

# Chairman's Letter to Shareholders

## Meeting the challenge through **Strong Fundamentals**

**Dear Valued Shareholders,**

**On behalf of the Board of Directors (Board) of UEM Sunrise (Company or Group) it gives me great pleasure to present the UEM Sunrise Integrated Report for the financial year ended 31 December 2021.**

The COVID-19 pandemic continued to disrupt markets around the world throughout 2021. In a fast-evolving environment with a subdued economic outlook, UEM Sunrise and its subsidiaries demonstrated strong resilience, strategically channelling our resources to strengthen our fundamentals and reposition our business for future growth.

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**DATO' NOORAZMAN ABD AZIZ**  
Chairman



# Chairman's Letter to Shareholders

**Aspira LakeHomes  
in Iskandar Puteri, Johor**



**Residensi Allevia  
in Mont'Kiara  
(Artist Impression)**



## Navigating a Challenging 2021

In 2021, the COVID-19 pandemic continued to disrupt people's lives, weighing heavily on businesses and economies around the world. Although the global economy continued to recover, the uneven pace of recovery affected global supply chains while the resurgence of new variants slowed the momentum of economic recovery.

Domestically, there were vital signs of recovery in the first half of 2021, signalled by positive business and consumer sentiment and the roll-out of the National COVID-19 Immunisation Programme (PICK). However, the resurgence of new COVID-19 variants led to the imposition of the 11-week long Full Movement Control Order (FMCO) which began in June 2021, followed by a range of measures adopted under the four phases of the National Recovery Plan (NRP). To help businesses get back on their feet and bolster the economy, the Malaysian Government once again introduced various stimulus packages and accelerated the vaccination coverage under PICK. With high vaccination rates achieved and the subsequent easing of containment measures, Gross Domestic Product (GDP) expanded in the fourth quarter of 2021 to 3.6%, mainly supported by improvements in domestic demand as economic activity gradually normalised.

Recovery in the property market was disrupted with the implementation of the FMCO in June 2021. However, with the reopening of the economy in stages at the start of the third quarter, market activity increased with the acceleration of pent-up demand for properties, augmented further by the ongoing Home Ownership Campaign (HOC), which was extended to 31 December 2021. By then, the pandemic had already affected people's purchasing

power, given the disparity in the recovery rate among households across the different socio-economic sectors and income strata, accentuated further by changes in demand trends for space. This is reflected in the increasing number of homebuyers looking for larger and more flexible spaces on a budget while at the same time, there was also strong demand for premium homes in prime locations.

Under the prevailing economic and market conditions, we made good progress in terms of recovery, as we exhibited more robust performance in the first half of 2021 compared to the corresponding period in 2020. However, the second half was a mixed bag, interwoven with challenges due to the FMCO and the NRP.

Nevertheless, we took these in our stride and capitalised on the lockdowns to recalibrate. We re-evaluated and reshaped our growth strategy given the changes in consumer requirements for homes due to the prolonged effects of the pandemic. Decisive, proactive actions were taken to fortify and unlock value from our product pipeline and improve financial performance. For us, it was about safeguarding the business for the long term.

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**Decisive, proactive actions were taken to fortify and unlock value from our product pipeline and improve financial performance.**



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We recognised the significant business opportunities to be leveraged on. We accelerated our sales initiatives, capitalising on the low interest environment and taking advantage of the numerous incentives offered under the HOC. We focused on building deeper connections with our customers and consumers, leveraging our digital capabilities and social media platforms to build awareness of our products and drive sales. With the various campaigns launched running parallel with the HOC, we exceeded our sales target in 2021, and achieved RM1.5 billion.

We took bold steps to acquire lands in Petaling Jaya and Taman Connaught, Cheras both in the Central region after successfully creating a presence in Kepong, Kuala Lumpur via our mixed-

integrated development, Kiara Bay. The new development in Taman Connaught is targeted for launch in the second half of this year. We also went ahead and introduced new structural processes to improve operational and cost efficiency throughout the organisation.

During the course of the year, I recognise that our ability to push ahead with our strategies is a testament of the capable team we have at UEM Sunrise. While we continuously paid close attention to their overall health and well-being, we understood that it was also challenging for them, both on the personal and professional fronts. Nevertheless, our employees which form the backbone of this company, continued to be a valuable source of support and inspiration for us to realise our goals.



