



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER			
		Current year	Preceding year	Three	Three		
		quarter	corresponding	months	months		
		31/03/2021	quarter	to	31/03/2021	to	31/03/2020
		RM'000	31/03/2020	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue		252,693	195,854	252,693	195,854		
(b) Cost of sales		(173,149)	(120,719)	(173,149)	(120,719)		
(c) Gross profit		79,544	75,135	79,544	75,135		
(d) Other income		9,021	25,591	9,021	25,591		
(e) Expenses		(62,508)	(59,352)	(62,508)	(59,352)		
(f) Finance costs		(36,204)	(27,750)	(36,204)	(27,750)		
(g) Foreign exchange gain/(loss)		959	(18,414)	959	(18,414)		
(h) Share of net results of associates		9,731	156	9,731	156		
(i) Share of net results of joint ventures		(1,033)	(4,351)	(1,033)	(4,351)		
(j) Loss before income tax		(490)	(8,985)	(490)	(8,985)		
(k) Income tax	14	(3,453)	(13,354)	(3,453)	(13,354)		
(l) Loss for the period		(3,943)	(22,339)	(3,943)	(22,339)		
Attributable to:							
(m) Owners of the Parent		(4,319)	(22,152)	(4,319)	(22,152)		
(n) Non-controlling Interests		376	(187)	376	(187)		
Loss for the period		(3,943)	(22,339)	(3,943)	(22,339)		
2. Loss per share based on 1(m) above	21						
(a) Basic loss per share		(0.09) sen	(0.49) sen	(0.09) sen	(0.49) sen		
(b) Diluted loss per share		(0.09) sen	(0.43) sen	(0.09) sen	(0.43) 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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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2021 RM'000	Preceding year corresponding quarter 31/03/2020 RM'000	Three months to 31/03/2021 RM'000	Three months to 31/03/2020 RM'000
Loss for the period	(3,943)	(22,339)	(3,943)	(22,339)
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	18,876	(74,965)	18,876	(74,965)
Total other comprehensive income/ (expense) for the period, net of tax	18,876	(74,965)	18,876	(74,965)
Total comprehensive income/(expense) for the period	14,933	(97,304)	14,933	(97,304)
Attributable to:				
Owners of the Parent	14,565	(97,333)	14,565	(97,333)
Non-controlling Interests	368	29	368	29
Total comprehensive income/(expense) for the period	14,933	(97,304)	14,933	(97,304)

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.



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I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Three	Three
	quarter	corresponding	months	months
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Loss before income tax is arrived at after charging/(crediting):				
Finance cost	36,204	27,750	36,204	27,750
Depreciation	12,978	12,500	12,978	12,500
Interest income	(4,013)	(16,702)	(4,013)	(16,702)
(Gain)/loss on foreign exchange:				
- unrealised	(973)	15,445	(973)	15,445
- realised	14	2,969	14	2,969
Dividend income from investment at fair value through profit or loss	(1,409)	-	(1,409)	-
Write back of allowance for impairment of receivables	(322)	-	(322)	-
Allowance for doubtful debts	828	28	828	28

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



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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at current financial year end 31/03/2021 RM'000	Audited As at preceding financial year end 31/12/2020 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	473,135	478,614
Investment properties	825,621	823,932
Right-of-use assets	15,026	17,411
Land held for property development	5,951,039	5,832,747
Interests in associates	496,431	486,611
Interests in joint ventures	990,559	989,012
Amounts due from joint ventures	172,785	173,252
Amounts due from associates	9,745	9,745
Goodwill	621,409	621,409
Deferred tax assets	257,970	255,760
Financial asset at fair value through profit or loss	5,000	5,000
Long term receivables	145,787	145,355
	9,964,507	9,838,848
2. Current assets		
Property development costs	1,028,094	958,232
Inventories held for sale	432,514	468,414
Inventories under contract of sale	111,288	112,118
Receivables	545,745	494,297
Contract assets	295,449	242,745
Amounts due from associates	1,066	950
Amounts due from joint ventures	64,073	61,104
Short term investments	492,284	216,936
Cash, bank balances and deposits	970,783	1,086,269
	3,941,296	3,641,065
Total assets	13,905,803	13,479,913



