



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year	Preceding year	Nine	Nine
		quarter	corresponding	months	months
		30/09/2021	30/09/2020	30/09/2021	30/09/2020
		RM'000	RM'000	RM'000	RM'000
1. (a) Revenue		213,043	217,435	714,878	525,246
(b) Cost of sales		(151,727)	(141,925)	(506,380)	(384,833)
(c) Gross profit		61,316	75,510	208,498	140,413
(d) Other income		8,380	19,360	25,114	59,869
(e) Expenses		(66,808)	(76,308)	(194,388)	(205,018)
(f) Finance costs		(37,453)	(34,789)	(109,382)	(93,679)
(g) Foreign exchange loss		(5,557)	(301)	(563)	(15,188)
(h) Share of net results of associates		(1,287)	1,974	1,609	2,147
(i) Share of net results of joint ventures		2,486	(2,927)	2,933	(16,923)
(j) Loss before income tax		(38,923)	(17,481)	(66,179)	(128,379)
(k) Income tax	14	(9,427)	(8,199)	6,505	(15,043)
(l) Loss for the period		(48,350)	(25,680)	(59,674)	(143,422)
Attributable to:					
(m) Owners of the Parent		(50,381)	(25,410)	(62,067)	(142,624)
(n) Non-controlling Interests		2,031	(270)	2,393	(798)
Loss for the period		(48,350)	(25,680)	(59,674)	(143,422)
2. Loss per share based on 1(m) above	21				
(a) Basic loss per share		(1.00) sen	(0.56) sen	(1.23) sen	(3.14) sen
(b) Diluted loss per share		(1.00) sen	(0.50) sen	(1.23) sen	(2.82) 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.



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Incorporated In Malaysia

I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(48,350)	(25,680)	(59,674)	(143,422)
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	(20,408)	6,540	(2,301)	33,034
Total other comprehensive (expense)/ income for the period, net of tax	(20,408)	6,540	(2,301)	33,034
Total comprehensive expense for the period	(68,758)	(19,140)	(61,975)	(110,388)
Attributable to:				
Owners of the Parent	(70,795)	(18,881)	(64,361)	(109,840)
Non-controlling Interests	2,037	(259)	2,386	(548)
Total comprehensive expense for the period	(68,758)	(19,140)	(61,975)	(110,388)

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	Preceding year	Nine	Nine
	quarter	corresponding	months	months
Note	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
Loss before income tax is arrived at after charging/(crediting):				
Finance costs	37,453	34,789	109,382	93,679
Depreciation	13,992	12,487	42,023	39,463
Interest income	(4,804)	(6,698)	(13,186)	(28,659)
Loss/(gain) on foreign exchange:				
- unrealised	3,287	304	(1,736)	8,797
- realised	2,270	(3)	2,299	6,391
Dividend income from investment at fair value through profit or loss	(699)	(3,549)	(2,823)	(4,377)
Write back of allowance for impairment of receivables	(118)	(136)	(626)	(201)
Net allowance for doubtful debts	(158)	492	2,093	1,538
Inventories written down	-	-	-	39,450
Partial disposal of a subsidiary	11(a)	-	5,371	-



