



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year	Preceding year	Year Ended	Year Ended
		quarter	corresponding	Year Ended	Year Ended
		31/12/2021	31/12/2020	31/12/2021	31/12/2020
		RM'000	RM'000	RM'000	RM'000
1. (a) Revenue		496,338	611,635	1,211,216	1,136,881
(b) Cost of sales		(485,087)	(453,272)	(991,467)	(838,105)
(c) Gross profit		11,251	158,363	219,749	298,776
(d) Other income		12,033	16,231	37,147	76,100
(e) Expenses		(140,645)	(158,558)	(335,033)	(363,576)
(f) Finance costs		(35,330)	(39,171)	(144,712)	(132,850)
(g) Foreign exchange (loss)/gain		(4,769)	6,085	(5,332)	(9,103)
(h) Share of net results of associates		9,545	(9,775)	11,154	(7,628)
(i) Share of net results of joint ventures		(1,106)	(40,125)	1,827	(57,050)
(j) Loss before income tax and zakat		(149,021)	(66,950)	(215,200)	(195,331)
(k) Income tax and zakat	14	(4,709)	(66,342)	1,796	(81,385)
(l) Loss for the period/year		(153,730)	(133,292)	(213,404)	(276,716)
Attributable to:					
(m) Owners of the Parent		(152,259)	(134,658)	(214,326)	(277,284)
(n) Non-controlling Interests		(1,471)	1,366	922	568
Loss for the period/year		(153,730)	(133,292)	(213,404)	(276,716)
2. Loss per share based on 1(m) above	21	(3.01)sen	(2.66)sen	(4.24)sen	(5.48)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 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Year Ended 31/12/2021 RM'000	Year Ended 31/12/2020 RM'000
Loss for the period/year	(153,730)	(133,292)	(213,404)	(276,716)
Other comprehensive income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	6,867	31,607	4,566	64,641
Total other comprehensive income for the period/year, net of tax	6,867	31,607	4,566	64,641
Total comprehensive expense for the period/year	(146,863)	(101,685)	(208,838)	(212,075)
Attributable to:				
Owners of the Parent	(145,405)	(102,875)	(209,766)	(212,717)
Non-controlling Interests	(1,458)	1,190	928	642
Total comprehensive expense for the period/year	(146,863)	(101,685)	(208,838)	(212,075)

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	Year Ended	Year Ended
	quarter	corresponding	Year Ended	Year Ended
Note	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Loss before income tax and zakat is arrived at after charging/(crediting):				
Finance costs	35,330	39,171	144,712	132,850
Depreciation	14,286	17,499	56,309	56,962
Interest income	(9,530)	(4,864)	(22,716)	(33,523)
Loss/(gain) on foreign exchange:				
- unrealised	4,729	(6,076)	2,993	2,721
- realised	40	(9)	2,339	6,382
Dividend income from investment at fair value through profit or loss	(271)	(2,809)	(3,094)	(7,186)
Allowance for/ (write back) of impairment of receivables	353	(390)	(273)	(591)
Net allowance for doubtful debts	15,037	8,270	17,130	9,808
Impairment/written down cost of:				
- investment property	12,754	26,476	12,754	26,476
- land held for property development	-	17,458	-	17,458
- property development cost	20,605	1,065	20,605	1,065
- property, plant and equipment	8,724	2,566	8,724	2,566
- right-of-use asset	-	748	-	748
Inventories written down	29,158	-	29,158	35,844
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 31/12/2021 RM'000	Audited As at preceding financial year end 31/12/2020 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	446,687	478,614
Investment properties	798,048	823,932
Right-of-use assets	7,684	17,411
Land held for property development	5,511,773	5,832,747
Interests in associates	850,358	486,611
Interests in joint ventures	893,338	989,012
Amounts due from joint ventures	165,309	173,252
Amounts due from associates	-	9,745
Goodwill	621,409	621,409
Deferred tax assets	290,191	255,760
Financial asset at fair value through profit or loss	-	5,000
Long term receivables	293,116	145,355
	9,877,913	9,838,848
2. Current assets		
Property development costs	743,731	958,232
Inventories held for sale	396,920	468,414
Inventories under contract of sale	59,967	112,118
Receivables	484,675	494,297
Contract assets	474,239	242,745
Amounts due from associates	389	950
Amounts due from joint ventures	82,120	61,104
Short term investments	5,005	216,936
Cash, bank balances and deposits	853,027	1,086,269
	3,100,073	3,641,065
Total assets	12,977,986	13,479,913