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

	Note	Unaudited As at current financial year end 31/03/2021 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		97,122	78,238
Retained profits		1,824,444	1,828,763
		6,916,172	6,901,607
4. Non-controlling Interests		469,342	468,974
Total equity		7,385,514	7,370,581
5. Non-current liabilities			
Borrowings	16	3,027,135	2,600,292
Lease liabilities		6,318	8,560
Payables		104,501	141,153
Contract liabilities		227,199	227,799
Deferred income		163,880	163,890
Provisions		68,317	68,317
Deferred tax liabilities		167,642	164,410
		3,764,992	3,374,421
6. Current liabilities			
Provisions		136,651	133,754
Payables		1,041,436	1,007,008
Contract liabilities		67,202	70,170
Borrowings	16	1,482,844	1,493,103
Lease liabilities		11,553	11,868
Tax payable		15,611	19,008
		2,755,297	2,734,911
Total liabilities		6,520,289	6,109,332
Total equity and liabilities		13,905,803	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.



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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/03/2021 RM'000	Unaudited Three months to 31/03/2020 RM'000
Operating Activities		
Cash receipts from customers	190,062	304,968
Cash receipts from related parties	99	37
Cash payments to contractors	(164,460)	(193,265)
Cash payments for land and development related costs	(24,451)	(29,370)
Cash payments to related parties	-	(37)
Cash payments to employees and for expenses	(58,497)	(142,839)
Cash used in operations	(57,247)	(60,506)
Net income tax paid	(6,596)	(19,745)
Interest received	1,016	3,101
Net cash used in operating activities	(62,827)	(77,150)
Investing Activities		
Purchase of property, plant and equipment	(3,985)	(7,005)
Purchase of investment property	(3,560)	-
Advances to joint ventures	(1,000)	(30,000)
Investment in land held for property development	(180,155)	-
Investment in short term investments	(273,971)	-
Net cash used in investing activities	(462,671)	(37,005)



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

	Note	Unaudited Three months to 31/03/2021 RM'000	Unaudited Three months to 31/03/2020 RM'000
Financing Activities			
Drawdown of borrowings		63,110	137,628
Drawdown of Islamic Medium Term Notes		400,000	-
Repayment of borrowings		(48,863)	(95,996)
Repayment of loan from immediate holding company		-	(55,554)
Repayment of lease liabilities		(908)	(1,067)
Interest paid		(19,633)	(14,402)
Net cash generated from/(used in) financing activities		393,706	(29,391)
Effects of exchange rate changes		14,088	(52,600)
Net decrease in cash and cash equivalents		(117,704)	(196,146)
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)	963,028	860,587
		Unaudited As at 31/03/2021 RM'000	Unaudited As at 31/03/2020 RM'000

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

Cash, bank balances and deposits			
Unrestricted		752,627	655,913
Restricted		218,156	208,410
		970,783	864,323
Bank overdrafts (included in short term borrowings)	16	(7,755)	(3,736)
Cash and cash equivalents		963,028	860,587

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.



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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to Owners of the Parent →						
	← Non-distributable →			Distributable			
	Share Capital RM'000	Merger Relief Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Three months to 31 March 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	-	-	18,884	(4,319)	14,565	368	14,933
At 31 March 2021	<u>4,960,276</u>	<u>34,330</u>	<u>97,122</u>	<u>1,824,444</u>	<u>6,916,172</u>	<u>469,342</u>	<u>7,385,514</u>
Three months to 31 March 2020							
(Unaudited)							
At 1 January 2020	5,110,276	34,330	13,671	2,106,047	7,264,324	468,332	7,732,656
Total comprehensive expense for the period	-	-	(75,181)	(22,152)	(97,333)	29	(97,304)
At 31 March 2020	<u>5,110,276</u>	<u>34,330</u>	<u>(61,510)</u>	<u>2,083,895</u>	<u>7,166,991</u>	<u>468,361</u>	<u>7,635,352</u>

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



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

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

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 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 interpretation 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
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.



