



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Nine	Nine
	quarter	corresponding	months	months
Note	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	312,354	355,759	917,087	1,137,210
(b) Cost of sales	(229,583)	(261,150)	(613,565)	(829,367)
(c) Gross profit	82,771	94,609	303,522	307,843
(d) Other income	22,974	16,405	51,109	47,298
(e) Expenses	(63,278)	(50,311)	(179,862)	(180,523)
(f) Finance costs	(38,755)	(36,326)	(117,062)	(106,877)
(g) Foreign exchange (loss)/gain	(43)	(4,574)	4,209	(1,446)
(h) Share of net results of associates	1,078	(2,738)	2,008	4,712
(i) Share of net results of joint ventures	8,822	8,803	23,457	23,443
(j) Profit before income tax				
from continuing operations	13,569	25,868	87,381	94,450
(k) Loss before income tax				
from discontinued operations	(169)	(644)	(1,417)	(1,212)
(l) Profit before income tax	13,400	25,224	85,964	93,238
(j) Profit before income tax				
from continuing operations	13,569	25,868	87,381	94,450
(m) Income tax expense	14 (2,465)	(3,903)	(31,367)	(31,722)
(n) Profit for the period from				
continuing operations	11,104	21,965	56,014	62,728
(o) Loss from discontinued operations	(169)	(644)	(1,417)	(1,212)
(p) Profit for the period	10,935	21,321	54,597	61,516

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(A). CONDENSED CONSOLIDATED INCOME STATEMENT (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2023	Preceding year corresponding quarter 30/09/2022	Nine months to 30/09/2023	Nine months to 30/09/2022
Note	RM'000	RM'000	RM'000	RM'000
Attributable to:				
(q) Owners of the Parent				
Profit for the period from continuing operations	8,473	20,871	49,528	61,048
Loss for the period from discontinued operations	(136)	(518)	(1,139)	(974)
Profit for the period attributable to owner of the parent	8,337	20,353	48,389	60,074
(r) Non-controlling Interests				
Profit for the period from continuing operations	2,631	1,094	6,486	1,680
Loss for the period from discontinued operations	(33)	(126)	(278)	(238)
Profit for the period attributable to non-controlling interests	2,598	968	6,208	1,442
Profit for the period	10,935	21,321	54,597	61,516
2. Earning/(loss) per share based on				
1(q) above	21			
- Continuing operations	0.17 sen	0.41 sen	0.98 sen	1.21 sen
- Discontinued operations	(0.00)sen	(0.01)sen	(0.00)sen	(0.02)sen
	0.17 sen	0.40 sen	0.98 sen	1.19 sen

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter (Note 1) 30/09/2023 RM'000	Preceding year corresponding quarter (Note 1) 30/09/2022 RM'000	Nine months to (Note 1) 30/09/2023 RM'000	Nine months to (Note 1) 30/09/2022 RM'000
Profit for the period	10,935	21,321	54,597	61,516
Other comprehensive expense to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	(6,694)	(10,184)	(6,694)	(848)
Total other comprehensive expense for the period, net of tax	(6,694)	(10,184)	(6,694)	(848)
Total comprehensive income for the period	4,241	11,137	47,903	60,668
Attributable to:				
Owners of the Parent	(1,988)	10,138	41,674	59,207
Non-controlling Interests	6,229	999	6,229	1,461
Total comprehensive income for the period	4,241	11,137	47,903	60,668

Note 1: Included discontinued operations with regard to Roc-Union Group. Refer the details in Note 11(iii).

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(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Nine	Nine
	quarter	corresponding	months	months
Note	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Profit before income tax from continuing operations is arrived at after charging/(crediting):				
Finance costs	38,755	36,326	117,062	106,877
Depreciation	11,599	13,542	38,554	40,377
Interest income	(11,937)	(5,318)	(30,981)	(15,513)
(Gain)/loss on foreign exchange:				
- unrealised	(3,815)	4,602	(3,815)	1,546
- realised	(394)	(28)	(394)	(100)
Dividend income from investment at fair value through profit or loss	(1,542)	(37)	(2,916)	(224)
Write back of impairment of receivables	-	-	-	(556)
Net allowance for doubtful debts	(538)	(518)	293	1,234
Loss on disposal of subsidiaries (a)	-	-	-	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 30/09/2023 RM'000	Audited As at preceding financial year end 31/12/2022 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	394,131	407,260
Investment properties	777,078	780,014
Right-of-use assets	18,834	21,831
Land held for property development	5,101,200	5,158,456
Interests in associates	843,704	844,980
Interests in joint ventures	890,456	891,191
Amounts due from joint ventures	149,622	156,982
Goodwill	621,409	621,409
Deferred tax assets	257,495	283,003
Long term receivables	361,652	360,295
	9,415,581	9,525,421
2. Current assets		
Property development costs	1,067,243	978,702
Inventories held for sale	135,790	203,005
Inventories under contract of sale	77,044	102,096
Receivables	508,068	672,969
Contract assets	410,564	374,672
Amounts due from associates	610	612
Amounts due from joint ventures	104,844	103,473
Short term investments	5	45,005
Cash, bank balances and deposits	1,112,529	1,025,551
	3,416,697	3,506,085
Assets classified as held for sale (a)	33,700	22,397
	12,865,978	13,053,903
Total assets	12,865,978	13,053,903