***UEM Sunrise volunteers posed for a group photo after the small but successful handover ceremony in front of the Company's satellite office in Iskandar Puteri, Johor. In line with its CHIEF values, the Company is happy to empower communities through its CSR initiatives.***

### Continuing our Sustainability Agenda

Sustainability plays a pivotal role in realising our vision *"Building communities of the future with you and for you"*. Before the pandemic in 2020, efforts were already underway to set UEM Sunrise on the path of transformation as we began to integrate sustainability into our operations and products. The pandemic has also given us the opportunity to accelerate our efforts and to gain insights which have helped us reassess our operations and strategies.

As part of our commitment to balance business aspirations with the well-being of our people, communities and the needs of the future generations as well as respect for the environment, we focused on further embedding our ESG strategic values across the organisation

as part of our long-term strategy. In this regard, we aligned the UEM Sunrise Sustainability Blueprint 1.0 to the United Nations Sustainable Development Goals and the Government's 12<sup>th</sup> Malaysia Plan, which among others, focused on accelerating green growth, sustaining a low carbon pathway and enhancing energy sustainability. This in turn reinforced our commitment towards contributing positively to future generations.

The UEM Sunrise Sustainability Blueprint 1.0 represents our ambition of building a low carbon future by 2030 with the eventual goal of reaching carbon neutrality by 2050. A low carbon future by 2030 means we will manage our carbon and water footprint and increase energy efficiency across all our operations. We will also create positive social impact in the communities where we

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operate while providing a safe and healthy workplace for our workforce. In addition, we will improve project delivery through process enhancement and transformation. A number of our developments are already piloting this approach outlined by our Blueprint which will also compel us to create value from ESG principles and to rethink how we look at property development.

As a testament to our efforts in adopting ESG principles, we are proud to have remained as one of the handful of property developers to be a constituent of the FTSE4 Good Bursa Malaysia Index (F4GBM) during the year in review. We also received a gold assessment on the review of our Sustainability SUKUK Framework from Malaysian Rating Corporation Berhad (MARC). The external review was conducted according to MARC's methodology in its Impact Bond Assessment framework. The assessment further strengthens our journey in entrenching the sustainability agenda in a holistic manner.

### Caring for our Communities

Throughout the year, we remained steadfast in our efforts to reach out to the communities around us, providing 100 personal computers to 10 PINTAR-adopted schools in Iskandar Puteri, Johor, to help over 6,500 students cultivate their digital literacy. We also distributed essential provisions to 1,000 individual and families consisting of the elderly in senior nursing homes, children in orphanages as well as underprivileged families in various communities around the Klang Valley who were impacted by the pandemic via our COVID-19 Livelihood Assistance Programme.

We also extended our outreach efforts to Melbourne, Australia where we provided free, fresh and culturally appropriate food to the international student community there by conducting the very first Foodbank International Student Pop-Up Store, in partnership with Foodbank Victoria. This was done to help international students who were experiencing food insecurity due to unexpected unemployment and ineligibility to receive financial support from the Australian Government during the COVID-19 pandemic. From October 2020 to December 2021, more than 66,420 international students from 134 different nationalities visited the store which distributed an estimated 608,960 kg of food.

Located at Foodbank Victoria's prime retail space at Aurora Melbourne Central, this initiative opened up employment opportunities for the students and at the same time, helped them address mental health challenges. It was a proud moment for us as we were one of the first few property developers to initiate this grassroots programme; from conceptualisation; to planning and delivery of the pop-up store.



● **First Foodbank International Student Pop-Up Store in Melbourne, Australia**

We added another accolade in this area, winning the Highly Commended Award under the Large Organisation category at the Sustainable Business Awards, Malaysia 2020/21. These awards reaffirmed our course in establishing a sustainable value chain for our customers and investors.

Moving forward, we remain committed to embedding the principles of sustainability throughout the organisation as this will ensure we are not only meeting the needs of our stakeholders, but also going above board to safeguard the environment. For the Group, it is about conducting our business in the right manner as this will ensure the long-term success of UEM Sunrise.

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## Strengthening Governance

At UEM Sunrise, we continued to uphold the principles of good governance as this is embedded in across the organisation, including in our dealings with investors and stakeholders. Guided by our Board Charter, we remained committed to practising a high standard of corporate governance, ethics and integrity which underpins the way we do business and is embedded in the culture of the Company. Nevertheless, we were also cautious of emerging risks given the constantly changing environment. In this respect, we employed stronger diligence in monitoring risks to ensure we were able to meet our near-term goals and priorities.

