31/03/2022</b>	<b>Unaudited Three months to 31/03/2021</b>
Note	RM'000	RM'000
<b>Operating Activities</b>		
Cash receipts from customers	287,866	190,062
Cash receipts from related parties	852	99
Cash payments to contractors	(139,773)	(164,460)
Cash payments for land and development related costs	(61,371)	(24,451)
Cash payments to related parties	(481)	-
Cash payments to employees and for expenses	(70,296)	(58,497)
Cash generated from/(used in) operations	16,797	(57,247)
Net income tax paid	(336)	(6,596)
Interest received	1,680	1,016
<b>Net cash generated from/(used in) operating activities</b>	<b>18,141</b>	<b>(62,827)</b>
<b>Investing Activities</b>		
Net proceeds from disposal of a subsidiary	356	-
Purchase of property, plant and equipment	-	(3,985)
Purchase of investment property	(1,460)	(3,560)
Advances to joint ventures	(500)	(1,000)
Investment in land held for property development	(32,000)	(180,155)
Net investment in short term investments	-	(273,971)
<b>Net cash used in investing activities</b>	<b>(33,604)</b>	<b>(462,671)</b>



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**III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

	Note	Unaudited Three months to 31/03/2022 RM'000	Unaudited Three months to 31/03/2021 RM'000
<b>Financing Activities</b>			
Drawdown of borrowings		148,209	63,110
Drawdown of Islamic Medium Term Notes and Islamic Commercial Papers		50,000	400,000
Repayment of borrowings		(194,182)	(48,863)
Repayment of lease liabilities		(5,689)	(908)
Interest paid		(36,541)	(19,633)
<b>Net cash (used in)/generated from financing activities</b>		<b>(38,203)</b>	<b>393,706</b>
Effects of exchange rate changes		13,145	14,088
<b>Net decrease in cash and cash equivalents</b>		<b>(40,521)</b>	<b>(117,704)</b>
Cash and cash equivalents as at beginning of financial period		848,204	1,080,732
<b>Cash and cash equivalents as at end of financial period</b>	(a)	<b>807,683</b>	<b>963,028</b>

Unaudited As at 31/03/2022 RM'000	Unaudited As at 31/03/2021 RM'000
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**(a) Cash and cash equivalents comprise of the following amounts:**

Cash, bank balances and deposits			
Unrestricted		510,554	752,627
Restricted		302,059	218,156
		812,613	970,783
Bank overdrafts (included in short term borrowings)	16	(4,930)	(7,755)
<b>Cash and cash equivalents</b>		<b>807,683</b>	<b>963,028</b>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this quarterly announcement.



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**IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

	← Attributable to Owners of the Parent →						
	← Non-distributable →		Distributable				
	Share Capital RM'000	Merger Relief Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
<b>Three months to 31 March 2022</b>							
<b>(Unaudited)</b>							
At 1 January 2022	4,960,276	34,330	82,798	1,615,716	6,693,120	102,931	6,796,051
Total comprehensive income for the period	-	-	20,053	19,020	39,073	160	39,233
At 31 March 2022	<u>4,960,276</u>	<u>34,330</u>	<u>102,851</u>	<u>1,634,736</u>	<u>6,732,193</u>	<u>103,091</u>	<u>6,835,284</u>
<b>Three months to 31 March 2021</b>							
<b>(Unaudited)</b>							
At 1 January 2021	4,960,276	34,330	78,238	1,828,763	6,901,607	468,974	7,370,581
Total comprehensive income for the period	-	-	18,884	(4,319)	14,565	368	14,933
At 31 March 2021	<u>4,960,276</u>	<u>34,330</u>	<u>97,122</u>	<u>1,824,444</u>	<u>6,916,172</u>	<u>469,342</u>	<u>7,385,514</u>

The Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this quarterly announcement.





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**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1. Basis of preparation**

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard 134 : Interim Financial Reporting and also in compliance with IAS 34 : Interim Financial Reporting issued by the International Accounting Standards Board and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2021, which have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act 2016.

**2. Changes in accounting policies and methods of computation**

The accounting policies and methods of computation adopted by the Group in this condensed consolidated interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2021 except for the newly issued MFRS, interpretation and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2022:

Amendment to MFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021

Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)

Property, Plant and Equipment: Proceeds before Intended Use

(Amendments to MFRS 116 Property, Plant and Equipment)

Onerous Contracts: Costs of Fulfilling a Contract

(Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)

Annual Improvements to MFRS Standards 2018-2020

The adoption of the above new standards and other pronouncements did not have any significant effects on the interim financial statements upon their initial applications.

