



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Year Ended	Year Ended
	quarter	corresponding	Year Ended	Year Ended
Note	31/12/2020	31/12/2019	31/12/2020	31/12/2019
		(restated)		(restated)
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	611,635	1,162,029	1,136,881	2,909,461
(b) Cost of sales	(453,272)	(848,616)	(838,105)	(2,103,636)
(c) Gross profit	158,363	313,413	298,776	805,825
(d) Other income	16,231	27,916	76,100	70,909
(e) Expenses	(158,558)	(140,197)	(363,576)	(388,788)
(f) Finance costs	(39,171)	(25,832)	(132,850)	(117,509)
(g) Foreign exchange gain/(loss)	6,085	5,651	(9,103)	(8,553)
(h) Share of net results of associates	(9,775)	11,650	(7,628)	(2,432)
(i) Share of net results of joint ventures	(40,125)	12,162	(57,050)	22,315
(j) (Loss)/profit before income tax and zakat	(66,950)	204,763	(195,331)	381,767
(k) Income tax and zakat	14 (66,342)	(80,713)	(81,385)	(161,301)
(l) (Loss)/profit for the period/year	(133,292)	124,050	(276,716)	220,466
Attributable to:				
(m) Owners of the Parent	(134,658)	125,210	(277,284)	221,597
(n) Non-controlling Interests	1,366	(1,160)	568	(1,131)
(Loss)/profit for the period/year	(133,292)	124,050	(276,716)	220,466
2. (Loss)/earnings per share based on 1(m) above	21			
(a) Basic (loss)/earnings per share	(2.66)sen	2.76 sen	(5.48)sen	4.88 sen
(b) Diluted (loss)/earnings per share	(2.66)sen	2.43 sen	(5.48)sen	4.30 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 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 quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 (restated) RM'000	Year Ended 31/12/2020 RM'000	Year Ended 31/12/2019 (restated) RM'000
(Loss)/profit for the period/year	(133,292)	124,050	(276,716)	220,466
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	31,607	4,661	64,641	500
Transfer to profit or loss on settlement of cash flow hedge	-	-	-	942
Cash flow hedge	-	(11,929)	-	(15,988)
Total other comprehensive income/ (expense) for the period/year, net of tax	31,607	(7,268)	64,641	(14,546)
Total comprehensive (expense)/income for the period/year	(101,685)	116,782	(212,075)	205,920
Attributable to:				
Owners of the Parent	(102,875)	118,005	(212,717)	207,073
Non-controlling Interests	1,190	(1,223)	642	(1,153)
Total comprehensive (expense)/income for the period/year	(101,685)	116,782	(212,075)	205,920

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 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 quarter	Preceding year corresponding quarter	Year Ended	Year Ended
Note	31/12/2020	31/12/2019 (restated)	31/12/2020	31/12/2019 (restated)
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before income tax is arrived at after charging/(crediting):				
Finance cost:				
- interest expense	39,171	25,832	132,850	116,567
- fair value on derivative liability	-	-	-	942
Depreciation	17,499	12,655	56,962	47,149
Interest income	(4,864)	(10,762)	(33,523)	(38,593)
(Gain)/loss on foreign exchange:				
- unrealised	(6,076)	(6,421)	2,721	9,036
- realised	(9)	770	6,382	(483)
Dividend income from investment at fair value through profit or loss	(2,809)	-	(7,186)	(1,573)
Write back of allowance for impairment of receivables	(390)	(828)	(591)	(2,043)
Allowance for doubtful debts	8,270	1,551	9,808	1,909
Impairment/written down cost of:				
- interests in a joint venture (a)	-	13,793	-	51,113
- investment property	26,476	-	26,476	-
- land held for property development	17,458	-	17,458	-
- property development costs	1,065	-	1,065	-
- property, plant and equipment	2,566	-	2,566	-
- right-of-use asset	748	-	748	-
Net allowance for impairment of inventories	-	4,921	35,844	4,921
Restructuring cost (b)	-	25,907	-	25,907
Gain on disposal of investment property	-	-	-	(2,048)

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.

(a) In May 2018, a major customer notified Malaysian Bio-XCell Sdn. Bhd. ("MBX"), a joint venture of the Group, of its intention to cease business. This has resulted in material uncertainty surrounding MBX. On 12 March 2019, MBX informed the Group that a receiver and manager was appointed by the Bank. On 18 July 2019, Kuala Lumpur High Court granted the order for MBX to be wound up pursuant to the creditors' liquidation. In the previous financial year, the Group recorded impairment losses of RM51,113,000. The Group has not provided any guarantee for the loan entered by MBX.

There is no further impairment in period/year under review as full impairment has been made in prior year.

(b) The Group implemented a staff separation scheme in the previous financial year for operational and cost efficiencies whereby 276 staff opted for the scheme.



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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at current financial year end 31/12/2020 RM'000	Unaudited As at preceding financial year end 31/12/2019 (restated) RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	478,614	456,056
Investment properties	823,932	845,611
Right-of-use assets	17,411	28,529
Land held for property development	5,832,747	5,611,632
Interests in associates	486,611	495,254
Interests in joint ventures	989,012	1,026,495
Amounts due from joint ventures	173,252	158,464
Amounts due from associates	9,745	-
Goodwill	621,409	621,409
Contract assets	-	2,752
Deferred tax assets	255,760	286,799
Financial asset at fair value through profit or loss	5,000	-
Long term receivables	145,355	166,052
	9,838,848	9,699,053
2. Current assets		
Property development costs	958,232	872,377
Inventories held for sale	468,414	540,643
Inventories under contract of sale	112,118	408,304
Receivables	494,297	641,741
Contract assets	242,745	175,988
Amounts due from associates	950	14,938
Amounts due from joint ventures	61,104	38,265
Short term investments	216,936	329
Cash, bank balances and deposits	1,086,269	1,057,446
	3,641,065	3,750,031
Total assets	13,479,913	13,449,084



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

	Note	Unaudited As at current financial year end 31/12/2020 RM'000	Unaudited As at preceding financial year end 31/12/2019 (restated) RM'000
EQUITY AND LIABILITIES			
3. Equity attributable to Owners of the Parent			
Share capital		4,960,276	5,110,276
Reserves			
Merger relief reserve		34,330	34,330
Other reserves		78,238	13,671
Retained profits		1,828,763	2,106,047
		<u>6,901,607</u>	<u>7,264,324</u>
4. Non-controlling Interests		468,974	468,332
Total equity		<u>7,370,581</u>	<u>7,732,656</u>
5. Non-current liabilities			
Borrowings	16	2,600,292	2,337,883
Lease liabilities		8,560	19,714
Payables		141,153	170,241
Contract liabilities		227,799	258,646
Deferred income		163,890	164,193
Provisions		68,317	68,404
Deferred tax liabilities		164,410	238,426
		<u>3,374,421</u>	<u>3,257,507</u>
6. Current liabilities			
Provisions		133,754	177,675
Payables		1,007,008	1,083,888
Contract liabilities		70,170	66,240
Borrowings	16	1,493,103	1,048,978
Lease liabilities		11,868	10,380
Tax payable		19,008	71,760
		<u>2,734,911</u>	<u>2,458,921</u>
Total liabilities		<u>6,109,332</u>	<u>5,716,428</u>
Total equity and liabilities		<u>13,479,913</u>	<u>13,449,084</u>
7. Net assets per share attributable to Owners of the Parent		<u>RM 1.36</u>	<u>RM 1.60</u>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this quarterly announcement.