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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at current financial year end 30/09/2021 RM'000	Audited As at preceding financial year end 31/12/2020 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	459,947	478,614
Investment properties	814,335	823,932
Right-of-use assets	10,046	17,411
Land held for property development	5,175,372	5,832,747
Interests in associates	848,864	486,611
Interests in joint ventures	924,417	989,012
Amounts due from joint ventures	167,269	173,252
Amounts due from associates	12,454	9,745
Goodwill	621,409	621,409
Deferred tax assets	284,805	255,760
Financial asset at fair value through profit or loss	5,000	5,000
Long term receivables	142,487	145,355
	9,466,405	9,838,848
2. Current assets		
Property development costs	990,701	958,232
Inventories held for sale	424,499	468,414
Inventories under contract of sale	64,304	112,118
Receivables	501,170	494,297
Contract assets	401,649	242,745
Amounts due from associates	1,403	950
Amounts due from joint ventures	74,183	61,104
Short term investments	301,712	216,936
Cash, bank balances and deposits	871,800	1,086,269
	3,631,421	3,641,065
Total assets	13,097,826	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 30/09/2021 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		75,944	78,238
Retained profits		1,766,696	1,828,763
		6,837,246	6,901,607
4. Non-controlling Interests		104,389	468,974
Total equity		6,941,635	7,370,581
5. Non-current liabilities			
Borrowings	16	3,570,901	2,600,292
Lease liabilities		1,203	8,560
Payables		94,265	141,153
Contract liabilities		212,132	227,799
Deferred income		163,831	163,890
Provisions		68,317	68,317
Deferred tax liabilities		176,880	164,410
		4,287,529	3,374,421
6. Current liabilities			
Provisions		132,365	133,754
Payables		1,002,993	1,007,008
Contract liabilities		63,519	70,170
Borrowings	16	655,319	1,493,103
Lease liabilities		9,276	11,868
Tax payable		5,190	19,008
		1,868,662	2,734,911
Total liabilities		6,156,191	6,109,332
Total equity and liabilities		13,097,826	13,479,913
7. Net assets per share attributable to Owners of the Parent		RM 1.35	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

	Unaudited Nine months to 30/09/2021	Unaudited Nine months to 30/09/2020
Note	RM'000	RM'000
Operating Activities		
Cash receipts from customers	567,891	725,386
Cash receipts from related parties	900	2,046
Cash payments to contractors	(428,498)	(442,434)
Cash payments for land and development related costs	(67,604)	(177,464)
Cash payments to related parties	(27,084)	(9,438)
Cash payments to employees and for expenses	(146,632)	(259,652)
Cash used in operations	(101,027)	(161,556)
Net income tax paid	(30,450)	(139,177)
Interest received	1,016	8,568
Net cash used in operating activities	(130,461)	(292,165)
Investing Activities		
Dividend received from joint ventures	71,000	500
Repayment from a joint venture	5,000	4,500
Net proceeds from partial disposal of a subsidiary	148,026	-
Purchase of property, plant and equipment	(8,902)	(36,332)
Purchase of investment property	(7,860)	-
Advances to an associate	(2,600)	-
Advances to joint ventures	(1,000)	(36,827)
Investment in a joint venture	(900)	-
Investment in land held for property development	(198,918)	(27,308)
Investment in long term investment	-	(5,000)
Net investment in short term investments	(84,971)	(460,000)
Net cash used in investing activities	(81,125)	(560,467)



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

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

	Note	Unaudited Nine months to 30/09/2021 RM'000	Unaudited Nine months to 30/09/2020 RM'000
Financing Activities			
Drawdown of borrowings		79,248	401,456
Drawdown of Islamic Medium Term Notes		1,140,000	1,205,000
Advance from a corporate shareholder		-	2,000
Redemption of Redeemable Convertible Preference Shares ("RCPS")		-	(150,000)
Repayment of borrowings		(651,422)	(323,641)
Repayment of Islamic Medium Term Notes		(435,000)	(150,000)
Repayment of loan from immediate holding company		-	(55,555)
Repayment of lease liabilities		(2,361)	(2,981)
Interest paid		(117,281)	(95,575)
Net cash generated from financing activities		13,184	830,704
Effects of exchange rate changes		(14,219)	7,089
Net decrease in cash and cash equivalents		(212,621)	(14,839)
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	(a)	868,111	1,041,894
		Unaudited As at 30/09/2021 RM'000	Unaudited As at 30/09/2020 RM'000

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

Cash, bank balances and deposits			
Unrestricted		631,237	863,874
Restricted		240,563	180,636
		871,800	1,044,510
Bank overdrafts (included in short term borrowings)	16	(3,689)	(2,616)
Cash and cash equivalents		868,111	1,041,894

