



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------|--|----------------------|----------------------|
| | Current year quarter | Preceding year corresponding quarter | Six months to | Six months to |
| | Note 30/06/2021 RM'000 | 30/06/2020 RM'000 | 30/06/2021 RM'000 | 30/06/2020 RM'000 |
| 1. (a) Revenue | 249,142 | 111,957 | 501,835 | 307,811 |
| (b) Cost of sales | (181,504) | (122,189) | (354,653) | (242,908) |
| (c) Gross profit/(loss) | 67,638 | (10,232) | 147,182 | 64,903 |
| (d) Other income | 7,713 | 14,918 | 16,734 | 40,509 |
| (e) Expenses | (65,072) | (69,358) | (127,580) | (128,710) |
| (f) Finance costs | (35,725) | (31,140) | (71,929) | (58,890) |
| (g) Foreign exchange gain/(loss) | 4,035 | 3,527 | 4,994 | (14,887) |
| (h) Share of net results of associates | (6,835) | 17 | 2,896 | 173 |
| (i) Share of net results of joint ventures | 1,480 | (9,245) | 447 | (13,596) |
| (j) Loss before income tax | (26,766) | (101,513) | (27,256) | (110,498) |
| (k) Income tax | 14 19,385 | 6,510 | 15,932 | (6,844) |
| (l) Loss for the period | (7,381) | (95,003) | (11,324) | (117,342) |
| Attributable to: | | | | |
| (m) Owners of the Parent | (7,367) | (94,662) | (11,686) | (116,814) |
| (n) Non-controlling Interests | (14) | (341) | 362 | (528) |
| Loss for the period | (7,381) | (95,003) | (11,324) | (117,342) |
| 2. Loss per share based on 1(m) above | 21 | | | |
| (a) Basic loss per share | (0.15)sen | (2.09)sen | (0.23)sen | (2.57)sen |
| (b) Diluted loss per share | (0.15)sen | (1.87)sen | (0.23)sen | (2.31)sen |

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|---|--|--|
| | Current year quarter 30/06/2021 RM'000 | Preceding year corresponding quarter 30/06/2020 RM'000 | Six months to 30/06/2021 RM'000 | Six months to 30/06/2020 RM'000 |
| Loss for the period | (7,381) | (95,003) | (11,324) | (117,342) |
| Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent period: | | | | |
| Foreign currency translation differences for foreign operations | (769) | 101,459 | 18,107 | 26,494 |
| Total other comprehensive (expense)/ income for the period, net of tax | (769) | 101,459 | 18,107 | 26,494 |
| Total comprehensive (expense)/income for the period | (8,150) | 6,456 | 6,783 | (90,848) |
| Attributable to: | | | | |
| Owners of the Parent | (8,131) | 6,774 | 6,434 | (90,559) |
| Non-controlling Interests | (19) | (318) | 349 | (289) |
| Total comprehensive (expense)/income for the period | (8,150) | 6,456 | 6,783 | (90,848) |

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------|--|---------------------------|---------------------|
| | Current year quarter | Preceding year corresponding quarter | Six months to | Six months to |
| Note | 30/06/2021 | 30/06/2020 | 30/06/2021 | 30/06/2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loss before income tax is arrived at after charging/(crediting): | | | | |
| Finance cost | 35,725 | 31,140 | 71,929 | 58,890 |
| Depreciation | 15,053 | 14,476 | 28,031 | 26,976 |
| Interest income | (4,369) | (5,259) | (8,382) | (21,961) |
| (Gain)/loss on foreign exchange: | | | | |
| - unrealised | (4,050) | (6,952) | (5,023) | 8,493 |
| - realised | 15 | 3,425 | 29 | 6,394 |
| Dividend income from investment at fair value through profit or loss | (715) | (828) | (2,124) | (828) |
| Write back of allowance for impairment of receivables | (186) | (65) | (508) | (65) |
| Allowance for doubtful debts | 1,423 | 1,018 | 2,251 | 1,046 |
| Inventories written down | - | 39,450 | - | 39,450 |
| Partial disposal of a subsidiary | 11(a) 5,371 | - | 5,371 | - |

Other than the above, there was no write-off of inventories and exceptional items.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As at current financial year end 30/06/2021 RM'000 | Audited As at preceding financial year end 31/12/2020 RM'000 |
|--|---|---|
| ASSETS | | |
| 1. Non-current assets | | |
| Property, plant and equipment | 466,075 | 478,614 |
| Investment properties | 822,412 | 823,932 |
| Right-of-use assets | 11,977 | 17,411 |
| Land held for property development | 5,111,143 | 5,832,747 |
| Interests in associates | 853,460 | 486,611 |
| Interests in joint ventures | 994,298 | 989,012 |
| Amounts due from joint ventures | 169,294 | 173,252 |
| Amounts due from associates | 9,745 | 9,745 |
| Goodwill | 621,409 | 621,409 |
| Deferred tax assets | 280,179 | 255,760 |
| Financial asset at fair value through profit or loss | 5,000 | 5,000 |
| Long term receivables | 148,130 | 145,355 |
| | 9,493,122 | 9,838,848 |
| 2. Current assets | | |
| Property development costs | 1,018,733 | 958,232 |
| Inventories held for sale | 403,169 | 468,414 |
| Inventories under contract of sale | 108,841 | 112,118 |
| Receivables | 507,382 | 494,297 |
| Contract assets | 354,074 | 242,745 |
| Amounts due from associates | 1,091 | 950 |
| Amounts due from joint ventures | 69,243 | 61,104 |
| Short term investments | 151,038 | 216,936 |
| Cash, bank balances and deposits | 1,147,405 | 1,086,269 |
| | 3,760,976 | 3,641,065 |
| Total assets | 13,254,098 | 13,479,913 |



