



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
		31/03/2023	31/03/2022	31/03/2023	31/03/2022
		RM'000	RM'000	RM'000	RM'000
1. (a) Revenue		240,778	416,451	240,778	416,451
(b) Cost of sales		(134,662)	(317,587)	(134,662)	(317,587)
(c) Gross profit		106,116	98,864	106,116	98,864
(d) Other income		13,041	13,410	13,041	13,410
(e) Expenses		(55,699)	(59,652)	(55,699)	(59,652)
(f) Finance costs		(34,036)	(34,936)	(34,036)	(34,936)
(g) Foreign exchange gain		3,169	6,662	3,169	6,662
(h) Share of net results of associates		(693)	1,169	(693)	1,169
(i) Share of net results of joint ventures		(4,281)	10,262	(4,281)	10,262
(j) Profit before income tax		27,617	35,779	27,617	35,779
(k) Income tax expense	14	(11,845)	(16,575)	(11,845)	(16,575)
(l) Profit for the period		15,772	19,204	15,772	19,204
Attributable to:					
(m) Owners of the Parent		15,354	19,020	15,354	19,020
(n) Non-controlling Interests		418	184	418	184
Profit for the period		15,772	19,204	15,772	19,204
2. Earning per share based on 1(m) above	21	0.30 sen	0.38 sen	0.30 sen	0.38 sen

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022 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	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Profit for the period	15,772	19,204	15,772	19,204
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	(17,256)	20,029	(17,256)	20,029
Total other comprehensive (expense)/ income for the period, net of tax	(17,256)	20,029	(17,256)	20,029
Total comprehensive (expense)/ income for the period	(1,484)	39,233	(1,484)	39,233
Attributable to:				
Owners of the Parent	(1,942)	39,073	(1,942)	39,073
Non-controlling Interests	458	160	458	160
Total comprehensive (expense)/ income for the period	(1,484)	39,233	(1,484)	39,233

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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
Note	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Finance costs	34,036	34,936	34,036	34,936
Depreciation	12,752	13,563	12,752	13,563
Interest income	(8,392)	(4,857)	(8,392)	(4,857)
(Gain)/loss on foreign exchange:				
- unrealised	(3,171)	(6,613)	(3,171)	(6,613)
- realised	2	(49)	2	(49)
Dividend income from investment at fair value through profit or loss	34	(25)	34	(25)
Write back of impairment of receivables	-	(556)	-	(556)
Net allowance for doubtful debts	307	(15)	307	(15)
Loss on disposal of subsidiaries	(a) -	479	-	479

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

- (a) On 18 March 2022, Sunrise Berhad, a wholly-owned subsidiary of the Company, completed the Share Sale and Purchase Agreement ("SSPA") with SCM Property Management Sdn Bhd ("Purchaser") for the disposal of 100% equity in SCM Property Services Sdn Bhd ("SCM") for a total sale consideration of RM1.7 million. Consequently, SCM ceased to be an indirect subsidiary of the Company ("SCM disposal").



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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at current financial year end 31/03/2023 RM'000	Audited As at preceding financial year end 31/12/2022 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	401,740	407,260
Investment properties	776,445	780,014
Right-of-use assets	20,755	21,831
Land held for property development	5,149,506	5,158,456
Interests in associates	833,304	844,980
Interests in joint ventures	886,242	891,191
Amounts due from joint ventures	156,982	156,982
Goodwill	621,409	621,409
Deferred tax assets	274,221	283,003
Long term receivables	362,316	360,295
	9,482,920	9,525,421
2. Current assets		
Property development costs	991,088	978,702
Inventories held for sale	175,650	203,005
Inventories under contract of sale	97,068	102,096
Receivables	634,051	672,969
Contract assets	319,125	374,672
Amounts due from associates	10,211	612
Amounts due from joint ventures	104,320	103,473
Short term investments	157,015	45,005
Cash, bank balances and deposits	1,100,671	1,025,551
	3,589,199	3,506,085
Assets classified as held for sale	22,473	22,397
Total assets	13,094,592	13,053,903