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

	Note	Unaudited As at current financial year end 30/09/2023 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		71,625	78,340
Retained profits		1,719,352	1,696,255
		<u>6,785,583</u>	<u>6,769,201</u>
4. Non-controlling Interests		110,696	104,467
Total equity		<u>6,896,279</u>	<u>6,873,668</u>
5. Non-current liabilities			
Borrowings	16	2,889,095	2,360,637
Lease liabilities		15,612	18,414
Payables		40,068	45,976
Contract liabilities		248,498	239,678
Deferred income		194,036	162,839
Provisions		29,971	68,317
Deferred tax liabilities		139,594	163,395
		<u>3,556,874</u>	<u>3,059,256</u>
6. Current liabilities			
Provisions		157,106	104,003
Payables		852,515	937,938
Contract liabilities		60,265	105,041
Borrowings	16	1,322,355	1,954,611
Lease liabilities		3,873	3,617
Tax payable		16,711	15,769
		<u>2,412,825</u>	<u>3,120,979</u>
Total liabilities		<u>5,969,699</u>	<u>6,180,235</u>
Total equity and liabilities		<u>12,865,978</u>	<u>13,053,903</u>
7. Net assets per share attributable to Owners of the Parent			
		<u>RM 1.34</u>	<u>RM 1.34</u>

(a) Included discontinued operations with regard to Roc-Union Group. Refer the details in Note 11(iii).

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 Nine months to 30/09/2023	Unaudited Nine months to 30/09/2022
Note	RM'000	RM'000
Operating Activities		
Cash receipts from customers	1,083,079	894,205
Cash receipts from related parties	48,558	2,783
Cash payments to contractors	(610,509)	(456,106)
Cash payments for land and development related costs	(8,809)	(129,702)
Cash payments to related parties	(4,925)	(397)
Cash payments to employees and for expenses	(176,014)	(184,764)
Cash generated from operations	331,380	126,019
Net income tax paid	(33,894)	(13,219)
Interest received	11,601	10,486
Net cash generated from operating activities	309,087	123,286
Investing Activities		
Dividend received from joint ventures	36,000	31,000
Net proceeds from disposal of subsidiary	-	356
Purchase of property, plant and equipment	(66)	(1,634)
Purchase of investment properties	(9,551)	(9,216)
Net repayment from joint ventures	5,425	8,698
Redemption of Redeemable Non-convertible Non-cumulative Preference Shares from an associate	-	6,400
Investment in a joint venture	-	(900)
Investment in land held for property development	(23,534)	(70,414)
Net redemption in short term investments	73,373	5,138
Net cash generated from/(used in) investing activities	81,647	(30,572)



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

	Note	Unaudited Nine months to 30/09/2023 RM'000	Unaudited Nine months to 30/09/2022 RM'000
Financing Activities			
Drawdown of borrowings		861,537	896,126
Drawdown of Islamic Medium Term Notes and Islamic Commercial Papers		1,345,000	555,000
Repayment of borrowings		(1,280,181)	(1,142,319)
Repayment of Islamic Medium Term Notes		(1,020,000)	(150,000)
Repayment of lease liabilities		(3,403)	(20,997)
Dividend paid		(25,292)	-
Interest paid		(164,056)	(132,251)
Net cash generated (used in)/from financing activities		(286,395)	5,559
Effects of exchange rate changes		3,667	(837)
Net increase in cash and cash equivalents		108,006	97,436
Cash and cash equivalents as at beginning of financial period		995,768	848,204
Cash and cash equivalents as at end of financial period	(a)	1,103,774	945,640

Unaudited As at 30/09/2023 RM'000	Unaudited As at 30/09/2022 RM'000
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(a) Cash and cash equivalents comprise of the following amounts:

Cash, bank balances and deposits			
Unrestricted		595,953	610,546
Restricted		516,576	339,765
		1,112,529	950,311
Bank overdrafts (included in short term borrowings)	16	(8,755)	(4,671)
Cash and cash equivalents		1,103,774	945,640

There is no cash and cash equivalents and its comparative from discontinued operations with regard to Roc-Union Group. Refer the details in Note 11(iii).