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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Year Ended 31/12/2020 RM'000	Audited Year Ended 31/12/2019 RM'000
Operating Activities		
Cash receipts from customers	1,279,863	3,057,907
Cash receipts from related parties	2,561	24,374
Cash payments to contractors	(555,073)	(732,423)
Cash payments for land and development related costs	(302,905)	(115,838)
Cash payments to related parties	(13,493)	(16,493)
Cash payments to employees and for expenses	(324,665)	(476,085)
Cash generated from operations	86,288	1,741,442
Net income tax and zakat paid	(187,672)	(103,068)
Interest received	11,603	21,859
Net cash (used in)/generated from operating activities	(89,781)	1,660,233
Investing Activities		
Dividend received from a joint venture	500	30,000
Repayment from a joint venture	4,500	2,000
Deposit refund for development rights of a land	-	10,000
Deposit received for partial disposal of subsidiary	12,785	-
Purchase of property, plant and equipment	(16,820)	(37,473)
Purchase of investment property	(18,400)	-
Proceeds from disposals of an investment property	-	2,417
Advances to joint ventures	(36,824)	(18,861)
Business combination	-	(214,074)
Investment in land held for property development	(28,300)	(45,000)
Investment in long term investment	(5,000)	-
Net (investment in)/redemption of short term investments	(209,421)	51,300
Net cash used in investing activities	(296,980)	(219,691)



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

	Note	Unaudited Year Ended 31/12/2020 RM'000	Audited Year Ended 31/12/2019 RM'000
Financing Activities			
Drawdown of borrowings		537,784	990,502
Drawdown of Islamic Medium Term Notes		1,205,000	300,000
Advance from a corporate shareholder		2,000	-
Redemption of Redeemable Convertible Preference Shares ("RCPS")		(150,000)	-
Repayment of borrowings		(435,637)	(2,252,115)
Repayment of Islamic Medium Term Notes		(550,000)	(300,000)
Repayment of loan from immediate holding company		(55,555)	-
Repayment of lease liabilities		(3,866)	(4,507)
Interest paid		(172,855)	(195,188)
Net cash generated from/(used in) financing activities		376,871	(1,461,308)
Effects of exchange rate changes		33,889	556
Net increase/(decrease) in cash and cash equivalents		23,999	(20,210)
Cash and cash equivalents as at beginning of financial year		1,056,733	1,076,943
Cash and cash equivalents as at end of financial year	(a)	1,080,732	1,056,733
		Unaudited As at 31/12/2020 RM'000	Audited As at 31/12/2019 RM'000

(a) Cash and cash equivalents comprise of the following amounts:

Cash, bank balances and deposits			
Unrestricted		892,511	868,141
Restricted		193,758	189,305
		1,086,269	1,057,446
Bank overdrafts (included in short term borrowings)	16	(5,537)	(713)
Cash and cash equivalents		1,080,732	1,056,733

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this quarterly announcement.



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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

Note	← Attributable to Owners of the Parent →							Non-controlling Interests RM'000	Total Equity RM'000
	← Non-distributable →			Distributable					
	Share Capital RM'000	Merger Relief Reserve RM'000	Cash Flow Hedge Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000			
Financial year ended 31 December 2020									
(Unaudited)									
At 1 January 2020 (as previously reported)	5,110,276	34,330	-	13,671	2,127,889	7,286,166	468,332	7,754,498	
Effect of AD4 restatement	-	-	-	-	(21,842)	(21,842)	-	(21,842)	
At 1 January 2020 (restated)	5,110,276	34,330	-	13,671	2,106,047	7,264,324	468,332	7,732,656	
Total comprehensive loss for the year	-	-	-	64,567	(277,284)	(212,717)	642	(212,075)	
Redemption of RCPS	(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	
Financial year ended 31 December 2019									
(Unaudited and Restated)									
At 1 January 2019 (as previously reported)	5,110,276	34,330	15,046	49,170	1,868,067	7,076,889	363,722	7,440,611	
Effect of AD4 restatement	-	-	-	-	(19,638)	(19,638)	-	(19,638)	
At 1 January 2019 (restated)	5,110,276	34,330	15,046	49,170	1,848,429	7,057,251	363,722	7,420,973	
Total comprehensive income for the year	-	-	(15,046)	522	221,597	207,073	(1,153)	205,920	
Business combination	-	-	-	-	-	-	105,763	105,763	
ESOS expiry of vested employee share options	-	-	-	(36,021)	36,021	-	-	-	
At 31 December 2019 (restated)	5,110,276	34,330	-	13,671	2,106,047	7,264,324	468,332	7,732,656	

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 2019 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 2019, 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 2019 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 2020:

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendment to MFRS 16 Leases: COVID-19-Related Rent Concessions

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 interpretation that have been issued but are not yet effective:

	Effective for the financial periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 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
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	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

2. Changes in Accounting policies and methods of computation (cont'd)

Early adoption of standards and interpretations that have been issued and effective for annual period beginning on or after 1 January 2021:

Interpretation to MFRS 123: Borrowing Costs relating to over time transfer of constructed good
(Agenda Decision 4 ("AD4"))

In March 2019, the International Financial Reporting Standards Interpretations Committee concluded that interest cost should not be capitalised for assets created under the percentage-of-completion method i.e. receivables, contract assets and inventories as these assets do not meet the definition of qualifying assets.

On 20 March 2019, the Malaysian Accounting Standards Board allowed the affected entities to apply the changes in accounting policies to their financial statements in relation to AD4 beginning on or after 1 July 2020.

The profits before income tax and zakat for current period/year and comparative periods are reduced by finance cost expensed off from ongoing development projects, for which previously capitalised under property development costs. The impact is diluted by the improvement to gross profits for property development. There is no impact to the revenue and no significant impact to the condensed consolidated statement of financial position.