**Standards issued but not yet effective**

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

	<b>Effective for the financial periods beginning on or after</b>
MFRS 17: Insurance Contracts	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
Initial Application of MFRS 17 and MFRS 9: Comparative information (Amendments to MFRS 17 Insurance Contracts)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	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 adoption of the above new standards and other pronouncements will not have any significant effects on the interim financial statements.



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**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**3. Audit report in respect of the 2021 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2021 is not qualified.

**4. Seasonal or cyclical factors**

The Group's operations are not subject to any significant seasonal or cyclical factors.

**5. Material changes in estimates used**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period except for the estimates related to construction cost resulting in project cost savings of 2.2% (2021: 2.0%) over cost of sales.

**6. Debt and equity securities**

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 31 March 2022 except for the issuance of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers from its IMTN Programme as follows:

Date	Transaction	Amount (RM'Million)	Tenure	Rate (per annum)
15 February 2022	Issuance	40	3 years	4.60%
15 February 2022	Issuance	10	9 months	3.30%

The proceeds from the IMTN are for UEMS' Shariah-compliant general corporate purposes.

**7. Dividend**

The Directors do not recommend the payment of any dividend for the current financial period ended 31 March 2022 (2021: Nil).

**8. Unusual items due to their nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period.



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**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**9. Material events subsequent to the end of the current financial period**

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 March 2022 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 31 March 2022 that have not been reflected in the condensed interim financial statements.

**10. Operating segments**

Operating segments information for the financial period ended 31 March 2022 is as follows:

	Property development		Property investment and hotel operation	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenue	384,190	6,176	18,368	7,717	-	416,451
Inter-segment revenue	-	-	215	21,736	(21,951)	-
Total revenue	384,190	6,176	18,583	29,453	(21,951)	416,451
<b>Results</b>						
Segment results	70,836	3,371	1,138	(7,957)	(8,104)	59,284
Finance costs	(25,386)	(19)	(9,252)	(8,383)	8,104	(34,936)
Share of results of associates	585	(266)	-	850	-	1,169
Share of results of joint ventures	11,444	-	(1,182)	-	-	10,262
Profit/(loss) before income tax	57,479	3,086	(9,296)	(15,490)	-	35,779
Income tax	(17,742)	1,810	(537)	(106)	-	(16,575)
Profit/(loss) for the period	39,737	4,896	(9,833)	(15,596)	-	19,204
<b>Attributable to:</b>						
Owners of the Parent	39,498	4,896	(9,833)	(15,541)	-	19,020
Non-controlling Interests	239	-	-	(55)	-	184
Profit/(loss) for the period	39,737	4,896	(9,833)	(15,596)	-	19,204
<b>Assets</b>						
Segment assets	9,973,455	668,091	970,864	236,838	(740,390)	11,108,858
Interests in:						
- associates	842,884	7,607	-	-	-	850,491
- joint ventures	825,616	-	78,802	-	-	904,418
Tax recoverable	89,741	6,708	330	1,566	-	98,345
Total assets	11,731,696	682,406	1,049,996	238,404	(740,390)	12,962,112
<b>Liabilities</b>						
Segment liabilities	5,100,572	20,927	849,833	889,210	(740,390)	6,120,152
Tax payable	6,498	35	-	143	-	6,676
Total liabilities	5,107,070	20,962	849,833	889,353	(740,390)	6,126,828

**11. Changes in the composition of the Group**

There were no significant changes in the composition of the Group up to the date of this announcement including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operation since the preceding financial year ended 31 December 2021 except as below:



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**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**11. Changes in the composition of the Group (cont'd)**

(cont'd)

On 18 March 2022, Sunrise Berhad, a wholly-owned subsidiary of the Company, completed the Share Sale and Purchase Agreement ("SSPA") with SCM Property Management Sdn Bhd ("Purchaser") for the disposal of 100% equity in SCM Property Services Sdn Bhd ("SCM") for a total sale consideration of RM1.7 million. Consequently, SCM ceased to be an indirect subsidiary of the Company ("SCM disposal").