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

	Note	Unaudited As at current financial year end 31/03/2023 RM'000	Audited As at preceding financial year end 31/12/2022 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		61,044	78,340
Retained profits		1,686,317	1,696,255
		6,741,967	6,769,201
4. Non-controlling Interests		104,925	104,467
Total equity		6,846,892	6,873,668
5. Non-current liabilities			
Borrowings	16	2,233,818	2,360,637
Lease liabilities		17,510	18,414
Payables		46,562	45,976
Contract liabilities		233,712	239,678
Deferred income		178,154	162,839
Provisions		29,884	68,317
Deferred tax liabilities		155,933	163,395
		2,895,573	3,059,256
6. Current liabilities			
Provisions		118,641	104,003
Payables		988,585	937,938
Contract liabilities		67,783	105,041
Borrowings	16	2,165,168	1,954,611
Lease liabilities		3,644	3,617
Tax payable		8,306	15,769
		3,352,127	3,120,979
Total liabilities		6,247,700	6,180,235
Total equity and liabilities		13,094,592	13,053,903
7. Net assets per share attributable to Owners of the Parent		RM 1.33	RM 1.34

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022 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 31/03/2023	Unaudited Three months to 31/03/2022
Note	RM'000	RM'000
Operating Activities		
Cash receipts from customers	425,369	287,866
Cash receipts from related parties	4,033	852
Cash payments to contractors	(165,046)	(139,773)
Cash payments for land and development related costs	(2,833)	(61,371)
Cash payments to related parties	(2,316)	(481)
Cash payments to employees and for expenses	(42,976)	(70,296)
Cash generated from operations	216,231	16,797
Net income tax paid	(16,507)	(336)
Interest received	1,849	1,680
Net cash generated from operating activities	201,573	18,141
Investing Activities		
Net proceeds from disposal of subsidiaries	-	356
Purchase of investment properties	-	(1,460)
Advances to joint ventures	-	(500)
Investment in land held for property development	(39,596)	(32,000)
Net redemption in short term investments	(112,000)	-
Net cash used in investing activities	(151,596)	(33,604)



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

	Unaudited Three months to 31/03/2023 RM'000	Unaudited Three months to 31/03/2022 RM'000
Financing Activities		
Drawdown of borrowings	120,961	148,209
Drawdown of Islamic Medium Term Notes and Islamic Commercial Papers	420,000	50,000
Repayment of borrowings	(461,033)	(194,182)
Repayment of lease liabilities	(1,235)	(5,689)
Interest paid	(48,230)	(36,541)
Net cash from/(used in) financing activities	30,463	(38,203)
Effects of exchange rate changes	(5,993)	13,145
Net increase/(decrease) in cash and cash equivalents	74,447	(40,521)
Cash and cash equivalents as at beginning of financial period	995,768	848,204
Cash and cash equivalents as at end of financial period	1,070,215	807,683

(a)

Unaudited As at 31/03/2023 RM'000	Unaudited As at 31/03/2022 RM'000
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(a) Cash and cash equivalents comprise of the following amounts:

Cash, bank balances and deposits		
Unrestricted	756,745	510,554
Restricted	343,926	302,059
	1,100,671	812,613
Bank overdrafts (included in short term borrowings)	(5,043)	(4,930)
Deposit in bank balance with tenures of more than 3 months	(25,413)	-
Cash and cash equivalents	1,070,215	807,683

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The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022 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 2023							
(Unaudited)							
At 1 January 2023	4,960,276	34,330	78,340	1,696,255	6,769,201	104,467	6,873,668
Total comprehensive expense for the period	-	-	(17,296)	15,354	(1,942)	458	(1,484)
Dividend payable (Note 7)	-	-	-	(25,292)	(25,292)	-	(25,292)
At 31 March 2023	<u>4,960,276</u>	<u>34,330</u>	<u>61,044</u>	<u>1,686,317</u>	<u>6,741,967</u>	<u>104,925</u>	<u>6,846,892</u>
Three months to 31 March 2022							
(Unaudited)							
At 1 January 2022	4,960,276	34,330	82,798	1,615,716	6,693,120	102,931	6,796,051
Total comprehensive income for the period	-	-	20,053	19,020	39,073	160	39,233
At 31 March 2022	<u>4,960,276</u>	<u>34,330</u>	<u>102,851</u>	<u>1,634,736</u>	<u>6,732,193</u>	<u>103,091</u>	<u>6,835,284</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 2022 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 2022, 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 2022 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 2023:

