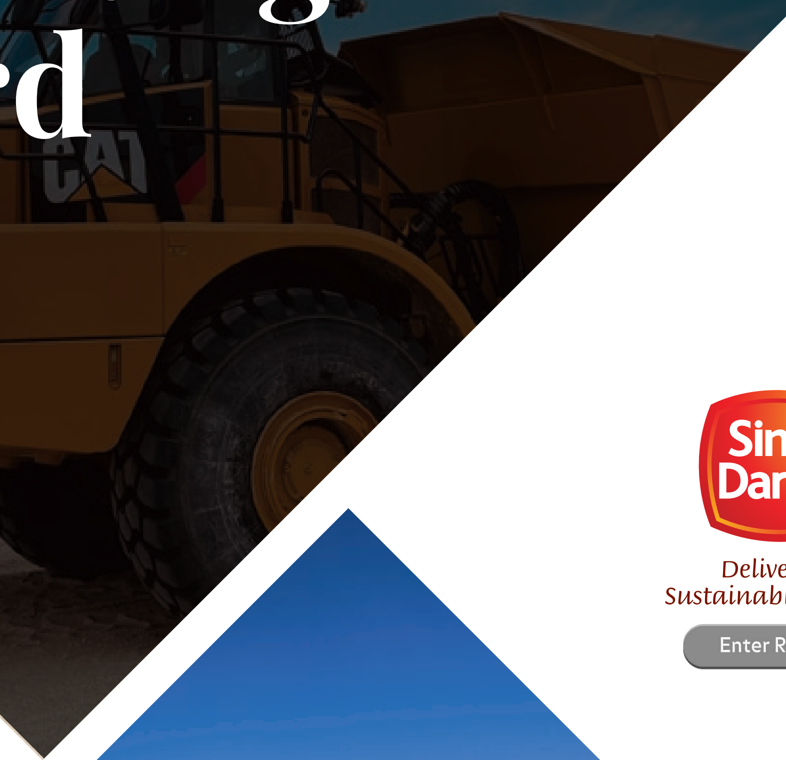
Delivering Value Accelerating Forward

Annual Report 2021



Sime Darby

Delivering Sustainable Futures

Enter Report

15th Annual General Meeting

Live Broadcast

Function Room,
Ground Floor,
Menara Sime Darby,
Oasis Corporate Park,
Jalan PJU 1A/2,
Ara Damansara,
47301 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

Thursday,
18 November 2021
at 10.00 a.m.

Our Vision

To be the leading Motors and Industrial player in Asia Pacific.

Our Mission

We are committed to developing a winning portfolio of sustainable businesses.

We subscribe to good corporate governance and high ethical values.

We continuously strive to deliver superior financial returns through operational excellence and high performance standards.

We provide an environment for our people to realise their full potential.

Our Core Values

Integrity
Uphold high levels of personal and professional values in all our business interactions and decisions.

Respect and Responsibility
Respect for the individuals we interact with and the environment that we operate in (internally and externally) and a commitment to being responsible in all our actions.

Excellence
Stretch the horizons of growth for ourselves and our business through our unwavering ambition to achieve outstanding personal and business results.

Enterprise
Seek and seize opportunities with speed and agility, challenging set boundaries.

Delivering Value Accelerating Forward

In a year that was plagued with uncertainty and challenges posed by the continuing COVID-19 pandemic, we achieved tremendous success and delivered on our Value Creation Plan through a diversified portfolio of sectors and geographies, unwavering focus on innovation and disciplined financial management. Buoyed by our success, we are now shifting gears to focus on the future by accelerating our growth strategies and seizing opportunities that arise.

Contents

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China was the first country to recover from the initial wave of COVID-19 and as a result, was the only mainstream automotive market to enjoy growth in 2020. International travel restrictions and stimulus spending fueled a surge in demand for luxury cars in China that continued well into 2021.

Surge

Read about our Value Creation Plan on pages 40 and 41
Revenue Enhancement, Cost Optimisation, Organic Business Expansion

It was no surprise that Sime Darby Berhad's operations in China turned in a stellar performance with brands like BMW, MINI, Rolls-Royce, McLaren and Lamborghini in its portfolio. In China, the luxury car market expanded by 14.7% in 2020 and 37.0% in the first half of 2021. Our China operations sold 44,356 cars in FY2021, an increase of 31.6% from last year.

The outlook for luxury cars remains bright in the medium term and we have expanded our network in anticipation of this. In FY2021, we opened seven new facilities including one each in Tier 2 and Tier 3 cities. This brings our network in China to 35 facilities in 13 cities, situated predominantly along the Southern and Eastern seaboard.

We intend to continue expanding our addressable market by growing our retail footprint.

Luxury Car Spending in China

> Worth US$150 billion in 2020 and projected to be worth US$260 billion by 2026.

> China's luxury vehicle sales in 2020 exceeded three million units, up 14.7% from 2019.

> In 2021, BMW delivered its best ever Q1 sales results in China, selling 229,000 BMWs compared with the 222,000 sold by its closest rival in the same segment.

Our Progress in EV Adoption

FY2020

- **Jul 2019** — Opened BYD showroom Singapore
- **Sep 2019** — Opened NIO after-sales facility in Shenzhen, China
- **Mar 2020** — Opened Li Auto (body and paint) in Hainan, China

FY2021

- **May 2021** — Opened Li Auto (body and paint) in Qujing, China
- **May 2021** — Opened Weltmeister showroom in Changsha, China

In Demand

Our Presence in China

> **Foothold established since 1994.** Sime Darby Motors entered China through the opening of a 2S after-sale centre for BMW in the Guangdong and Hainan provinces. Today, we represent a diverse range of luxury and super luxury marques in China including BMW, Lamborghini, Rolls-Royce, Volvo and McLaren.

> **Presence in major Chinese cities.** Our retail BMW/MINI operations are spread across 11 cities across China namely Changsha, Chengdu, Chongqing, Dongguan, Guangzhou, Haikou, Kunming, Qujing, Shanghai, Shantou and Shenzhen. In Hangzhou, Nanjing and Shanghai, we represent Rolls-Royce, Lamborghini and McLaren.

> **Expanding brand portfolio.** In FY2021, we opened two Volvo dealerships in Shenzhen and Kunming (with another one under construction in Guangzhou).

Gearing Up for the Electric Vehicle Revolution

China is currently the world's largest market for electric vehicles (EVs) and is set for further growth with the Chinese government setting a target of 40% of all motor vehicle sales to be EV by 2030.

This shift to EV aligns with the aspirations of car makers and Sime Darby's commitment towards "Delivering Sustainable Futures".

In the last two years, we have opened four EV facilities in China and one in Singapore. We plan to leverage on these new partnerships to expand our network and explore synergistic opportunities within the EV ecosystem.

Growing our Healthcare Business

Read about our Value Creation Plan on pages 40 and 41
Revenue Enhancement, Expand Healthcare

"Healthcare presents tremendous growth opportunities for Sime Darby Berhad. Operating in the premium healthcare space in South-east Asia, our joint venture company Ramsay Sime Darby Health Care, is well positioned to ride several structural megatrends in the region. These trends include the region's aging demographics, the prevalence of chronic diseases, increasing healthcare penetration, growing affluence of Asian society and medical tourism."

For Sime Darby, the Healthcare portfolio balances the cyclicality of the Group's core businesses and provides a recurring income profile.

For these reasons, we have been actively seeking opportunities to grow Healthcare as our third business pillar since the demerger exercise in 2017. Our hospitals in Malaysia and Indonesia are already leading brands in the region. Our flagship hospital, Subang Jaya Medical Centre (SJMC), was named "Malaysia's Hospital Company of the Year" at the 2021 Frost & Sullivan Asia Pacific Best Practices Awards.

In FY2021, we strengthened our Healthcare business with the acquisition of Manipal Hospitals Klang, a high-end tertiary care hospital in Klang, Malaysia. The acquisition extends the reach of our distinctive brand of award-winning healthcare and furthers our ambition in the healthcare sector.

Q&A

Why is Manipal Hospitals Klang an important step forward for Sime Darby Berhad?

> The acquisition of Manipal Hospitals Klang extends the reach of our distinctive brand of award-winning healthcare and furthers our ambition in the healthcare sector.

> With Manipal Hospitals Klang, our healthcare portfolio now consists of seven strategically located hospitals in Malaysia and Indonesia. These assets serve as a bedrock for future market expansion in South-east Asia and fit in with our carefully plotted growth trajectory for the Healthcare division.

What are the mega health trends supporting the growth of healthcare in the South-east Asian region?

> **Shifting focus.** Consumers are shifting their focus from reactive healthcare to preventive health and wellness.

> **Rise in telehealth.** The use of telehealth has intensified from pre-COVID-19 baselines and will continue to flourish post-COVID-19. Telehealth Plus, Ramsay Sime Darby Health Care's digital health application featuring virtual access, capitalises on this trend.

> **Ageing population.** Some of the most rapidly ageing countries in the world are in South-east Asia. This will generate new opportunities in healthcare areas such as geriatric care and medical tourism.

> **Fast-growing middle class populations.** By 2022, there will be a middle class population of approximately 350 million in South-east Asia, which will spur demand for higher quality healthcare.

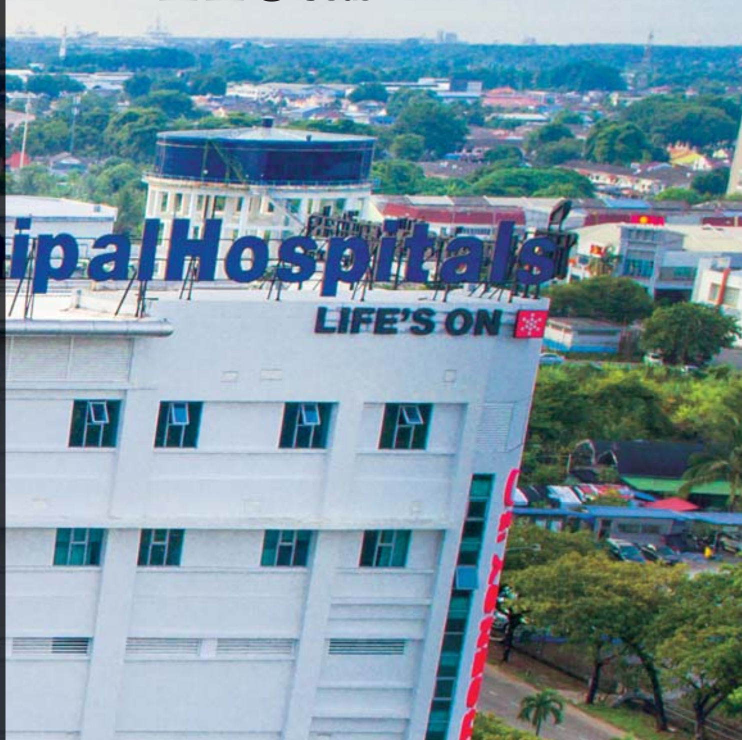
> **Underserved in quality healthcare.** Many South-east Asian markets are underpenetrated in the healthcare space. In Malaysia and Indonesia, the healthcare infrastructure base offers less than 2.0 beds per 1,000 people. In comparison, Germany has 8.0 beds per 1,000 people and Japan has 13.05 beds per 1,000 people.