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

	Note	Unaudited As at current financial year end 31/12/2021 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		82,798	78,238
Retained profits		1,614,437	1,828,763
		6,691,841	6,901,607
4. Non-controlling Interests		102,931	468,974
Total equity		6,794,772	7,370,581
5. Non-current liabilities			
Borrowings	16	3,212,554	2,600,292
Lease liabilities		286	8,560
Payables		81,777	141,153
Contract liabilities		220,551	227,799
Deferred income		163,509	163,890
Provisions		68,279	68,317
Deferred tax liabilities		178,609	164,410
		3,925,565	3,374,421
6. Current liabilities			
Provisions		148,433	133,754
Payables		1,043,462	1,007,008
Contract liabilities		53,351	70,170
Borrowings	16	999,706	1,493,103
Lease liabilities		8,716	11,868
Tax payable		3,981	19,008
		2,257,649	2,734,911
Total liabilities		6,183,214	6,109,332
Total equity and liabilities		12,977,986	13,479,913
7. Net assets per share attributable to Owners of the Parent		RM 1.32	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 Year Ended 31/12/2021	Audited Year Ended 31/12/2020
Note	RM'000	RM'000
Operating Activities		
Cash receipts from customers	889,257	1,279,863
Cash receipts from related parties	2,557	2,561
Cash payments to contractors	(544,174)	(555,073)
Cash payments for land and development related costs	(115,448)	(302,905)
Cash payments to related parties	(35,185)	(13,493)
Cash payments to employees and for expenses	(217,518)	(324,665)
Cash (used in)/generated from operations	(20,511)	86,288
Net income tax and zakat paid	(37,261)	(187,672)
Interest received	8,259	11,603
Net cash used in operating activities	(49,513)	(89,781)
Investing Activities		
Dividend received from joint ventures	101,000	500
Dividend received from associates	2,400	-
Repayment from a joint venture	5,000	4,500
Net proceeds from partial disposal of a subsidiary	148,026	12,785
Purchase of property, plant and equipment	(12,803)	(16,820)
Purchase of investment property	(9,310)	(18,400)
Advances to an associate	(2,600)	-
Advances to joint ventures	(1,000)	(36,824)
Investment in a joint venture	(900)	-
Investment in land held for property development	(546,118)	(28,300)
Investment in long term investment	-	(5,000)
Net investment in short term investments	216,736	(209,421)
Net cash used in investing activities	(99,569)	(296,980)



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

	Note	Unaudited Year Ended 31/12/2021 RM'000	Audited Year Ended 31/12/2020 RM'000
Financing Activities			
Drawdown of borrowings		484,696	537,784
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		(721,853)	(435,637)
Repayment of Islamic Medium Term Notes		(785,000)	(550,000)
Repayment of loan from immediate holding company		-	(55,555)
Repayment of lease liabilities		(3,050)	(3,866)
Interest paid		(181,765)	(172,855)
Net cash (used in)/generated from financing activities		(66,972)	376,871
Effects of exchange rate changes		(16,474)	33,889
Net (decrease)/increase in cash and cash equivalents		(232,528)	23,999
Cash and cash equivalents as at beginning of financial year		1,080,732	1,056,733
Cash and cash equivalents as at end of financial year	(a)	848,204	1,080,732
		Unaudited Year Ended 31/12/2021 RM'000	Audited Year Ended 31/12/2020 RM'000

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

Cash, bank balances and deposits			
Unrestricted		601,101	892,511
Restricted		251,926	193,758
		853,027	1,086,269
Bank overdrafts (included in short term borrowings)	16	(4,823)	(5,537)
Cash and cash equivalents		848,204	1,080,732

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	Merger Relief Reserve	Other Reserves	Retained Profits	Total	Non-controlling Interests	Total Equity
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial year ended 31 December 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 year	-	-	4,560	(214,326)	(209,766)	928	(208,838)
Partial disposal of a subsidiary	-	-	-	-	-	(366,971)	(366,971)
11(c)	-	-	-	-	-	-	-
At 31 December 2021	<u>4,960,276</u>	<u>34,330</u>	<u>82,798</u>	<u>1,614,437</u>	<u>6,691,841</u>	<u>102,931</u>	<u>6,794,772</u>
Financial year ended 31 December 2020							
(Audited)							
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 year	-	-	64,567	(277,284)	(212,717)	642	(212,075)
Redemption of RCPS	(150,000)	-	-	-	(150,000)	-	(150,000)
(a)	-	-	-	-	-	-	-
At 31 December 2020	<u>4,960,276</u>	<u>34,330</u>	<u>78,238</u>	<u>1,828,763</u>	<u>6,901,607</u>	<u>468,974</u>	<u>7,370,581</u>