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Presentation of Financial Statements and MFRS Practice Statement 2: Disclosure of Accounting Policies

Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

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
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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 2022 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2022 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 27.0% (2022: 2.2%) 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 2023 except for the issuance of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP") from its IMTN Programme as follows:

Date	Transaction	Amount (RM'Million)	Tenure	Rate (per annum)
30 January 2023	Issuance	255	3 years	5.45%
7 March 2023	Issuance	165	3 years	5.39%

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

7. Dividend

On 23 February 2023, the Board of Directors has declared a single-tier tax exempt dividend of 0.5 sen per share on 5,058,476,221 ordinary shares amounting to RM25,292,381 in respect of the financial year ended 31 December 2022, to be paid on 22 May 2023 to shareholders registered at the close of business on 28 April 2023.

In the previous year's quarter, no dividend payment was recommended by the Directors.

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

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current year.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 March 2023 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 31 March 2023 that have not been reflected in the condensed interim financial statements.

10. Operating segments

Operating segments information for the financial period ended 31 March 2023 is as follows:

	Property development		Property investment and hotel operation	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	203,173	8,811	24,912	3,882	-	240,778
Inter-segment revenue	-	-	63	30,490	(30,553)	-
Total revenue	203,173	8,811	24,975	34,372	(30,553)	240,778
Results						
Segment results	77,609	(1,312)	4,908	(10,174)	(4,404)	66,627
Finance costs	(21,550)	(16)	(10,021)	(6,853)	4,404	(34,036)
Share of results of associates	(743)	(603)	-	653	-	(693)
Share of results of joint ventures	(4,152)	-	(129)	-	-	(4,281)
Profit/(loss) before income tax	51,164	(1,931)	(5,242)	(16,374)	-	27,617
Income tax (expense)/credit	(10,888)	(898)	2	(61)	-	(11,845)
Profit/(loss) for the period	40,276	(2,829)	(5,240)	(16,435)	-	15,772
Attributable to:						
Owners of the Parent	39,746	(2,829)	(5,240)	(16,323)	-	15,354
Non-controlling Interests	530	-	-	(112)	-	418
Profit/(loss) for the period	40,276	(2,829)	(5,240)	(16,435)	-	15,772
Assets						
Segment assets	10,096,966	617,487	949,631	562,409	(934,354)	11,292,139
Interests in:						
- associates	828,134	5,168	-	2	-	833,304
- joint ventures	805,123	-	81,119	-	-	886,242
Tax recoverable	77,268	2,542	331	2,766	-	82,907
Total assets	11,807,491	625,197	1,031,081	565,177	(934,354)	13,094,592
Liabilities						
Segment liabilities	5,371,442	29,564	844,165	928,577	(934,354)	6,239,394
Tax payable	8,306	-	-	-	-	8,306
Total liabilities	5,379,748	29,564	844,165	928,577	(934,354)	6,247,700

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 2022.



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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 2022 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 Federal Court ("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 hearing which was initially fixed on 29 and 30 August 2022 was vacated. The SCIT has now fixed the matter for hearing on 12 and 13 June 2023.

BND's solicitors are of the view that BND has an arguable case 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 ("UEM Land") and Symphony Hills Sdn Bhd ("Symphony Hills") 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 UEM Land 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 Symphony Hills 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.

On 24 May 2021 and 25 May 2021, Symphony Hills and UEM Land were both granted an interim stay of the Notices by the Kuala Lumpur High Court ("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.

On 13 March 2023, High Court's dismissed UEM Land's leave application to commence judicial review on IRB's decision to charge UEM Land additional assessments. This indicates that the interim stay of the additional assessments for UEM Land is no longer applicable resulting in UEM Land having to pay the additional taxes and penalties within 30 days of the High Court's decision. UEM Land has filed a Notice of Appeal to the Court of Appeal ("COA") on 14 March 2023 and a Stay Application has been filed at the Court of Appeal on 23 March 2023. The first hearing of COA adjourned from 3 May 2023 in which the next case management date at COA has been fixed on 25 May 2023. IRB has allowed for the payments to be made via instalments over the next 36 months until 15 March 2026.

On 28 March 2023, Symphony Hills' case management for the leave for judicial review application held which fixed the hearing date on 18 September 2023. Interim Stay of the Notices has been granted until the disposal of the leave application.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12 Contingent liabilities (cont'd)

(b) (Cont'd)

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.