Acquisition of Manipal Hospitals Klang

Purpose-built
facility established in 2016

30+
speciality services

220 beds



Only state-of-the art
trauma centre
in Klang Valley

A strategic location
Klang Valley has a population of over 8 million people which represents about 24% of Malaysia's population

A synergistic
hub-and-spoke model
Serving as a feeder, Manipal Hospitals Klang will refer patients requiring specialty treatments unavailable at its facility to Subang Jaya Medical Centre, Ramsay Sime Darby Health Care's flagship hospital in Klang Valley

Read about our Value Creation Plan on pages 40 and 41
Revenue Enhancement, Cost Optimisation, Synergistic Mergers & Acquisitions, Organic Business Expansion

Extending our Capabilities Beyond our Core

To deliver greater value to our customers, we vigorously pursue businesses that border our core and extend our competencies along the value chain. Our strategy is to leverage on our expertise to provide additional services and solutions to our customers, to better support their needs and growth aspirations.

How do we extract more value?

Providing New Solutions to Existing Customers

Our expertise in supporting the mining and construction industries has equipped us with a keen appreciation of our customers' needs. Capitalising on this insight, we developed new value-adding solutions to provide further support for our customers.

> **Chrome plating.** Through AustChrome, our cylinder refurbishment and chroming business in Australia, we offer chrome plating, particularly to those in the mining sector, for the repair and maintenance of their machinery. AustChrome works closely with Hastings Deering to deliver outstanding customer service and after-sales support to our customers across Central Queensland. Our acquisition of HMG Hardchrome – another leading chroming service provider in Australia – has further consolidated our position in this market.

> **Lifting systems.** We provide our mining customers in Australia and North America with access to the Pakka Jacks range of lifting systems through our wholly-owned subsidiary TFP Engineering Pty Ltd. The Pakka Jacks line is used for the maintenance of large mining excavators. Its proprietary lifting systems offer a huge range

of capabilities across a broad spectrum of applications for the mining business.

> **Efficient diesel alternatives.** Through Mine Energy Solutions – a joint venture between Sime Darby Berhad and IntelliGas – our mining customers can use cutting-edge engine and fuel management technology that converts their diesel-powered engines into dual and tri-fuel systems that can run on High Density Compressed Natural Gas (HDCNG). Hydrogen trials are starting in late 2021 which will allow our customers to significantly reduce their fuel costs and, more importantly, greenhouse gas emissions, so that they may achieve their decarbonisation commitments as soon as possible.

> **Rental.** Our acquisition of Salmon Earthmoving Holdings (Salmon Australia) solidifies our presence in the Australian construction sector and extends our industrial footprint in Australia. Salmon Australia is a leading provider of rental services in Australia, servicing the civil construction and mining sectors. In addition, we gain a footing in New South Wales, where we did not have a presence previously. The acquisition almost doubles our market share in the heavy equipment rental market.

Through Partnerships in the Mobility and Electric Vehicle Space

The Motors Division is embarking on a variety of adjacent businesses, to future-proof itself against emerging automotive trends. Initiatives in this direction include:

> **Investing in mobility.** In the second half of 2021, we made strategic capital investments in SOCAR, illustrating our commitment to grow in the mobility space. We are collaborating on several initiatives in the ecosystem such as after-sales and used cars. In addition, our rental cars, via Sime Darby Rent A Car, are offered for hire on SOCAR's platform to increase utilisation by reaching a broader market.

> **Digitalising our used car business.** Sime Darby Auto Selection (SDAS), our certified pre-owned car retailer in Malaysia, has partnered with MyTukar, an online used car marketplace, to revolutionise the pre-owned car buying journey for customers. The collaboration has enhanced SDAS' ability to price its inventories competitively and speed up the transaction process by providing trade-in valuations for customers online.

> **Pioneering the transition to Electric Vehicles (EV).** Sime Darby Motors is retooling its operations to be future-ready as the automotive industry progresses towards EV. We have progressively began equipping our dealerships with superchargers, designated EV service bays and certified technicians for EV readiness. Through Sime Darby Industrial, we are also a distributor of ABB chargers. This positions us to become a leading EV charging solution provider in Malaysia. Finally, we are actively seeking out partnerships with New Energy Vehicle (NEV) manufacturers to complement the EV models offered by our existing partners.

As part of our Value Creation Plan, we actively reallocate capital from non-core assets into our core businesses. This strategy has been key to unlocking value and accelerating growth for Sime Darby in FY2021.

Read about our Value Creation Plan on pages 40 and 41
Revenue Enhancement, Cost Optimisation, Monetisation of Non-Core Assets

Sharpen Focus

In FY2021, we divested our 30% stake in Tesco Stores (Malaysia) Sdn Bhd (Tesco Malaysia) and our investment in three river ports in Jining, China. We also sold our remaining stake in Malaysian property developer Eastern & Oriental Berhad (E&O). Our streamlined portfolio following these divestments puts a sharper focus on our core businesses.

This sharpened focus enabled us to pay special dividends and led us to redeploy our capital to fund strategic expansion activities in our core businesses, both organically and through mergers and acquisitions.

Major Divestments for the Year

Sale of stake in Tesco Malaysia

2001	2002	Apr 2020	Dec 2020
Entered joint venture	Opened first store in Puchong	Announced intention to divest	Transaction approved by Malaysian Ministry of Domestic Trade and Consumer Affairs

Total proceeds (net of expenses and tax) realised: RM272 million, which contributed strongly to FY2021 profits

ed

Sale of stake in E&O

- Initial investment in E&O was made in 2011 by the property division of Sime Darby
- Earmarked for divestment since the demerger in 2017, as we are no longer in the property business
- Remaining 11% stake sold in March 2021
- Total proceeds realised: RM93 million

Divestment of Jining Ports

- With the Group's sharper focus on its core trading model, the ports business is no longer deemed a core business
- Inked agreement to divest interest in three river ports in Jining, China, in December 2020
- Exit is staggered over three years, with completion by 2023
- Total investment in the three ports: RMB291 million (RM179.8 million)
- Total contribution in dividends: RMB141 million (RM87.1 million)
- Total proceeds (to be realised over three years): RMB293.9 million (RM182.5 million)

About This Report

The Sime Darby Annual Report (SDAR) covers the financial and non-financial performance of Sime Darby Berhad for the financial year 2021 (FY2021). The SDAR informs our stakeholders regarding our key developments, challenges, solutions and strategies and is part of our commitment to open communication and full accountability.

How We Can Further Improve

Sime Darby endeavours to engage all stakeholders in a fair and transparent manner, and values all feedback that can help us do this better.

We welcome queries and comments on this Report. Please contact our Investor Relations team at:

(603) 7623 2000

investor.relations@simedarby.com

Reporting Philosophy and Principles

The SDAR details the Group's key achievements, initiatives and results in FY2021. It charts our progress in meeting our medium to long term strategic goals. It also offers insights into our strategies, operations and long term sustainability. It provides stakeholders with the most relevant information for their needs and investment decisions. Our financial statements are independently audited and prepared in compliance with the Malaysian Financial Reporting Standards (MFRS).

Reporting Frameworks

We acknowledge that the International Integrated Reporting Council (IIRC) has now merged with Sustainability Accounting Standards Board (SASB) and welcome a more coherent and streamlined corporate reporting system in due course. As much as possible, the SDAR continues to adopt the IIRC framework as part of our integrated thinking journey. This annual report marks our eighth Integrated Report (IR). It is also aligned to the United Nations Sustainable Development Goals (UN SDG), with clear identification of strategic sustainability matters that have a material impact and influence on our business and stakeholders over time. Our reporting processes and publications meet the relevant requirements of the Malaysian Code on Corporate Governance 2017 (MCCG 2017), the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, the Companies Act 2016, the MFRS and the International Financial Reporting Standards.

Reporting Scope and Boundaries

The SDAR presents the performance of Sime Darby's value-creating activities during the period 1 July 2020 to 30 June 2021. Unless otherwise indicated, data presented encompasses all Sime Darby subsidiaries.

In setting our reporting boundaries, we considered aspects that have both internal and external impact on our business. Internal impact refers to impact from all operations and entities managed by the Group includes all subsidiaries. External impact refers to impact in situations where we do not own the assets or directly engage or employ workers, or where we operate the assets under a contractual obligation. Beyond these prescribed boundaries, we also report on developments, impacts and data deemed to have a high material impact on the business performance, based on our materiality assessment.

Total Recordable Injuries (TRI) includes Lost Time Injuries (LTI), occupational injuries, illnesses or fatalities that cause the injured worker to be unable to work for any planned full work shift, subsequent to the shift during which the injury occurred; Restricted Work Injuries (RWI), where the worker has some capacity for work; and Medical Treatment Injuries (MTI), where the worker has received medical treatment beyond first aid, and continues to work. Within the SDAR, TRI is a safety metric used to track workplace safety and has replaced LTI used in previous years as it provides a more complete view of the injury risk profile, recording more than those injuries resulting in lost days.

A TRI is registered as a safety statistic when the injury is confirmed as a work-related compensable case and/or is confirmed by a medical practitioner, as deemed appropriate by the jurisdictional regulatory authority, as a work-related injury.

For a LTI this includes any full scheduled work day a worker was unable to work, excluding the day of injury; for an RWI the restriction must affect a significant part of the employee's routine job function and for an MTI it is treatment beyond first aid, not including medical observation, preventive or investigative treatment or counselling, by a registered medical practitioner in the jurisdiction of injury.

For the purposes of this Report, the term "net profit" refers to "net profit attributable to owners of the Company". The SDAR should be read together with the information available on our website http://www.simedarby.com for a comprehensive overview of the Group.