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 RM'000	Total Equity RM'000
	← Non-distributable →			Distributable				
	Share Capital RM'000	Merger Relief Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000			
Nine months to 30 September 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 expense for the period	-	-	(2,294)	(62,067)	(64,361)	2,386	(61,975)	
Partial disposal of a subsidiary	-	-	-	-	-	(366,971)	(366,971)	
At 30 September 2021	<u>4,960,276</u>	<u>34,330</u>	<u>75,944</u>	<u>1,766,696</u>	<u>6,837,246</u>	<u>104,389</u>	<u>6,941,635</u>	
Nine months to 30 September 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	-	-	32,784	(142,624)	(109,840)	(548)	(110,388)	
Redemption of RCPS	(150,000)	-	-	-	(150,000)	-	(150,000)	
At 30 September 2020	<u>4,960,276</u>	<u>34,330</u>	<u>46,455</u>	<u>1,985,265</u>	<u>7,026,326</u>	<u>467,784</u>	<u>7,494,110</u>	

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 1.6% (2020: 6.1%) 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 period ended 30 September 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%
8 September 2021	Issuance	290	5 years	4.40%
21 September 2021	Issuance	150	4 years	4.25%

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 September 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 that recently ended in September 2021. During the latter period, there were no construction activities, sales galleries were closed and retail operations were significantly affected. On the other hand, stay-at-home restrictions imposed in Victoria, Australia in July to October 2021 have also affected the settlement of our international projects. As a result, our financial performance for the current quarter is more significantly impacted than comparative periods under review.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 30 September 2021 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 September 2021 that have not been reflected in the condensed interim financial statements.

10. Operating segments

Operating segments information for the financial period ended 30 September 2021 is as follows:

	Property development		Property investment and hotel operation	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	625,888	17,777	40,158	31,055	-	714,878
Inter-segment revenue	-	-	1,226	64,519	(65,745)	-
Total revenue	625,888	17,777	41,384	95,574	(65,745)	714,878
Results						
Segment results	101,716	(1,592)	(14,783)	(17,894)	(28,786)	38,661
Finance costs	(70,535)	(5,496)	(28,356)	(33,781)	28,786	(109,382)
Share of results of associates	1,869	(858)	-	598	-	1,609
Share of results of joint ventures	6,493	-	(3,560)	-	-	2,933
Profit/(loss) before income tax	39,543	(7,946)	(46,699)	(51,077)	-	(66,179)
Income tax	6,903	568	550	(1,516)	-	6,505
Profit/(loss) for the period	46,446	(7,378)	(46,149)	(52,593)	-	(59,674)
Attributable to:						
Owners of the Parent	44,963	(7,378)	(46,149)	(53,503)	-	(62,067)
Non-controlling Interests	1,483	-	-	910	-	2,393
Profit/(loss) for the period	46,446	(7,378)	(46,149)	(52,593)	-	(59,674)
Assets						
Segment assets	9,614,293	632,086	981,201	712,743	(726,350)	11,213,973
Interests in:						
- associates	840,095	7,597	-	1,172	-	848,864
- joint ventures	835,692	-	88,725	-	-	924,417
Tax recoverable	96,661	11,556	366	1,989	-	110,572
Total assets	11,386,741	651,239	1,070,292	715,904	(726,350)	13,097,826
Liabilities						
Segment liabilities	4,793,612	12,853	821,883	1,249,003	(726,350)	6,151,001
Tax payable	5,184	-	-	6	-	5,190
Total liabilities	4,798,796	12,853	821,883	1,249,009	(726,350)	6,156,191

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:



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Registration No. 200801028815 (830144-W)

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(cont'd)

On 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.

(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)
		<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 hearing which was initially fixed on 14 and 15 September 2021 was vacated. The SCIT has fixed the matter for hearing on 29 and 30 August 2022.

BND's solicitors are of the view that BND has an arguable case to argue that the IRB has no legal or factual basis to issue the notice of additional assessment and to impose the penalty.

- (b) On 3 May 2021, UEM Land Berhad ("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 Notices 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 Notices 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 hearing of the application to intervene by the IRB and until the disposal of the leave application, respectively.