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 →						Total Equity
	← Non-distributable →			Distributable			
	Share Capital	Merger Relief Reserve	Other Reserves	Retained Profits	Total	Non-controlling Interests	
	RM'000	RM'000	RM'000 Note 1	RM'000 Note 1	RM'000	RM'000 Note 1	
Nine months to 30 September 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 income for the period	-	-	(6,715)	48,389	41,674	6,229	47,903
Dividend paid (Note 7)	-	-	-	(25,292)	(25,292)	-	(25,292)
At 30 September 2023	<u>4,960,276</u>	<u>34,330</u>	<u>71,625</u>	<u>1,719,352</u>	<u>6,785,583</u>	<u>110,696</u>	<u>6,896,279</u>
Nine months to 30 September 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	-	-	(867)	60,074	59,207	1,461	60,668
At 30 September 2022	<u>4,960,276</u>	<u>34,330</u>	<u>81,931</u>	<u>1,675,790</u>	<u>6,752,327</u>	<u>104,392</u>	<u>6,856,719</u>

Note 1: Included discontinued operations with regard to Roc-Union Group. Refer the details in Note 11(iii).

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 107 and MFRS 7: Supplier Finance Arrangements	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 10.1% (2022: 2.3%) over cost of sales.

6. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 September 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%
7 April 2023	Issuance	70	3 years	5.34%
12 April 2023	Repayment	(100)	1 year	3.55%
14 April 2023	Issuance	160	1 year	5.05%
14 April 2023	Issuance	80	2 years	5.25%
14 April 2023	Issuance	100	5 years	5.44%
19 April 2023	Issuance	115	1 year	5.00%
19 May 2023	Repayment	(500)	7 years	5.00%
9 June 2023	Repayment	(270)	3 years	4.00%
12 June 2023	Repayment	(150)	3 years	4.00%
19 June 2023	Issuance	120	3 years	5.30%
20 June 2023	Issuance	280	4 years	5.45%

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

7. Dividend

The final single tier 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 was paid on 22 May 2023.

The Directors do not recommend the payment of any dividend for the current financial period ended 30 September 2023 (2022: Nil)

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 30 September 2023 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 September 2023 that have not been reflected in the condensed interim financial statements.

10. Operating segments

Operating segments information for the financial period ended 30 September 2023 is as follows:

	Property development		Property investment and hotel operation	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia				
	RM'000	Note 1 RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	816,512	10,738	78,416	11,421	-	917,087
Inter-segment revenue	-	-	191	77,032	(77,223)	-
Total revenue	816,512	10,738	78,607	88,453	(77,223)	917,087
Results						
Segment results	213,369	213	12,120	(36,168)	(10,556)	178,978
Finance costs	(73,339)	(39)	(31,164)	(23,076)	10,556	(117,062)
Share of results of associates	2,008	(1,417)	-	-	-	591
Share of results of joint ventures	26,203	-	(2,746)	-	-	23,457
Profit/(loss) before income tax	168,241	(1,243)	(21,790)	(59,244)	-	85,964
Income tax (expense)/credit	(29,367)	(1,542)	4	(462)	-	(31,367)
Profit/(loss) for the period	138,874	(2,785)	(21,786)	(59,706)	-	54,597
Attributable to:						
Owners of the Parent	132,386	(2,785)	(21,786)	(59,426)	-	48,389
Non-controlling Interests	6,488	-	-	(280)	-	6,208
Profit/(loss) for the period	138,874	(2,785)	(21,786)	(59,706)	-	54,597
Assets						
Segment assets	10,132,711	586,843	938,727	361,900	(979,668)	11,040,513
Interests in:						
- associates	846,443	(2,741)	-	2	-	843,704
- joint ventures	810,611	-	79,845	-	-	890,456
Tax recoverable	87,062	1,132	330	2,781	-	91,305
Total assets	11,876,827	585,234	1,018,902	364,683	(979,668)	12,865,978
Liabilities						
Segment liabilities	4,975,848	12,789	849,990	1,094,027	(979,666)	5,952,988
Tax payable	16,591	108	-	12	-	16,711
Total liabilities	4,992,439	12,897	849,990	1,094,039	(979,666)	5,969,699

Note 1: Included discontinued operations with regard to Roc-Union Group. Refer the details in Note 11(iii).