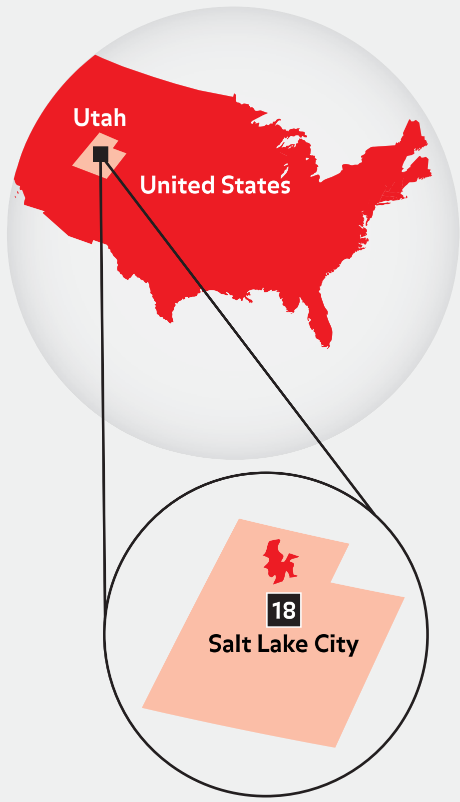
Our Use of Forward-Looking Statements

Throughout the Report, we use forward-looking statements that relate to the plans, objectives, goals, strategies, future operations and future performance of our organisation. Such statements usually contain words like 'anticipates', 'believes', 'estimates', 'expects', 'intends', 'may', 'plans', 'projects', 'should', 'would' and 'will', among others. We do not intend for these statements to be guarantees of future operating, financial or other results, as they involve risks, uncertainties and assumptions in their representation of possible scenarios. Actual results and outcomes could differ significantly from those expressed or implied. We make no expressed or implied representation or warranty that the results anticipated by these forward-looking statements will be achieved. We are under no obligation to update either these forward-looking statements, or the historical information presented in this Report.

Glossary

ABMS	Anti-Bribery Management System
AGM	Annual General Meeting
BCM	Business Continuity Management
BEA	Board Effectiveness Assessment
Bursa Securities	Bursa Malaysia Securities Berhad
CAT	Caterpillar
CEL	China Engineers Limited
CEP	Core Executive Programme
COBC	Code of Business Conduct
ERM	Enterprise Risk Management
FY	Financial Year
GAC	Governance & Audit Committee
GCAD	Group Corporate Assurance Department
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
GCI	Group Compliance & Integrity
GCSSO	Group Chief Safety & Sustainability Officer
GHO	Group Head Office
GHR	Group Human Resources
GPA	Group Policies & Authorities
GPPA	Group Procurement Policies and Authorities
GRM	Group Risk Management
IR	Integrated Report
JV	Joint Venture
KPI	Key Performance Indicator
KRI	Key Risk Indicators
M&A	Mergers and Acquisitions
MCCG 2017	Malaysian Code on Corporate Governance 2017
MMLR	Main Market Listing Requirements
NGOs	Non-governmental Organisations
NRC	Nomination & Remuneration Committee
PBIT	Profit Before Interest and Tax
RMC	Risk Management Committee
ROAIC	Return on Average Invested Capital
ROE	Return on Average Shareholders' Equity
ROIC	Return on Invested Capital (calculated as PBIT/Invested Capital)
RPT	Related Party Transactions
RRPT	Recurrent Related Party Transactions
Sime Darby	Sime Darby Berhad
VCP	Value Creation Plan

Group Overview



With operations in 19 countries and territories, we continue to grow, delivering sustainable value to our stakeholders.

19
Countries and territories[1]

21,943
Employees[2]

1	Australia	■	■		
2	Brunei	■			
3	China	■	■		■
4	Hong Kong	■	■	■	
5	Indonesia			■	
6	Japan	■			
7	Macau	■	■		
8	Malaysia	■	■	■	
9	Maldives	■			
10	New Caledonia	■			
11	New Zealand	■	■		
12	Papua New Guinea	■			
13	Singapore	■	■		
14	Solomon Islands	■			
15	South Korea	■			
16	Taiwan		■		
17	Thailand	■	■		
18	United States	■			
19	Vietnam	■			

Geographical Diversification

We have a diversified portfolio across different sectors and geographies, giving us the unique ability to leverage on an established network to broaden our earnings base.

Leading Partnership with Premium Brands

We are the partner of choice for some of the world's leading brands, giving our customers access to a network of world-class products and services.

Significant Growth Potential

We are continually growing our position and strengthening our foothold in key markets through strategic expansion opportunities and organic investment in innovation.

Strong Financial Profile

Our strong financial position and low gearing allows us to capitalise on growth opportunities to enhance shareholder value.

Empowered and Engaged People

Our talent pool of employees with diverse experiences and strong capabilities is supported by an inclusive and collaborative workplace culture, enabling the successful delivery of our Value Creation Plan (VCP).

Industrial | Motors | Healthcare | Logistics

Staff Strength

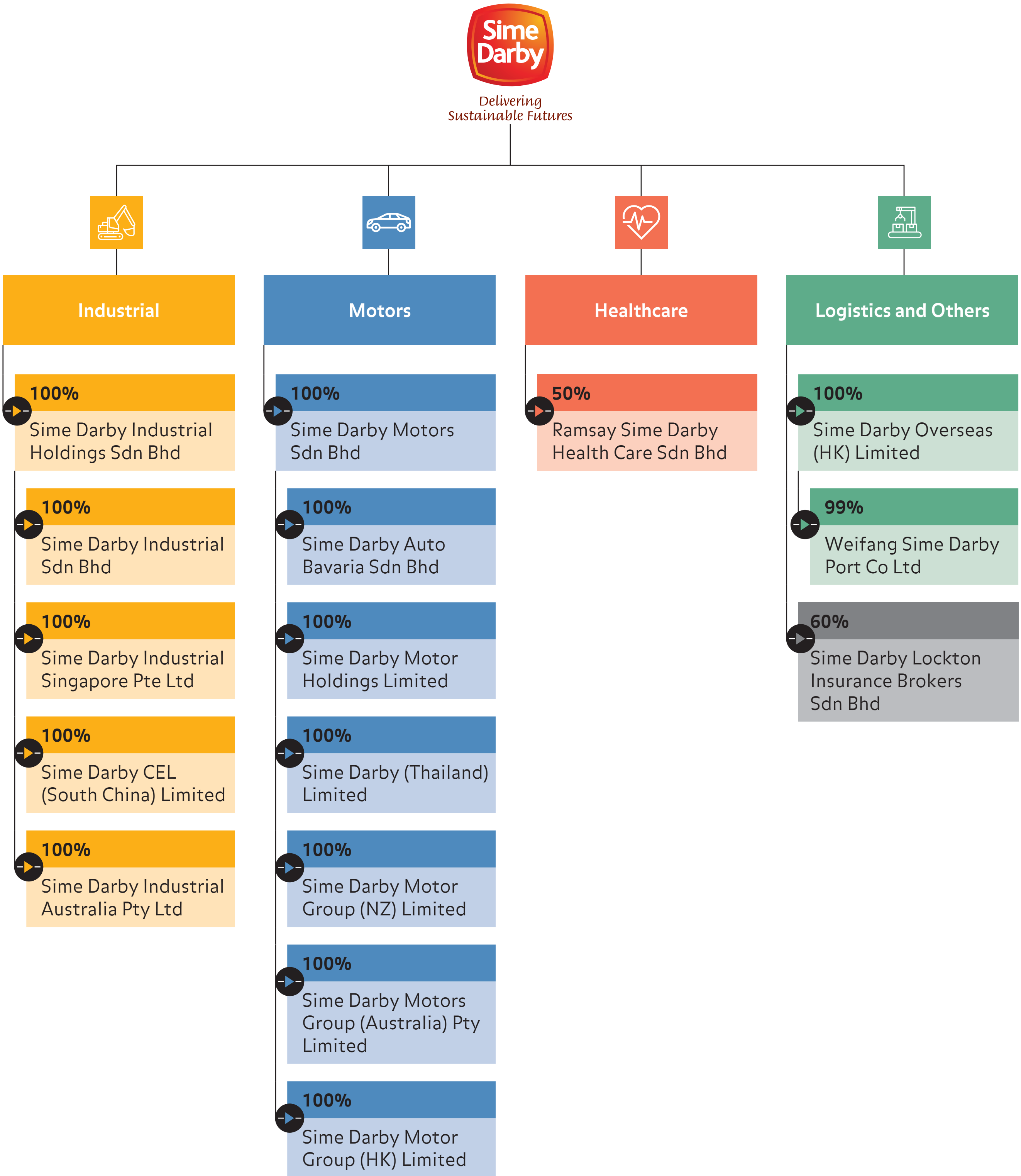
Industrial	Motors	Logistics	Group Head Office	Others
9,547	11,698	455	140	103

[1] Geographical footprint is defined as locations in which Sime Darby has assets, employees or distribution rights, and includes joint venture (JV) operations (i.e. Ramsay Sime Darby Health Care's operations in Indonesia).

[2] As at 30 June 2021. Includes Group Head Office, Sime Darby Industrial, Sime Darby Motors, Sime Darby Logistics and other businesses. Excludes employees of Ramsay Sime Darby Health Care.

Corporate Structure

As at 30 June 2021



Note:
Please refer to pages 286 to 302 for the list of companies in Sime Darby Berhad.