The hearing for IRB's application to intervene for UEML was fixed on 2 August 2021, adjourned to 6 September 2021 and further to 13 December 2021 due to MCO, whilst for SHSB, the case management to fix hearing date for application to intervene and leave application was fixed on 6 September 2021, adjourned to 18 November 2021 and further to 21 December 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	7.6
Approved but not contracted for	392.5
Total	400.1

14. Income tax

	Current year quarter 30/09/2021 RM'000	Preceding year corresponding quarter 30/09/2020 RM'000	Nine months to 30/09/2021 RM'000	Nine months to 30/09/2020 RM'000
Malaysian and foreign income tax				
- current tax	(4,836)	(3,501)	(19,417)	(21,412)
- overprovision in prior periods	3,340	-	3,279	379
Deferred tax				
- relating to origination and reversal of temporary differences	(2,749)	(5,377)	24,427	9,581
- (under)/over provision in prior periods	(5,182)	679	(1,784)	(3,591)
Tax (expense)/credit for the period	(9,427)	(8,199)	6,505	(15,043)

The effective tax rate (excluding share of results of associates and joint ventures) for the current quarter was lower than statutory tax rate due to non-deductible expenses and unrecognised tax losses for certain loss-making entities. The lower effective tax rate for the cumulative period was a result of the recognition of deferred tax assets on prior years' tax losses in the prior quarter of 2021, 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 18 November 2021, NTSPB 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 18 November 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 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.

The payment terms collectively for both SPA:

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

The Purchasers received their directors' and shareholders' approvals on the transactions on 30 December 2020 and 8 April 2021, respectively. The conditional period for EPU consent for both SPA 1 and SPA 2 was extended to 29 October 2021. However on 28 October 2021, all parties mutually agreed to extend the conditional period to 29 January 2022. As at 18 November 2021, the conditions precedent of both SPA have yet to be fulfilled.

- f) 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 settled the balance purchase consideration of RM180 million on 1 October 2021. The SPA is deemed completed on the full settlement date.



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)

- g) 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 18 November 2021, the SPA has yet to be completed.

- h) 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 18 November 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	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>As at 30 September 2021</u>						
- Islamic Medium Term Notes	-	3,460,000	3,460,000	-	500,000	500,000
- Term loan and Commodity Murabahah Finance	110,901	-	110,901	49,630	-	49,630
- Revolving credits	-	-	-	77,000	25,000	102,000
- Bank overdrafts	-	-	-	3,413	276	3,689
TOTAL	110,901	3,460,000	3,570,901	130,043	525,276	655,319

As at 30 September 2020

- Islamic Medium Term Notes	-	2,470,000	2,470,000	-	1,185,000	1,185,000
- Term loan and Commodity Murabahah Finance	118,964	-	118,964	70,403	-	70,403
- Revolving credits	-	-	-	350,040	214,000	564,040
- Structured commodity	-	-	-	-	55,000	55,000
- Bank overdrafts	-	-	-	-	2,616	2,616
TOTAL	118,964	2,470,000	2,588,964	420,443	1,456,616	1,877,059

Since 30 September 2020, the Group repaid borrowings of RM1.6 billion including RM835 million of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers, RM487 million of revolving credits and RM274 million of term loans and structured commodity. The Group also drew borrowings of RM1.3 billion comprising RM1.1 billion of IMTN, RM100 million of structured commodity and RM116 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 UEM'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.



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.

The appeal for this case has been scheduled for hearing on 28 April 2022.

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

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

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

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

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

The list of issues to be addressed by the expert and list of non-contentious facts were filed on 18 May 2021. Witness statements were exchanged on 25 October 2021. Procedural hearing was fixed on 11 November 2021 for the purpose of, amongst others, setting timeline to exchange rebuttal witness statements and expert reports. Following the hearing, parties to exchange the rebuttal witness statements and expert reports in reply by 14 February 2022. After the exchange of the expert reports in reply, the experts shall meet by 7 March 2022 and deliver a joint expert report thereafter by 7 April 2022. The hearing dates are now fixed for 23 May 2022 to 3 June 2022.