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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 2.0% (2020: 11.7%) over cost of sales.

6. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 31 March 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%

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

7. Dividend

The Directors do not recommend the payment of any dividend for the current financial period ended 31 March 2021 (2020: Nil).

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

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

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

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 March 2021 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 31 March 2021 that have not been reflected in the condensed interim financial statements.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Operating segments

Operating segments information for the financial period ended 31 March 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	221,883	5,057	14,740	11,013	-	252,693
Inter-segment revenue	-	-	422	22,755	(23,177)	-
Total revenue	221,883	5,057	15,162	33,768	(23,177)	252,693
Results						
Segment results	38,947	(1,190)	(3,543)	757	(7,955)	27,016
Finance costs	(21,385)	(2,311)	(7,628)	(12,835)	7,955	(36,204)
Share of results of associates	10,010	(279)	-	-	-	9,731
Share of results of joint ventures	(74)	-	(959)	-	-	(1,033)
Profit/(loss) before income tax	27,498	(3,780)	(12,130)	(12,078)	-	(490)
Income tax	(4,407)	1,308	(2)	(352)	-	(3,453)
Profit/(loss) for the period	23,091	(2,472)	(12,132)	(12,430)	-	(3,943)
Attributable to:						
Owners of the Parent	23,302	(2,472)	(12,132)	(13,017)	-	(4,319)
Non-controlling Interests	(211)	-	-	587	-	376
Profit/(loss) for the period	23,091	(2,472)	(12,132)	(12,430)	-	(3,943)
Assets						
Segment assets	10,382,237	943,362	993,212	688,858	(688,198)	12,319,471
Interests in:						
- associates	487,488	7,771	-	1,172	-	496,431
- joint ventures	900,562	-	89,997	-	-	990,559
Tax recoverable	97,333	-	351	1,658	-	99,342
Total assets	11,867,620	951,133	1,083,560	691,688	(688,198)	13,905,803
Liabilities						
Segment liabilities	5,135,851	16,526	800,925	1,239,574	(688,198)	6,504,678
Tax payable	13,532	1,567	-	512	-	15,611
Total liabilities	5,149,383	18,093	800,925	1,240,086	(688,198)	6,520,289

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.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 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. Both UEML and SHSB will be seeking judicial reviews and file a stay order on the Notices.

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



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. Capital commitments

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

	RM'Mil
Approved and contracted for	11.6
Approved but not contracted for	396.0
Total	<u>407.6</u>

14. Income tax

	Current year quarter 31/03/2021 RM'000	Preceding year corresponding quarter 31/03/2020 RM'000
Malaysian and foreign income tax		
- current tax	(7,753)	(5,384)
- overprovision in prior periods	-	379
Deferred tax		
- relating to origination and reversal of temporary differences	1,150	(6,839)
- over/(under)provision in prior periods	3,150	(1,510)
Tax expense for the period	<u>(3,453)</u>	<u>(13,354)</u>

The effective tax rate (excluding share of results of associates and joint ventures) for the current quarter is higher than the statutory tax rate due to non-deductible expenses and unrecognised tax losses, affected by overprovision for deferred tax.



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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 17 May 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 due in April 2021.

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



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

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

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

The contract was completed on 31 March 2021 upon full settlement of the balance Purchase Price.

- f) The Share Sale Agreement with UEM Land and KLKL 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 conditional period to obtain the EPU Approval expired on 22 February 2021. The parties extended the conditional period to 22 May 2021. As the EPU Approval is still pending, both parties agreed to extend the conditional period further to 22 July 2021.