The impact to the condensed consolidated income statement and statement of total comprehensive income for comparative interim periods and condensed consolidated statement of financial position at 31 December 2019 are provided as below:

(i) Impact on the condensed consolidated statement of financial position as at 31 December 2019:

	Previously reported RM'000	Adoption RM'000	Restated RM'000
ASSETS			
Non-current assets			
Land held for property development	5,618,794	(7,162)	5,611,632
Interests in associates	498,572	(3,318)	495,254
Interests in joint ventures	1,030,838	(4,343)	1,026,495
Deferred tax assets	282,926	3,873	286,799
Other non-current assets	2,278,873	-	2,278,873
	9,710,003		9,699,053
Current assets			
Property development costs	877,385	(5,008)	872,377
Inventories held for sale	546,527	(5,884)	540,643
Other current assets	2,337,011	-	2,337,011
	3,760,923		3,750,031
Total assets	13,470,926		13,449,084
EQUITY AND LIABILITIES			
Equity			
Retained profits	2,127,889	(21,842)	2,106,047
Other equity	5,158,277	-	5,158,277
	7,286,166		7,264,324
Non-controlling interests	468,332	-	468,332
Total equity	7,754,498		7,732,656
Total liabilities	5,716,428	-	5,716,428
Total equity and liabilities	13,470,926		13,449,084

Impact on net assets per share attributable to Owners of Parent

(0.48) sen

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

Interpretation to MFRS 123: Borrowing Costs relating to over time transfer of constructed good
(Agenda Decision 4 ("AD4")) (cont'd)

(ii) Impact on the condensed consolidated income statement for the quarter ended 31 December 2019:

	Previously reported	Adoption	Restated
	RM'000	RM'000	RM'000
Revenue	1,162,029	-	1,162,029
Cost of sales	(851,296)	2,680	(848,616)
Gross profit	310,733	-	313,413
Other income	27,916	-	27,916
Expenses	(140,197)	-	(140,197)
Finance costs	(22,167)	(3,665)	(25,832)
Foreign exchange gain	5,651	-	5,651
Share of results of associates	11,650	-	11,650
Share of results of joint ventures	12,448	(286)	12,162
Profit before income tax and zakat	206,034	-	204,763
Income tax and zakat	(80,949)	236	(80,713)
Profit for the period	125,085	(1,035)	124,050
Profit attributable to Owners of the Parent	126,245	(1,035)	125,210

(iii) Impact on the condensed consolidated statement of comprehensive income for the quarter ended 31 December 2019:

	Previously reported	Adoption	Restated
	RM'000	RM'000	RM'000
Profit for the period	125,085	(1,035)	124,050
Total other comprehensive expense	(7,268)	-	(7,268)
Total comprehensive income for the period	117,817	(1,035)	116,782

(iv) The impact on basic and diluted loss per share for the quarter ended 31 December 2019 is as follows:

Basic loss per share	0.02	sen
Diluted loss per share	0.02	sen

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

Interpretation to MFRS 123: Borrowing Costs relating to over time transfer of constructed good (Agenda Decision 4 ("AD4")) (cont'd)

(v) Impact on the condensed consolidated income statement for the year ended 31 December 2019:

	Previously reported RM'000	Adoption RM'000	Restated RM'000
Revenue	2,909,461	-	2,909,461
Cost of sales	<u>(2,112,024)</u>	8,388	<u>(2,103,636)</u>
Gross profit	797,437		805,825
Other income	70,909	-	70,909
Expenses	(388,788)	-	(388,788)
Finance costs	(106,801)	(10,708)	(117,509)
Foreign exchange loss	(8,553)	-	(8,553)
Share of results of associates	(2,432)	-	(2,432)
Share of results of joint ventures	<u>22,756</u>	(441)	<u>22,315</u>
Profit before income tax and zakat	<u>384,528</u>		<u>381,767</u>
Income tax and zakat	<u>(161,858)</u>	557	<u>(161,301)</u>
Profit for the year	<u>222,670</u>	(2,204)	<u>220,466</u>
Profit attributable to Owners of the Parent	<u>223,801</u>	(2,204)	<u>221,597</u>

(vi) Impact on the condensed consolidated statement of comprehensive income for the year ended 31 December 2019:

	Previously reported RM'000	Adoption RM'000	Restated RM'000
Profit for the year	222,670	(2,204)	220,466
Total other comprehensive expense	<u>(14,546)</u>	-	<u>(14,546)</u>
Total comprehensive income for the year	<u>208,124</u>	(2,204)	<u>205,920</u>

(vii) The impact on basic and diluted loss per share for the year ended 31 December 2019 is as follows:

Basic loss per share	0.05 sen
Diluted loss per share	0.04 sen



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 2019 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2019 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 year except for the estimates related to construction cost resulting in project cost savings of 2.7% (2019: 7.1%) 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 year ended 31 December 2020 except for the issuance of Islamic Medium Term Notes ("IMTN") from its IMTN Programme as follows:

Date	Transaction	Amount (RM'Million)	Tenure	Rate (per annum)
10 April 2020	Issuance	200	6 months	3.50%
10 April 2020	Repayment	(150)	5 years	4.58%
30 April 2020	Issuance	130	1 year	3.70%
18 May 2020	Issuance	105	1 year	3.70%
10 June 2020	Issuance	270	3 years	4.00%
12 June 2020	Issuance	150	3 years	4.00%
21 September 2020	Issuance	350	3 years	3.90%
9 October 2020	Repayment	(200)	6 months	3.50%
11 December 2020	Repayment	(200)	3 years	4.80%

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

On 24 April 2020, the Company has redeemed a total of 123,340,418 RCPS out of the share capital account for a redemption sum of RM150.0 million at approximately RM1.22 for each RCPS following a redemption notice dated 17 April 2020 issued to UEM Group Berhad ("UEMG"), the immediate holding company of the Company.

On 29 October 2020, all the outstanding 669,175,335 RCPS with value of RM833,664,295 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 RM4,960,276,589 comprising 5,058,476,221 ordinary shares.

7. Dividend

The Directors do not recommend the payment of any dividend for the current financial year ended 31 December 2020 (2019: Nil).

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

The COVID-19 outbreak was first identified in Wuhan, China in December 2019 and it was declared a pandemic by the World Health Organisation in March 2020. A nationwide Movement Control Order ("MCO") was subsequently enforced from 18 March 2020 to 9 June 2020 to contain the spread of the virus. During this period, our sales galleries, retail outlets and offices were closed and there were no sales and construction activities.



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8. Unusual items due to their nature, size or incidence (cont'd)

The Recovery Movement Control Order ("RMCO"), introduced on 10 June 2020, was effective till 31 August 2020. Restrictions on inter-state travelling and economic activities were relaxed. We managed to obtain approvals from the Ministry of International Trade and Industry to reconvene construction for certain projects. Conditional Movement Control Order ("CMCO") took place in certain states from October 2020 to January 2021 and subsequently, the MCO was re-introduced from 13 January 2021 to 4 March 2021. The MCO was replaced with CMCO from 5 March 2021 to 31 March 2021. The pandemic has impacted the Malaysian economy and significantly curtailed business activities. As a result, our financial performance for the year under review is also impacted.