13. Capital commitments

There are no material capital commitments in relation to the Group's capital expenditure in respect of purchase of property, plant and equipment and investment property except as disclosed below:

	RM'000
Approved and contracted for	64,000
Approved but not contracted for	33,300
Total	97,300

14. Income tax

	Current year quarter 31/03/2023 RM'000	Preceding year corresponding quarter 31/03/2022 RM'000
Malaysian and foreign income tax		
- current tax	(11,875)	(13,569)
- (under)/overprovision in prior periods	(8)	509
Deferred tax		
- relating to origination and reversal of temporary differences	(134)	(4,863)
- overprovision in prior periods	172	1,348
Tax expense for the period	(11,845)	(16,575)

The effective tax rate (excluding share of results of associates and joint ventures) for the current quarter is higher than statutory tax rate due to non-deductible expenses and unrecognised tax losses for certain loss-making entities.



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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) The 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) The 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 Darul 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 every 3 years.
- c) The 2 sets of Sale and Purchase agreements dated 15 December 2022 for the sale of 4 blocks of agriculture lands and 1 block of land plus building measuring approximately 67.7 acres in the Mukim of Tanjung Kupang, District of Johor Bahru, Johor ("Plot B Lands") for a total consideration of RM85.6 million ("Plot B Price") ("Plot B SPA") and 4 blocks of agriculture lands measuring approximately 166.8 acres in the Mukim of Pulai, District of Johor Bahru, Johor ("Phase 2 Lands") for a total consideration of RM203.6 million ("Phase 2 Lands Price") ("Phase 2 Lands SPA") between Nusajaya Rise Sdn Bhd ("NRSB") and Nusajaya Tech Park Sdn Bhd ("NTPSB"). Both Plot B Lands and Phase 2 Lands add up to a total consideration of RM289.2 million with a total land acreage of 234.5 acres.

50% of the Plot B Price was paid on 22 December 2022. The remaining 50% will be paid within 5 months of the Plot B SPA date or 1 month from the SPA's unconditional date, whichever later. Plot B SPA has a conditional period of 4 months.

For the Phase 2 Lands SPA, it is conditional upon the approvals of the Estate Land Board, the Economic Planning Unit and the relevant authorities' approval as per Section 433B of the 1965 National Land Code. The conditional period is 15 months from the SPA date. A deposit of 15% of the Phase 2 Lands Price or RM30.5 million was paid on 22 December 2022. The balance 85% is spread over 3 years where the first tranche (40% or RM81.4 million) will be paid within 21 days from the unconditional date, while the next 25% or RM50.9 million and 20% or RM40.7 million will be paid within 1 year and 2 years of the first tranche payment, respectively.

On 14 April 2023, the parties mutually agreed to extend the conditional period for Plot B SPA to 15 June 2023 to satisfy the relevant requirements.

As at 15 May 2023, all conditions precedent under both Plot B SPA and Phase 2 Lands SPA have yet to be fulfilled.



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

- d) The definitive agreements comprising 2 sets of Sale and Purchase Agreements ("SPA") 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") 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"). The first SPA was for the sale of 38 non-Bumiputera plots ("SPA 1"). The second SPA was for the sale of 34 Bumiputera plots ("SPA 2"). The parties also entered into Limited Power of Attorneys, Deed of Mutual Covenants and Deed of Revocation including a Management Agreement with Infinity Park Management Sdn Bhd.

SPA 1 became unconditional on 17 December 2021. For SPA 2, the conditional period for the release of the Industrial Plots' Bumiputera status ("Bumiputera Release") was extended for another 12 months to 30 December 2022. Under SPA 2, 33 out of 34 Industrial Plots have obtained approvals for Bumiputera Release; 19 Industrial Plots became unconditional on 3 March 2022, 1 plot became unconditional on 22 August 2022, and a further 13 Industrial Plots became unconditional on 8 November 2022.

On 13 December 2022, the parties agreed to extend the conditional period for the Bumiputera Release of the final plot i.e. PTD 206371, to 30 June 2023.

As at 15 May 2023, the Bumiputera Release for the final Industrial Plot is still pending.