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



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

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

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

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

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

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

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



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16. Borrowings and debt securities

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>As at 31 March 2021</u>						
- Islamic Medium Term Notes	-	2,870,000	2,870,000	-	785,000	785,000
- Term loan and Commodity Murabahah Finance	157,135	-	157,135	45,810	-	45,810
- Revolving credits	-	-	-	375,279	169,000	544,279
- Structured commodity	-	-	-	-	100,000	100,000
- Bank overdrafts	-	-	-	4,591	3,164	7,755
TOTAL	157,135	2,870,000	3,027,135	425,680	1,057,164	1,482,844

As at 31 March 2020

- Islamic Medium Term Notes	-	2,250,000	2,250,000	-	350,000	350,000
- Term loan and Commodity Murabahah Finance	159,672	-	159,672	54,762	-	54,762
- Revolving credits	-	-	-	213,550	274,000	487,550
- Structured commodity	-	-	-	-	70,000	70,000
- Bank overdrafts	-	-	-	3,010	726	3,736
TOTAL	159,672	2,250,000	2,409,672	271,322	694,726	966,048

Since 31 March 2020, the Group repaid borrowings of RM939 million including RM550 million of Islamic Medium Term Notes ("IMTN"), RM125 million of structured commodity and RM264 million of term loans and revolving credits. The Group also drew borrowings of RM2.1 billion comprising RM1.4 billion of IMTN, RM200 million of Islamic Commercial Papers, RM155 million of Structured Commodity and RM308 million of revolving credits and term loans.



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17. Fair value hierarchy

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

18. Material litigation

Since the preceding financial year ended 31 December 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 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.

The Court has heard the evidence of parties' deponents during the hearing held on 17 March to 19 March 2021. Parties will attend Court on 4 June 2021 for oral submissions.

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



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18. Material litigation (cont'd)

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

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

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

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

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



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

	Current quarter 31/03/2021 RM'000	Immediate preceding quarter 31/12/2020 RM'000	Variance RM'000/(%)
Revenue	252,693	611,635	(358,942) (-59%)
Operating profit	27,016	22,121	4,895 (22%)
Share of net results of JV and associates	8,698	(49,900)	58,598 (>100%)
Profit/(loss) before interest and tax	35,714	(27,779)	63,493 (>100%)
Finance costs	(36,204)	(39,171)	2,967 (8%)
Loss before income tax	(490)	(66,950)	66,460 (99%)
Income tax	(3,453)	(66,342)	62,889 (95%)
Loss for the period	(3,943)	(133,292)	129,349 (97%)
Non-controlling interests	(376)	(1,366)	990 (72%)
Loss attributable to Owners of the Parent	(4,319)	(134,658)	130,339 (97%)

Revenue for the current quarter is lower than the immediate preceding quarter mainly due to the settlement of serviced apartments in Australia of RM355 million. Revenue for property development excluding this transaction, remained substantially the same for both quarters. Operating profit margin is higher for the current quarter with the higher contribution from the Group's local developments.

The Group recognised lower loss before tax in the current quarter with favourable contributions from joint ventures and associates. In the immediate preceding quarter, the Group suffered impairment on its assets, incurred additional tax assessment and derecognised its deferred tax assets which led to its higher loss after tax position.

20. Detailed analysis of the performance for the current quarter

	Current quarter 31/03/2021 RM'000	Preceding year corresponding quarter 31/03/2020 RM'000	Variance RM'000/(%)
Revenue	252,693	195,854	56,839 (29%)
Operating profit	27,016	22,960	4,056 (18%)
Share of net results of JV and associates	8,698	(4,195)	12,893 (>100%)
Profit before interest and tax	35,714	18,765	16,949 (90%)
Finance costs	(36,204)	(27,750)	(8,454) (-30%)
Loss before income tax	(490)	(8,985)	8,495 (95%)
Income tax	(3,453)	(13,354)	9,901 (74%)
Loss for the period	(3,943)	(22,339)	18,396 (82%)
Non-controlling interests	(376)	187	(563) (>100%)
Loss attributable to Owners of the Parent	(4,319)	(22,152)	17,833 (81%)