9. Material events subsequent to the end of the current financial year

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 December 2020 to the date of this announcement which would substantially affect the financial results of the Group for the financial year ended 31 December 2020 that have not been reflected in the condensed interim financial statements.

10. Operating segments

Operating segments information for the financial year ended 31 December 2020 is as follows:

	Property development		Property investment	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia	and hotel operation			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	583,614	448,114	65,119	40,034	-	1,136,881
Inter-segment revenue	-	-	1,631	96,679	(98,310)	-
Total revenue	583,614	448,114	66,750	136,713	(98,310)	1,136,881
Results						
Segment results	(30,858) ¹	137,381 ²	(46,687) ³	(20,287)	(37,352)	2,197
Finance costs	(81,648)	(11,443)	(34,149)	(42,962)	37,352	(132,850)
Share of results of associates	(5,943)	(1,252)	-	(433)	-	(7,628)
Share of results of joint ventures	(34,853)	-	(22,197)	-	-	(57,050)
(Loss)/profit before income tax and zakat	(153,302)	124,686	(103,033)	(63,682)	-	(195,331)
Income tax and zakat	(28,449)	(51,979)	13	(970)	-	(81,385)
(Loss)/profit for the year	(181,751)	72,707	(103,020)	(64,652)	-	(276,716)
Attributable to:						
Owners of the Parent	(181,707)	72,707	(103,020)	(65,264)	-	(277,284)
Non-controlling Interests	(44)	-	-	612	-	568
(Loss)/profit for the year	(181,751)	72,707	(103,020)	(64,652)	-	(276,716)
Assets						
Segment assets	10,245,095	934,120	994,584	421,844	(689,133)	11,906,510
Interests in:						
- associates	477,478	7,961	-	1,172	-	486,611
- joint ventures	898,350	-	90,662	-	-	989,012
Tax recoverable	96,206	-	348	1,226	-	97,780
Total assets	11,717,129	942,081	1,085,594	424,242	(689,133)	13,479,913
Liabilities						
Segment liabilities	5,156,392	17,090	793,266	812,709	(689,133)	6,090,324
Tax payable	9,920	8,569	-	519	-	19,008
Total liabilities	5,166,312	25,659	793,266	813,228	(689,133)	6,109,332

¹ Inclusive of written down costs of RM35,844,000 for inventories and RM18,523,000 for development costs.

² Inclusive of foreign exchange losses of RM8,937,000.

³ Inclusive of written down costs of RM26,476,000 for investment property and RM748,000 for right-of-use asset.



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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 2019 except as disclosed below:

- (i) On 2 April 2020, UEM Sunrise (Collingwood) Pty Ltd and UEM Sunrise (Collingwood Development) Pty Ltd were incorporated and registered in Victoria, Australia as wholly-owned subsidiaries of UEM Sunrise (Land) Pty Ltd and UEM Sunrise (Developments) Pty Ltd respectively, which in turn are indirect wholly-owned subsidiaries of the Company, each with paid-up share capital of AUD4.00 divided into 2 Ordinary Shares.
- (ii) On 16 April 2020, UEM Sunrise (Collingwood) Unit Trust was established with UEM Sunrise (Collingwood) Pty Ltd as the trustee of the unit holder, UEM Sunrise (Land) Pty Ltd, both indirect wholly-owned subsidiaries of the Company, with paid-up share capital of AUD100.00 divided into 10 Ordinary Units and governed by the law in force in the State of Victoria, Australia.
- (iii) On 16 October 2020, the Company announced that it has received notifications that Canada Sunrise Developments (Richmond) Ltd and UEM Sunrise (Canada) Development Ltd, both indirect wholly-owned subsidiaries of the Company were dissolved on 15 October 2020 by way of voluntary dissolution under the Business Corporations Act and accordingly, ceased to be indirect wholly-owned subsidiaries of the Company.
- (iv) On 20 November 2020, the Company announced that the final meeting of Sunrise Hospitality and Leisure, an indirect subsidiary of the Company was held on 10 November 2020, and the return by Liquidator relating to the final meeting ("Returns") was lodged on 19 November 2020 with the Companies Commission of Malaysia and Official Receiver respectively and accordingly will be dissolved on the expiration of three (3) months after the date of lodgement of the Returns by the Liquidator and cease to be a subsidiary of the Company.

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2019 except as disclosed below:

(a) Income tax assessment

On 3 October 2011, Bandar Nusajaya Development Sdn Bhd ("BND"), an indirect wholly-owned subsidiary of the Company, received a notice of additional assessment ("Form JA") from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively, totalling to RM73.8 million in respect of the year of assessment 2006.

On 4 September 2012, the Kuala Lumpur High Court ("KLHC") ruled in favour of BND and declared that the IRB had no legal basis to raise the additional assessment. Following the decision held by KLHC, the IRB had filed an appeal to the Court of Appeal ("CoA") against the decision made.

The CoA, having heard and considered the submissions by both parties on 19 and 20 May 2014, unanimously decided that there were no merits in the appeal by the IRB and thus agreed with the decision of KLHC which ruled in favour of BND. The IRB had on 18 June 2014 filed an application for leave to the Federal Court ("FC") to appeal against the decision of CoA.

On 18 October 2016, the FC reversed the decisions of CoA and KLHC 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.



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12. Contingent liabilities (cont'd)

(a) Income tax assessment (cont'd)

Subsequent to the FC's decision, on 25 and 26 October 2016, BND filed the Form Q to the IRB. The Form Q was rejected by the IRB on 25 and 26 October 2016 respectively. On 10 November 2016, BND filed a notice for extension of time to file the Form Q ("Form N") which was rejected by the IRB on 8 February 2017.

A judicial review application against the rejection of Form Q was filed on 17 January 2017. In addition to the judicial review, BND filed a written representation directly to the SCIT requesting the approval to file the Form Q. The SCIT granted their approval on 3 March 2017. Vide a letter dated 21 March 2017, the IRB confirmed the receipt of BND's Form Q dated 20 March 2017. The IRB had 12 months from the date of receipt of Form Q to review and present it to the SCIT. The judicial review application was withdrawn on 17 May 2017 given that the IRB did not appeal against the decision of the SCIT.

Vide a letter dated 14 March 2018, the IRB served the Form Q to the SCIT. Case management was fixed before the SCIT on 18 May 2018. Further to the case management, the SCIT fixed this matter for hearing on 14 and 15 September 2021. Upon the hearing of this case, BND's solicitors can then proceed to present the merits of the case to the SCIT. BND's solicitors are of the view that BND has a strong case to argue that the IRB has no legal or factual basis to issue the notice of additional assessment nor there is legal or factual basis for the IRB to impose the penalty.