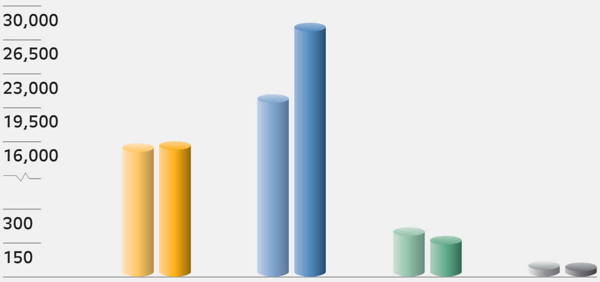
Highlights

Financial

Revenue (RM million)

44,483
(36,934 in FY2020)

FY2020 FY2021

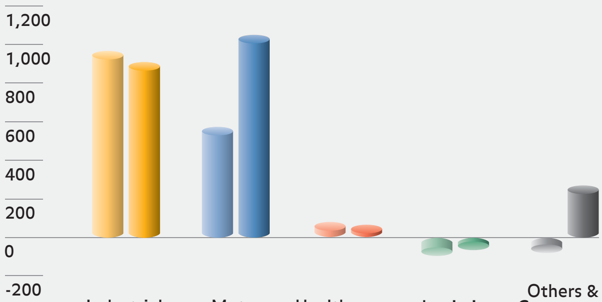


	Industrial	Motors	Logistics	Others
FY2020	15,794	20,852	219	69
FY2021	16,004	28,235	181	63

Profit Before Interest and Tax (RM million)

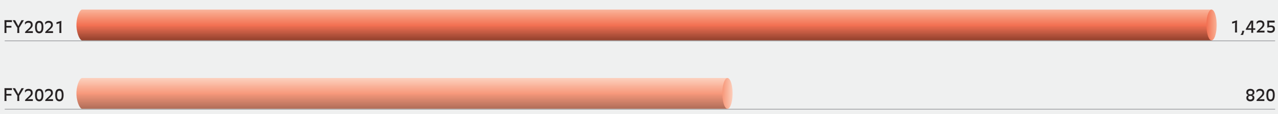
2,181
(1,407 in FY2020)

FY2020 FY2021



	Industrial	Motors	Healthcare	Logistics	Others & Corporate
FY2020	967	574	39	(94)	(79)
FY2021	909	1,050	15	(64)	271

Net Profit (RM million)
FY2020 FY2021

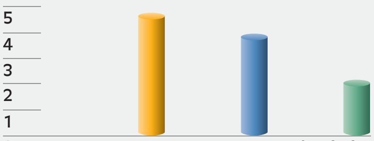


Non-Financial

Safety

4.2

Total Recordable Injury Rate
(Total number of recordable injuries per 1,000,000 hours worked by permanent and contract employees)



Industrial	Motors	Logistics
4.8	4.0	2.2

People

21,943
employees

23.6%
of employees are female

Community

RM10 million
contributed to Yayasan Sime Darby

Chairman's Statement

We are cognisant of the fact that uncertain times uncover opportunities and we have been aggressive in pursuing strategies that would allow us to accelerate the growth of our core businesses and enlarge our footprint in our key markets.

Tan Sri Samsudin Osman
Chairman

Revenue
RM44.5b

Net profit
RM1.4b

"Above all, our strong financial discipline and commitment to the VCP has allowed us to thrive in a period of uncertainty and create long term value for our stakeholders. The VCP will continue to be the linchpin of our growth strategy and will continue to guide us in unlocking more value from our businesses."

Dear Valued Shareholders,

It has been my privilege to have served as the Chairman of Sime Darby Berhad (Sime Darby) for a full year now. During this remarkable year, I had the opportunity and honour to oversee the Group through exciting growth and stellar achievements.

In the year, we stayed on course and true to the strategies laid out in our five-year Value Creation Plan (VCP). The VCP was developed just after the demerger, to provide a clear "road map" on the direction forward for the Group. The results have been gratifying. We substantially expanded our foothold in our core businesses – both organically and through acquisitions – and broadened our earnings base by embracing new adjacent businesses through the expansion of our range of products and services to existing and potential customers. Our businesses have also performed well, delivering strong results for the year.

Still, there were challenges. The COVID-19 pandemic led to disruptions in our operations as countries battle to contain the virus through various means, including lockdowns. Sales and supply chains in several markets were affected by this. However, our wide geographical footprint and sectoral diversification – which broaden our earnings base – helped us weather the storm.

Not only were we spared the worst of the pandemic fallout, it worked to our advantage. With the curtailing of international travel, affluent Chinese consumers diverted their spending domestically and purchased luxury cars in droves. This surge in demand contributed hugely to our spectacular set of results this financial year.

Financial Performance

I am pleased to announce that for the year under review, the Group's revenue rose 20% year-on-year (YoY) to RM44.5 billion.

The Group's net profit rose by 74% YoY to RM1.4 billion on the back of a strong performance from the Motors Division, particularly in China.

The Group's profit before interest and tax (PBIT) for the year grew by 55% to RM2.2 billion.

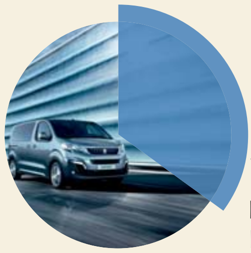
The main driver of our stellar results this year is the solid performance of Sime Darby Motors. The Division performed well in every region – Australasia, South-east Asia and Greater China. The total number of units sold during the year increased 30.5% YoY to 103,417. These robust results were mainly due to the Motors division's exceptional performance in China. Greater China's PBIT rose 84% to RM462 million due to higher revenue and better margins.

Sime Darby's robust results in FY2021 was mainly due to the Motors Division's exceptional performance in most markets, particularly in China.

FY2021 saw an increase in Group revenue

20%
Group
Increase in Revenue

1%
Industrial
Increase in Revenue

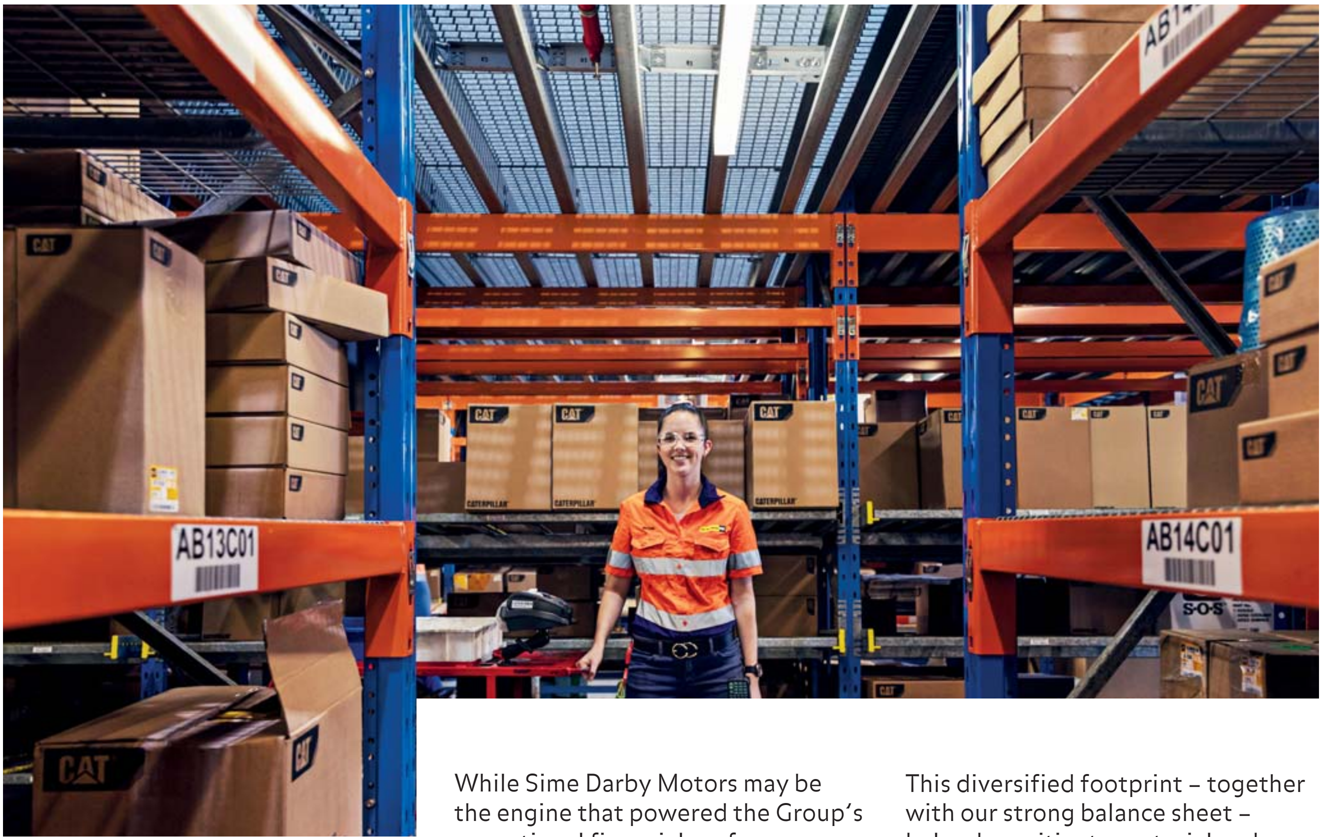


35%
Motors
Increase in Revenue

Growth Businesses

During the year we substantially expanded our foothold in our core businesses and enlarged our earnings base by embracing new adjacent businesses. In particular, our Motors and Healthcare businesses grew strategically through both organic growth and acquisitions.

Chairman's Statement



We continued to execute ROIC improvement initiatives across our operations.

While Sime Darby Motors may be the engine that powered the Group's exceptional financial performance, the ballast that anchored our strong financial position is our steadfast commitment to the VCP.

Guided by the VCP, we continued to rationalise our balance sheets to improve working capital and enhance efficiencies. We divested non-core businesses to strengthen our focus on our core businesses.

I am also pleased to report that the Group generated RM2.78 billion of operating cash flow this year.

Additionally, we continued to execute ROIC improvement initiatives across our operations, reducing inventory turnover days, improving margins, optimising costs, lifting operational efficiency, right-sizing business units, and digitalising and equipping our businesses with better tools, systems and processes.

Lastly, our diversity proved instrumental this financial year. Our diversified presence in 19 countries and territories in the motors, industrial and healthcare sectors was a strategic strength this year as in previous years.

This diversified footprint – together with our strong balance sheet – helped us mitigate sectorial and geographical risks throughout the year, and has placed us in a good position to capture opportunities and tap on Asia Pacific's growth story.

Dividend and Share Price Performance

The Group's policy is to distribute a dividend of not less than 50% of net profit. For the last three financial years following the demerger, we have been distributing more than 50% of our net profit to our shareholders.

For FY2021, we are pleased to declare a dividend of 15 sen per share, including the first interim dividend of 6 sen per share paid in May 2021. The total dividend payout for FY2021 amounts to RM1.02 billion, equivalent to over 70% of our net profit for the year. This is a 50% increase from the total dividend payout in FY2020 of RM680 million.

Our share price opened at RM2.15 per share at the start of the financial year and closed at RM2.18 per share. In FY2021, with the dividend declared, our Total Shareholder

Return (TSR) outperformed the FTSE Bursa Malaysia KLCI by 8.6% percentage points.