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 30/09/2021 RM'000	Immediate preceding quarter 30/06/2021 RM'000	Variance RM'000/(%)
Revenue	213,043	249,142	(36,099) (-14%)
Operating (loss)/profit	(2,669)	14,314	(16,983) (>-100%)
Share of net results of JV and associates	1,199	(5,355)	6,554 (>100%)
(Loss)/profit before interest and tax	(1,470)	8,959	(10,429) (>-100%)
Finance costs	(37,453)	(35,725)	(1,728) (5%)
Loss before income tax	(38,923)	(26,766)	(12,157) (45%)
Income tax	(9,427)	19,385	(28,812) (>-100%)
Loss for the period	(48,350)	(7,381)	(40,969) (>100%)
Non-controlling interests	(2,031)	14	(2,045) (>-100%)
Loss attributable to Owners of the Parent	(50,381)	(7,367)	(43,014) (>100%)

The movement control order under phase 1 of the National Recovery Plan ("NRP") since 1 June 2021 has impacted the Group's operational activities with minimal construction progress of local developments and stalled retail operations for the first two months of the current quarter. Nevertheless, as Johor and Klang Valley entered the phase 2 of NRP in September, the Group was able to recognise revenue with the resumption of construction progress. The revenue contributions for the quarter were mainly from Residensi Solaris Parq in Dutamas followed by Residensi AVA in Kiara Bay, Serene Heights Bangi, as well as Senadi Hills, Estuari Gardens and Aspira ParkHomes in Iskandar Puteri. The full lockdown in Victoria, Australia has resulted in lower settlements of Aurora Melbourne and Conservatory, as the Group was unable to settle and handover completed properties to the buyers.

The Group recorded an operating loss in the current quarter as a result of lower revenue and foreign exchange losses of RM5.6 million as a result of weakening Australian Dollars and South African Rand. Consequently, the Group recorded a higher loss for the quarter in the absence of deferred tax assets recognition as compared to the previous quarter, partially offset by a more favourable share of results from joint ventures and associates in the current quarter, which was mainly contributed by Horizon Hills Developments Sdn Bhd for its Horizon Hills development in Iskandar Puteri and Sunrise MCL Land Sdn Bhd for Forest Heights, in Seremban.

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

	Current year quarter 30/09/2021 RM'000	Preceding year corresponding quarter 30/09/2020 RM'000	Variance RM'000/(%)	Nine months to 30/09/2021 RM'000	Nine months to 30/09/2020 RM'000	Variance RM'000/(%)
Revenue	213,043	217,435	(4,392) (-2%)	714,878	525,246	189,632 (36%)
Operating (loss)/profit	(2,669)	18,261	(20,930) (>-100%)	38,661	(19,924)	58,585 (>100%)
Share of net results of JV and associates	1,199	(953)	2,152 (>100%)	4,542	(14,776)	19,318 (>100%)
(Loss)/profit before interest and tax	(1,470)	17,308	(18,778) (>-100%)	43,203	(34,700)	77,903 (>100%)
Finance costs	(37,453)	(34,789)	(2,664) (8%)	(109,382)	(93,679)	(15,703) (17%)
Loss before income tax	(38,923)	(17,481)	(21,442) (>100%)	(66,179)	(128,379)	62,200 (-48%)
Income tax	(9,427)	(8,199)	(1,228) (15%)	6,505	(15,043)	21,548 (>100%)
Loss for the period	(48,350)	(25,680)	(22,670) (88%)	(59,674)	(143,422)	83,748 (-58%)
Non-controlling interests	(2,031)	270	(2,301) (>-100%)	(2,393)	798	(3,191) (>-100%)
Loss attributable to Owners of the Parent	(50,381)	(25,410)	(24,971) (98%)	(62,067)	(142,624)	80,557 (-56%)



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 sales performance of RM915 million for the first three quarters of 2021 has improved substantially, more than double of prior year's corresponding period of RM374 million. The top sales contributor was Residensi AVA, for which the performance has bolstered up more than fourfold compared to the same period last year, followed by Residensi Allevia in Mont'Kiara, Senadi Hills, Estuari Gardens and Serene Heights. These five projects constituted 78% of the total sales for the year.

The Group's revenue for the the current quarter was at a similar level as the prior year's corresponding quarter, where property development contributed to 83% of the current quarter's total revenue. The revenue contributions in comparison with the previous year's corresponding quarter were mainly supported by the notable sales and progress of projects that are maturing in their development cycles such as Residensi AVA, followed by Senadi Hills and Residensi Allevia as well as inventory sales of Estuari Gardens, offset by lower contributions from mature projects such as Residensi Solaris Parq, Aspira ParkHomes and Residensi Astrea in Mont'Kiara as a result of NRP.