- e) The Sale and Purchase Agreement between Lucky Bright Star Sdn Bhd ("LBSSB") with Nipponkey Sdn Bhd ("NSB" or the "Vendor") for the acquisition of a parcel of freehold land at Lot 228, Jalan Sultan Yahya Petra (formerly known as Jalan Semarak), held under Geran 23908 Lot 228, Seksyen 87A, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur ("Lot 228 SPA") measuring approximately 6.39 acres ("Land") for a total purchase price of RM384.0 million ("Purchase Price") to be satisfied in cash of RM235.8 million and in-kind of RM148.2 million on 4 August 2022 ("Lot 228 SPA") ("Proposed Acquisition").

The in-kind consideration is via the execution of 16 Disposal and Land Transfer Agreements ("DLTAs") between NSB (or the "Purchaser") with Nusajaya Rise Sdn Bhd ("NRSB") and Symphony Hills Sdn Bhd ("SHSB"), the registered landowners for land parcels totalling a net area of 107.82 acres in the Mukim of Tanjung Kupang, District of Johor Bahru, Johor ("Gerbang Nusajaya Lands"). The DLTAs were signed simultaneously with the execution of Lot 228 SPA. 19.21 acres of the Gerbang Nusajaya Lands registered under SHSB are Bumiputera ("Bumi") lands.



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

e) (cont'd)

The conditions precedent under Lot 228 SPA, NRSB DLTA and SHSB DLTA were not fulfilled within the conditional period which expired on 7 February 2023. As per agreements, since the conditions precedent are not fulfilled, Lot 228 SPA, NRSB DLTA and SHSB DLTA have lapsed. Nipponkey will refund the deposit including interest while LBSSB will return all relevant documents to Nipponkey. These 3 agreements will be terminated and be of no further effect except in respect of any antecedent breach. The SHSB Bumi DLTA is rescinded following the termination of Lot 228 SPA.

On 8 March 2023, LBSSB, NRSB and SHSB (collectively "Defendants") received a Writ of Summons together with a Statement of Claim filed by Nipponkey due to an alleged breach of the agreements above following the non-fulfilment of the conditions precedent. The Defendants are taking the necessary steps to defend the action and enforce their rights. The financial impact of the summon and claim is limited to the amount awarded by the court.

As at 15 May 2023, the summon and claim has no impact on UEM Sunrise group's operations. As far as the agreements are concerned, they have been terminated and have no further effect. This update will be removed in the next quarterly financial update.

f) The 3 sale and purchase agreements ("SPA") with Tapah Land Development Sdn Bhd, an indirect subsidiary of Sunsuria Berhad, to dispose of 17 parcels of leasehold agriculture lands measuring a total of approximately 1,776.6 acres in Mukim Batang Padang and Mukim Bidor in the District of Batang Padang, State of Perak ("Lands") for a total consideration of RM75.5 million. The disposal is anticipated to be completed towards the end of 2023.

As at 15 May 2023, the SPA is pending completion.



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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 2023</u>						
- Islamic Medium Term Notes	-	2,233,818	2,233,818	-	1,999,953	1,999,953
- Term loan and						
Commodity Murabahah Finance	-	-	-	44,932	-	44,932
- Revolving credits	-	-	-	76,240	39,000	115,240
- Bank overdrafts	-	-	-	4,681	362	5,043
TOTAL	-	2,233,818	2,233,818	125,853	2,039,315	2,165,168

As at 31 March 2022

- Islamic Commercial Papers	-	3,192,727	3,192,727	-	460,000	460,000
- Term loan						
- Term loan and						
Commodity Murabahah Finance	56,881	-	56,881	66,704	-	66,704
- Revolving credits	-	-	-	375,760	44,000	419,760
- Structured commodity	-	-	-	-	10,000	10,000
- Bank overdrafts	-	-	-	4,728	202	4,930
TOTAL	56,881	3,192,727	3,249,608	447,192	514,202	961,394

Since 31 March 2022, the Group drew borrowings of RM2.5 billion including RM1.02 billion of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP"), RM1.23 billion of revolving credits and RM250 million of term loans and structured commodity. The Group also repaid borrowings of RM2.3 billion comprising RM464 million of IMTN and ICP, RM1.53 billion of revolving credits and RM339 million of structured commodity and term loans.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. Fair value hierarchy

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

18. Material litigation

Since the preceding financial year ended 31 December 2022, 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, High Court and COA on UEML's and High Court on SHSB'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 was heard before the Court of Appeal on 28 April 2022, 13 September 2022 and 6 December 2022.