(a) The impact to profit or loss arising from the SCM disposal is as follows:

	RM'000
Proceeds from disposal	1,700
Carrying value of 100% interest in SCM	(2,179)
Loss on disposal of SCM	<u>(479)</u>

(b) Details of the cash inflow arising from the SCM disposal as follows:

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

(c) The impact of SCM Disposal to the consolidated statement of financial position is as follows:

	RM'000
<b>Assets</b>	
Property, plant and equipment	121
Receivables	1,930
Cash and bank balances	<u>1,293</u>
	3,344
<b>Liability</b>	
Payables	1,165
Net identifiable assets of SCM	<u>2,179</u>
Net assets deconsolidated	<u>2,179</u>



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**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**12. Contingent liabilities**

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2021 except as disclosed below:

Income tax assessment

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

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

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

On 18 October 2016, the 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 3 May 2021, UEM Land Berhad ("UEM Land") and Symphony Hills Sdn Bhd ("Symphony Hills") received notices of additional assessment from the IRB dated 30 April 2021, for additional taxes with penalties amounting to RM82.2 million ("Notices").

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

After taking into account the advice from both the Company's tax consultant 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 on 1 June 2022.

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



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**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**13. Capital commitments**

There are no material capital commitments in relation to the Group's capital expenditure except as disclosed below:

	RM'Mil
Approved and contracted for	4.2
Approved but not contracted for	367.2
<b>Total</b>	<b><u>371.4</u></b>

**14. Income tax**

	Current year quarter <b>31/03/2022</b> RM'000	Preceding year corresponding quarter <b>31/03/2021</b> RM'000
Malaysian and foreign income tax		
- current tax	(13,569)	(7,753)
- overprovision in prior periods	509	-
Deferred tax		
- relating to origination and reversal of temporary differences	(4,863)	1,150
- overprovision in prior periods	1,348	3,150
<b>Tax expense for the period</b>	<b><u>(16,575)</u></b>	<b><u>(3,453)</u></b>

The effective tax rate (excluding share of results of associates and joint ventures) for the current quarter is higher than statutory tax rate due to non-deductible expenses and unrecognised tax losses for certain loss-making entities.



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**15. Status of corporate proposals announced but not completed as at the date of this announcement**

All corporate proposals announced are completed as at the date of this announcement except for the following:

- a) The development agreement and a supplemental development agreement dated 19 December 2007 and 4 November 2010, respectively, between UEM Land Berhad ("UEM Land"), BND and Haute Property Sdn Bhd ("HPSB") for the development of a high end residential enclave over 111 acres held under H.S.(D) 453895, PTD 154910, Mukim Pulai, Daerah Johor Bahru, Johor. The development of the residential enclave is currently on-going.
- b) The Facilities Maintenance and Management Agreement ("FMMA") dated 10 March 2011 between Cahaya Jauhar Sdn Bhd, a 60% owned joint venture of UEM Land and 40% owned by State Government of Johor via Permodalan Takzim Sdn Bhd for the provision of management and maintenance services for Phase 1 of Kota Iskandar. The FMMA covers a period of 30 years with a review of every 3 years.
- c) The Master Agreement dated 23 October 2012 between UEM Land and Ascendas Land (Malaysia) Sdn Bhd ("Ascendas") ("MA") to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya, divided into phase 1 comprising 205 acres, phase 2 of 166 acres and phase 3 of 148 acres ("Land"), Iskandar Puteri, Johor and on 26 December 2012, a Subscription Agreement between UEM Land and Ascendas ("SA") to regulate the share subscription of joint venture company, Nusajaya Tech Park Sdn Bhd ("NTPSB"), UEM Land 40% : Ascendas 60% and Shareholders' Agreement to govern the parties' relationship as shareholders. The Land must be acquired within nine (9) years from the MA date ("Option Period").

On 28 September 2018, UEM Land and Ascendas entered into a second SA to vary the MA where both parties agreed that, amongst others, NTPSB will acquire phase 2 and 3 lands within the Option Period, instead of company B and C, respectively. Any reference to these companies will be deleted from the MA.

As at 20 May 2022, UEM Land and Ascendas are presently in discussion the potential land sale of the remaining plots of unexercised Land, taking into account the future growth plans of NTPSB.