- (b) The Company and its subsidiaries have been subjected to a tax audit as of February 2018. A total of 31 companies were selected for the years of assessment up to 2018. To date, there are currently 5 remaining companies under the audit which are still on going.

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	14.5
Approved but not contracted for	404.1
Total	418.6

14. Income tax and zakat

	Current year quarter 31/12/2020	Preceding year corresponding quarter 31/12/2019 (restated)	Year Ended 31/12/2020	Year Ended 31/12/2019 (restated)
	RM'000	RM'000	RM'000	RM'000
Malaysian and foreign income tax				
- current tax	(43,721)	(47,981)	(59,432)	(148,678)
- underprovision in prior period/year	(9,360)	(8,894)	(8,981)	(7,847)
Deferred tax				
- relating to origination and reversal of temporary differences	13,021	(22,033)	16,222	450
- (under)/overprovision in prior period/year	(25,202)	201	(28,114)	(3,220)
Tax expense for the period/year	(65,262)	(78,707)	(80,305)	(159,295)
Zakat	(1,080)	(2,006)	(1,080)	(2,006)
	(66,342)	(80,713)	(81,385)	(161,301)

The effective tax rates (excluding share of results of associates and joint ventures) for the current quarter and year are higher than the statutory tax rate due to additional tax assessment, derecognition of deferred tax on prior year losses, unrecognised tax losses for certain loss-making entities and non-deductible expenses. The higher tax rate in the year is further exacerbated by non-deductible foreign exchange losses.



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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) A 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) A 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) A 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 17 March 2021, NTSPB has yet to exercise its option.

- d) A Joint Venture cum Shareholders' Agreements dated 16 February 2016 between a wholly-owned subsidiary of the Company, UEM Land with Leisure Farm Corporation Sdn Bhd ("LFC"), a wholly-owned subsidiary of Mulpha International Berhad ("MIB") and Gerbang Leisure Park Sdn Bhd ("GLP") the joint venture company for the proposed collaboration ("JVA") where the parties agreed to jointly develop 38 parcels of freehold lands within Mukim Pulai; 2 parcels owned by UEM Land's indirect wholly-owned subsidiaries, Nusajaya Seaview Sdn Bhd and Nusajaya Rise Sdn Bhd measuring 136.3 acres and 36 parcels measuring 65.5 acres owned by LFC and a Master Agreement to record the agreed framework and parameters for the land disposal to GLP ("Proposed JV").

The conditional period was mutually extended to 15 February 2021. Both UEMS and MIB have mutually agreed not to continue with the Master Agreement. The Master Agreement was terminated on 15 February 2021, whereupon termination, became null and void and of no effect whatsoever upon the expiry of the extended conditional period on 15 February 2021.



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

- e) 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, which was duly paid, while the purchase consideration revised to RM447.0 million. The revised payment terms for the purchase consideration under the SA to the SPA are as follows:

- (i) First payment of RM75.4 million paid to DBKL on SPA date;
- (ii) Second payment of RM161.1 million paid on 15 April 2019;
- (iii) Additional land value in cash of RM30.6 million paid on 31 December 2020; and
- (iv) Balance of RM179.9 million in kind due in April 2021.

As at 17 March 2021, the balance payment for item (iv) is still pending.

- f) The Contract of Sale between UEM Sunrise (Collingwood) Pty Ltd and Jowett Properties Pty Ltd for the acquisition of 5,390 square meters (1.33 acres) freehold site at 21-53 Hoddle Street, Collingwood in Melbourne, Australia for a purchase consideration of AUD43.0 million ("Purchase Price") on 18 June 2020.

A deposit of AUD6.45 million representing 15% of the Purchase Price was paid on the same date, while the balance Purchase Price of AUD36.55 million is expected to be paid upon settlement tentatively on 31 March 2021, subject to both parties securing relevant special conditions provisions in the contract including the approval of the Foreign Investment Review Board for the purchase of the site by UEMS Collingwood, the approval of which, was granted on 22 October 2020.

The contract will be completed upon full settlement.

As at 17 March 2021, the contract has yet to be completed.

- g) The Share Sale Agreement with UEM Land and 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 UEM Land's 20% equity in AMSB to KLKL ("SSA") for a total purchase consideration of RM182.6 million on 23 October 2020 ("Proposed Disposal").

10% of the purchase consideration totalling RM18.3 million was paid upon the SSA's execution. Parties have 4 months, or extended as mutually agreed by both parties, to obtain the approval of the Economic Planning Unit for the Proposed Disposal ("EPU Approval"), and 7 business days from the unconditional date or EPU Approval date, to settle the 90% balance payment of RM164.4 million. The SSA will be completed on the day of full settlement of the purchase consideration ("SSA Completion").

UEM Land also entered into a new shareholders agreement ("SHA") with KLKL and AMSB to replace the original SHA between all parties dated 7 February 2014. The original SHA will cease to have any further effect and will be immediately substituted with the new SHA upon the completion of the SSA.



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

- g) The new SHA also allows UEM Land and KLKL to grant call and put options, respectively to each other in relation to the treatment of UEM Land's remaining 40% equity in AMSB ("Option Shares"). The option commences on the first day of the 25th month from the SSA Completion date up till the last day of the 60th month ("Option Exercise Period"). The option price will be based on AMSB's adjusted Net Tangible Assets at the point of exercising the option. If the Option Shares are not exercised within the Option Exercise Period, upon the expiry of the said period, both UEM Land and KLKL will resort to the standard transfer of shares provision in the SHA.

The conditional period to obtain the EPU Approval expired on 22 February 2021. The parties have agreed to extend the conditional period to 22 May 2021.

As at 17 March 2021, the SSA has yet to be completed.

- h) The Board of Directors of UEM Sunrise Berhad ("UEMS") received a letter on 2 October 2020 from UEM Group Berhad ("UEMG"), UEMS' major shareholder, proposing a merger between UEMS and Eco World Development Group Berhad ("Eco World") into an enlarged group via an exchange of shares and warrants, with the subsequent delisting of Eco World from Bursa Malaysia Securities Berhad ("Proposed Merger").

On 28 October 2020, the Board requested for more time to decide whether to proceed with negotiations on the Proposed Merger in view of the size and complexity of the proposal. On 30 December 2020, the Board indicated that there were merits to further engage with Eco World and agreed to further explore, discuss, negotiate and conduct due diligence to validate the potential value of the Proposed Merger.

On 13 January 2021, Eco World and UEMS announced that they were no longer pursuing any further discussion on the Proposed Merger.

- i) 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' approval on the Proposed Sale and the Economic Planning Unit's ("EPU") consent on the Proposed Sale. SPA 2 has an additional obligation relating to the Bumiputera release of the Bumiputera Industrial Plots. The first two conditions are to be fulfilled within 4 months from the date of the respective SPA. The third however is to be fulfilled within 12 months from SPA 2's date. Any further extension to the approval period is to be mutually agreed by all parties.