The gross profit margin was lower, as the prior year's corresponding quarter recognised a sale of retail lots that carried a higher profit margin and project cost savings of 6.7% over cost of sales, coupled with lower contribution from high-margin mature projects such as Residensi Solaris Parq and Aspira ParkHomes, and lower settlements in Australia in the current quarter as a result of NRP. The Group recorded an operating loss in the current quarter due to higher foreign exchange losses of RM5 million, despite the improvement in operating expenses of 12%, leading to a higher loss after tax than the corresponding quarter in 2020.

For the first nine months in 2021, the Group recognised a higher revenue by 36% compared to the same period in prior year, despite lower settlements in Australia, demonstrating key contribution from the local segments. 85% of the total revenue was contributed by property development, largely by the ongoing developments in the Central region such as Residensi Solaris Parq, Serene Heights and Residensi Kiara Kasih as well as the Southern region developments mainly from Aspira ParkHomes and Senadi Hills, and inventory sales of Estuari Gardens.

Operating profits recognised in the current period were in tandem with the higher revenue, as compared to operating losses of RM20 million in the prior year's corresponding period, which was severely affected by the COVID-19 pandemic and the first of the many series of containment measures. The circumstances in 2020 impacted the Group's performance, resulting in lower revenue, inventory written down costs of RM39 million and foreign exchange losses of RM15 million, amongst others. However, the Group recorded a loss after tax of approximately RM62.1 million in the current period due to higher finance costs as a result of higher monthly average borrowings of RM4.3 billion as compared to RM3.8 billion in the previous year's corresponding period, despite 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 RM550 million as at 30 September 2021. These projects are all located in the Central region, comprising KAIA Heights' Tower A and B in Equine Park, Seri Kembangan and the Verna series in Serene Heights Bangi namely Verna Park Terrace, Verna Garden Cluster, Verna Twin Villas, Verna Linked Homes and Verna Lake Villas.



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 30/09/2021 RM'000	Preceding year corresponding quarter 30/09/2020 RM'000	Nine months to 30/09/2021 RM'000	Nine months to 30/09/2020 RM'000
a) Basic loss per share				
Loss for the period attributable to Owners of the Parent	(50,381)	(25,410)	(62,067)	(142,624)
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>(1.00) sen</u>	<u>(0.56) sen</u>	<u>(1.23) sen</u>	<u>(3.14) sen</u>
b) Diluted loss per share				
Loss for the period attributable to Owners of the Parent	(50,381)	(25,410)	(62,067)	(142,624)
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)*	-	521,040	-	521,040
Weighted average number of ordinary shares in issue ('000)	<u>5,058,476</u>	<u>5,058,476</u>	<u>5,058,476</u>	<u>5,058,476</u>
Diluted loss per share	<u>(1.00) sen</u>	<u>(0.50) sen</u>	<u>(1.23) sen</u>	<u>(2.82) 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 contracted by 4.5% in the third quarter of 2021 (2Q 2021: +16.1%) arising from strict containment measures under the NRP. Economic activity was particularly impacted in July under phase 1 of the NRP although subsequently recovered as more states transitioned into phase 2 with less restrictive containment measures. All economic sectors recorded negative growth in this quarter while domestic demand declined by 4.1% (2Q 2021: 12.4%). The economy is expected to improve following normalisation of economic activities including successful rollout of the vaccination programme and remain on track to achieve the projected growth range of 3.0% - 4.0% for 2021. Globally, IMF recently revised its projection of growth from 6.0% to 5.9% compared to its July World Economic Outlook. This reflected weaker prospects in advanced economies due partly to resurgences in COVID-19. Progress of vaccine rollout remains a key determinant of the growth recovery¹.



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)

The earlier phases of the NRP have impacted the recovery we had projected in the second half of 2021 as lockdowns largely affected the operations and construction progress for both our Central and Southern region projects. Construction activities were halted albeit selected infrastructure and maintenance works while retail operations were restricted. Authority and regulatory approvals on applications and submissions were affected, delaying approval processes. Our sales galleries reopened in stages starting from 26 August, approximately two weeks prior to Klang Valley entering into phase 2 of the NRP followed by Johor on 24 September. As most states entered into phases 3 and 4 of the NRP in October, many restrictions were eased allowing us to operate and resume construction activities at full capacity subject to compliance.