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 except as disclosed below:

- (i) On 27 March 2023, UEM Sunrise (Subiaco East) Pty Ltd was incorporated and registered in Victoria, Australia as wholly-owned subsidiary of UEM Sunrise (Land) Pty Ltd, which in turn are indirect wholly-owned subsidiary of the Company with paid-up share capital of AUD2.00 divided into 2 Ordinary Shares.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

- (ii) On 27 March 2023, UEM Sunrise (Subiaco East) Unit Trust was established with UEM Sunrise (Subiaco East) Pty Ltd as the trustee of the unit holder, UEM Sunrise (Land) Pty Ltd, both indirect wholly-owned subsidiaries of the Company, with paid-up share capital of AUD10.00 divided into 10 Ordinary Units and governed by the law in force in the State of Victoria, Australia.
- (iii) On 25 August 2023, UEM Sunrise South Africa Proprietary Limited ("UEMSSA"), a wholly-owned subsidiary of UEM Sunrise Overseas Corporation Sdn Bhd ("UEMSOC"), which is an indirect subsidiary of the Company, entered a Sale of Shares and Claims Agreement ("SSCA") with Azishe Properties Proprietary Limited ("APPL") for the divestment of UEMSSA's entire equity interest of 80.4% in Roc-Union Proprietary Limited ("Roc-Union") at a total consideration of Rand 118.4 million (equivalent to approximately RM29.5 million).
- (iv) On 20 September 2023, UEM Sunrise (Subiaco East Development) Pty Ltd was incorporated and registered in Victoria, Australia as wholly-owned subsidiary of UEM Sunrise (Developments) Pty Ltd, which in turn are indirect wholly-owned subsidiary of the Company with paid-up share capital of AUD2.00 divided into 2 ordinary shares.
- (v) On 20 October 2023, UEM Sunrise Berhad ("UEMS") entered into a Share Sale and Purchase Agreement with Iskandar Harta Holdings Sdn Bhd ("IHH") and Nusajaya Lifestyle Sdn Bhd ("NLSB") for the disposal of 600,000 ordinary shares and 13,276,667 redeemable preference shares representing 6% equity interest in NLSB, by UEMS to IHH for a total consideration of RM8.9 million. A Supplemental Shareholders' Agreement was entered into between UEMS, IHH and NLSB on 20 October 2023 to reflect the latest shareholding structure in NLSB and the terms of agreement whereby IHH became the majority shareholder of NLSB. Following the completion of the Share Sale and Purchase Agreement upon the payment of full settlement on 20 October 2023, NLSB remained as a joint venture company of UEMS.

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2022

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 took place on 2 October 2023. Following this, the SCIT gave instructions for filing and written submissions. The SCIT also instructed parties to attend clarification on 12 January 2024.

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.



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12. Contingent liabilities (cont'd)

- (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 stay hearing before the COA was adjourned from 3 May 2023 in which the next case management date at COA has been fixed on 25 May 2023. The stay hearing before the COA has been fixed on 18 July 2023. On 18 July 2023, the COA dismissed UEM Land's Stay Application. However, the appeal proper is still pending before the COA and the next case management date before the COA is on 13 December 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. The decision of the leave application has been fixed on 8 November 2023.

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	66,203
Approved but not contracted for	18,563
Total	<u>84,766</u>



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14. Income tax

	Current year quarter 30/09/2023 RM'000	Preceding year corresponding quarter 30/09/2022 RM'000	Nine months to 30/09/2023 RM'000	Nine months to 30/09/2022 RM'000
Malaysian and foreign income tax				
- current tax	(8,011)	(10,840)	(35,012)	(36,409)
- over/(under)provision in prior periods	2,590	(824)	5,337	(2,464)
Deferred tax				
- relating to origination and reversal of temporary differences	401	4,746	(4,364)	(4,837)
- overprovision in prior periods	2,555	3,015	2,672	11,988
Tax expense for the period	<u>(2,465)</u>	<u>(3,903)</u>	<u>(31,367)</u>	<u>(31,722)</u>

The above is not included discontinued operations with regard to Roc-Union Group.

The effective tax rate (excluding share of results of associates and joint ventures) for the first nine month of 2023 and prior year's preceding period year is higher than statutory tax rate mainly due to non-deductible expenses.

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, 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.



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

- 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 where the eventual unconditional date for the Plot B SPA was 8 June 2023. On 28 June 2023 upon the full payment of the Plot B Price, the Plot B SPA was completed.

As of 7 November 2023, the conditions precedent under the Phase 2 Lands SPA are still pending.

- 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. However, since the Bumiputera release has yet to be secured, the parties agreed to further extend the conditional period to 30 August 2023. Further extend 6 months of the conditional period to 29 February 2024 as agreed by the parties since Bumiputera release has yet to be secured.