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:
 - RM210.1 million to be paid in 3 tranches over 36 months from the unconditional date of SPA 1;
 - RM180.7 million to be paid within 36 months from the unconditional date of SPA 2.

As at 17 March 2021, the conditions precedent of both SPA have yet to be fulfilled.



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

- j) The Sale and Purchase Agreement ("SPA") between UEM Land and Dutch Lady Milk Industries Berhad ("DLMIB") for the acquisition of lots 48, 78 and 79 measuring 9.9 acres in Section 13, Petaling Jaya for a total purchase consideration of RM200.0 million on 10 March 2021 ("Proposed Acquisition"). The Proposed Acquisition is subject to DLMIB obtaining its shareholders' approval within 4 months from the date of the SPA, or such other date to be mutually agreed by the parties.

The payment terms for the purchase consideration under the SPA are as follows:

- (i) 10% deposit upon the signing of the SPA; and
- (ii) 90% balance to be paid within 3 months from the date of UEM Land's receipt of the notice that DLMIB has received its shareholders' approval for the Proposed Acquisition.

As at 17 March 2021, the condition precedent of the SPA has yet to be fulfilled.



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16. Borrowings and debt securities

	Long term borrowings			Short term borrowings		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
<u>As at 31 December 2020</u>						
<i>Domestic</i>						
- Islamic Medium Term Notes	-	2,470,000	2,470,000	-	785,000	785,000
- Term loan and Commodity Murabahah Finance	130,292	-	130,292	38,406	-	38,406
- Revolving credits	-	-	-	375,160	189,000	564,160
- Structured commodity	-	-	-	-	100,000	100,000
- Bank overdrafts	-	-	-	3,742	1,795	5,537
TOTAL	130,292	2,470,000	2,600,292	417,308	1,075,795	1,493,103

As at 31 December 2019

<i>Domestic</i>						
- Loan from immediate holding company	-	-	-	55,916	-	55,916
- Islamic Medium Term Notes	-	2,250,000	2,250,000	-	350,000	350,000
- Term loan and Commodity Murabahah Finance	87,883	-	87,883	117,369	-	117,369
- Revolving credits	-	-	-	180,980	274,000	454,980
- Structured commodity	-	-	-	-	70,000	70,000
- Bank overdrafts	-	-	-	-	713	713
TOTAL	87,883	2,250,000	2,337,883	354,265	694,713	1,048,978

Since 31 December 2019, the Group repaid borrowings of RM1 billion including RM550 million of Islamic Medium Term Notes ("IMTN"), RM170 million of Islamic Commercial Paper and RM322 million of term loans and revolving credits. The Group also drew borrowings of RM1.7 billion comprising RM1.2 billion of IMTN, RM244 million of Revolving Credits and RM294 million of term loans and structured commodity.



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17. Fair value hierarchy

There were no transfers between any level of the fair value hierarchy during the current year and the comparative year. 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 2019, 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 additional assessment raised by IRB for additional tax and penalty, as disclosed in Note 12(a).
- 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 23 May 2018, Datuk Kasi and the 2nd to 6th Defendants have respectively filed their appeal to the Court of Appeal against the High Court's ("HC") decision on 25 April 2018. Datuk Kasi is appealing against the HC's decision in allowing the 7th to 9th Defendants Striking Out and Misjoinder application, striking Datuk Kasi out as a party ("Datuk Kasi's Appeals"). The 2nd to 6th Defendants appealed against the dismissal of their application to strike themselves out as parties to the action by the HC ("2nd to 6th Defendants' Appeals"). On 18 September 2019, Datuk Kasi's Appeals were withdrawn, whereas the 2nd to 6th Defendants' Appeals were dismissed by the Court of Appeal.

On 28 May 2019, the Plaintiff has filed a motion in the Court of Appeal, seeking for an extension of time to serve a notice of appeal against the 7th to 12th Defendants. The motion has been withdrawn on 12 October 2020. Further, on 3 December 2019, the Court allowed the Plaintiff's application to cross-examine deponents of various affidavits filed by the Defendants. The matter is now fixed for hearing (cross-examination of deponents) from 17 March to 19 March 2021.

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) On 18 April 2019, UEM Land was served with a Notice of Arbitration ("NOA") dated 17 April 2019 filed by Ireka Engineering & Construction Sdn Bhd ("IECSB") in relation to disputes arising from the Agreement and Conditions of PAM Contract 2006 (With Quantities) ("Agreement") together with a Letter of Award dated 15 June 2012 ("LOA") for the construction of Imperia in Puteri Harbour, Iskandar Puteri, Johor ("Project") seeking a declaration sum of RM29,250,000 as the total amount of the final account. The LOA is to be read together with the Agreement (collectively referred to as the "Contract").

IECSB was appointed by UEM Land as the main contractor for the construction of the Project under the Contract at a sum of RM268.6 million. Its scope covers:

- a. Overall main works;
- b. 'Stesen Suis Utama' and 'Pencawang Pembahagian Utama'; and
- c. Construction of mock-up units.

IECSB has raised certain claims with respect to the performance of the obligations in the Contract and seeks inter alia, a declaration that RM29,250,000 be the total and final amount of the final account or any other amount assessed by the Arbitral Tribunal.

UEM Land's position is that IECSB's claims are without merits and UEM Land will vigorously defend its position accordingly.

The Asian International Arbitration Centre has appointed Mr. Wayne Martin as the arbitrator on behalf of both parties. It was agreed by both parties that IECSB to file its Statement of Claim within 45 days from 21 October 2019, and UEM Land to file its Statement of Defence and Counterclaim within 45 days from the receipt of the Statement of Claim. Subsequently, IECSB to file its Statement of Reply and Defence to Counterclaim within 30 days from the receipt of the Defence and Counterclaim, and UEM Land to file its Statement of Reply to Defence to Counterclaim within 30 days from the receipt of the Statement of Reply and Defence to Counterclaim.

Based on the Statement of Claim dated 27 December 2019, IECSB is seeking inter-alia, RM20,395,000 for loss and expense, RM29,250,000 for the amount due and owing to IECSB 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 Statement of Defence and Counterclaim dated 2 March 2020, UEM Land denied and disputed liability on IECSB's claims and sought counterclaims amounting to total sum of RM31,757,000 for amongst others, Liquidated Ascertained Damages for delay in the completion of the works and defects rectification cost and back-charges.

UEM Land filed an application dated 15 June 2020 to amend its Defence and Counterclaim to include further counterclaim for back-charges to amount of RM34,374,000 and the application was allowed by the Tribunal. The Reply to Defence and Defence to Counterclaim was filed by IECSB on 8 July 2020. UEM Land filed its Reply to the Defence to Counterclaim on 17 August 2020. The hearing dates for this matter fixed to be from 17 May to 28 May 2021 have now been vacated and a new set of hearing dates will be fixed in the next procedural hearing which is on 22 September 2021. The witness statement and expert report are due on 10 September 2021. At the moment, the parties are exchanging additional bundle of documents and applying for discovery of documents.