Note (a):

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



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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 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
Initial Application of MFRS 17 and MFRS 9: Comparative information (Amendments to MFRS 17 Insurance Contracts)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above new standards and other pronouncements will not have any significant effects on the interim financial statements.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 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 year except for the estimates related to construction cost resulting in project cost savings of 0.9% (2020: 2.7%) 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 year ended 31 December 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%
29 October 2021	Repayment	(350)	3 years	4.85%

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 year ended 31 December 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 in 2020. A series of containment measures was introduced in 2020 and 2021 to contain the spread of the virus, with restrictions on inter-state travelling and economic activities. As a result, the sales and construction activities were impacted. In 2021, the latest containment measure under the National Recovery Plan recently ended in September 2021. On the other hand, stay-at-home restrictions imposed in Victoria, Australia have also affected the settlement of our international projects.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

10. Operating segments

Operating segments information for the financial year ended 31 December 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	1,077,046	40,110	54,521	39,539	-	1,211,216
Inter-segment revenue	-	-	1,476	97,405	(98,881)	-
Total revenue	1,077,046	40,110	55,997	136,944	(98,881)	1,211,216
Results						
Segment results	31,681	(12,859)	(33,944)	(29,983)	(38,364)	(83,469)
Finance costs	(97,336)	(5,541)	(38,369)	(41,830)	38,364	(144,712)
Share of results of associates	10,950	(1,130)	-	1,334	-	11,154
Share of results of joint ventures	14,858	-	(13,031)	-	-	1,827
Loss before income tax	(39,847)	(19,530)	(85,344)	(70,479)	-	(215,200)
Income tax	2,777	955	550	(2,486)	-	1,796
Loss for the year	(37,070)	(18,575)	(84,794)	(72,965)	-	(213,404)
Attributable to:						
Owners of the Parent	(37,130)	(18,575)	(84,794)	(73,827)	-	(214,326)
Non-controlling Interests	60	-	-	862	-	922
Loss for the year	(37,070)	(18,575)	(84,794)	(72,965)	-	(213,404)
Assets						
Segment assets	9,969,586	633,659	971,972	292,634	(740,559)	11,127,292
Interests in:						
- associates	847,513	2,845	-	-	-	850,358
- joint ventures	813,822	-	79,516	-	-	893,338
Tax recoverable	101,140	3,548	366	1,944	-	106,998
Total assets	11,732,061	640,052	1,051,854	294,578	(740,559)	12,977,986
Liabilities						
Segment liabilities	5,179,831	14,798	841,494	883,669	(740,559)	6,179,233
Tax payable	3,813	-	-	168	-	3,981
Total liabilities	5,183,644	14,798	841,494	883,837	(740,559)	6,183,214

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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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>



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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.

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 13 December 2021 and further to 10 March 2022 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 21 December 2021 and further to 17 March 2022.

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



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13. Capital commitments

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

	RM'Mil
Approved and contracted for	4.2
Approved but not contracted for	392.5
Total	396.7

14. Income tax

	Current year quarter 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Year Ended 31/12/2021 RM'000	Year Ended 31/12/2020 RM'000
Malaysian and foreign income tax				
- current tax	(5,557)	(43,721)	(24,974)	(59,432)
- (under)/over provision in prior years	(530)	(9,360)	2,749	(8,981)
Deferred tax				
- relating to origination and reversal of temporary differences	19,224	13,021	43,651	16,222
- under provision in prior years	(17,846)	(25,202)	(19,630)	(28,114)
Tax (expense)/credit for the period/year	(4,709)	(65,262)	1,796	(80,305)
Zakat	-	(1,080)	-	(1,080)
	(4,709)	(66,342)	1,796	(81,385)

The effective tax rates (excluding share of results of associates and joint ventures) for the current period/year were lower than statutory tax rate due to non-deductible expenses and unrecognised tax losses for certain loss-making entities, as well as the recognition of deferred tax assets on prior years' tax losses in 2021.