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

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

| | Note | Unaudited As at current financial year end 30/06/2021 RM'000 | Audited As at preceding financial year end 31/12/2020 RM'000 |
|--|------|--|--|
| EQUITY AND LIABILITIES | | | |
| 3. Equity attributable to Owners of the Parent | | | |
| Share capital | | 4,960,276 | 4,960,276 |
| Reserves | | | |
| Merger relief reserve | | 34,330 | 34,330 |
| Other reserves | | 96,358 | 78,238 |
| Retained profits | | 1,817,077 | 1,828,763 |
| | | 6,908,041 | 6,901,607 |
| 4. Non-controlling Interests | | 102,352 | 468,974 |
| Total equity | | 7,010,393 | 7,370,581 |
| 5. Non-current liabilities | | | |
| Borrowings | 16 | 3,145,132 | 2,600,292 |
| Lease liabilities | | 3,821 | 8,560 |
| Payables | | 105,627 | 141,153 |
| Contract liabilities | | 217,017 | 227,799 |
| Deferred income | | 163,839 | 163,890 |
| Provisions | | 68,317 | 68,317 |
| Deferred tax liabilities | | 164,480 | 164,410 |
| | | 3,868,233 | 3,374,421 |
| 6. Current liabilities | | | |
| Provisions | | 132,747 | 133,754 |
| Payables | | 1,044,544 | 1,007,008 |
| Contract liabilities | | 57,848 | 70,170 |
| Borrowings | 16 | 1,121,532 | 1,493,103 |
| Lease liabilities | | 10,784 | 11,868 |
| Tax payable | | 8,017 | 19,008 |
| | | 2,375,472 | 2,734,911 |
| Total liabilities | | 6,243,705 | 6,109,332 |
| Total equity and liabilities | | 13,254,098 | 13,479,913 |
| 7. Net assets per share attributable to Owners of the Parent | | RM 1.37 | RM 1.36 |

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Unaudited Six months to 30/06/2021 RM'000 | Unaudited Six months to 30/06/2020 RM'000 |
|---|-------------|--|--|
| Operating Activities | | | |
| Cash receipts from customers | | 439,468 | 542,836 |
| Cash receipts from related parties | | 99 | 37 |
| Cash payments to contractors | | (294,710) | (331,946) |
| Cash payments for land and development related costs | | (39,565) | (53,874) |
| Cash payments to related parties | | (12,239) | (672) |
| Cash payments to employees and for expenses | | (110,265) | (195,974) |
| Cash used in operations | | (17,212) | (39,593) |
| Net income tax paid | | (26,245) | (142,696) |
| Interest received | | 1,016 | 4,672 |
| Net cash used in operating activities | | (42,441) | (177,617) |
| Investing Activities | | | |
| Dividend received from a joint venture | | 1,000 | 500 |
| Repayment from a joint venture | | - | 4,500 |
| Net proceeds from partial disposal of a subsidiary | 11(b) | 148,026 | - |
| Purchase of property, plant and equipment | | (7,764) | (19,262) |
| Purchase of investment property | | (4,398) | - |
| Advances to joint ventures | | (1,000) | (32,784) |
| Investment in land held for property development | | (198,918) | (18,808) |
| Net redemption/(investment) in short term investments | | 65,029 | (596,000) |
| Net cash generated from/(used in) investing activities | | 1,975 | (661,854) |



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

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

| | Unaudited Six months to 30/06/2021 RM'000 | Unaudited Six months to 30/06/2020 RM'000 |
|---|--|--|
| Financing Activities | | |
| Drawdown of borrowings | 74,822 | 315,505 |
| Drawdown of Islamic Medium Term Notes | 700,000 | 855,000 |
| Redemption of Redeemable Convertible Preference Shares ("RCPS") | - | (150,000) |
| Repayment of borrowings | (161,257) | (168,870) |
| Repayment of Islamic Medium Term Notes | (435,000) | (150,000) |
| Repayment of loan from immediate holding company | - | (55,555) |
| Repayment of lease liabilities | (1,250) | (1,972) |
| Interest paid | (87,195) | (82,418) |
| Net cash generated from financing activities | 90,120 | 561,690 |
| Effects of exchange rate changes | 17,019 | 4,101 |
| Net increase/(decrease) in cash and cash equivalents | 66,673 | (273,680) |
| Cash and cash equivalents as at beginning of financial period | 1,080,732 | 1,056,733 |
| Cash and cash equivalents as at end of financial period | 1,147,405 | 783,053 |
| | Unaudited As at 30/06/2021 RM'000 | Unaudited As at 30/06/2020 RM'000 |