On 20 January 2023, the Court of Appeal found that there were no merits to the appeal and affirmed the High Court's decision. The Court of Appeal also ordered Impressive Circuit to pay costs of RM50,000 to each set of solicitors in the appeal.

On 17 February 2023, Impressive Circuit filed an application to the Federal Court for leave to appeal against the Court of Appeal's decision. UEM Land is opposing Impressive Circuit's application. The Hearing for Impressive Circuit's Leave application is scheduled on 27 June 2023. The parties are currently in the process of filing the necessary cause papers and written submissions in the Federal Court.



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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 exchanged their respective rebuttal factual witness statements by 7 March 2022. The parties' respective experts held a without prejudice meeting on 7 March 2022 and delivered a joint expert report thereafter by 7 April 2022.

The hearing of the matter was commenced on 23 May 2022 and concluded on 2 June 2022. The parties to file and serve written submissions within 2 months from the date of receipt of the notes of proceeding. The notes of proceeding were finalised and submitted to the tribunal on 29 July 2022 and the deadline to file the written submissions is on 29 September 2022.

On 8 August 2022 Ireka has been placed under Judicial Management and pursuant to Section 410(c) of the Companies Act 2016, Ireka's solicitors will not be able to act for Ireka in this arbitration unless leave has been granted by the Court. By an Order dated 17 December 2022, the Arbitrator has temporarily suspended the arbitration proceedings until 9 December 2022 or such earlier time as the Judicial Manager of Ireka might advise. Following the order for suspension, all further steps with regard to the proceedings including the direction to file written submissions are now suspended.

On 25 January 2023, Ireka's solicitors have discharged themselves from acting for Ireka. Following from the discharge, Ireka's solicitors added the Interim Judicial Manager to address the Tribunal. There is no response or update from the Interim Judicial Manager till to-date. Based on the file search conducted, Ireka's judicial management proceedings were discontinued on 9 January 2023 which put the judicial management of Ireka to an end. UEM Land's solicitors have notified the Tribunal that the judicial management of Ireka has ended and therefore the suspension of the arbitral proceedings shall be lifted. The Tribunal has directed for a procedural hearing to be held on 9 May 2023 to provide further directions.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	Current quarter 31/03/2023 RM'000	Immediate preceding quarter 31/12/2022 RM'000	Variance RM'000/(%)
Revenue	240,778	336,218	(95,440) (-28%)
Operating profit	66,627	75,848	(9,221) (-12%)
Share of net results of JV and associates	(4,974)	1,049	(6,023) (-574%)
Profit before interest and tax	61,653	76,897	(15,244) (-20%)
Finance costs	(34,036)	(36,593)	2,557 (7%)
Profit before income tax	27,617	40,304	(12,687) (-31%)
Income tax	(11,845)	(19,757)	7,912 (40%)
Profit for the period	15,772	20,547	(4,775) (-23%)
Non-controlling interests	(418)	(83)	(335) (-404%)
Profit attributable to Owners of the Parent	15,354	20,464	(5,110) (-25%)

In the first quarter of 2023, the Group's revenue decline as compared to the revenue in the preceding quarter by 28%. The preceding quarter's revenue was supported by contribution from land sales of the 13 industrial plots in phase 3 SiLC amounted to RM41 million with property development revenue comprising 73% of the total revenue. In the current quarter, property development represented 86% of the total revenue. Contribution from land sales is minimal while property investment including facilities management and others, contributed 12% towards the quarter's total revenue in contrast to a contribution of 8% in the preceding quarter. The main property development contributors for the current quarter are largely from ongoing projects such as Residensi AVA in Kiara Bay, Serene Heights in Semenyih and Residensi Allevia in Mont'Kiara, all in the Central region. In the Southern region, contributions were mainly from Aspira ParkHomes, Aspira Square and 68 Avenue. The Group managed to settle a few remaining units of its projects in Melbourne, Australia, which resulted in a minimal contribution towards this current quarter's total revenue. The Group expects to fully settle the four remaining units in Conservatory before the end of this financial year.