- d) The conditional Shareholders' Subscription Agreement ("SSA") between Sunrise Berhad ("SB"), Mega Legacy Equity Sdn Bhd ("MLE") and Mega Legacy (M) Sdn Bhd ("MLM") for a total subscription price of RM279.3 million ("Subscription Price") and Sale and Purchase Agreement ("SPA") between MLM and Datuk Bandar Kuala Lumpur ("DBKL") for the acquisition of 10 parcels of 99-year leasehold land measuring approximately 72.73 acres in Mukim Batu, Wilayah Persekutuan from DBKL for a purchase consideration of RM416.4 million. The SSA and SPA were both dated 13 April 2018.

The SSA became effective on 2 April 2019 ("Effective Date").

On the Effective Date, both parties varied the payment terms of the SSA and SPA via the execution of a supplemental agreement ("SA") to the SSA and SPA. The Subscription Price was revised to RM256.1 million, while the purchase consideration was revised to RM447.0 million. The cash portion of the revised purchase consideration amounting to RM267.1 million was fully paid, while the balance RM179.9 million in-kind comprising the multi-level car park and marching field as well as the Complex Jabatan Penguatkuasa were delivered to DBKL on 28 February 2020 and 22 September 2021, respectively.

As at 20 May 2022, there is no more outstanding payment due to DBKL.



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**15. Status of corporate proposals announced but not completed as at the date of this announcement (cont'd)**

- e) The definitive agreements comprising 2 sets of Sale and Purchase Agreements ("SPA"); the first SPA for the sale of 38 non-Bumiputera plots ("SPA 1") while the second SPA was for the sale of 34 Bumiputera plots ("SPA 2"), Limited Power of Attorneys, Deed of Mutual Covenants and Deed of Revocation between UEM Land and Nusajaya Heights Sdn Bhd with the subsidiaries of AME Elite Consortium Berhad ("AME") i.e. Pentagon Land Sdn Bhd ("Pentagon") and Greenhill SILC Sdn Bhd ("Greenhill") (collectively defined as the "Purchasers") including a Management Agreement with Infinity Park Management Sdn Bhd, for the sale of 72 freehold vacant industrial plots in phase 3 of the Southern Industrial Logistics Clusters ("SiLC") measuring approximately 169.8 acres ("Industrial Plots") for a total consideration of RM434.3 million on 30 December 2020 ("Proposed Sale").

Both SPA 1 and SPA 2 need to fulfil the same conditions precedent i.e. the Purchasers' Board and shareholders' approvals and the Economic Planning Unit's ("EPU") consent. SPA 2 has an additional

The payment terms collectively for both SPA:

- (i) Earnest deposit of 2% or RM8.7 million paid upon the signing of the definitive agreements;
- (ii) Balance deposit of 8% or RM34.8 million to be paid within 10 business days of the respective SPA's unconditional date; and
- (iii) Balance total consideration of 90% or RM390.8 million to be paid as follows:
  - RM210.1 million in 3 tranches over 36 months from the unconditional date of SPA 1;
  - RM180.7 million within 36 months from the unconditional date of SPA 2.

SPA 1 became unconditional on 17 December 2021. For SPA 2, 19 out of 34 Industrial Plots have obtained approvals for the release of their Bumiputera status. The sale of the 19 Industrial Plots became unconditional on 3 March 2022. The fulfillment of CP3 for the remaining 15 Industrial Plots is still pending. All parties have agreed to extend the conditional period for CP3 for another 12 months extending the conditional period for SPA 2 to 30 December 2022.

As at 20 May 2022, the fulfillment of CP3 for the remaining 15 Industrial Plots is still pending.

- f) The three Sale and Purchase Agreements ("SPAs") between Sunrise Mersing Sdn Bhd and Lagenda Mersing Sdn Bhd for the disposal of 3 parcels of freehold agriculture land held under HS(D) 2249 PTD 10944 (92.7 acres), HS(D) 2251 PTD 10946 (120.7 acres) and HS(D) 2252 PTD 10947 (217.7 acres) measuring 431.1 acres in total in Mukim Mersing, District of Mersing, Johor for a total consideration of RM45.1 million on 2 July 2021. The SPA became unconditional on 28 April 2022.

As at 20 May 2022, the SPAs are pending full settlement of the total consideration.

- g) The Share Sale and Purchase Agreement ("SSPA") between Sunrise Berhad ("SB") 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 on 18 February 2022.

There are no conditions precedent in the SSPA. The SSPA was completed on 18 March 2022. Upon completion, SCM ceases to be an indirect wholly-owned subsidiary of UEM Sunrise.

As at 20 May 2022, the SSPA is completed.