Unlocking Value, Accelerating Forward

The central narrative for the Group this financial year has been unlocking value and accelerating growth.

We are cognisant of the fact that uncertain times uncover opportunities and have been aggressive in pursuing strategies that would allow us to accelerate the growth of our core businesses and enlarge our footprint in our key markets. Our low gearing level of 23% arms us with the capacity to pursue growth opportunities, both organic and in the form of mergers and acquisitions.

A focal point of our growth ambitions is our businesses in China. China is not only the world's single biggest luxury car market, it is also the fastest growing. Our strategy for China is to aggressively enlarge our network to capture a bigger slice of this market. In the near future, we plan to establish a foothold in China's Tier 2 and Tier 3 cities, where the demand for luxury cars is high and competition is lower. On the Industrial side, we believe there are great opportunities for construction in China, spurred by the Chinese government's infrastructure stimulus projects to stimulate the economy.

Besides growing in China, we recognise that other emerging markets such as India and Indonesia have similar demographic potential and we will leverage our know-how of operating in Asia to explore opportunities in these markets.

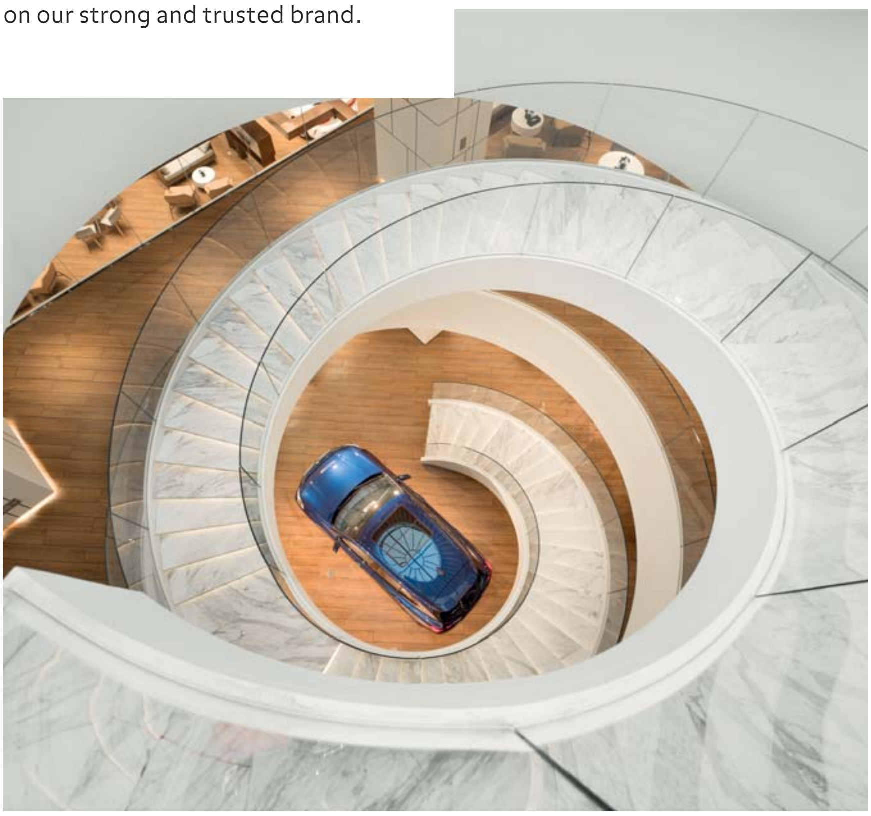
Another area of focus is Healthcare, the third pillar of the Group. We see exciting growth potential for this business. Our hospital assets in Malaysia and Indonesia are poised to benefit from ongoing shifts in structural megatrends such as ageing demographics and increasing demand for quality healthcare with rising affluence. During the year, we accelerated the growth of this business through the acquisition of Manipal Hospitals Klang, a tertiary hospital located in Klang, Malaysia.

With this, our Healthcare portfolio now consists of seven premium hospitals in Malaysia and Indonesia and a day surgery centre in Hong Kong. Moving forward, we plan to accelerate growth further by enlarging our footprint in Malaysia and Indonesia, before entering other areas in South-east Asia, where the healthcare sector is more fragmented.

Another ambition for the Group is to grow revenue through adjacent businesses in our Industrial and Motors Divisions. In the Industrial Division, we are gaining ground in businesses revolving around asset management, rental services and expansion of businesses outside of our Caterpillar dealerships, all of which complement our core Industrial businesses. The recent acquisition of Salmon Earthmoving Holdings Pty Ltd in Australia is aligned to this strategy. In the Motors business we are looking to expand our used cars and after-sales businesses, which have higher margins, by leveraging on our strong and trusted brand.

The central narrative for the Group this financial year has been unlocking value and accelerating growth.

Sime Darby's BMW dealership in Changsha. With a strong presence in Tier 1 cities, we plan to establish a foothold in China's Tier 2 and Tier 3 cities, where the demand for luxury cars is high.



Chairman's Statement

Created after a year-long engagement process with our people, our principals, our partners, our associates and our customers, the new blueprint will embed sustainability into our operations by tying business strategy and decision making to sustainability, including linking value creation to sustainability goals.

In view of the disruptive trends in the automotive industry, we have taken proactive steps and have established a Mobility unit to explore new trends and opportunities for growth in the industry. This is part of our strategy to future-proof our Motors business and strengthen our leadership position in the region. As part of this effort, we are collaborating with players like SOCAR to venture into key mobility segments such as car sharing and online car trading.

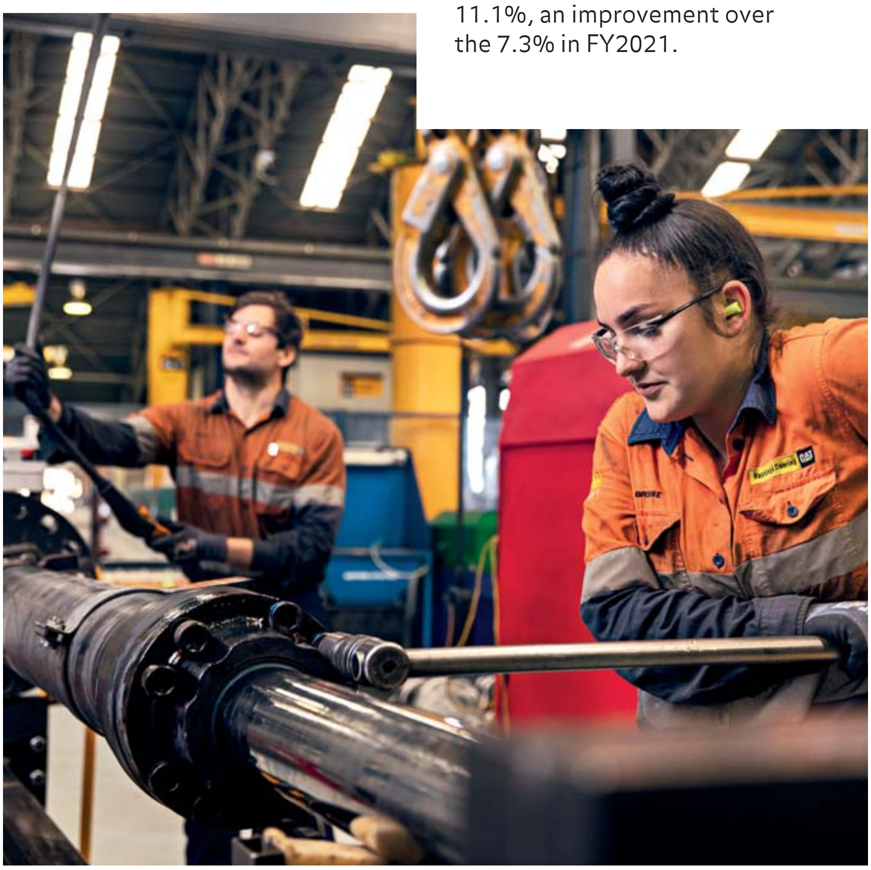
Another area of focus for us is on enhancing the Return on Average Invested Capital (ROAIC) of our businesses. In the year under review, we placed emphasis on setting ROAIC targets across all our business units to ensure that we are maximising the productivity of our assets. This sharpened our focus on enhancing working capital management, cost optimisation and network rationalisation to improve returns. With this, we achieved a core ROAIC of 11.1%, an improvement over the 7.3% in FY2021.

Above all, our strong financial discipline and commitment to the VCP has allowed us to thrive in a period of uncertainty and create long term value for our stakeholders. The VCP will continue to be the linchpin of our growth strategy and will continue to guide us in unlocking more value from our businesses.

Our Unwavering Commitment to Good Corporate Governance

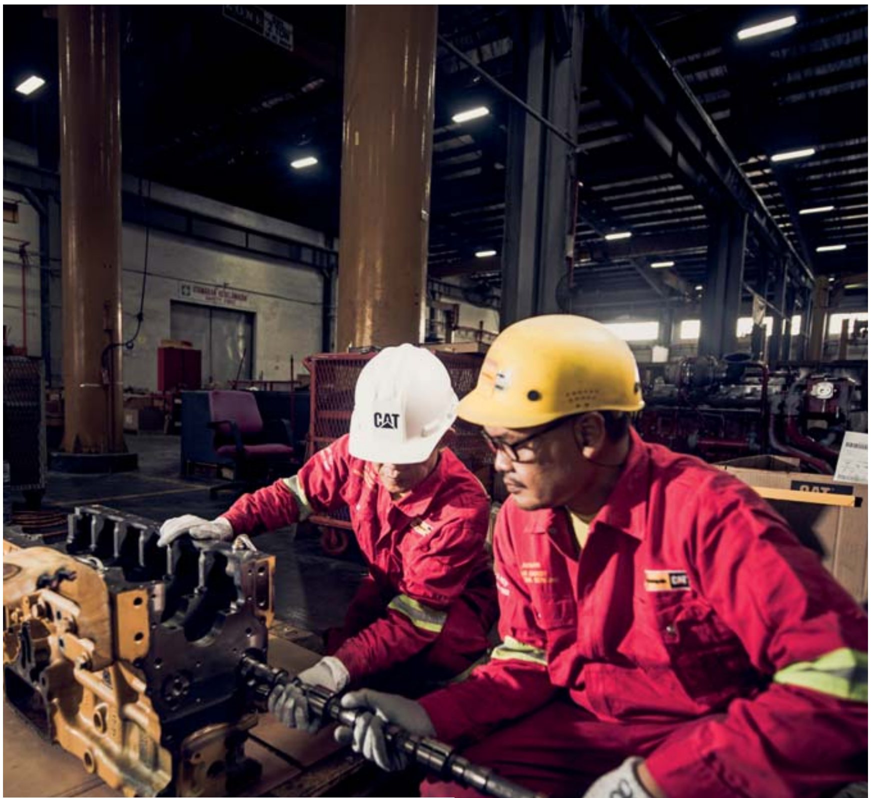
We recognise that good corporate governance is essential in supporting our businesses in the executing of strategies and in generating long term shareholder value. The Group adheres to the highest principles of transparency and accountability and we align our corporate governance standards to relevant regulatory frameworks and best practices. Our robust governance framework helps us to uphold a culture of integrity and to achieve our governance goals.