Despite the lower revenue, the Group registered a higher gross profit margin of 44% for the current quarter compared to the preceding quarter of 34%. This was mainly due to the recognition of project cost savings. Regardless of the higher gross profit margin however, the current quarter's lower revenue resulted in a lower operating profit. Compounded with a negative contribution from the Group's share of results, in contrast to the positive contribution in the preceding quarter, the Group recorded a lower profit after tax and non-controlling interests of RM15 million in the current quarter, in comparison to RM20 million in the preceding quarter.



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20. Detailed analysis of the performance for the current quarter

	Current year quarter 31/03/2023 RM'000	Preceding year corresponding quarter 31/03/2022 RM'000	Variance RM'000/(%)
Revenue	240,778	416,451	(175,673) (-42%)
Operating profit	66,627	59,284	7,343 (12%)
Share of net results of JV and associates	(4,974)	11,431	(16,405) (>-100%)
Profit before interest and tax	61,653	70,715	(9,062) (-13%)
Finance costs	(34,036)	(34,936)	900 (3%)
Profit before tax	27,617	35,779	(8,162) (-23%)
Income tax	(11,845)	(16,575)	4,730 (29%)
Profit for the period	15,772	19,204	(3,432) (-18%)
Non-controlling interests	(418)	(184)	(234) (>-100%)
Profit attributable to Owners of the Parent	15,354	19,020	(3,666) (-19%)

The Group's revenue for the current quarter was lower by 42% as compared to the corresponding quarter in 2022. The first quarter of 2022 recorded a revenue contributed by the sale of 19 industrial plots in phase 3 SiLC amounting to RM127 million and a pocket land in Iskandar Puteri. Contribution from land sales is very minimal in the current quarter. The revenue contribution in the current quarter was mainly supported by projects that are advanced in their development progress, namely Residensi AVA, Residensi Allevia and Residensi Astrea in the Central region. In the Southern region, the main revenue contributors were Aspira ParkHomes, Aspira Square and 68^o Avenue.

The Group's gross profit margin was higher in the current quarter at 44% compared to the prior year's corresponding quarter of 24% mainly due to the Group's recognition of project cost savings. The Group's operating profit margins in the current quarter improved substantially at 28% compared to the prior year's corresponding quarter of 14% in tandem with the higher gross profit margin in the current quarter. Its operating expenses was also lower by 2% in the current quarter compared to the corresponding quarter, as a result of a lower headcount, compared to the same quarter in 2022. These facilitated the improvements of the Group's operating profit margin in the current quarter.

The Group however recorded a lower profit after tax and non-controlling interests of RM15 million in the current quarter, compared to the prior year's corresponding quarter of RM19 million. This was mainly attributable by the lower revenue in the current quarter, and partly contributed by the negative share of results of its joint ventures and associates.



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21. Earning per share

	Current year quarter 31/03/2023 RM'000	Preceding year corresponding quarter 31/03/2022 RM'000	Three months to 31/03/2023 RM'000	Three months to 31/03/2022 RM'000
Profit for the period attributable to Owners of the Parent	15,354	19,020	15,354	19,020
Weighted average number of ordinary shares in issue ('000)	5,058,476	5,058,476	5,058,476	5,058,476
Earning per share	0.30 sen	0.38 sen	0.30 sen	0.38 sen

22. Prospects for the current financial year

The Malaysian economy further expanded in the first quarter of 2023 by 5.6% (1Q 2022: 5.0%) driven mainly by domestic demand. Improvement in the labour market, with strong growth in employment and continued expansion in wages, have supported private consumption spending. For 2023, the economy is projected to expand by 4.0% to 5.0%¹ supported by the resilience of the country's macroeconomic fundamentals, the strength of domestic demand and the effectiveness of implementing the Twelfth Malaysia Plan². On a more macro level, the global economy is expected to grow by 2.8% in 2023 before accelerating to 3.0% in 2024, according to the latest World Economic Outlook report released by the International Monetary Fund in April 2023².

On 3 May 2023, Bank Negara Malaysia's Monetary Policy Committee increased the OPR by 25 basis points to 3.00%, returning it to pre-crisis levels³. The increase in the OPR is not expected to impact our property sales in the long run significantly. Many of our buyers are owner occupiers and/or upgraders and are aware of the impact of the OPR hike on their property buying decisions. We have a cautious but comfortable outlook on market movement and have laid the foundations to ensure that our pricing is relevant and competitive without compromising on value propositions.