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**16. Borrowings and debt securities**

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>As at 31 March 2022</u></b>						
- Islamic Medium Term Notes and Islamic Commercial Papers	-	3,192,727	3,192,727	-	460,000	460,000
- Term loan and Commodity Murabahah Finance	56,881	-	56,881	66,704	-	66,704
- Revolving credits	-	-	-	375,760	44,000	419,760
- Structured commodity	-	-	-	-	10,000	10,000
- Bank overdrafts	-	-	-	4,728	202	4,930
<b>TOTAL</b>	<b>56,881</b>	<b>3,192,727</b>	<b>3,249,608</b>	<b>447,192</b>	<b>514,202</b>	<b>961,394</b>

**As at 31 March 2021**

- Islamic Medium Term Notes	-	2,870,000	2,870,000	-	785,000	785,000
- Term loan and Commodity Murabahah Finance	157,135	-	157,135	45,810	-	45,810
- Revolving credits	-	-	-	375,279	169,000	544,279
- Structured commodity	-	-	-	-	100,000	100,000
- Bank overdrafts	-	-	-	4,591	3,164	7,755
<b>TOTAL</b>	<b>157,135</b>	<b>2,870,000</b>	<b>3,027,135</b>	<b>425,680</b>	<b>1,057,164</b>	<b>1,482,844</b>

Since 31 March 2021, the Group drew borrowings of RM1.4 billion including RM790 million of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP"), RM469 million of revolving credits and RM101 million of term loans and structured commodity. The Group also repaid borrowings of RM1.7 billion comprising RM792 million of IMTN and ICP, RM594 million of revolving credits and RM273 million of structured commodity and term loans.



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**17. Fair value hierarchy**

There were no transfers between any level of the fair value hierarchy during the current period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

**18. Material litigation**

Since the preceding financial year ended 31 December 2021, there is no change in material litigation as at the date of this announcement except as disclosed below:

- a) Decision by the Federal Court in respect of BND's and High Court on SHSB's and UEML's additional assessment raised by IRB for additional tax and penalty, as disclosed in Note 12.
- b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman Sdn Bhd ("Setia Haruman" or "the 1st Defendant"). UEM Land is cited as the 9th Defendant in the Claim.

The Claim seeks, amongst others, for:

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

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

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

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

The appeal was heard in part during the hearing on 28 April 2022. During the hearing, Impressive Circuit raised a preliminary point of law which was never raised in its previous written submissions. The Court of Appeal directed the parties to file supplementary written submissions to address Impressive Circuit's arguments on this preliminary point. The hearing is adjourned to 13 September 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.



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**18. Material litigation (cont'd)**

- 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. The parties exchanged their respective rebuttal factual witness statements by 7 March 2022. The parties' respective experts held a without prejudice meeting on 7 March 2022 and delivered a joint expert report thereafter by 7 April 2022. The hearing dates are now fixed for 23 May 2022 to 3 June 2022.



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**19. Comparison between the current quarter and the immediate preceding quarter**

	Current quarter 31/03/2022 RM'000	Immediate preceding quarter 31/12/2021 RM'000	Variance RM'000/(%)
Revenue	416,451	469,633	(53,182) (-11%)
Operating profit/(loss)	59,284	(120,851)	180,135 (>100%)
Share of net results of JV and associates	11,431	8,439	2,992 (35%)
Profit/(loss) before interest and tax	70,715	(112,412)	183,127 (>100%)
Finance costs	(34,936)	(35,330)	394 (1%)
Profit/(loss) before income tax	35,779	(147,742)	183,521 (>100%)
Income tax	(16,575)	(4,709)	(11,866) (>-100%)
Profit/(loss) for the period	19,204	(152,451)	171,655 (>100%)
Non-controlling interests	(184)	1,471	(1,655) (>-100%)
Profit/(loss) attributable to Owners of the Parent	19,020	(150,980)	170,000 (>100%)

In the first quarter of 2022, the Group recognised land sale revenue of RM127 million in relation to the sale of 19 industrial plots in phase 3 of the Southern Industrial and Logistics Clusters ("SiLC") ("SiLC Sale SPA 2") and RM32 million divestment of non-strategic pocket land sales in the Central and Southern regions. Both, sales of industrial plots in SiLC and the divestment of the non-strategic pocket lands, contributed 38% and 41% of the total revenue in the current quarter and the immediate preceding quarter, respectively. For property development, the revenue contribution accounted for 54% of the current quarter's total revenue as compared to 57% in the immediate preceding quarter. The contribution was largely attributable to local projects i.e. Residensi Solaris Parq in Dutamas and Serene Heights Bangi in the Central region, as well as Aspira ParkHomes and Senadi Hills, all in Iskandar Puteri in the Southern region.