The Malaysian Code on Corporate Governance (MCCG) was updated in April 2021, compelling organisations to adopt more robust governance practices. We ensured that we aligned ourselves to these updated requirements as this would strengthen the governance practices of UEM Sunrise and its Board. Along with this, we updated our Board Charter with the establishment of the Diversity, Equity and Inclusion Policy to create a more inclusive culture at UEM Sunrise, reinforced Board appointments criteria which will now be under the purview of the Nominations and Remuneration Committee, and improved oversight with regard to remuneration and whistleblowing, amongst others.

Efforts taken to strengthen our culture of Corporate Governance, transparency, accountability and integrity amidst a challenging business landscape did not go unrecognised. Our corporate

**Received maximum score of 5.0 in the Governance category of F4GBM.**

governance disclosure rankings increased during the year in review, and we received an improved maximum score of 5.0 in 2021, an increase from 3.6 in 2020, in the Governance category of the F4GBM. We also won the Minority Shareholders Watch Group (MSWG)-ASEAN Corporate Governance Award 2020 in the Industry Excellence Award category. Conferred in August 2021, it was our second award within a span of three years.

To strengthen the culture of integrity at UEM Sunrise, we conducted UEM Sunrise's Integrity Day on 10 December 2021, where we signed the Corruption-Free Pledge with the Malaysian Anti-Corruption Commission (MACC) to reaffirm our commitment towards upholding organisational integrity and zero-tolerance against any form of corruption. Conducted in conjunction with the International Corruption Day, this pledge was led by our Chief Executive Officer, Sufian Abdullah, together with our Board, employees and business partners.



**Chairman**

**Dato' Noorazman Abd Aziz said:**

***It is an honour to be in good company and to have our efforts recognised with this prestigious accolade. Corporate Governance is a vital component upheld by our Board in delivering value to our stakeholders and forms the basis of our culture of professionalism and integrity.***



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We also recognise that sustainability is a central component of our overall growth, and it is therefore managed by a core team and overseen by the Board Governance and Risk Committee. This demonstrates the integration of ESG risks and benefits into our long-term strategy, which is part of the recent amendments outlined in the MCCG.

### Outlook and Prospects

In 2022, the Malaysian economy is expected to be on the path of recovery, although there may be challenges due to the external and demand factors including weaker-than-expected global growth, geopolitical tensions, supply chain disruptions and the emergence of new COVID-19 variants. Notwithstanding the prevailing economic outlook, we believe that property sales will remain strong given the current property prices and pent-up demand amid the ongoing economic recovery in addition to positive consumer sentiment. However, challenges ahead are expected, in view of the absence of the HOC, coupled with the likely increase in building costs and materials as well as possible interest rate hike by the central bank.

From now until 2023, improvements in key areas of our strategic turnaround plan will be critical in realising our aspiration and building a resilient future. As we continue to identify our issues, and progressively take the steps to make things right we will continue to focus on unlocking value from our products and accelerate cost optimisation initiatives to strengthen financial performance. We will also carry on with our digital transformation journey as means to drive further growth.



***...we will continue to focus on unlocking value from our products and accelerate cost optimisation initiatives to strengthen financial performance.***



We believe we have what it takes to realise the targets we have already set out for 2022. Building on our competitive advantage, we are confident of responding to the challenges that we will continue to face in the market, and place UEM Sunrise in a more robust position. The next few years will be crucial as it presents a clear roadmap towards realising our long-term aspirations to be a balanced, real estate company with sustainable returns, while at the same time, deliver real, meaningful value to our shareholders as well as stakeholders.

### Acknowledgements

I would like to take this opportunity to thank our retired Directors, Tan Sri Dr Azmil Khalili Dato' Khalid, Datin Teh Ija Mohd Jalil, and Ungku Suseelawati Ungku Omar for their invaluable contributions towards UEM Sunrise.

I also warmly welcome Mr Alex Yeow Wai Siaw and Datin Sri Badrunissa Mohd Yasin Khan to the Board, after their appointment as new independent non-executive directors in 2021.

For their counsel and wisdom in leading us through this challenging environment during the past year, I can only offer my deepest appreciation and gratitude to the Board and Senior Management team.

Last but not least, I want to take this opportunity to acknowledge the continued support of our shareholders and stakeholders during this challenging year. My thanks also goes to our employees for their loyalty and dedication in helping us in our journey of recovery. Even though 2022 will be tough, I look forward to working with each and every one to realise our goals over the next 12 months.

**Dato' Noorazman Abd Aziz**  
Chairman