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

| | | |
|---|------------------|----------------|
| Cash, bank balances and deposits | | |
| Unrestricted | 879,961 | 630,854 |
| Restricted | 267,444 | 158,093 |
| | 1,147,405 | 788,947 |
| Bank overdrafts (included in short term borrowings) | 16 - | (5,894) |
| Cash and cash equivalents | 1,147,405 | 783,053 |

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

| Note | ← Attributable to Owners of the Parent → | | | | | | Non-controlling Interests | Total Equity |
|--|--|----------------|----------------|------------------|-----------|---------------|---------------------------|--------------|
| | Share Capital | Relief Reserve | Other Reserves | Retained Profits | Total | Distributable | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Six months to 30 June 2021 | | | | | | | | |
| (Unaudited) | | | | | | | | |
| 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 | - | - | 18,120 | (11,686) | 6,434 | 349 | 6,783 | |
| Partial disposal of a subsidiary | - | - | - | - | - | (366,971) | (366,971) | |
| At 30 June 2021 | 4,960,276 | 34,330 | 96,358 | 1,817,077 | 6,908,041 | 102,352 | 7,010,393 | |
| Six months to 30 June 2020 | | | | | | | | |
| (Unaudited) | | | | | | | | |
| At 1 January 2020 | 5,110,276 | 34,330 | 13,671 | 2,127,889 | 7,286,166 | 468,332 | 7,754,498 | |
| Total comprehensive expense for the period | - | - | 26,255 | (116,814) | (90,559) | (289) | (90,848) | |
| Redemption of RCPS | (150,000) | - | - | - | (150,000) | - | (150,000) | |
| At 30 June 2020 | 4,960,276 | 34,330 | 39,926 | 2,011,075 | 7,045,607 | 468,043 | 7,513,650 | |

Note (a):

On 24 April 2020, the Company has redeemed a total of 123,340,418 redeemable convertible preference shares ("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, the immediate holding company of the Company.

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 2020 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD
Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

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 2020, 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 2020 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 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

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:

| | Effective for the financial periods beginning on or after |
|--|--|
| Amendment to MFRS 16 Leases: | |
| COVID-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations) | 1 January 2022 |
| Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment) | 1 January 2022 |
| Onerous Contracts: Costs of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets) | 1 January 2022 |
| Annual Improvements to MFRS Standards 2018-2020 | 1 January 2022 |
| 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 |
| 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.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 2020 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2020 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 1.0% (2020: 5.8%) 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 30 June 2021 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) |
|------------------|-------------|---------------------|---------|------------------|
| 18 February 2021 | Issuance | 230 | 3 years | 4.00% |
| 18 February 2021 | Issuance | 170 | 5 years | 4.30% |
| 03 May 2021 | Repayment | (130) | 1 year | 3.70% |
| 19 May 2021 | Repayment | (105) | 1 year | 3.70% |
| 20 May 2021 | Issuance | 300 | 5 years | 4.60% |
| 30 June 2021 | Repayment | (200) | 7 years | 4.90% |

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 30 June 2021 (2020: Nil).

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

The COVID-19 outbreak was declared a pandemic by the World Health Organisation. A nationwide Movement Control Order ("MCO") was subsequently enforced in March 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. MCO was followed by the Recovery Movement Control Order ("RMCO") in June 2020, where restrictions on inter-state travelling and economic activities were relaxed. Conditional Movement Control Order ("CMCO") took place in October 2020 and subsequently, the MCO was re-introduced from January to March 2021 where construction activities were allowed.

The MCO was replaced with CMCO in March 2021 and reinstated in May 2021, followed by Full MCO, Enhanced MCO and subsequently Phase 1 of the movement control under the National Recovery Plan to date. During the latter period, there were no construction activities, sales galleries were closed and retail operations were significantly affected. As a result, our financial performance for the current quarter is more significantly impacted as compared to immediate preceding quarter, and comparative periods under review are also affected.

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 30 June 2021 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 June 2021 that have not been reflected in the condensed interim financial statements.



UEM SUNRISE BERHAD
Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Operating segments