The implementation of the three-phase strategic turnaround plan comprising **Triage** (2022-2023), **Stabilise** (2024-2025) and **Sustain** (2026 and beyond) has contributed to the improvements of our operations and performance. Leveraging on this, we will continue with the second part of **Triage** with plans to introduce new pipelines to grow profitability further and improve balance sheet quality. We will also deliver properties tailored to customers' needs in line with the current operating environment with the launch of our Happy+ product series in February 2023, offering five product branding categories to meet varying lifestyles and life-stage needs.

We will be launching RM2.5 billion worth of properties this year, starting with The MINH in Mont'Kiara towards the end of May, followed by The Connaught One in Cheras before the end of June, and the additional new development in Kiara Bay, Kepong in quarter three this year. These new developments are in the Central region.

The MINH is our first Happy+ product series branded under the CLUB Edition series. The two-tower luxury residence is a prestige resort-inspired lifestyle homes motivated by Indochine design. It has 496 units sized between 149m² to 279m² (1,607 to 3,010 square feet) and a total GDV of RM979 million. The Connaught One is a two-tower residential development offering 1,334 residential units with units sized between 42m² to 118m² (452 to 1,270 square feet) and 15 retail units. Branded under the RISE series, The Connaught One offers attainable, flexible homes with agile spaces to suit buyers' lifestyles. The transit-oriented development will be directly connected to the Taman Connaught MRT Station. Residents will also have direct connectivity to the Cheras-Kajang Highway and Jalan Cheras; near the Middle Ring Road 2. It has an estimated total GDV of RM743 million. Codenamed as KMP7, our new development in Kiara Bay is a three-tower biophilic design development featuring 1,126 residential units with sizes ranging between 42m² to 140m² (450 to 1,508 square feet). The development, which targets young city dwellers who long to have a balanced urban lifestyle, has an estimated GDV of RM646 million and will be our second RISE series after The Connaught One.



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

In addition to the Central region projects above, we also plan to launch more landed homes in Serene Heights, Semenyih and the Southern region, particularly in Iskandar Puteri, where there is growing demand for new landed homes in Senadi Hills and Gerbang Nusajaya. As for our international presence, we are finalising plans to develop the land in Collingwood, Melbourne. We will continue to explore new development potentials in Australia and leverage on the current positive sentiment of the property sector in the country's major cities, as and when it is most opportune. Contingent on the planned launches, we have set a sales target of RM1.5 billion for 2023.

Our undertaking to reassess our joint ventures, off-load non-strategic lands and divest non-core assets continues. We are completing the transactions entered into in 2022, which will also support our performance this year. The sale of 1,777 acres of land in Tapah, Perak for RM75.5 million and the sale of 68 acres of lands in Nusajaya Tech Park to Nusajaya Tech Park Sdn Bhd, our 40% joint venture company with CapitaLand Group Pte. Ltd for RM85.6 million are expected to contribute positively to this year's profitability and cashflows.

We also remain committed to our sustainability agenda, as guided by the UEM Sunrise Sustainability Blueprint 1.0, and are currently formulating design processes via the development of our own Sustainable Development Design Guidelines. The guidelines will act as reference when integrating sustainability elements into our design decisions and be distributed to our stakeholders for them to adopt into their design processes.

The Group remains financially sound given our gross and net gearing of 0.65x and 0.47x, respectively and cash balances of RM1.1 billion as of 31 March 2023. Unbilled sales of RM1.7 billion as of 31 March 2023 will be substantially recognised over the next 18 to 36 months.

Note:

¹Bank Negara Malaysia's Economic and Financial Developments in Malaysia in First Quarter of 2023 (press release) and BNM Quarterly Bulletin 1Q 2023, Vol. 38, No. 1 both published on 12 May 2023.

²Malaysian Economic Statistics Review, Vol 4, 2023, by the Ministry of Economy, Department of Statistics Malaysia, published on 28 April 2023.

³Bank Negara Malaysia's Monetary Policy Statement published on 3 May 2023.

⁴OPR – Overnight Policy Rate.

23. Profit forecast

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

Kuala Lumpur
18 May 2023

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