As of 7 November 2023, the Bumiputera Release for the final Industrial Plot 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 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 of 7 November 2023, the SPA is pending completion.

- f) The SPA with Kwasa Properties Sdn Bhd, a wholly-owned subsidiary of the Employees Provident Fund Board, to purchase a parcel of freehold land at PT 67 held under H.S.(D) 175392 in Seksyen 40, Bandar Petaling Jaya, Selangor measuring approximately 9.05 acres for a purchase price of RM155.0 million (“Proposed Acquisition”). The Proposed Acquisition is expected to be completed in the first half of 2024.

As of 7 November 2023, the SPA is pending completion.

- g) The Contract of Sale (“Contract”) with Evolution MIT Services Pty Ltd, a trustee for the GS Collingwood Property Trust I (“Evolution”), for the sale of 1.33 acres of land at 21-53 Hoddle Street, Collingwood Vic 3066 in Melbourne, Australia (“Property”) for a purchase price of AUD45.1 million or RM143.3 million (based on the exchange rate published by Bank Negara Malaysia dated 20 June 2023 at 5.00pm where AUD1.00 was RM3.1505) (“Proposed Sale”), and the Fund Through Agreement (“FTA”) with Evolution and UEM Sunrise (Collingwood) Pty Ltd to facilitate the development of the Property for a Build to Rent (“BTR”) development where Evolution appoints UEM Sunrise (Collingwood Development) Pty Ltd (“UEMS Collingwood”) to undertake the construction and development of the Property for a total payment of AUD232.2 million plus GST or RM731.5 million (“Total Payment”) (“Proposed BTR Development”).

The Proposed Sale and Proposed BTR Development are collectively referred to as the “Proposals”. The total estimated transaction value for the Proposals is AUD277.3 million or RM873.7 million.

The Contract is expected to be completed upon the settlement of the purchase price tentatively in the first half of 2025. Construction works for the project is expected to commence in November 2024 with a target to complete separable portion 1 and 2 on 31 March 2027 and 30 June 2027, respectively.

As of 7 November 2023, the Contract is pending completion. As for the Proposed BTR Development, the parties are currently working on the relevant development plans.



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

- h) The Sale of Shares and Claims Agreement ("SSCA") between UEM Sunrise South Africa Proprietary Limited ("UEMSSA"), a wholly-owned subsidiary of UEM Sunrise Overseas Corporation Sdn Bhd ("UEMSOC"), and Azishe Properties Proprietary Limited ("Azishe") for the divestment of UEMSSA's entire equity interest of 80.4% in Roc-Union Proprietary Limited ("Roc-Union") at a total consideration of Rand 118.4 million (equivalent to approximately RM29.5 million) ("Purchase Consideration") on 28 August 2023 ("Proposed Divestment").

10% or Rand 11.8 million (approximately RM2.9 million) of the consideration is paid by way of a non-refundable deposit to the attorneys on behalf of UEMSSA within 5 business days from the SSCA date. The balance 90% of Rand 106.6 million (approximately RM26.6 million) will be paid by way of bank guarantee within 60 business days from the SSCA date ("Guarantee Date").

On the closing date, which is 3 days from the Guarantee Date, UEMSSA will deliver the original share certificates, completed instrument of transfer of the SSCA, Board of Directors' resolutions approving the Proposed Divestment and written resignations of Roc-Union's Directors amongst others, to the Azishe on the closing date. The attorneys will release the Purchase Consideration to the UEMSSA on the next business day after it receives the full Purchase Consideration from the Azishe.

Upon the completion of the Proposed Divestment, UEMSSA and UEMSOC will cease operations in Durban, South Africa.

As of 7 November 2023, the settlement of the balance 90% of the Proposed Divestment is still pending.

- i) The Sale and Purchase Agreement ("SPA") and Development Rights Agreement ("DRA") between Mega Legacy (M) Sdn Berhad ("MLSB") and Pembinaan Kery Sdn Bhd ("PKSB") dated 11 September 2023. The SPA is for the proposed sale of part of the land in Kiara Bay measuring 4.01 acres ("Land") for a total consideration of RM85.0 million ("Land Purchase Price") ("Proposed SPA"). The disposal is anticipated to be completed towards second half 2024.

The DRA is where PKSB gave irrevocable and exclusive rights to MLSB to develop the Land, market and sell the completed property units developed on the Land at a development rights of (a) RM93.5 million; or (b) the aggregate of Land Purchase Price plus PKSB's entitlement to the project profit, which is 20% of the project profit, whichever is higher ("Proposed DRA").

The proposed SPA and Proposed DRA are collectively referred to as the New Proposals.