The Group believes, based on legal advice, that the NOA and potential arbitration proceedings are not expected to have material financial and operational impact on the Group for the financial year ended 31 December 2020.



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

	Current quarter 31/12/2020	Immediate preceding quarter 30/09/2020 (restated)	Variance
	RM'000	RM'000	RM'000/(%)
Revenue	611,635	217,435	394,200 (>100%)
Operating profit	22,121	18,261	3,860 (21%)
Share of net results of JV and associates	(49,900)	(1,276)	(48,624) (>-100%)
(Loss)/profit before interest and tax and zakat	(27,779)	16,985	(44,764) (>-100%)
Finance costs	(39,171)	(34,789)	(4,382) (-13%)
Loss before income tax and zakat	(66,950)	(17,804)	(49,146) (>-100%)
Income tax and zakat	(66,342)	(8,199)	(58,143) (>-100%)
Loss for the period	(133,292)	(26,003)	(107,289) (>-100%)
Non-controlling interests	(1,366)	270	(1,636) (>-100%)
Loss attributable to Owners of the Parent	(134,658)	(25,733)	(108,925) (>-100%)

Revenue for the current quarter is higher than the past three quarters combined, mainly due to the settlement of Aurora Melbourne Central's serviced apartments of RM355 million to Scape Australia Management Pty Ltd in October 2020 as well as contribution from higher sales and construction activities of local projects. In line with the higher revenue, the Group recognised higher operating profit in the current quarter. However, COVID-19 amongst others, impacted the valuations of the Group's assets. As a result, provision for impairments on the Group's assets of RM56 million was made in the current quarter. These impairments have no effect on the Group's cash position. The higher loss after tax was also contributed by poorer share of results from joint ventures and associates, additional tax assessment of RM9 million and derecognition of deferred tax assets of RM20 million.

20. Detailed analysis of the performance for the current quarter and year

	Current year quarter 31/12/2020	Preceding year corresponding quarter 31/12/2019 (restated)	Variance	Year Ended 31/12/2020	Year Ended 31/12/2019 (restated)	Variance
	RM'000	RM'000	RM'000/(%)	RM'000	RM'000	RM'000/(%)
Revenue	611,635	1,162,029	(550,394) (-47%)	1,136,881	2,909,461	(1,772,580) (-61%)
Operating profit	22,121	206,783	(184,662) (-89%)	2,197	479,393	(477,196) (-100%)
Share of net results of JV and associates	(49,900)	23,812	(73,712) (>-100%)	(64,678)	19,883	(84,561) (>-100%)
(Loss)/profit before interest and tax and zakat	(27,779)	230,595	(258,374) (>-100%)	(62,481)	499,276	(561,757) (>-100%)
Finance costs	(39,171)	(25,832)	(13,339) (-52%)	(132,850)	(117,509)	(15,341) (-13%)
(Loss)/profit before income tax and zakat	(66,950)	204,763	(271,713) (>-100%)	(195,331)	381,767	(577,098) (>-100%)
Income tax and zakat	(66,342)	(80,713)	14,371 (18%)	(81,385)	(161,301)	79,916 (50%)
(Loss)/profit for the period/year	(133,292)	124,050	(257,342) (>-100%)	(276,716)	220,466	(497,182) (>-100%)
Non-controlling interests	(1,366)	1,160	(2,526) (>-100%)	(568)	1,131	(1,699) (>-100%)
(Loss)/profit attributable to Owners of the Parent	(134,658)	125,210	(259,868) (>-100%)	(277,284)	221,597	(498,881) (>-100%)



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

The curtailment in business activities as a result of the Movement Control Order (“MCO”) imposed on 18 March 2020 affected the Group’s operations during the year. The Group’s performance picked up in the second half of the year as construction and sales activities resumed. The absence of major property launches and slower project progress completion in the first half of the year, amongst others, impacted the Group’s overall revenue contribution and profitability in general.

The Group launched approximately RM900 million worth of properties against the target of RM1.0 billion, all of which were in the second half of the year. RM260 million was in the Southern region specifically in Iskandar Puteri comprising Senadi Hills phases 1A and 1B, its commercial development Senadi Square and Aspira ParkHomes phase 3B. RM630 million was in the Central region comprising two new phases in Serene Heights Bangi; Frischia and Verna and Residensi Allevia with a GDV of RM546 million.

Sales gathered momentum in the third quarter following the reopening of the economy on 10 June 2020, the start of the Recovery MCO. It was also driven by The Happy Chase campaign launched in July 2020 in conjunction with the 2020 Home Ownership Campaign. Sales in the fourth quarter surged and exceeded the total sales for the first nine months of 2020. Consequently, the Group achieved RM1.1 billion sales for the financial year 2020, exceeding its target of RM1.0 billion. The main sales contributors were Residensi AVA in Kiara Bay and Residensi Solaris Parq in Dutamas both in Kuala Lumpur, as well as Estuari Gardens and the 72 industrial plots in phase 3 of the Southern Industrial Logistics Clusters sold to subsidiaries of AME Elite Consortium Berhad, both in Iskandar Puteri. The Group reduced its inventories to RM468 million towards the end of 2020 compared to prior year of RM541 million.

For the year, the Group recorded 61% lower revenue as compared to prior year mainly due to the lower contribution from the international segment. Aurora Melbourne Central and Conservatory are currently 98% and 92% settled, respectively. Full settlement was anticipated in 2020 but was impacted by the Australian border closure and the lockdown in the Victoria state in the second half of 2020. As such, the settlement of Aurora Melbourne Central and Conservatory was low at RM448 million compared to RM1.6 billion in 2019. In addition, the lower revenue was also due to the completion of Residensi Sefina in Mont’Kiara, and Serimbun and Almas in Iskandar Puteri in the prior year, whilst projects launched in 2020 i.e., landed mid-market Senadi Hills in Iskandar Puteri and high-rise residential development Residensi Allevia in Mont’Kiara, are still at the early stages of their development cycles. This is however offset by the revenue contributions from Residensi Solaris Parq and Kiara Kasih in Mont’Kiara as well as Aspira ParkHomes and 68^o Avenue, both in Iskandar Puteri.

The Group recorded a loss of RM277 million for the financial year ended 2020 as compared to a profit after tax of RM222 million in the prior year. The lower revenue as indicated above has resulted in an overall reduction in operational profits. The Group has provided an impairment of RM93 million for the year. Poorer contribution from the share of joint ventures and associates as well as the derecognition of deferred tax assets further compounded the Group’s overall loss position.