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

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

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

On 28 September 2018, UEM Land and Ascendas entered into a second SA to vary the MA where both parties agreed that, amongst others, NTPSB will acquire phase 2 and 3 lands within the Option Period, instead of company B and C, respectively. Any reference to these companies will be deleted from the MA. As at 18 February 2022, NTPSB has yet to exercise its option.

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

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

On the Effective Date, both parties varied the payment terms of the SSA and SPA via the execution of a supplemental agreement ("SA") to the SSA and SPA. The Subscription Price was revised to RM256.1 million, which was duly paid, while the purchase consideration revised to RM447.0 million. The revised payment terms for the purchase consideration under the SA to the SPA are as follows:

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

As at 18 February 2022, 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 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 ("CP 3"). The first two conditions are to be fulfilled within 4 months from the date of the respective SPA. CP 3 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, and on 28 October 2021, further extended to 29 January 2022.

SPA 1 became unconditional on 17 December 2021. SPA 2's unconditional date is pending the fulfillment of CP3. All parties have agreed to extend the conditional period for CP3 for another 12 months extending the conditional period for SPA 2 to 30 December 2022.

As at 18 February 2022, CP3 is still pending.

- 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.



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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 February 2022, the SPA has been 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 February 2022, the conditions precedent of the SPAs have yet to be fulfilled.

- i) The Share Sale and Purchase Agreement ("SSPA") between Sunrise Berhad ("SB") and SCM Property Management Sdn Bhd ("Purchaser") for the disposal of SB's 100% equity interest held in SCM Property Services Sdn Bhd ("SCM") comprising 2,501,000 ordinary shares for a total consideration of RM1.7 million to the Purchaser on 18 February 2022.

There are no conditions precedent in the SSPA. Completion is expected towards the end of the first quarter of 2022. Upon completion, SCM shall cease to be an indirect wholly-owned subsidiary of UEM Sunrise.

As at 18 February 2022, the SSPA is yet to be completed.



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16. Borrowings and debt securities

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>As at 31 December 2021</u>						
- Islamic Medium Term Notes	-	3,160,000	3,160,000	-	450,000	450,000
- Term loan and Commodity Murabahah Finance	52,554	-	52,554	74,243	-	74,243
- Revolving credits	-	-	-	375,640	45,000	420,640
- Structured commodity	-	-	-	-	50,000	50,000
- Bank overdrafts	-	-	-	4,823	-	4,823
TOTAL	52,554	3,160,000	3,212,554	454,706	545,000	999,706

As at 31 December 2020

- Islamic Medium Term Notes	-	2,470,000	2,470,000	-	785,000	785,000
- Term loan and Commodity Murabahah Finance	130,292	-	130,292	38,406	-	38,406
- Revolving credits	-	-	-	375,160	189,000	564,160
- Structured commodity	-	-	-	-	100,000	100,000
- Bank overdrafts	-	-	-	3,742	1,795	5,537
TOTAL	130,292	2,470,000	2,600,292	417,308	1,075,795	1,493,103

During the financial year, the Group drew borrowings of RM1.6 billion including RM1.1 billion of Islamic Medium Term Notes ("IMTN"), RM345 million of revolving credits and RM140 million of term loans and structured commodity. The Group also repaid borrowings of RM1.5 billion comprising RM785 million of IMTN and Islamic Commercial Papers, RM488 million of revolving credits and RM234 million of structured commodity and term loans.



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17. Fair value hierarchy

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

18. Material litigation

Since the preceding financial year ended 31 December 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.
- b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman Sdn Bhd ("Setia Haruman" or "the 1st Defendant"). UEM Land is cited as the 9th Defendant in the Claim.

The Claim seeks, amongst others, for:

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

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

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

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

The appeal 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.



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18. Material litigation (cont'd)

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

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

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

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

The list of issues to be addressed by the expert and list of non-contentious facts were filed on 18 May 2021. Witness statements were exchanged on 25 October 2021. Procedural hearing was fixed on 11 November 2021 for the purpose of, amongst others, setting timeline to exchange rebuttal witness statements and expert reports. The parties have exchanged the expert reports in reply on 14 February 2022. The parties shall now exchange their respective rebuttal factual witness statements by 7 March 2022. The parties' respective experts shall hold a without prejudice meeting by 7 March 2022, and to deliver a joint expert report thereafter by 7 April 2022. The hearing dates are now fixed for 23 May 2022 to 3 June 2022.