Operating segments information for the financial period ended 30 June 2021 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 | 433,290 | 17,777 | 28,739 | 22,029 | - | 501,835 |
| Inter-segment revenue | - | - | 866 | 43,381 | (44,247) | - |
| Total revenue | 433,290 | 17,777 | 29,605 | 65,410 | (44,247) | 501,835 |
| Results | | | | | | |
| Segment results | 78,542 | 1,933 | (9,183) | (9,768) | (20,194) | 41,330 |
| Finance costs | (44,997) | (5,496) | (18,668) | (22,962) | 20,194 | (71,929) |
| Share of results of associates | 3,190 | (571) | - | 277 | - | 2,896 |
| Share of results of joint ventures | 2,702 | - | (2,255) | - | - | 447 |
| Profit/(loss) before income tax | 39,437 | (4,134) | (30,106) | (32,453) | - | (27,256) |
| Income tax | 15,890 | 568 | 551 | (1,077) | - | 15,932 |
| Profit/(loss) for the period | 55,327 | (3,566) | (29,555) | (33,530) | - | (11,324) |
| Attributable to: | | | | | | |
| Owners of the Parent | 55,938 | (3,566) | (29,555) | (34,503) | - | (11,686) |
| Non-controlling Interests | (611) | - | - | 973 | - | 362 |
| Profit/(loss) for the period | 55,327 | (3,566) | (29,555) | (33,530) | - | (11,324) |
| Assets | | | | | | |
| Segment assets | 9,720,101 | 933,625 | 984,681 | 357,414 | (699,782) | 11,296,039 |
| Interests in: | | | | | | |
| - associates | 843,387 | 8,901 | - | 1,172 | - | 853,460 |
| - joint ventures | 904,910 | - | 89,388 | - | - | 994,298 |
| Tax recoverable | 96,566 | 11,414 | 366 | 1,955 | - | 110,301 |
| Total assets | 11,564,964 | 953,940 | 1,074,435 | 360,541 | (699,782) | 13,254,098 |
| Liabilities | | | | | | |
| Segment liabilities | 5,299,497 | 16,372 | 810,270 | 809,331 | (699,782) | 6,235,688 |
| Tax payable | 8,011 | - | - | 6 | - | 8,017 |
| Total liabilities | 5,307,508 | 16,372 | 810,270 | 809,337 | (699,782) | 6,243,705 |

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 2020 except as below:

On 17 June 2021, UEM Land Berhad, a wholly-owned subsidiary of the Company ("UEML"), completed the Share Sale Agreement with KLK Land Sdn Bhd ("KLKL") for the disposal of 50,000 ordinary shares and 180 million redeemable non-convertible non-cumulative preference shares ("RPS") in Aura Muhibah Sdn Bhd ("AMSB") representing UEML's 20% equity in AMSB to KLKL ("SSA") for a total purchase consideration of RM182.6 million ("Partial Disposal"). A new shareholders agreement ("SHA") between UEML and KLKL was entered and consequently, AMSB ceased to be an indirect subsidiary and has become an indirect associate of the Company.

UEML grants KLKL call option, and KLKL grants UEML put option, respectively, on the treatment of UEML's remaining 40% equity in AMSB. The option price will be based on AMSB's adjusted Net Tangible Assets at the point of exercising the option.



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(cont'd)

| | | |
|---|------------------|------------------|
| (a) The impact to profit or loss arising from Partial Disposal after net of following items: | RM'000 | RM'000 |
| (i) Loss on disposal of 20% interest in AMSB | | |
| Proceeds from disposal | 182,644 | |
| Carrying value of 20% interest in AMSB | <u>(183,486)</u> | |
| Loss on disposal of 20% interest in AMSB | | (842) |
| (ii) Fair value adjustment of remaining 40% interest in AMSB, including options | | |
| Fair value of 40% interest in AMSB, including options | 362,442 | |
| Carrying value of 40% interest in AMSB | <u>(366,971)</u> | |
| Fair value adjustment of 40% interest in AMSB | | (4,529) |
| Net impact of Partial Disposal to profit or loss | | <u>(5,371)</u> |
| (b) Details of the cash inflow arising from Partial Disposal as follows: | | RM'000 |
| Proceeds from disposal | | 182,644 |
| Less: Retention sum | | (5,479) |
| Less: Deposit received in 2020 | | (12,785) |
| Less: Cash and balances in AMSB disposed | | <u>(16,354)</u> |
| Net proceeds from Partial Disposal | | <u>148,026</u> |
| (c) The impact of Partial Disposal to the consolidated statement of changes in total equity as follows: | | RM'000 |
| Assets | | |
| Land held for property development | | 901,373 |
| Receivables | | 1,138 |
| Cash and bank balances | | <u>16,354</u> |
| | | 918,865 |
| Liability | | |
| Payables | | 1,437 |
| Net identifiable assets | | <u>917,428</u> |
| Less: Non-controlling Interest | | <u>(366,971)</u> |
| Net identifiable assets of AMSB | | 550,457 |
| Carrying value of 20% interest in AMSB | | <u>(183,486)</u> |
| Net assets deconsolidated | | <u>366,971</u> |



UEM SUNRISE BERHAD
Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

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 2020 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 SCIT has fixed this matter for hearing on 14 and 15 September 2021.

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 ("UEML") and Symphony Hills Sdn Bhd ("SHSB") received notices of additional assessment from the IRB dated 30 April 2021, for additional taxes with penalties amounting to RM82.2 million ("Notices").

The Notice issued to UEML 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 Notice issued to SHSB 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. As such, no additional provision for income tax has been made by the Company.

On 24 May 2021 and 25 May 2021, SHSB and UEML were both granted an interim stay of the Notices by the Kuala Lumpur High Court including the enforcement of the Notices until the disposal of the leave application and the hearing of the application to intervene by the IRB, respectively. Hearing for IRB's application to intervene for UEML was fixed on 2 August 2021, and was adjourned to 6 September 2021 due to MCO, whilst for SHSB, the case management to fix hearing date for application to intervene and leave application will be on 6 September 2021.