21. (Loss)/earnings per share

	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 (restated) RM'000	Year Ended 31/12/2020 RM'000	Year Ended 31/12/2019 (restated) RM'000
a) Basic (loss)/earnings per share				
(Loss)/profit for the period/year attributable to Owners of the Parent	(134,658)	125,210	(277,284)	221,597
Weighted average number of ordinary shares in issue ('000)	<u>5,058,476</u>	<u>4,537,436</u>	<u>5,058,476</u>	<u>4,537,436</u>
Basic (loss)/earnings per share	<u>(2.66) sen</u>	<u>2.76 sen</u>	<u>(5.48) sen</u>	<u>4.88 sen</u>



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21. (Loss)/earnings per share (cont'd)

	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 (restated) RM'000	Year Ended 31/12/2020 RM'000	Year Ended 31/12/2019 (restated) RM'000
b) Diluted earnings per share				
(Loss)/profit for the period/year attributable to Owners of the Parent	(134,658)	125,210	(277,284)	221,597
Weighted average number of ordinary shares in issue ('000)	5,058,476	4,537,436	5,058,476	4,537,436
Effect of dilution from RCPS ('000)	-	617,077	-	617,077
Weighted average number of ordinary shares in issue ('000)	<u>5,058,476</u>	<u>5,154,513</u>	<u>5,058,476</u>	<u>5,154,513</u>
Diluted (loss)/earnings per share	<u>(2.66) sen</u>	<u>2.43 sen</u>	<u>(5.48) sen</u>	<u>4.30 sen</u>

22. Prospects for the next financial year

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter of 2020 (3Q 2020: -2.6%) largely attributable to the imposition of the conditional MCO on a number of states since mid-October 2020. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity¹. For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact however will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards². In terms of global growth, after an estimated 3.5% contraction in 2020, the global economy is projected to grow by 5.5% in 2021 and 4.2% in 2022. The 2021 growth forecast is revised up 0.3 percentage point, reflecting additional policy support in a few large economies and expectations of a vaccine-powered strengthening of activity later in the year, which outweigh the drag on near-term momentum due to rising infections³. Ongoing uncertainties surrounding the dynamics of the pandemic and potential challenges that might affect the rollout of vaccines both globally and domestically⁴, remain a risk and may weaken growth prospects – [Source: BNM Bank Negara Malaysia Quarterly Bulletin, 4Q 2020, 11 February 2021 and World Economic Outlook Update, January 2021].

We are cognisant of how the pandemic has shaped the market. Real estate was not spared. The pandemic has challenged us in finding ways to reach out to our customers and inevitably our ability to construct in a timely fashion. Having adapted to the new norm following the various MCOs imposed in 2020, we have been adhering to the Standard Operating Procedures set out by the Ministry of International Trade and Industry in ensuring the continuance of our construction activities, and broadly utilising digital channels and social media platforms for our marketing initiatives. MCO 2.0 has so far not adversely impacted our activities, but we will continue to monitor the effects, if any, in the months ahead. We support the COVID-19 vaccination programme and the start of the conditional MCO. These, together with the 2020 Home Ownership Campaign and generally low interest rate environment will hopefully lead to an overall economic and property market recovery in 2021.

We plan to launch approximately RM1.2 billion worth of new properties in 2021. In our Central region, two new high-rise residential developments to be introduced to the market are KAIA Heights in Seri Kembangan, Serdang in Selangor with a GDV of RM350 million and a new development with a GDV of RM382 million in Taman Pertama in Cheras, Kuala Lumpur. We also plan to launch new double storey terrace houses in Serene Heights Bangi catering to the middle-income group.



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

For our Southern region, we will introduce attainable high-rise residences in Senadi Hills and a new commercial development named the Oasis as well as a yet to be named new residential project currently code-named i5. We will also launch Gerbang Nusantara, our affordable residential development in Gerbang Nusajaya with the first phase comprising double storey terrace houses. These Southern developments are valued at RM320 million.

In Australia, we expect to complete settlement for both Aurora Melbourne Central and Conservatory in 2021. We continue to increase our presence in Melbourne with the acquisition of a 1.3-acre land in Collingwood in June 2020. The project is currently in the early stages of design development. With an estimated GDV of AUD250 million, we target to launch it in the first half of 2022.

Other notable transactions pending completion include the Share Sale Agreement with KLK Land Sdn Bhd for the disposal of 20% equity in our subsidiary Aura Muhibah Sdn Bhd for RM183 million, expected to be completed in the second quarter of 2021 and the divestment of 623 acres of our non-strategic land in Tapah, Perak for RM30 million to Lagenda Properties Berhad. This is expected to be completed in the third quarter of 2021. The sale of SiLC phase 3 to AME is expected to be completed in the first half of 2025 with the bulk of the recognition anticipated in 2022 onwards.

We recently acquired three land parcels measuring approximately 10 acres in Petaling Jaya, Section 13 with plans to develop a mixed commercial project at an estimated GDV of RM1.3 billion. This is our maiden venture in the Petaling Jaya township following Mont'Kiara and Iskandar Puteri, in addition to the new integrated mixed-use development in Kiara Bay, Kuala Lumpur. The acquisition is part of the initiative to rebalance our landbank portfolio, in addition to divestment of non-strategic lands and assets.

We embraced digital transformation in our business operations, mainly unified sales and customer experience tools in addition to automating end-to-end project development lifecycle via Sales Force CRM System, Primavera Project Management tool, IFCA Financial System & HR Oracle system. We also established a new digital arm; Rise Digital, to focus on bringing the right technologies and tools to complement our customers' lifestyle. We have since launched several apps including hUb Prop, hUb Home, hUb Mall and hUb Life.

Notwithstanding the impairment provision of RM93 million, the Group remains financially sound given the low gross and net gearings of 0.59x and 0.40x, respectively and cash balances of RM1.3 billion as at 31 December 2020. The impairment on the assets and inventories does not affect the Group's cash position. Unbilled sales of RM1.9 billion as at 31 December 2020 will be substantially recognised over the next 18 to 36 months depending on projects' progress completion. Nevertheless, we remain cautiously optimistic and set our sales and GDV targets at RM1.2 billion respectively for 2021.

¹ Page 11, Bank Negara Malaysia ("BNM") Quarterly Bulletin, 4Q 2020, 11 February 2021.

² Page 29 (left column), Bank Negara Malaysia ("BNM") Quarterly Bulletin, 4Q 2020, 11 February 2021.

³ Page 5, World Economic Outlook Update, January 2021.

⁴ Page 29 (right column), Bank Negara Malaysia ("BNM") Quarterly Bulletin, 4Q 2020, 11 February 2021.

⁵ GDV is Gross Development Value, mostly estimated numbers subject to actual launch.

⁶ MCO - Movement Control Order; SiLC - Southern Industrial Logistics Clusters.

23. Profit forecast

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

Kuala Lumpur
24th March 2021

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