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

	Current quarter 31/12/2021 RM'000	Immediate preceding quarter 30/09/2021 RM'000	Variance RM'000/(%)
Revenue	496,338	213,043	283,295 (>100%)
Operating loss	(122,130)	(2,669)	(119,461) (>-100%)
Share of net results of JV and associates	8,439	1,199	7,240 (>100%)
Loss before interest and tax	(113,691)	(1,470)	(112,221) (>-100%)
Finance costs	(35,330)	(37,453)	2,123 (6%)
Loss before income tax	(149,021)	(38,923)	(110,098) (>-100%)
Income tax	(4,709)	(9,427)	4,718 (50%)
Loss for the period	(153,730)	(48,350)	(105,380) (>-100%)
Non-controlling interests	1,471	(2,031)	3,502 (>100%)
Loss attributable to Owners of the Parent	(152,259)	(50,381)	(101,878) (>-100%)

The Group recognised more than double of revenue in the current quarter as compared to the preceding quarter, mainly due to the recognition of RM219 million revenue contributed by the sale of several industrial plots in phase 3 of the Southern Industrial Logistics Clusters ("SiLC SPA 1 Sale"), sold in December 2020. This is in addition to contributions by local projects i.e. Residensi Solaris Parq in Dutamas, Serene Heights Bangi and Kiara Kasih in Mont'Kiara in the Central region, as well as Aspira ParkHomes, 68⁰ Avenue and Senadi Hills, all in Iskandar Puteri in the Southern region. There was also contribution from the international segment, as the Group was able to settle a few completed properties of Aurora Melbourne Central and Conservatory to the buyers when lockdown restrictions in Victoria, Australia were lifted in October 2021.

Nevertheless, the environment of both prolonged pandemic and various containment measures has affected the market valuation of the Group's assets and inventories. This necessitated the Group to make requisite impairment provision of RM87 million, resulting in a higher operating loss in the fourth quarter of 2021. These assets and inventories' impairments were absent in the preceding quarter.

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

	Current year quarter 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Variance RM'000/(%)	Year Ended 31/12/2021 RM'000	Year Ended 31/12/2020 RM'000	Variance RM'000/(%)
Revenue	496,338	611,635	(115,297) (-19%)	1,211,216	1,136,881	74,335 (7%)
Operating (loss)/profit	(122,130)	22,121	(144,251) (>-100%)	(83,469)	2,197	(85,666) (>-100%)
Share of net results of JV and associates	8,439	(49,900)	58,339 (>100%)	12,981	(64,678)	77,659 (>100%)
Loss before interest and tax and zakat	(113,691)	(27,779)	(85,912) (>-100%)	(70,488)	(62,481)	(8,007) (-13%)
Finance costs	(35,330)	(39,171)	3,841 (10%)	(144,712)	(132,850)	(11,862) (-9%)
Loss before income tax and zakat	(149,021)	(66,950)	(82,071) (>-100%)	(215,200)	(195,331)	(19,869) (-10%)
Income tax and zakat	(4,709)	(66,342)	61,633 (93%)	1,796	(81,385)	83,181 (>100%)
Loss for the period/year	(153,730)	(133,292)	(20,438) (-15%)	(213,404)	(276,716)	63,312 (23%)
Non-controlling interests	1,471	(1,366)	2,837 (>100%)	(922)	(568)	(354) (-62%)
Loss attributable to Owners of the Parent	(152,259)	(134,658)	(17,601) (-13%)	(214,326)	(277,284)	62,958 (23%)



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

The Group's revenue for the current quarter was lower by 19% compared to the corresponding quarter in 2020. The fourth quarter of 2020 recorded an increase in property development revenue contribution, higher by 54% compared to the property development revenue in the current quarter mainly due to higher contribution from the settlement of Aurora Melbourne Central's serviced apartments to Scape Australia Management Pty Ltd ("Scape") of RM355 million, which at the said quarter was 62% of the total property development revenue. The current quarter's property development revenue contributions on the other hand, were mainly supported by local projects that are maturing in their development cycles such as Senadi Hills, Residensi Allevia in Mont'Kiara and Residensi AVA in Kiara Bay, alongside mature projects such as Aspira ParkHomes, Aspira Gardens and 68⁰ Avenue recently completed in December 2021. The Group also recognised revenue contributed from the SiLC SPA 1 Sale of RM219 million in the current quarter. These two transactions namely SiLC SPA 1 Sale and full settlement by Scape, contributed 44% and 58% of the quarterly revenues, respectively.