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.



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

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 | 8.5 |
| Approved but not contracted for | 392.2 |
| Total | 400.7 |

14. Income tax

| | Current year quarter 30/06/2021 RM'000 | Preceding year corresponding quarter 30/06/2020 RM'000 | Six months to 30/06/2021 RM'000 | Six months to 30/06/2020 RM'000 |
|--|--|---|--|--|
| Malaysian and foreign income tax | | | | |
| - current tax | (6,828) | (7,829) | (14,581) | (13,213) |
| - (under)/overprovision in prior periods | (61) | - | (61) | 379 |
| Deferred tax | | | | |
| - relating to origination and reversal of temporary differences | 26,026 | 16,420 | 27,176 | 9,581 |
| - over/(under)provision in prior periods | 248 | (2,081) | 3,398 | (3,591) |
| Tax credit/(expense) for the period | 19,385 | 6,510 | 15,932 | (6,844) |

The improvement in effective tax rate (excluding share of results of associates and joint ventures) for the current quarter and cumulative periods is due to recognition of deferred tax assets on prior years' tax losses in the current quarter, offset by non-deductible expenses and unrecognised tax losses for certain loss-making entities.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 19 August 2021, NTPSB has yet to exercise its option.

- 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, 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.

As at 19 August 2021, the balance payment for item (iv) is still pending.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

- e) 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. 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 Proposed Disposal was completed on 17 June 2021 concurrent with the full settlement of the 90% balance purchase consideration. AMSB ceased to be an indirect subsidiary of UEMS. The accounting treatment on the Proposed Disposal is disclosed in Note 11.

- f) 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 release of the Bumiputera status of the 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.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

f) (cont'd)

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.

All parties have mutually agreed to extend the conditional period for EPU consent for both SPA 1 and SPA 2 to 29 October 2021. As at 19 August 2021, the conditions precedent of both SPA have yet to be fulfilled.

- g) 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.

DLMIB received its shareholders approval on 1 July 2021. The SPA became unconditional on 2 July 2021. UEM Land to settle the balance purchase consideration of RM180 million within 3 months from the unconditional date.

As at 19 August 2021, the SPA has yet to be completed.

- h) The Sale and Purchase Agreement ("SPA") between UEM Land and Accolade Land Sdn Bhd for the acquisition of Lot 103000 measuring approximately 6.86 acres in Mukim Petaling, Kuala Lumpur for a total purchase consideration of RM197.0 million on 3 June 2021. Completion is expected in the fourth quarter of 2021.

The SPA became unconditional on 3 August 2021. UEM Land to settle the 90% balance purchase consideration of RM177.3 million within 3 months from the unconditional date. As at 19 August 2021, the SPA has yet to be completed.

- i) Three Sale and Purchase Agreements ("SPAs") between Sunrise Mersing Sdn Bhd ("SMSB") and Lagenda Mersing Sdn Bhd ("LMSB") 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. Completion is expected in the first half of 2022.

As at 19 August 2021, the conditions precedent of the SPAs have yet to be fulfilled.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 30 June 2021</u> | | | | | | |
| - Islamic Medium Term Notes | - | 3,020,000 | 3,020,000 | - | 500,000 | 500,000 |
| - Term loan and Commodity Murabahah Finance | 125,132 | - | 125,132 | 77,132 | - | 77,132 |
| - Revolving credits | - | - | - | 375,400 | 169,000 | 544,400 |
| TOTAL | 125,132 | 3,020,000 | 3,145,132 | 452,532 | 669,000 | 1,121,532 |

As at 30 June 2020

| | | | | | | |
|--|----------------|------------------|------------------|----------------|------------------|------------------|
| - Islamic Medium Term Notes | - | 2,470,000 | 2,470,000 | - | 835,000 | 835,000 |
| - Term loan and Commodity Murabahah Finance | 132,013 | - | 132,013 | 46,174 | - | 46,174 |
| - Revolving credits | - | - | - | 304,920 | 294,000 | 598,920 |
| - Structured commodity | - | - | - | - | 100,000 | 100,000 |
| - Bank overdrafts | - | - | - | 3,294 | 2,600 | 5,894 |
| TOTAL | 132,013 | 2,470,000 | 2,602,013 | 354,388 | 1,231,600 | 1,585,988 |

Since 30 June 2020, the Group repaid borrowings of RM1.4 billion including RM1.1 billion of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP"), RM100 million of structured commodity and RM197 million of term loans and revolving credits. The Group also drew borrowings of RM1.3 billion comprising RM835 million of IMTN and ICP, RM200 million of structured commodity and RM228 million of revolving credits and term loans.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2020, 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.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. Material litigation (cont'd)

b) (cont'd)

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.