During the twelve months prior to this New Proposals, the Company has also dealt with the same party and/or persons connected with the party in the New Proposals on 19 May 2023. The SPA between Nusajaya Heights Sdn Bhd ("NHSB") and Sun Sakura Sdn Bhd measuring 66.1 acres for a total consideration of RM86.4 million ("Iskandar Land 1") and SPA between NHSB and Phoenix Legacy Sdn Bhd measuring 2.7 acres for a total consideration of RM2.1 million ("Iskandar Land 2"). Both lands located in Iskandar Puteri. Iskandar Land 1 and Iskandar Land 2 anticipated to be completed within 6 months and 9 months respectively upon fulfilled the conditions precedents from the SPA date.

As of 7 November 2023, the transactions are pending for 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 30 September 2023</u>						
- Islamic Medium Term Notes	-	2,881,450	2,881,450	-	901,901	901,901
- Term loan and Commodity Murabahah Finance	-	7,645	7,645	28,319	-	28,319
- Revolving credits	-	-	-	319,480	63,900	383,380
- Bank overdrafts	-	-	-	8,755	-	8,755
TOTAL	-	2,889,095	2,889,095	356,554	965,801	1,322,355

As at 30 September 2022

- Islamic Commercial Papers	-	2,326,463	2,326,463	-	1,678,033	1,678,033
- Term loan and Commodity Murabahah Finance	50,398	-	50,398	71,207	-	71,207
- Revolving credits	-	-	-	77,000	144,000	221,000
- Bank overdrafts	-	-	-	4,671	-	4,671
TOTAL	50,398	2,326,463	2,376,861	152,878	1,832,033	1,984,911

Since 30 September 2022, the Group drew borrowings of RM2.93 billion including RM1.46 billion of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP"), RM1.30 billion of revolving credits and RM173 million of term loans and structured commodity. The Group also repaid borrowings of RM3.08 billion comprising RM1.69 billion of IMTN and ICP, RM1.13 billion of revolving credits and RM264 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 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 Impresive Circuit Sdn Bhd ("Impresive 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, Impresive 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 Impresive Circuit to pay costs of RM50,000 to each set of solicitors in the appeal.

On 17 February 2023, Impresive Circuit filed an application to the Federal Court for leave to appeal against the Court of Appeal's decision. UEM Land is opposing Impresive Circuit's application. The Hearing for Impresive 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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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. Material litigation (cont'd)

b) (cont'd)

On 20 June 2023, the Federal Court vacated the Hearing for Impressive Circuit's Leave application that was originally scheduled on 27 June 2023.

On 27 June 2023, the Federal Court re-scheduled the Hearing for Impressive Circuit's Leave application on 15 August 2023. Parties are in the process of filing additional written submissions in the Federal Court.

On 15 August 2023, the Federal Court has dismissed with cost Impressive Circuit Sdn Bhd's ("Impressive Circuit") application for leave to appeal against the decision of the Court of Appeal.

The Federal Court's decision brings these proceedings to an end as Impressive Circuit has no further avenue of appeal.

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.



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18. Material litigation (cont'd)

c) (cont'd)

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.

The Tribunal has directed UEM Land to file the closing submission for its counterclaims by 9 July 2023. However, Ireka has been wound up on May 2023. The arbitration proceedings would have to be stayed and leave from the Court are required if UEM Land continue with the proceedings against Ireka as provided under Section 451(2) of the Companies Act 2016. The counterclaims will be time-barred if UEM Land discontinue the proceedings. UEM Land have instructed the solicitors to proceed to seek leave from the Court to continue the proceedings against Ireka.



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

	Current quarter 30/09/2023 RM'000	Immediate preceding quarter 30/6/2023 RM'000	Variance RM'000/(%)
Revenue	312,354	363,955	(51,601) (-14%)
Operating profit	42,424	69,927	(27,503) (-39%)
Share of net results of JV and associates	9,731	19,291	(9,560) (-50%)
Profit before interest and tax	52,155	89,218	(37,063) (-42%)
Finance costs	(38,755)	(44,271)	5,516 (12%)
Profit before income tax	13,400	44,947	(31,547) (-70%)
Income tax	(2,465)	(17,057)	14,592 (86%)
Profit for the period	10,935	27,890	(16,955) (-61%)
Non-controlling interests	(2,598)	(3,192)	594 (-19%)
Profit attributable to Owners of the Parent	8,337	24,698	(16,361) (-66%)

The Group recorded 14% lower revenue in the current quarter as compared with immediate preceding quarter. The Group's revenue for the current quarter was mainly contributed from property development segment which represent 78% from the total revenue, and 69% was recorded in the immediate preceding quarter. Property development revenue was largely attributable to 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, in Iskandar Puteri, contributions were mainly from Senadi Hills, Aspira Gardens and Aspira LakeHomes.