A significant development in the year was the revision of the Malaysian Code on Corporate Governance. The 28 April 2021 updates cover enhancement of board policies



Across our business, we are maximising the productivity of our assets. Hastings Deering provides Cat Component Rebuild services to restore Cat machinery components to like-new performance and productivity. Here, an employee from Hastings Deering is reassembling a hydraulic cylinder.

Our sustainability goals are fundamental to how we do business as it enables us to create long-lasting value for our stakeholders.



and practices; strengthening of board oversight and integration of sustainability in business strategies and operations; and adoption of best practices.

To align with the revised Code, in this financial year, the Group focussed on further improving board policies and practices, strengthening oversight of sustainability risks and opportunities, integrating sustainability goals with business strategy and operations, and promoting meaningful engagement with our stakeholders.

Our Value Enhancing Focus on Sustainability

The Group remains steadfast in its commitment to sustainability. Our sustainability goals are fundamental to how we do business as it enables us to create long-lasting value for our stakeholders.

In line with global shifts in how ESG issues are discussed and in order to further strengthen our commitment, the Group has put in place a new dedicated, cohesive and holistic sustainability blueprint. Created after a year-long engagement process with our people, our principals, our partners, our associates and our customers, the new blueprint will embed sustainability into our operations by tying business strategy and decision making to sustainability, including linking value creation to sustainability goals.

This robust and comprehensive blueprint is anchored around four sustainability themes: optimising our environmental footprint, exceeding customers' expectations throughout their journey with us, empowering our employees to make meaningful change, and driving technology and innovation for better outcomes for all.

Collectively, these four themes define what sustainability means to the Group and guide our approach in creating positive environmental, social and governance impact through the management of our material issues. The blueprint is also aligned with the Group's commitment towards the United Nations' Sustainable Development Goals.

Acknowledgements

On behalf of the Board of Directors, I would like to express our gratitude to our valued shareholders for their faithful support all these years. My sincere thanks go to my fellow Board members, the Management and all staff for their hard work, commitment and loyalty. It is your dedication that has led the Group to the success that it enjoys today.

Tan Sri Samsudin Osman
Chairman

Group Chief Executive Officer's Q&A

Q How has the Group performed in FY2021 from a financial standpoint?

It has been a standout year for the Group. We posted a 20% increase in revenue to RM44.5 billion and, more strikingly, our total net profit leapt by 74% to RM1.4 billion. We are extremely pleased with this performance given the highly challenging environment.

The Motors Division turned in a record performance on the back of a vigorous upsurge in luxury spending in the region, posting a PBIT of RM1.05 billion, an increase of 83% from last year. The star this year was our China operations where demand for BMWs and our super luxury marques have been extremely strong. With movement restrictions still in place, many of our customers were unable to travel and were spending their excess cash on luxury items domestically.

The Industrial Division had a slightly tougher year. Whilst demand from our mining customers remained resilient, we saw a softening of the market in Australia. Our China operations were impacted by the extremely intense competition from local Chinese manufacturers. Nevertheless, the Division turned in a healthy PBIT of RM909 million, just 6% lower from its rather successful FY2020. We also do have a strong order book going into FY2022 and a bullish view on commodity prices. As governments worldwide rely on infrastructure spending to stimulate their economies, we expect an upsurge in demand for construction and mining equipment.

Dato' Jeffri Salim Davidson
Group Chief Executive Officer

"History tells us that a period of recession during a pandemic is often followed by boom years. We believe we are well placed to capitalise on these opportunities."

It has been a standout year for the Group. We posted a 20% increase in revenue to RM44.5 billion and, more strikingly, our total net profit leapt by 74% to RM1.4 billion. We are extremely pleased with this performance given the highly challenging environment.

The disposal of our 30% stake in Tesco Malaysia during the year, as part of our ongoing exercise to monetise our non-core assets, also contributed an after tax profit of RM272 million.

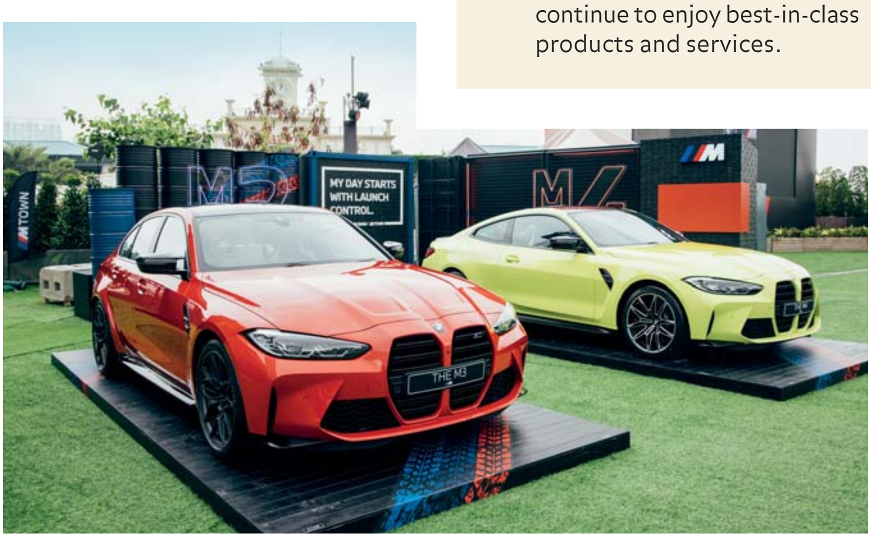
We generated a ROE of 9.2%, which excluding discontinued operations, more than double what we started with in our first year after the demerger in FY2018. Our team has managed the balance sheet well and we generated an operating cash flow of RM2.78 billion during the year. The Group's gearing position is at a very comfortable level of 23% and we are pleased to have been able to reward our shareholders with a dividend of 15 sen per share.

Q In the last financial year, you had placed a sharper emphasis on enhancing the ROAIC of your businesses. Can you update us on the progress you have made and success, if any, that you have achieved?

Yes, we have increased emphasis on managing our invested capital in FY2021, and with that, there were more management discussions and initiatives on reducing our invested capital. These initiatives are aimed at improving working capital management and the disposal of non-core assets. Combined with ongoing initiatives to enhance profitability by improving margins, optimising costs and rationalising branch networks, they have helped to improve the Group's ROAIC. I am proud to say that since the demerger, our ROAIC has steadily grown and has in fact almost doubled to 11.1% from 6.0% in FY2018.

Q How is Sime Darby Berhad preparing for the post-COVID period?

When the pandemic first started, we were relatively quick in instituting a Downturn Action Plan, where we basically battened down our hatches. The goal then was the preservation of cash. We cut operating and capital expenditures, reduced inventory and froze hiring.



The all-new BMW M3 and M4 in Central, Hong Kong.

Our Priorities for the Year Ahead

Capital Efficiency
- The Group's ROAIC increased from 7.3% in FY2020 to 11.1% in FY2021 due to higher profits generated by the Group and improved management of invested capital.

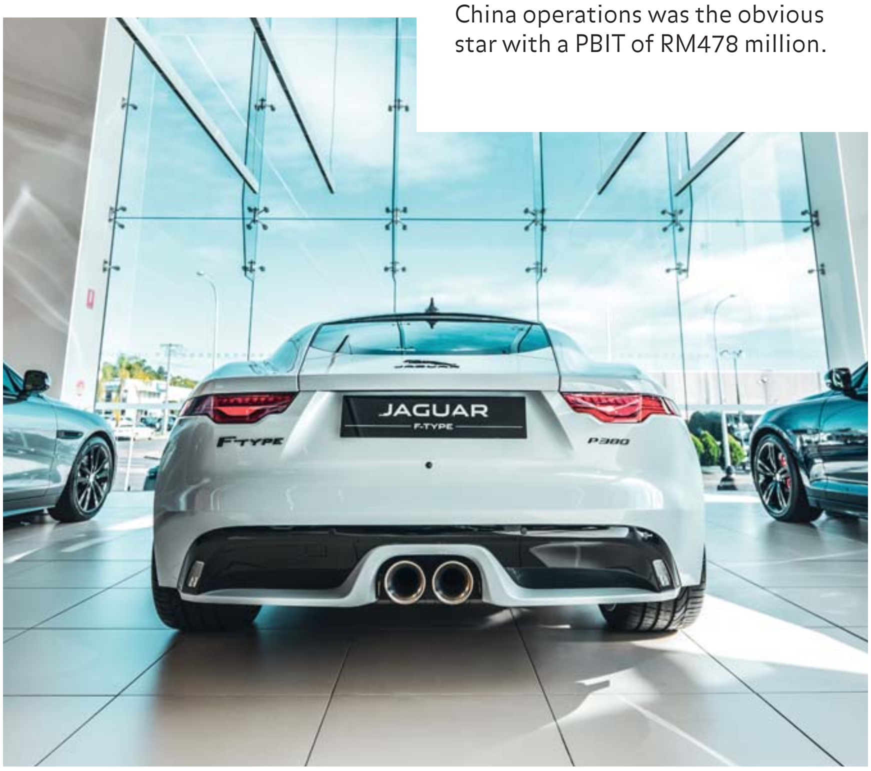
Operational Excellence:
- Sophisticated new lead management tools helped convert more customer enquiries into sales.
- We successfully increased customer retention by offering extended warranties and service plan sales packages.
- Our sharp focus on inventory management improved stock turnover and reduced inventory ageing, contributing to higher profit margins.

Customer Service:
- We accelerated digitalisation to provide customers with more avenues to access our products and services and to elevate customer engagement.
- We established state-of-the-art infrastructure and facilities across 19 countries and territories and 4 divisions to ensure our customers continue to enjoy best-in-class products and services.