UEM Land denies allegations made by the Plaintiffs and is vigorously defending the Claim. Based on the foregoing, at this juncture, the Claim has no material financial and operational impact to the Group and the Company. The Company's solicitor is of the view that UEM Land has a reasonably good chance of success in defending the Plaintiffs' case against UEM Land.

c) By way of a Notice of Arbitration ("NOA") dated 17 April 2019, Ireka commenced arbitration proceedings against UEM Land for certain disputes arising from the Letter of Award dated 15 June 2012 ("LOA") for the construction of Imperia in Puteri Harbour, Iskandar Puteri, Johor ("Project"). The Asian International Arbitration Centre has appointed Mr. Wayne Martin from Australia as the arbitrator in this matter.

Based on the Statement of Claim dated 27 December 2019, Ireka is seeking inter-alia, 372 days of extension of time or alternatively for time at large declaration, RM20,395,000 for loss and expense, RM29,250,000 for the amount allegedly due to Ireka pursuant to the Statement of Final Account or alternatively any other amount assessed by the Arbitral Tribunal, interest on all sums directed to be paid from such date as the Tribunal deems fit and costs.

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

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

The hearing dates for this matter will be fixed in the next procedural hearing which is on 22 September 2021. The list of issues to be addressed by the expert and list of non-contentious facts were filed on 18 May 2021. At the moment, the parties are preparing its witness statements and expert report which are due on 10 September 2021.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

| | Current quarter 30/06/2021 RM'000 | Immediate preceding quarter 31/03/2021 RM'000 | Variance RM'000/(%) |
|--|---|--|------------------------|
| Revenue | 249,142 | 252,693 | (3,551) (-1%) |
| Operating profit | 14,314 | 27,016 | (12,702) (-47%) |
| Share of net results of JV and associates | (5,355) | 8,698 | (14,053) (>-100%) |
| Profit before interest and tax | 8,959 | 35,714 | (26,755) (-75%) |
| Finance costs | (35,725) | (36,204) | 479 (1%) |
| Loss before income tax | (26,766) | (490) | (26,276) (>-100%) |
| Income tax | 19,385 | (3,453) | 22,838 (>100%) |
| Loss for the period | (7,381) | (3,943) | (3,438) (-87%) |
| Non-controlling interests | 14 | (376) | 390 (>100%) |
| Loss attributable to Owners of the Parent | (7,367) | (4,319) | (3,048) (-71%) |

The Full Movement Control Order ("FMCO") commenced on 1 June 2021, followed by the Enhanced Movement Control Order ("EMCO") and now Phase 1 of the movement control under the National Recovery Plan (collectively as "MCO") to-date have stalled the construction progress of local developments and our retail operations. This has particularly slowed down the Group's turnaround in 2021 after the Conditional MCO was replaced by end of the immediate preceding quarter, which allowed construction activities. Nevertheless, the Group was able to achieve revenue at a similar level as the immediate preceding quarter despite minimal progress in June for mature projects such as Residensi Solaris Parq in Dutamas and Aspira ParkHomes in Iskandar Puteri, mitigated by contributions from projects that are maturing in their development cycles such as Residensi AVA in Kiara Bay and Senadi Hills in Iskandar Puteri, in addition to higher settlements in Australia as compared to the first quarter of 2021.

Operating profit margin was lower in the current quarter due to the absence of a land sale recorded in the first quarter of 2021, and lower contribution from Residensi Solaris Parq and Aspira ParkHomes, of which carried significantly higher profit margins, as well as provisions to retail tenants during the MCO period. The Group also recorded a share of loss from its joint ventures and associates in this current quarter compared to the immediate preceding quarter due to the imposition of MCO, leading to higher loss for the period.

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

| | Current year quarter 30/06/2021 RM'000 | Preceding year corresponding quarter 30/06/2020 RM'000 | Variance RM'000/(%) | Six months to 30/06/2021 RM'000 | Six months to 30/06/2020 RM'000 | Variance RM'000/(%) |
|--|---|--|------------------------|---|---|------------------------|
| Revenue | 249,142 | 111,957 | 137,185 (>100%) | 501,835 | 307,811 | 194,024 (63%) |
| Operating profit/(loss) | 14,314 | (61,145) | 75,459 (>100%) | 41,330 | (38,185) | 79,515 (>100%) |
| Share of net results of JV and associates | (5,355) | (9,228) | 3,873 (42%) | 3,343 | (13,423) | 16,766 (>100%) |
| Profit/(loss) before interest and tax | 8,959 | (70,373) | 79,332 (>100%) | 44,673 | (51,608) | 96,281 (>100%) |
| Finance costs | (35,725) | (31,140) | (4,585) (-15%) | (71,929) | (58,890) | (13,039) (-22%) |
| Loss before income tax | (26,766) | (101,513) | 74,747 (74%) | (27,256) | (110,498) | 83,242 (75%) |
| Income tax | 19,385 | 6,510 | 12,875 (>100%) | 15,932 | (6,844) | 22,776 (>100%) |
| Loss for the period | (7,381) | (95,003) | 87,622 (92%) | (11,324) | (117,342) | 106,018 (90%) |
| Non-controlling interests | 14 | 341 | (327) (-96%) | (362) | 528 | (890) (>-100%) |
| Loss attributable to Owners of the Parent | (7,367) | (94,662) | 87,295 (92%) | (11,686) | (116,814) | 105,128 (90%) |



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The Group's revenue for the the current quarter has exceeded double of the revenue recorded in prior year's corresponding quarter. This is mainly due to improved sales and higher construction progress of local property developments in the current quarter. Property development contributes 86% of the current quarter's total revenue, the majority of which is contributed by developments in the Central region mainly from Serene Heights Bangi, Residensi AVA, Residensi Solaris Parq and Kiara Kasih in Mont'Kiara. In the Southern region, the contributions are mainly from Aspira ParkHomes, Senadi Hills and Estuari Gardens; all in Iskandar Puteri.