The revenue from land sales dropped in the current quarter to 10% as compared to 22% in the immediate preceding quarter. The Group only recognised RM31 million revenue from the sale of non-strategic land in Iskandar Puteri, Johor in the current quarter as opposed in the immediate preceding quarter, RM69 million was recognised from land sales in Tapah, Perak.

The Group registered a decrease in gross profit margin of 26% as compared to the immediate preceding quarter of 31%. This is mainly due to higher recognition of project cost savings in the immediate preceding quarter. Consequently, the Group recorded a lower operating profit margin of 14% in the current quarter as compared with the immediate preceding quarter of 19% due to above results. Furthermore, with unfavourable share of result from joint ventures and associates in the current quarter, it further dropped the profit after tax to RM11 million as compared to the immediate preceding quarter of RM28 million.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
20. Detailed analysis of the performance for the current quarter

	Current year	Preceding year	Variance		Nine	Nine	Variance	
	quarter	corresponding			months	months		
	30/09/2023	30/09/2022	RM'000/(%)		30/09/2023	30/09/2022	RM'000/(%)	
	RM'000	RM'000			RM'000	RM'000		
Revenue	312,354	355,759	(43,405) (-12%)		917,087	1,137,210	(220,123) (-19%)	
Operating profit	42,424	56,129	(13,705) (-24%)		178,978	173,172	5,806 (3%)	
Share of net results of								
JV and associates	9,731	5,421	4,310 (80%)		24,048	26,943	(2,895) (-11%)	
Profit before interest and tax	52,155	61,550	(9,395) (-15%)		203,026	200,115	2,911 (1%)	
Finance costs	(38,755)	(36,326)	(2,429) (-7%)		(117,062)	(106,877)	(10,185) (-10%)	
Profit before tax	13,400	25,224	(11,824) (-47%)		85,964	93,238	(7,274) (-8%)	
Income tax	(2,465)	(3,903)	1,438 37%		(31,367)	(31,722)	355 (-1%)	
Profit for the period	10,935	21,321	(10,386) (-49%)		54,597	61,516	(6,919) (-11%)	
Non-controlling interests	(2,598)	(968)	(1,630) (>-100%)		(6,208)	(1,442)	(4,766) (>-100%)	
Profit attributable to								
Owners of the Parent	8,337	20,353	(12,016) (-59%)		48,389	60,074	(11,685) (-19%)	

The Group revenue for the current quarter recognised a lower by 12% as compared to the corresponding quarter in 2022, which was mainly from property development revenue contribution of Residensi Solaris Parq in Mont'Kiara which was at the advanced stage of progress completion, Serene Heights, Residensi Astrea in Mont'Kiara, Estuari Gardens and Aspira ParkHomes. Revenue contribution in the current quarter was mainly supported by projects and land sales listed in note 19 above.

The Group's gross profit margin were intact at 26% for both quarters under review. The Group's operating profit margins in the current quarter was recorded slightly lower of 14% as compared to the prior year's corresponding quarter of 16%. This mainly due to higher operating expenses recorded in the current quarter as compared to the corresponding quarter which contributed from higher selling and distribution expenses due to the new project launches and no recognition of fair value adjustment from investment in unquoted shares, among others. The Group subsequently recorded a lower profit after tax and non-controlling interests of RM8 million in the current quarter, compared to the prior year's corresponding quarter of RM20 million based on above results.

The Group's total revenue for the first nine months in 2023 is RM917 million, which indicates 19% lower as compared to the prior year's corresponding period of RM1,137 million. This was partly due to the sale recognition of the 19 industrial plots in SiLC and the sale of non-strategic lands that collectively contributed 22% or RM246 million of the Group's total revenue in the prior period. In the current period, land sales contributed RM127 million towards the Group's total revenue. For the first nine months of 2023, the Group's revenue contribution from property development dropped to RM700 million as compared to prior year's corresponding period amounted to RM807 million. This is mainly due to progression of Residensi Solaris Parq in Mont'Kiara is at the end of completion stage during the prior year's corresponding period and the project is completed in December 2022.

Despite the lower revenue recorded in the current period, the Group recognised higher operating profits contributed by cost savings from completed project and lower operating expenses compared to the prior year's corresponding period. Nevertheless, based on above results, the Group recorded lower profit after tax of RM55 million as compared to RM62 million in prior year's corresponding period. This was partly due to increase in finance cost which contributed by the by new project launches and lower recognition share of result from joint ventures and associates.