The gross profit margin is higher due to the divestment of pocket lands that carried significantly higher margins in the current quarter. In the fourth quarter of 2021, margins were lower mainly due to inventories written down and fair value adjustment on SiLC sale receivables. In line with higher gross profits, the Group recognised an operating profit in the current quarter as compared to an operating loss in the immediate preceding quarter, where the latter period recognised asset impairments. As a result, profit after tax of RM19 million was recorded in the current quarter, partly accorded by improvements in the share of results of joint ventures and associates, notwithstanding the higher income tax recorded by the Group's profitable entities.

**20. Detailed analysis of the performance for the current quarter**

	Current quarter 31/03/2022 RM'000	Preceding year corresponding quarter 31/03/2021 RM'000	Variance RM'000/(%)
Revenue	416,451	252,693	163,758 (65%)
Operating profit	59,284	27,016	32,268 (>100%)
Share of net results of JV and associates	11,431	8,698	2,733 (31%)
Profit before interest and tax	70,715	35,714	35,001 (98%)
Finance costs	(34,936)	(36,204)	1,268 (4%)
Profit/(loss) before income tax	35,779	(490)	36,269 (>100%)
Income tax	(16,575)	(3,453)	(13,122) (>-100%)
Profit/(loss) for the period	19,204	(3,943)	23,147 (>100%)
Non-controlling interests	(184)	(376)	192 (51%)
Profit/(loss) attributable to Owners of the Parent	19,020	(4,319)	23,339 (>100%)



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**20. Detailed analysis of the performance for the current quarter (cont'd)**

The Group's revenue for the current quarter was higher by 65% compared to the corresponding quarter in 2021 mainly due to the recognition of SiLC Sale SPA 2 and divestment of non-strategic pocket lands; one in the Central region and another in Southern. The current quarter also witnessed higher property development revenue of local projects that are in the mid-stage of their development cycles, namely Senadi Hills, Residensi Astrea in Mont' Kiara and Residensi AVA in Kiara Bay, as well as mature projects including Serene Heights Bangi and Aspira ParkHomes.

The gross profit margin was however, lower in the current quarter at 24% compared to the prior year's corresponding quarter of 31% mainly due to low margin contributions from SiLC Sale SPA 2, neutralised by the contribution from pocket land divestments that carried higher profit margins. The gross profit margins contributed by the property development segment remained intact at 27% for both quarters under review. In the current quarter, the Group recorded more than 100% improvement in operating profits in tandem with the higher gross profits. The recovery of our earnings position was also contributed by the lower operating expenses by 5% and the higher foreign exchange gains due to improvements in the Australian dollars and the South African Rands, as well as improved share of results of joint ventures and associates, leading to a profit after tax of RM19 million as compared to a loss after tax in the corresponding quarter in 2021.

The Group recorded lower sales of RM110 million in the current quarter as compared to RM272 million in first quarter of 2021. 64% of the total sales was contributed by ongoing products mainly from Serene Heights Bangi, KAIA Heights in Equine Park, Seri Kembangan, Residensi Allevia in Mont'Kiara and Residensi AVA, while the remaining 36% was contributed by inventories, primarily Estuari Gardens in Puteri Harbour and Aspira LakeHomes in Gerbang Nusajaya, both in Iskandar Puteri. These projects contributed 75% of the total sales for the quarter under review. Towards the end of March 2022, the Group launched the second and final phase of Aspira Gardens in Gerbang Nusajaya, featuring 80 units of double-storey clusters and semi-detached homes totalling a Gross Development Value ("GDV") of RM74 million.