The Group's sales performance of RM707 million for the first half of 2021 has improved substantially compared to prior year's corresponding period of RM151 million, reflecting more than a four-fold increase. The main sales contributors were Residensi AVA, followed by Residensi Allevia in Mont'Kiara as well as Senadi Hills and Estuari Gardens. As at the end of the first half of 2021, Residensi AVA has secured approximately RM429 million sales with a take-up rate of 66%. As at to-date, sales secured is already RM453 million with a take-up rate of 70%.

In line with the higher revenue, the Group experienced a gross profit of RM68 million compared to a gross loss of RM10 million in the second quarter of 2020, as a result of the write down of inventories of RM39 million recorded in the latter period. The Group's operating expenses in the current quarter also improved by 6%, resulting in an operating profit of RM14 million for the current quarter as compared to an operating loss of RM61 million in the prior year's corresponding quarter. However, the Group recorded a loss after tax of RM7 million due to higher finance cost as a result of higher monthly average borrowings balance in the current quarter of RM4.4 billion as compared to RM3.8 billion in the second quarter of 2020. The loss after tax was further exacerbated by unfavourable share of results from joint ventures and associates, although mitigated by the higher deferred tax assets recognised.

The first half of 2021 saw the Group recognising a higher revenue (by 63%) compared to the same period in prior year, despite lower settlements in Australia, demonstrating key contribution from the local segments. Contributions are by the Central region, representing 53% of the total property development revenue in the first half of 2021, largely from projects such as Residensi Solaris Parq, Serene Heights Bangi and Kiara Kasih while the Southern region represents 42% of the Group's total property development revenue and are mainly from Aspira Park Homes, Estuari Gardens and Senadi Hills.

Operating profits recognised in the current period were in tandem with the higher revenue, as compared to operating losses of RM38 million in the prior year's corresponding period, which was due to lower revenue, inventory written down costs and foreign exchange losses of RM15 million. However, the Group recorded a loss after tax of approximately RM12 million in the current period due to higher finance costs as a result of higher monthly average borrowings balance of RM4.4 billion as compared to RM3.6 billion in the previous year's corresponding period, although cushioned by more favourable share of results from joint ventures and associates and higher deferred tax recognised.

The Group has launched a total gross development value ("GDV") of approximately RM300 million as at 30 June 2021. These projects comprising KAIA Heights' Tower A in Equine Park, Seri Kembangan and new phases in Serene Heights Bangi; Verna Park Terrace, Verna Garden Cluster and Verna Twin Villas, are all in the Central region and are well-received to-date.



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

21. Loss per share

| | Current year quarter 30/06/2021 RM'000 | Preceding year corresponding quarter 30/06/2020 RM'000 | Six months to 30/06/2021 RM'000 | Six months to 30/06/2020 RM'000 |
|--|--|---|--|--|
| a) Basic loss per share | | | | |
| Loss for the period attributable to Owners of the Parent | (7,367) | (94,662) | (11,686) | (116,814) |
| 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 per share | <u>(0.15) sen</u> | <u>(2.09) sen</u> | <u>(0.23) sen</u> | <u>(2.57) sen</u> |
| b) Diluted loss per share | | | | |
| Loss for the period attributable to Owners of the Parent | (7,367) | (94,662) | (11,686) | (116,814) |
| 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)* | - | 521,350 | - | 521,350 |
| Weighted average number of ordinary shares in issue ('000) | <u>5,058,476</u> | <u>5,058,786</u> | <u>5,058,476</u> | <u>5,058,786</u> |
| Diluted loss per share | <u>(0.15) sen</u> | <u>(1.87) sen</u> | <u>(0.23) sen</u> | <u>(2.31) sen</u> |

* The RCPS matured during the previous financial year, hence the balance is Nil at the current reporting date.

22. Prospects for the current financial year

The Malaysian economy expanded by 16.1% in the second quarter of 2021, supported mainly by improvements in domestic demand and continued robust exports performance. However, we expect the exponential increase of COVID-19 cases, the emergence of the Delta variant, and the re-imposition of nationwide containment measures earlier this year will weigh on growth.

Despite that, the Malaysian economy is expected to be on the path to recovery. Bank Negara Malaysia is projecting for the economy to expand between 3% to 4% in 2021. Meanwhile, the expected re-opening of the economy following the announcement of the National Recovery Plan will set us on an upward trajectory further into 2022. Globally, the outlook remains uncertain, with the world economy experiencing a strong, highly uneven recovery and set to reach 5.6% in 2021 underpinned by steady but unequal access to vaccines, according to the World Bank.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Prior to June 2021, we saw improvements in our operations as evidenced by the strong property sales momentum which reached RM707 million in the first half of 2021, 369% higher than the sales achieved in the first half of 2020. On the premise of these indicators, we had expected a return to profitability in the second half of the year. But the lockdown has largely affected the operations and construction progress for both our Central and Southern region projects.