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21. Earning per share

	Current year quarter 30/09/2023 RM'000	Preceding year corresponding quarter 30/09/2022 RM'000	Nine months to 30/09/2023 RM'000	Nine months to 30/09/2022 RM'000
Profit for the period attributable to Owners of the Parent from:				
-Continuing operations	8,473	20,871	49,528	61,048
-Discontinuing operations	(136)	(518)	(1,139)	(974)
	<u>8,337</u>	<u>20,353</u>	<u>48,389</u>	<u>60,074</u>
Weighted average number of ordinary shares in issue ('000)	<u>5,058,476</u>	<u>5,058,476</u>	<u>5,058,476</u>	<u>5,058,476</u>
Earning/(loss) per share				
-Continuing operations	0.17 sen	0.41 sen	0.98 sen	1.21 sen
-Discontinuing operations	(0.00) sen	(0.01) sen	(0.02) sen	(0.02) sen
	<u>0.17 sen</u>	<u>0.40 sen</u>	<u>0.96 sen</u>	<u>1.19 sen</u>

22. Prospects for the current financial year

Despite escalating global uncertainties, Malaysia's economy remains resilient with its GDP projected to expand by approximately 4% in 2023, and between 4% and 5% in 2024¹.

Domestic demand in 2023 continues to be buoyed and driven by expansion in consumption and investment spending, supported by favourable labour market conditions, easing inflationary pressures and tourism activities¹. For 2024, private sector expenditure is poised to be the main economic driver, while construction sector is anticipated to record better performance supported by the acceleration of ongoing infrastructure and utilities projects¹.

At a macro level, slower-than-expected growth in China reflected by the nation's property sector crisis also weighed on the global economy². Global growth is projected at 3.0% in both 2023 and 2024¹. The Malaysian property market recorded a stable performance in first half of the year, with value of transactions increasing by 1.1% to RM85 billion from RM84 billion in first half of 2022. The residential property segment continued to drive the market, with more than 60% of total transaction volume, and nearly 53% of total transaction value. Meanwhile, the property market's performance is expected to improve in second half of the year, driven by political stability and launch of major national policies³.

The Group remains financially sound given our gross and net gearing of 0.62x and 0.46x, respectively, and cash balances of RM1.1 billion as of 30 September 2023. Our unbilled sales of RM2.7 billion will be substantially recognised over the next 18 to 48 months.

At the company level, we continue to focus on our three-phase strategic turnaround plan: **Triage**, **Stabilise** and **Sustain**. **Triage**, is the first part of our three-phase strategic turnaround plan which took place in 2022; currently in second stage of Triage this year after achieving majority of the initiatives rolled out last year. This will be followed by remaining phases of **Stabilise** (2024 to 2025) and **Sustain** (2026 and beyond) subsequently.



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

Our year-to-date launches of RM3.4 billion and sales of RM1.8 billion have surpassed our initial targets of RM2.5 billion and RM1.5 billion respectively, as announced beginning of the year. 82% of our sales are from newly launched projects such as The MINH in Mont'Kiara, The Connaught One in Cheras, Senadi Hills in Iskandar Puteri and the Build-to-Rent scheme with Greystar in Collingwood, Australia. In terms of inventories, they have been further reduced from RM203 million at the end of last financial year to RM136 million (as of 30 September 2023), while our receivables have also decreased from RM673 million to RM508 million over the same review period.

In an effort to build up our sales momentum, we recently launched Residensi ZIG, a RISE series product in Kiara Bay with 1,126 units high rise apartments and a GDV of RM646 million, then Intrika, a NEST series product in Serene Heights, Semenyih offering 124 double-storey linked houses with a GDV of RM77 million. Interest in these new launches has been encouraging and we target to leverage on Kiara Bay and Serene Heights' growth momentum to achieve positive take ups within the next several months.

We have also continued our efforts in divesting non-strategic lands and non-core assets. In addition to the sale of 623 acres in Tapah, Perak, and 68 acres in Nusajaya Tech Park (which were both completed in first half of 2023), we entered into an agreement for the divestment of our interest in Durban, South Africa on 25 August 2023, aiming to complete by year end. On the local front, we have disposed a 6% equity interest in Nusajaya Lifestyle Sdn Bhd for a total consideration of RM8.9 million in October 2023.

Note:

¹ *Economic Outlook 2024 released on 13 October 2023 in conjunction with the Annual Budget.*

² *World Economic Outlook Update by the International Monetary Fund dated Oct 2023.*

³ *NAPIC – National Property Information Centre, Press Release, Property Market First Half 2023, 14 September 2023*

23. Profit forecast

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

**Kuala Lumpur
15 November 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**