The gross profit margin was lower in the current quarter compared to the prior year's corresponding quarter mainly due to inventories impairment and fair value adjustment on SiLC land receivables totalling RM48 million. The gross profit margin in the fourth quarter of 2020 however, reflected the full settlement of the serviced apartments to Scape which carried a higher profit margin. As a result, the Group recorded an operating loss in the current quarter as the Group had to provide higher provisions for asset and inventory impairments. Consequent to the higher operating loss, a higher loss after tax is recognised in the current quarter despite a more favourable share of results from joint ventures and associates, as well as lower tax expenses.

For the full year in 2021, the Group recognised a higher revenue by 7% compared to 2020 with strong contributions from the local segments of 97% (2020: 61%). Property development contributed to 72% of the total revenue in 2021, largely by the ongoing developments in the Central region such as Residensi Solaris Parq, Serene Heights Bangi and Kiara Kasih as well as the Southern region developments mainly from Aspira ParkHomes, Senadi Hills, and inventory sales of Estuari Gardens.

The Group's normalised gross profit margins were approximately 26% and 27% in 2021 and 2020 respectively. In line with lower gross profits, the Group recognised an operating loss for the year, as compared to RM2 million operating profit in 2020. The COVID-19 pandemic and containment measures have impacted the valuations of assets, resulting in provision of impairments totalling RM88 million (2020: RM93 million). Consequently, the Group recorded a loss after tax of approximately RM213 million in the current year in line with the higher operating loss, cushioned by a more favourable share of results from joint ventures and associates.

The Group's sales performance for 2021 improved to RM1.5 billion, a 30% increase from RM1.1 billion in 2020. The top sales contributor was Residensi AVA, the Group's maiden development in Kiara Bay, Kuala Lumpur, which contributed sales of RM438 million. Its performance improved more than fourfold compared to 2020, followed by Residensi Allevia, Serene Heights Bangi, KAIA Heights in Equine Park, Seri Kembangan and Senadi Hills. These five projects contributed 73% of the total sales for the year under review.

The Group has launched a total gross development value ("GDV") of approximately RM550 million in 2021. These projects are all located in the Central region, comprising KAIA Heights' Tower A and B 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.



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21. Loss per share

	Current year quarter 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Year Ended 31/12/2021 RM'000	Year Ended 31/12/2020 RM'000
Loss for the period/year attributable to Owners of the Parent	(152,259)	(134,658)	(214,326)	(277,284)
Weighted average number of ordinary shares in issue ('000)	5,058,476	5,058,476	5,058,476	5,058,476
Loss per share	<u>(3.01) sen</u>	<u>(2.66) sen</u>	<u>(4.24) sen</u>	<u>(5.48) sen</u>

The RCPS matured during the previous financial year, hence there is no dilution in loss per share at the current reporting date.

22. Prospects for the next financial year

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%) mainly supported by the improvement in domestic demand as economic activity normalised following the easing of containment measures under the National Recovery Plan ("NRP"). For 2022, the economy is expected to remain on its recovery path although the balance of risks remains tilted to the downside due to external and demand factors including weaker-than-expected global growth, worsening supply chain disruptions, and emergence of severe and vaccine resistant COVID-19 variants. The global economy also continued to recover, although towards the end of the quarter, the recovery momentum was affected by measures to contain a resurgence in COVID-19 infections in addition to waning vaccine efficacy. IMF maintained its global growth projection of 5.9% for 2021, albeit projecting a slower pace of recovery of 4.4% in 2022¹.

Business and social activities are allowed to function in accordance with the relevant standard operating procedures as the country enters into phase 4 of the NRP, gradually opening borders and allowing inter-state travels. Close to 80% of the population have been fully vaccinated. Our sales galleries are fully opened while operation and construction activities have resumed to full capacity.

The prolonged pandemic has affected our performance for the past two years. The lack in new product launches which were partially affected by the delayed approval processes from the authorities resulted in a total GDV launch of approximately RM550 million for the year under review. This comprised the Verna series products in Serene Heights Bangi as well as KAIA Heights' towers A and B. In view of the circumstances, the biggest priority for the Company now is to reinforce our product pipeline and make it resilient with a degree of product diversification in response the current market environment.