**21. Profit/(loss) per share**

	Current year quarter <b>31/03/2022</b> RM'000	Preceding year corresponding quarter <b>31/03/2021</b> RM'000	Three months to <b>31/03/2022</b> RM'000	Three months to <b>31/03/2021</b> RM'000
Profit/(loss) for the period attributable to Owners of the Parent	19,020	(4,319)	19,020	(4,319)
Weighted average number of ordinary shares in issue ('000)	5,058,476	5,058,476	5,058,476	5,058,476
Profit/(loss) per share	0.38 sen	(0.09) sen	0.38 sen	(0.09) sen



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**22. Prospects for the current financial year**

The Malaysian economy saw a moderate recovery, with GDP growing by 3.1% in 2021 (2020: -5.6%). This is projected to gather further momentum amid the reopening of the economy and international borders. The better COVID-19 management and higher vaccination rates help mitigate adverse impact from future resurgences, and less disruption to economic activity and spending. As an open economy, Malaysia will continue to benefit from the expansion in global demand, which would support both investment activity and the labour market. Overall, for 2022, growth is expected to expand between 5.3% and 6.3%. Globally, inflationary pressures have increased due to the rise in commodity prices, strained supply chains and strong demand conditions. On 11 May 2022, BNM's Monetary Policy Committee increased the Overnight Policy Rate ("OPR") by 25 basis points to 2.00% from its historic low of 1.75% since July 2020.

The transition to endemicity on 1 April 2022, and further easing of restrictions and reopening of international borders, are expected to strengthen economic activity. Our efforts during the *Triage* period where fundamentals are assessed aggressively with the focus to address losses, streamline core capabilities and create products that deliver value, allow us to return to profitability and strengthen our financial position as reflected in the current quarter results. This performance is anticipated to continue throughout the remaining year. Construction activities have resumed significantly, while retail operations are picking up rapidly in line with the buoyant consumption and spending environment, with improved occupancy and rental rates.

The recent increase in OPR is not expected to have a significant impact on sales this year as there are few speculative property purchases. Buyers presently are mainly owner occupiers, buying for own consumption. In addition, products currently available for sale have been competitively priced to market levels. The increased OPR is still low in comparison to pre-pandemic period which stood at 2.75% in January 2020. Although the rise of construction materials' prices is a challenge, it will only affect future launches. For ongoing projects, the costs of these materials have been contracted and locked in. In the absence of the government home ownership campaigns, we have devised plans of our own to boost sales by launching our own sales campaign starting with the 'Chinese New Year Duo Duo' campaign from 16 January to 22 March 2022, followed by the 'Ini Baru Raya' campaign which takes place from 22 April to 22 June 2022.



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**22. Prospects for the current financial year (cont'd)**

Our focus in 2022 is in the Central and Southern regions, with half of our GDV target for the year centred in the Klang Valley featuring amongst others, 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 in Taman Connaught, Cheras, followed by launches in the Southern region focusing on attainable mid-market landed homes. We continue to pursue full settlement of the inventories in Aurora Melbourne Central and Conservatory, targeting to resolve the remaining units in both developments in 2022. The proposal for the 1.3-acre land in Collingwood, Melbourne is ongoing with a target to launch in 2022.

Our efforts in entrenching the sustainability agenda to future proof new launches and future projects throughout the organisation are ongoing, and reinforced with the unveiling of the UEM Sunrise Sustainability Blueprint 1.0 in March this year.

The Group remains financially sound given the gross and net gearings of 0.63x and 0.50x, respectively and cash balances of RM813 million as at 31 March 2022. Unbilled sales of RM2.2 billion as at 31 March 2022 will be substantially recognised over the next 18 to 36 months depending on projects' progress completion. We remain cautiously optimistic and maintain our sales and GDV targets of RM1.5 billion and RM3.3 billion, respectively for 2022.

Note:

1 Bank Negara Malaysia (BNM) Annual Report 2021 issued on 30 March 2022.

2 BNM Economic & Monetary Review 2021 issued on 30 March 2022.

3 BNM Financial Stability Review Second Half 2021 issued on 30 March 2022.

4 Monetary Policy Statement dated 11 May 2022. (<https://www.bnm.gov.my/-/monetary-policy-statement-11052022>)

5 Triage is a period of reformation and fundamentals, a crucial part of our three-prong strategy, alongside Stabilise (reorganisation and transformation of our people, process and portfolio) and Sustain (income diversification for sustained revenue). It includes addressing Group's losses, streamlining core capabilities and creating products that deliver value.

**23. Profit forecast**

The Group did not issue any profit forecast or profit guarantee in respect of current year.

**Kuala Lumpur**  
**25th May 2022**

**By Order of the Board**

**LIEW IRENE (SSM PC No.201908001893) (MAICSA 7022609)**

**WONG LEE LOO (SSM PC No.201908001993) (MAICSA 7001219)**

Joint Company Secretaries