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

The Group recorded 29% higher revenue as compared to prior year's corresponding quarter due to higher sales and construction progress in the current quarter. Majority of the total revenue is contributed by property development mainly from the Central region where the highest contributions were from Residensi Solaris Parq in Dutamas, followed by Serene Heights Bangi and Kiara Kasih in Mont'Kiara. In the Southern region, the highest contributions were from the ongoing Aspira ParkHomes, followed by Estuari Gardens and Senadi Hills; a new project launched in the second half of 2020; all in Iskandar Puteri. Contributions by investment properties and others towards the current quarter's total revenue have been impacted by the various phases of the Movement Control Order ("MCO") with MCO 2.0 effective on 13 January 2021. This quarter also saw the Group launched a new high-rise residential development on a 19-acre land in Equine Park, Seri Kembangan. Identified as KAIA Heights, the development caters to the mid-market segment and has a total Gross Development Value ("GDV") of RM350 million. Only Tower A was launched on 10 March 2021. The tower offers 257 residential units.

The Group's sales performance of RM272 million for the current quarter has improved substantially compared to prior year's corresponding quarter of RM97 million, reflecting an almost threefold increase. The main sales contributors were Residensi AVA in Kiara Bay, followed by Residensi Allevia in Mont'Kiara as well as Senadi Hills and Estuari Gardens in Iskandar Puteri.

In line with the higher revenue, operating profit for the current quarter is higher with improved foreign exchange impact of RM19 million, mainly from Australian Dollars and South African Rand. However, the Group recorded a loss after tax of approximately RM4 million in the current quarter as compared to the previous corresponding quarter of RM22 million. The loss was mainly due to higher finance cost due to additional drawdown in the current quarter although mitigated by the higher operating profit and better share of results from the Group's joint ventures and associates, contributed by improved performance of Horizon Hills Developments Sdn Bhd for its Horizon Hills development in Iskandar Puteri and Sunrise MCL Land Sdn Bhd for Forest Heights, in Seremban.

21. Loss per share

	Current year quarter 31/03/2021 RM'000	Preceding year corresponding quarter 31/03/2020 RM'000	Three months to 31/03/2021 RM'000	Three months to 31/03/2020 RM'000
a) Basic loss per share				
Loss for the period attributable to Owners of the Parent	(4,319)	(22,152)	(4,319)	(22,152)
Weighted average number of ordinary shares in issue ('000)	5,058,476	4,537,436	5,058,476	4,537,436
Basic loss per share	(0.09) sen	(0.49) sen	(0.09) sen	(0.49) sen



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21. Loss per share (cont'd)

	Current year quarter 31/03/2021 RM'000	Preceding year corresponding quarter 31/03/2020 RM'000	Three months to 31/03/2021 RM'000	Three months to 31/03/2020 RM'000
b) Diluted loss per share				
Loss for the period attributable to Owners of the Parent	(4,319)	(22,152)	(4,319)	(22,152)
Weighted average number of ordinary shares in issue ('000)	5,058,476	4,537,436	5,058,476	4,537,436
Effect of dilution from RCPS ('000)*	-	617,077	-	617,077
Weighted average number of ordinary shares in issue ('000)	<u>5,058,476</u>	<u>5,154,513</u>	<u>5,058,476</u>	<u>5,154,513</u>
Diluted loss per share	<u>(0.09) sen</u>	<u>(0.43)sen</u>	<u>(0.09) sen</u>	<u>(0.43)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