Group Chief Executive Officer's Q&A

The Cat® 950GC is the popular choice of machinery for Tractors Malaysia's customers in the mining, quarry operations and palm oil mills. Tractors Malaysia is the exclusive Caterpillar dealership under Sime Darby Industrial Sdn Bhd (SDISB) and is a leader in the marketing of premium heavy equipment in Malaysia and Brunei.

Sime Darby Motors represents Jaguar in Malaysia and in Paramatta, Sydney.



Thanks to these efforts, we believe that we will come out of the pandemic stronger. We have been able to minimise any organisational disruptions, and our teams are largely in place and ready to act when the economy recovers. Our balance sheet remains rock solid. We have built up a cash balance of RM2.5 billion and are in a strong position for further expansion of our businesses when opportunities arise.

We believe that once things settle down, governments will be very keen to kick-start their economies through various stimulus spending programmes. History tells us that a period of recession during a pandemic is often followed by boom years. We believe we are well placed to capitalise on these opportunities.

Q The Motors Division had a record-breaking year, with the China operations doing exceptionally well. Will this momentum carry on into the coming year?

The Motors Division had its best results ever! The Motors Division's China operations was the obvious star with a PBIT of RM478 million.

Consumer demand for luxury goods remained very strong in China, a function of the travel ban and the availability of plenty of spare cash. There were other reasons too. The supply constraint caused by the shortage in semiconductor chips worked to our benefit, in that it alleviated the pressure to provide discounts, leading to slightly better margins. We received significant additional rebates from our principals as we were able to successfully sell additional units that were allocated to us during the year.

Whilst China is the obvious focus, our results in Malaysia, New Zealand, Australia and Singapore were also strong, largely for the same reasons. The results from our recently acquired dealerships in Parramatta, Sydney were above expectations. Our fleet rental operations, Corefleet, based in Western Australia, which specialises in vehicle rentals to the mining industry, performed exceptionally well on the back of strong mining activity there. The results of our commercial vehicle operations in New Zealand would have been even stronger had it not been impacted by supply constraints.

So, will the momentum carry on into the coming year? We believe demand for luxury and super luxury marques will sustain. However, the supply chain disruption and the availability of chips are obviously still concerning, as is the uncertainty of possible further COVID-19-related lockdowns. Nevertheless, we do believe the momentum will carry on into FY2022 and the somewhat constrained inventory levels will continue to aid us in retaining margins. In the meantime, we are in close discussions with our principals to maximise our stock allocation to ensure we are able to fulfil our commitment to customers.

Q The automotive industry is being disintermediated. What is the likely longer term impact on Sime Darby Motors?

The issue of the disintermediation of dealers is real and a growing threat to our business. It is only natural that Original Equipment Manufacturers (OEMs) will look at taking costs out of the distribution chain. Tesla has experimented reasonably successfully with this model. And OEMs are testing the agency model, which takes on a more centralised sales approach. So, of course, it is a concern to us.

The Group largely represents the luxury and super luxury segments including BMW, Porsche and Rolls-Royce. These brands are aspirational in nature. For buyers, the purchase is not merely a transaction, it is an experience. Our customers value the physical touch points and engagement that dealers like us offer. Recent surveys have indicated that 90% of customers in this segment still prefer to physically visit dealerships to test drive and talk to sales advisors to get a better appreciation of a vehicle's features. I am not saying we are not at risk of disintermediation, but I do think that it will happen a little slower for us, and gradually over a number of years.

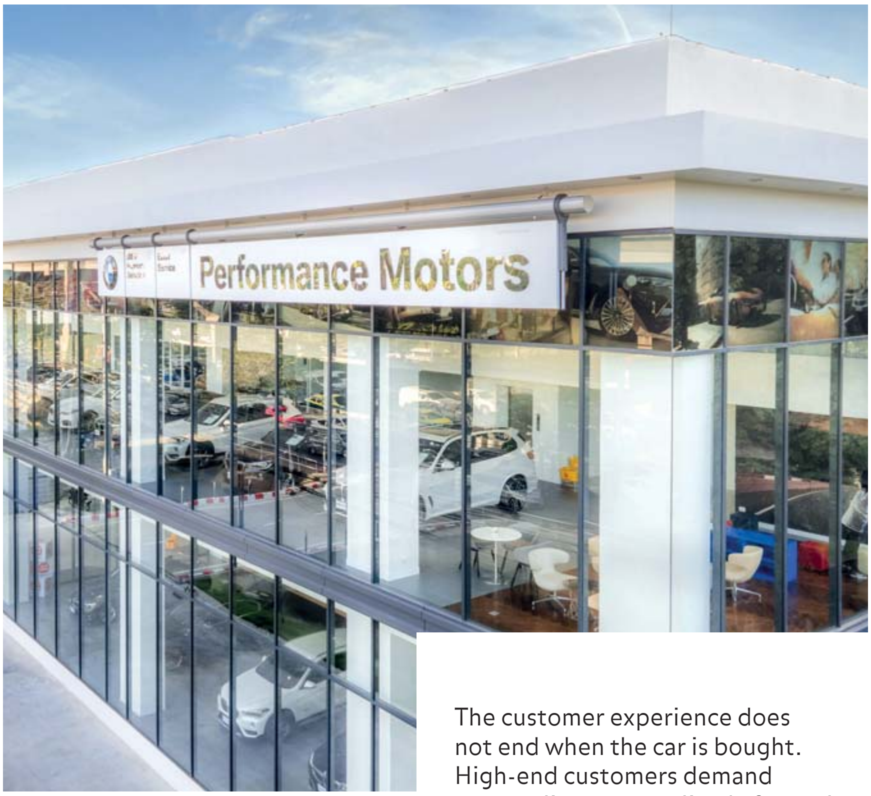
To be relevant in the future, we understand that we need to provide a valuable service and experience to both our principals and our customers.

Don't forget that OEMs have made, and are continuing to make, significant investments in their manufacturing operations and in research and development in both traditional internal combustion engine vehicles as well as in electric vehicles. The way I see it, we help carry a substantial amount of this burden by investing in the brick-and-mortar of showrooms and workshops, in inventory and, of course, in the training and development of people to support the brand.

The Group largely represents the luxury and super luxury segments including BMW, Porsche and Rolls-Royce. These brands are aspirational in nature. For buyers, the purchase is not merely a transaction, it is an experience.

Porsche's first fully electric sports car Porsche Taycan introduced in Malaysia and has been growing strong in demand supported by high performance fast chargers at Porsche Centres.

Group Chief Executive Officer's Q&A



Performance Motors Thailand expanded its world-class automotive experience to northern Bangkok with the opening of a BMW Premium Selection showroom and a BMW Service Outlet. This latest facility also includes a full-fledged BMW Certified Body and Paint Centre.

We are working hard to create a seamless and integrated online to offline experience for our customers.

The customer experience does not end when the car is bought. High-end customers demand top-quality, personalised after-sales support which we pride ourselves on offering at our dealerships.

We will also continue to focus on growing our Used Car sales and Parts and Services operations which are already core aspects of our operations but will become ever more relevant to our profitability.

With 60% of customer interaction conducted online these days, we are continuing to invest in technology and working hard to create a seamless and integrated online to offline experience for our customers. Our digital transformation teams are upgrading our omnichannel capabilities, with a focus on building brand awareness at every point along the customer journey.

Q There has been much talk about mobility being a disruptive trend that will transform transportation as we know it. How will you ensure that you do not get left behind?

In the past, we would generally have driven our cars to the shopping mall. Today, many of us are inclined to just use Uber, or in Malaysia, Grab, to get to where we want to go. It is simply more convenient. And cheaper. The reality is that these new offerings have a profound impact on the way we behave, on the livelihood of taxi drivers, on car rental companies and, more generally, on the motor car industry. We are already seeing car sales in some developed countries declining as a result.

In Asia, we are also clearly witnessing this change. Multiple drivers are at work but, to be honest, nobody really knows where all this is heading.

One trend we are seeing is that car owners are beginning to shift to a subscription, leasing or rental model. The logic is that the car owner would pay a fixed monthly fee that essentially covers the car repayment and maintenance costs. He or she can then opt for a different car after, for example, one year. So, there will also be significant opportunities for our fleet management business, which today, already comprise almost 5,000 cars.

We have developed what we call an "Engine Two" strategy. We have set up a dedicated Mobility team, headed by our Group Chief Strategy Officer, to get a better understanding of the trends, to steer our mobility ambitions and to identify potential opportunities in this area.

Under Engine Two, we have made several small but strategic investments. We have invested in mobility players and disruptors like SOCAR. The idea is that it will allow us to get a better appreciation of the culture, trends, key players and ecosystem of the mobility business from an insider's perspective.

These investments also complement what we are already doing today. One example is our collaboration with SOCAR, a car-sharing application that has been gaining popularity in Malaysia. We put our cars on SOCAR's platform for rental and we provide mobile servicing for their cars. We are also jointly developing usage-based insurance products with Sime Darby Lockton, our insurance broking arm, for TREVO, SOCAR's people-to-people (P2P) car sharing marketplace.

These are all part of our early efforts to better understand evolving consumer preferences and the future of mobility. The bottom line is that we have to experiment and do things a little differently.

Q And what are Sime Darby's plans with respect to electric vehicles?

There is a clear and unmistakeable trend of electric vehicles, or EVs, replacing internal combustion engine, or ICE, vehicles. China is leading the way. We believe that Hong Kong and Singapore will be next to follow. And then the other markets. It's only the speed of adoption that is really up for debate! And this will depend largely on government incentives and regulations, and the pace of development of charging infrastructure.

Over the past year, we have developed our EV strategy to leverage on this trend. We continue to work with our principals on the introduction of more EV models in our markets. And we are excited to support our long term partners such as BMW (iX3, iX, i4), Volvo (XC40 Recharge), Hyundai (Kona) and Jaguar (all new models to be battery-powered electric vehicles by 2025), who are leading the way with new EV products. We have also entered into partnership arrangements to provide sales and after-sales services for some up-and-coming Chinese EV brands such as NIO, BYD and Weltmeister in China and Singapore.

With the introduction of EVs, we are preparing for changes in the after-sales ecosystem. Our sales consultants and service technicians are being trained and plans are being drawn up to reconfigure showrooms and service workshops.