The current FMCO was made effective on 1 June 2021, followed by the EMCO and now Phase 1 of the National Recovery Plan are impacting our recovery that we have planned for the next two quarters. Until very recently, construction activities have halted significantly, retail complexes are not allowed to operate, and sales galleries remain closed.

In Central at present, Kiara Kasih is the only project approved for construction at 60% capacity and only piling works are allowed in KAIA Heights. In Southern, all projects are currently operating at half their capacities. On the international front, Melbourne's latest lockdown has been extended until 2 September 2021. These lockdowns have affected our efforts to fully settle the remaining units in both Aurora Melbourne Central and Conservatory which was earlier targeted by the end of 2021. At its present state, we anticipate that full settlements will be delayed into 2022. Plans for the 1.3-acre land in Collingwood is ongoing with anticipation to launch towards the end of 2022.

Notwithstanding the challenges, we are taking these challenges in our stride and capitalising on the downtime to regroup and recalibrate our plans for when the lockdown is lifted. We remain steadfast in our sales initiatives, capitalising on the low interest environment and the numerous incentives offered under the Home Ownership Campaign which has been extended till 31 December 2021. We are also offering rent-to-own scheme for selected products.

Construction catch-up plans and recovery schedules are being developed to ensure that all ongoing projects will meet their vacant possession delivery dates. We welcome the recent announcement by the Housing and Local Government Ministry in which property developers are also now allowed to re-open sales galleries.

In terms of launches, we aspire to launch high-rise residences in Taman Pertama, Cheras, two new phases in Serene Heights Bangi and Tower B of KAIA Heights, totalling a GDV of RM710 million in the Central region. In the Southern region, specifically in Iskandar Puteri, we will be launching three new developments; Serassa Greens featuring mid-market double storey terrace homes, the Oasis; a new commercial development and attainable double storey terrace homes in Gerbang Nusantara, totalling a GDV of RM272 million.

Our efforts in rebalancing our landbank portfolio is ongoing. The latest acquisition is the 6.86-acre land in Taman Connaught, Cheras acquired in June 2021 and is currently being planned as a Transit Oriented Development scheme and scheduled to be launched tentatively in 2022. We have divested 431 acres of non-strategic lands in Mersing, Johor for RM45 million in July 2021. Completion is now expected in the first half of 2022.

Before the pandemic in 2020, efforts were already underway to set UEM Sunrise on the path of transformation to developing sustainably and future-proofing our products. The pandemic added the momentum to these efforts whereby we are now exploring ESG-driven designs that will tackle functionality issues brought about directly by COVID-19. As we address new design needs, particularly through spatial flexibility, and non-superfluous architectural elements that are cost-optimised, we are now able to provide the market with a wider range of products that also respond to the market segment that craves for more attainable products. Our residential concept at KAIA Heights is the first of such product, as we use it to stress-test our internal roadmap to providing a product that by design, embodies our sustainability principles whilst remaining affordable. It is currently GreenRE silver-certified with a commendable provisional score of 80%.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Efforts are underway to establish a more integrated approach to product design and we have restructured internally to address this. We are emphasising the use of Building Information Modelling (BIM) and modularisation of design, to address cost optimisation through effective means of material procurement and production. We are working towards a design-led environment within UEM Sunrise that achieves efficacy through modern methods of construction. We have formulated the "UEM Sunrise product DNA" which stipulates 'Sustainability' as a key pillar and will continue to use this to guide us in approaching design more holistically.

At the same time, we expect to make great strides in our journey towards solidifying and entrenching ESG in a manner that is holistic, focusing on strengthening the sustainability management governance and establishing the right plans to measure its ESG performance in short-, mid- and long term. Whilst we are already addressing sustainability in an enhanced structure, the Company is also assessing potential new businesses to complement our aspiration to become a balanced real estate company. We are steadfast in our preparation to accelerate to market as Malaysia races closer to achieving herd immunity and more sectors open up. With the resumption of consumer confidence, we shall be quick to respond, having put the building blocks of transformation and a future-proof design at an affordable price tag.

The Group's gross and net gearings are 0.62x and 0.43x, respectively with cash balances of RM1.3 billion as at 30 June 2021. Unbilled sales of RM2.0 billion as at 30 June 2021 will be substantially recognised over the next 18 to 36 months depending on projects' progress completion. We remain cautious and maintain our sales and GDV targets of RM1.2 billion respectively for 2021.

¹ *BNM 2Q 2021 Quarterly Bulletin.*

² *Bank Negara Malaysia's Economic and Financial Development in Malaysia in the Second Quarter of 2021 - press release dated 13 August 2021.*

³ *World Bank's Global Economic Prospects dated June 2021.*

23. Profit forecast

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

Kuala Lumpur
25th August 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