At present until 2023, the Company is undergoing a 'Triage period'; tackling issues on lack of project launches as well as cost efficiencies and financial performance, prioritising projects for which capital outlays have been made and refocusing our intention to create value for our products in terms of design, materials, development concept and amenities in addition to expediting launches.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

RM3.3 billion worth of projects are planned for launches in 2022. This includes projects which were planned for launch in 2021. 52% of the target GDV will be from projects located in the Central region featuring tower D of KAIA Heights, new phases of Serene Heights Bangi, our first transit-oriented development in Taman Connaught, Cheras and a new high-rise residential in Mont'Kiara. 24% will be the Southern region projects including new phases of existing developments and new landed residential development, Serassa Greens and commercial The Oasis. After the success of Aurora Melbourne Central and Conservatory in Melbourne, Australia, we target to unveil the much-anticipated development in Collingwood. The site will be developed for a mixed-use development with plans for approximately 80% residential and 20% commercial, currently estimated at a total GDV of AUD250 million. On top of the planned launches, we will continue to focus on expediting Kiara Bay's launching programme following the successful performance of its first development, Residensi AVA, which to-date has a take-up of 91%.

Property sales in general remains strong premised on our current sales bookings of close to RM140 million as at end of January. The challenges we foresee ahead however, include the absence of the Home Ownership Campaign, the rise in construction materials' prices and the likelihood of an interest rate hike in 2022. We are repackaging our sales incentives in accordance to market demand to sustain sales and are aiming for a sales target of RM1.50 billion for 2022. This is in line with our sales achievement in 2021 of RM1.5 billion, which exceeded the 2021 sales target of RM1.2 billion by 22%. About half of the sales target is anticipated to be contributed by the Central region projects, 40% from Southern, while the remaining balance will be from Australia. Sales bookings to-date are largely from KAIA Heights, followed by Residensi Allevia and Serene Heights Bangi. In Southern i.e. Iskandar Puteri, interests are on Teega at Puteri Harbour, Aspira LakeHomes and Senadi Hills. Our latest sales campaign; Chinese New Year Duo Duo, which runs from 16 January to 22 March 2022, has also contributed to the continuous interest in our products.

We are pursuing for full settlement of the inventories in Aurora Melbourne Central and Conservatory. Subsequent to the lifting of the containment measures in Melbourne in October 2021, 4 units in Aurora Melbourne Central and 1 unit in Conservatory totalling a value of RM18 million were settled. Full settlements of the remaining units in both developments are expected to complete in 2022.

Plans to acquire strategically located landbanks particularly in the Central region for quick turnaround and new pipelines continue whilst efforts to divest non-strategic lands are also ongoing, both in line with our landbanking portfolio rebalancing strategy.

We continue to focus on our sustainability agenda embedding its principles in our processes, systems and value creation among others, with an objective to eventually entrench it throughout the organisation in accordance with a proposed sustainability blueprint which sets the framework to operationalise sustainable development targeted to be internally approved towards the end of this first quarter. The blueprint should align to current global movements and the government's plan to advance green growth for sustainability and resilience as detailed out in the 12th Malaysia Plan.



UEM SUNRISE BERHAD

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The 'Triage period', a crucial part of our three-prong strategy, alongside Stabilise (reorganisation and transformation of our people, process and portfolio) and Sustain (income diversification for sustained revenue) is important for the Company's performance recovery. The Company has started making great strides on its digital transformation journey with full adoption of Virtual Reality / Augmented Reality and the use of big data analytics to understand go-to-market and customer needs better. Rectification and improvements in key areas are critical for the next stage of the Company's transformation into a balanced real estate player. Upon overcoming the current challenges, we will be in a better position to create elements to Stabilise and Sustain the Company's performance.

The Group's gross and net gearings are 0.63x and 0.50x, respectively with cash balances of RM853 million as at 31 December 2021. Unbilled sales of RM2.4 billion as at 31 December 2021 will be substantially recognised over the next 18 to 36 months depending on projects' progress completion.

¹ BNM 4Q 2021 Quarterly Bulletin, Vol. 36 No. 4 dated 11 February 2022

IMF - International Monetary Fund

GDV – Gross Development Value

23. Profit forecast

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

Kuala Lumpur
23rd February 2022

By Order of the Board

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