Taking opportunity of the turnaround in the national economy, we are aggressively taking corrective measures to stem our losses and, in the mid to long term, transform the Company into an effective and balanced real estate player. We have identified a three-prong strategy – Triage (prioritising issues which need immediate attention and expediting launches), Stabilise (a transformation of how we organise our people, process and portfolio) and Sustain (diversifying the income stream for sustained revenue).

We anticipate performance to improve in view of the recent reopening of the economy. Construction activities are currently at full capacity especially for saleable ongoing projects like Residensi AVA (80% sold to-date), Residensi Astrea (95% sold to-date), Residensi Solaris Parq (92% sold to-date) and Aspira ParkHomes (85% sold to-date). Sales are also picking up following the reopening of the sales galleries. We achieved RM915 million as at 30 September with bookings as at to-date of RM250 million. Property sales in general are expected to rebound along with the reopening of the economy induced by pent-up demand from genuine home buyers and serious investors who are keen to leverage on the low interest rate environment and the incentives under the Home Ownership Campaign which is ending on 31 December 2021. This robust sales anticipation should augur well for the Group. Moreover, we are launching a new sales gallery in Equine Park, Seri Kembangan anticipated in early 2022, to escalate interest in KAIA Heights, our latest mid-market high-rise residences.

In Melbourne, Australia however, prolonged series of containment measures, the latest ended 22 October has affected our efforts to fully settle the remaining units in both Aurora Melbourne Central and Conservatory. Full settlements are delayed to 2022.

In terms of new product launches, we have launched approximately RM550 million worth of properties to-date all in the Central region comprising KAIA Heights and the Verna landed series in Serene Heights Bangi. The earlier NRP phases however, have impacted authority and regulatory approvals causing delays, deferring selected projects to 2022. This includes our integrated high-rise development in Taman Pertama, Cheras as well as commercial development, Oasis and mixed residential development, Serassa Greens, both in Iskandar Puteri. Whilst these delays are unfortunate, it presented a different opportunity which allows us to increase our launch momentum in 2022 where the focus will be more on attainable products. Irrespective of the deferment, we will continue to launch a new phase of attainable high-rise residences with a built-up size of 1,400 square feet at RM300,000 per unit in Senadi Hills, Iskandar Puteri before the end of 2021.

The postponement of the selected projects will not affect our sales deliverable for the year as we are currently on track to achieve our target in view of the impending robust sales expectation which is anticipated to boost sales performance towards the end of 2021.

With regards to the Group's sustainability agenda, we are focusing on unlocking our ESG strategic values and institutionalising them within the organisation aligning our blueprint to global movements and the government's recent plan to accelerate green growth as detailed out in the 12th Malaysia Plan. Proposals are currently being conceptualised to establish the Group's sustainability performance targets. Our inclusion as one of the constituents of FTSE4 Good Bursa Malaysia Index since its inception in 2014 is a testament to our efforts in adopting ESG whilst the recent gold assessment assigned by the Malaysian Agency Rating Corporation on our Sustainability SUKUK Framework, further strengthen our journey in entrenching the sustainability agenda in a holistic manner.



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)

We continue to monitor the market to acquire strategically located landbanks particularly in the Central region for quick turnaround and new project pipelines. Efforts to divest non-strategic lands are also ongoing, in line with our landbanking portfolio rebalancing strategy.

The Group's gross and net gearings are 0.62x and 0.45x, respectively with cash balances of RM1.2 billion as at 30 September 2021. Unbilled sales of RM2.2 billion as at 30 September 2021 will be substantially recognised over the next 18 to 36 months depending on projects' progress completion. We maintain our sales target of RM1.2 billion for 2021.

¹ *BNM 3Q 2021 Quarterly Bulletin, Vol. 36 No. 3.*
IMF - International Monetary Fund.

23. Profit forecast

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

Kuala Lumpur
24th November 2021

By Order of the Board

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