Malaysia's GDP recorded a better-than-expected performance of -0.5% in the first quarter of 2021 (4Q 2020: -3.4%) despite the imposition of MCO 2.0 during the quarter; supported by exports and domestic demand. The country remains on track to achieve the projected growth of 6.0% - 7.5% in 2021 while the World Bank is projecting the global economy to expand by 4.0% in 2021. The impact of MCO 2.0 together with the recent nationwide MCO 3.0 imposed on 12 May till 7 June is expected to be less severe than in 2020 as almost all economic sectors are allowed to operate while the rollout of the National COVID-19 Immunisation Programme will lift sentiments and contribute towards recovery in economic activities. However, resurgence of cases may lead to stricter containment measures globally and domestically while the slower than expected rollout of vaccines, amongst others, remain key risks and may weaken growth prospects – [Bank Negara Malaysia's Economic and Financial Developments in Malaysia in the First Quarter of 2021 dated 11 May 2021 and World Bank's Global Economic Prospects dated January 2021].

We are cognisant of how the pandemic has influenced the market and have been complying with the Standard Operating Procedures in ensuring the continuance of our business activities while utilising digital channels and social media platforms for marketing initiatives. Though MCO 2.0 has not adversely impacted our activities, it is still too early at this stage to ascertain the impact of MCO 3.0. We will be monitoring our operations closely over the coming months.

The generally low interest rate environment coupled with home ownership incentives under the 2020 Home Ownership campaign which ends on 31 May 2021, are accelerating the buying plans of potential buyers, encouraging us to launch a series of affordable and more attainable products worth approximately RM1.2 billion for 2021.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

In the Central region, we will be launching projects with a GDV totalling RM943 million. Aside from the launch of Tower A in KAIA Heights on 10 March and Verna's Garden Clusters and Twin Villas in Serene Heights Bangi on 8 April totalling a combined GDV of RM243 million, we will also be launching four additional phases in Serene Heights Bangi and high-rise residences in Taman Pertama Cheras, Kuala Lumpur. This first phase has an estimated GDV of RM473 million.

In the Southern region, we will be launching projects with a GDV totalling RM320 million. We will introduce Gerbang Nusantara, the first phase of which, will comprise double storey terrace houses of 1,000 square feet priced at RM150,000 per unit, and launch high-rise residences of 1,400 square feet each in Senadi Hills priced at RM300,000 per unit. We will also be introducing a new mixed residential development; Serassa Greens, featuring double storey terrace houses with built-up from 1,750 square feet and a new commercial development; the Oasis.

For our developments in Melbourne, Australia, we continue to pursue settlements of the remaining unsettled units in both Aurora Melbourne Central and Conservatory following the lifting of lockdown in Victoria. Full settlements are expected in 2021. Meanwhile, plans for the 1.3-acre land in Collingwood, Melbourne is ongoing with a target to launch in 2022.

We have developed a 5-year strategy, identified as UEMS 2025, to transform the Group into a balanced real estate entity. The Group is currently on track to implement the plans under UEMS 2025, including rebalancing our landbank portfolio in order to grow our market share in the Klang Valley. This is evidenced by the acquisition of the 10-acre land in Section 13, Petaling Jaya in March 2021 with plans to develop a mixed commercial project at an estimated GDV of RM1.3 billion and the 11.4-acre land in Taman Pertama, Cheras in August 2020 planned for a residential development with a total GDV of RM1.1 billion. Towards this end, we have already embarked on a cost optimisation exercise to better manage our resources and assets to achieve overall improvements in operational productivity.

The Group remains financially sound given the gross and net gearings of 0.65x and 0.44x, respectively and cash balances of RM1.5 billion as at 31 March 2021. Unbilled sales of RM1.9 billion as at 31 March 2021 will be substantially recognised over the next 18 to 36 months depending on projects' progress completion. We remain cautiously optimistic and maintain our sales and GDV targets of RM1.2 billion respectively for 2021.

¹ Bank Negara Malaysia's Economic and Financial Developments in Malaysia in the First Quarter of 2021, press release dated 11 May 2021.

² World Bank's Global Economic Prospects dated January 2021.

23. Profit forecast

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

Kuala Lumpur
24th May 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