Having said that, ICE cars will remain on the roads in high numbers for years to come, and so, we will continue to offer servicing of all ICE vehicles to ensure our workshops are working at full capacity, even as we diversify into EV.

These are early days yet, but we are exploring the possible opportunities to support Malaysia's development as a hub for the assembly of right-hand drive EVs, for battery assembly and participating in the development of charging infrastructure.

Porsche Centre in Malaysia became the first to offer 175kW High Performance Charging infrastructure as part of a its commitment to drive the future of electric mobility in the region.

Q Sime Darby Industrial is a large supplier to the coal mining industry in Australia. With the transition away from fossil fuels, what does this mean to the Group in the longer term?

One of our largest operating units is Hastings Deering. It is also one of Caterpillar's largest mining dealers, selling heavy equipment and providing after-sales service to the many coal mines in Queensland and the Northern Territory in Australia.

And so, yes, we are quite exposed to the mining segment. To give some context, revenues from thermal coal mining and from metallurgical coal mining account for 3% and 7% of our total group revenue respectively. Significant, yes, but not overly so.

A Cat 796 mining truck. One of our largest operating units is Hastings Deering. It is also one of Caterpillar's largest mining dealers, selling heavy equipment and providing after-sales service in Queensland and the Northern Territory in Australia.

Group Chief Executive Officer's Q&A

For thermal coal, which is used to generate power, there is immense public pressure for fossil fuels to be replaced as a source of energy. However, we believe that the transition will be gradual. Thermal coal, as a percentage of the total "energy pie", will undoubtedly reduce over time, but the pie is getting bigger every year.

The longer term situation with metallurgical coal is likely to be even more optimistic for us. Metallurgical coal is a key component of steel making. There is currently no viable substitute for another 10 to 15 years, at the very best. With the growing economies especially in Asia, we expect the demand for steel for infrastructure development to remain very strong. The fact that Australian metallurgical coal is of the highest quality with a very competitive cost of production, also works to our benefit.

In the longer term, we also anticipate demand intensifying for other minerals such as copper, aluminium, lithium and cobalt. Overall, we remain bullish on the mining sector.

Q You have been in partnership with Caterpillar for nearly a century. Are there still growth opportunities for the Industrial Division?

The two big industries that the Industrial Division serves are mining and construction. Whilst we understand the concerns around climate change, as discussed earlier, we remain bullish on mining.

We operate in a fast-growing and increasingly affluent part of the world which is seeing unprecedented economic growth driven by urbanisation and infrastructure development. This will drive demand for equipment in the foreseeable future. Other industries such as forestry and oil & gas will also provide opportunities for growth going forward.

We are essentially very good industrial asset managers. We do a good job making sure our customers make money using the products we distribute. On coal mines, we manage large fleets of trucks and other mining equipment. On oil rigs and offshore floating platforms, we manage the generator sets that are essential for oil production operations.

And what are the core strengths of our Industrial Division? We know the Asia Pacific region well. We understand our customers well. We understand industrial products. And we have a large market to sell into and to provide after-sales support.

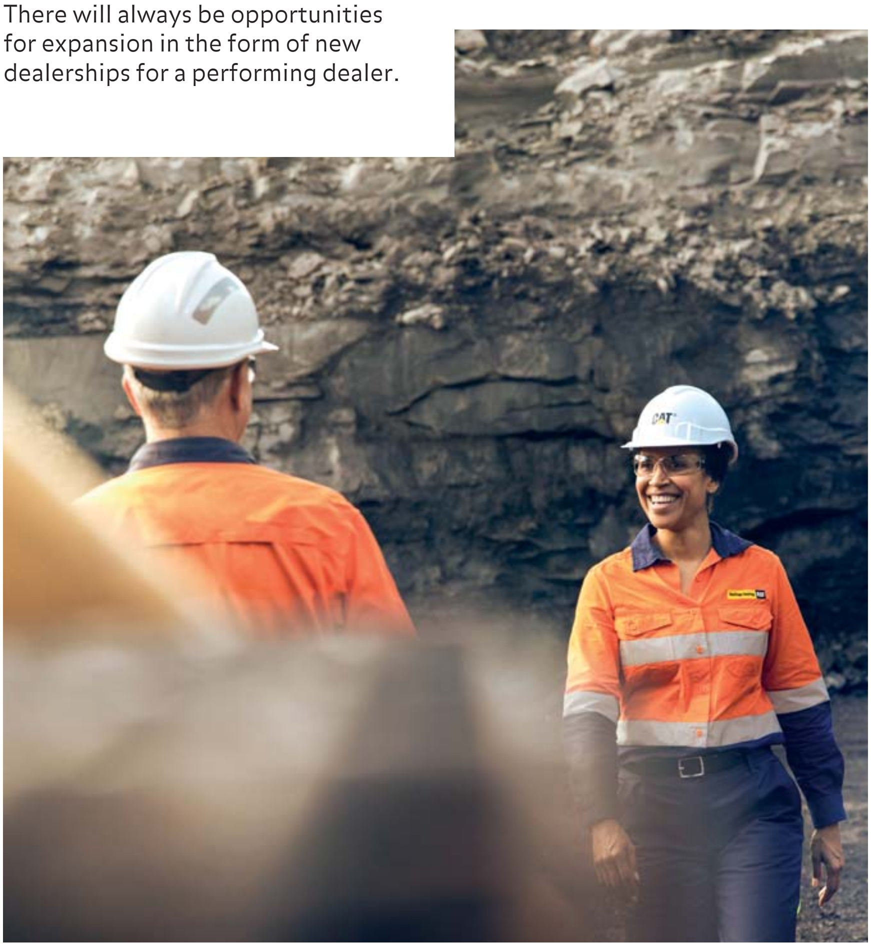
With these strengths, there are opportunities to sell and support other industrial equipment as we are one of the go-to players in the region for OEMs looking to develop an Asian market for their products.

We are increasingly being asked by customers, who are happy with the service we provide, to manage other equipment.

There will always be opportunities for expansion in the form of new dealerships for a performing dealer.

A Terra Cat service vehicle travelling through New Zealand's Desert Road.

The field service team of Hastings Deering working on site at a mining site.



I was extremely pleased when Sime Darby was invited to make a bid for the New Zealand Caterpillar dealership, which we successfully acquired in 2020 and re-branded to Terra Cat. So yes, I believe there are still plenty of opportunities for growth.

Q The acquisition of Manipal Hospitals Klang opportunities is a noteworthy achievement for Ramsay Sime Darby Health Care. How does this fit into the growth story for the Group?

We are pleased with our recent acquisition of Manipal Hospitals Klang. This acquisition is in line with our aspiration to expand our Healthcare Division as a core business, and which we hope will be the first of more acquisitions as we actively look to expand and diversify the geographical footprint of RSDH.

We remain bullish on the private healthcare space in South-east Asia, where demand for premium quality healthcare is on the rise, driven by a multitude of structural megatrends including rising affluence, expanding and ageing populations, prevalence of chronic illnesses and greater health awareness.

With the tremendous potential that the healthcare sector has to offer, Sime Darby will continue to grow the healthcare business. It also helps to re-balance the Group's portfolio by shielding the Group from the cyclical nature of the Industrial and Motors businesses while increasing the Group's recurring income profile. Furthermore, our JV partner Ramsay Health Care is an international healthcare group with a proven track record in operating hospitals around the globe.

Q How is the business adapting to the demands for an increased focus on ESG?

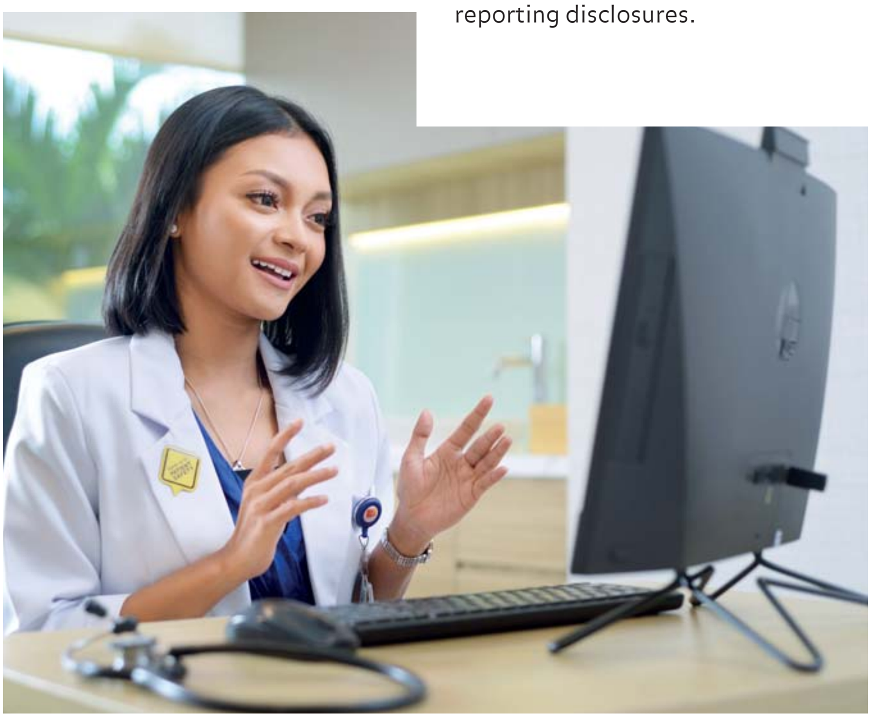
We have certainly seen an increased focus global on sustainability, particularly on the impact of climate change. These are being highlighted as posing financial and non-financial risks to societies and businesses, and stakeholders are demanding more sustainability reporting disclosures.

We recognise that we must step up, and the role that we must play by operating responsibly, in balancing our economic aspirations and our environmental, social and governance obligations.

To address the impact of climate change and to lower our carbon emissions, we have taken the first step by setting a CO_2 reduction target. We aim to reduce our CO_2 emissions by 30% by 2030.

In addition, we have committed to allocate at least RM250 million towards ESG innovation over the next four years and we will work towards ensuring that more than 50% of our product portfolio is more energy-efficient than our current portfolio, which also helps our customers meet their own ESG objectives.

As a group, we are committed to embedding sustainable practices whilst balancing economic aspirations with genuine care and respect for our people and the communities where we operate. This commitment will not only strengthen our social license to operate, it will give us the ability to operate our businesses efficiently and competitively into the future, meeting our overall purpose of "Delivering Sustainable Futures".



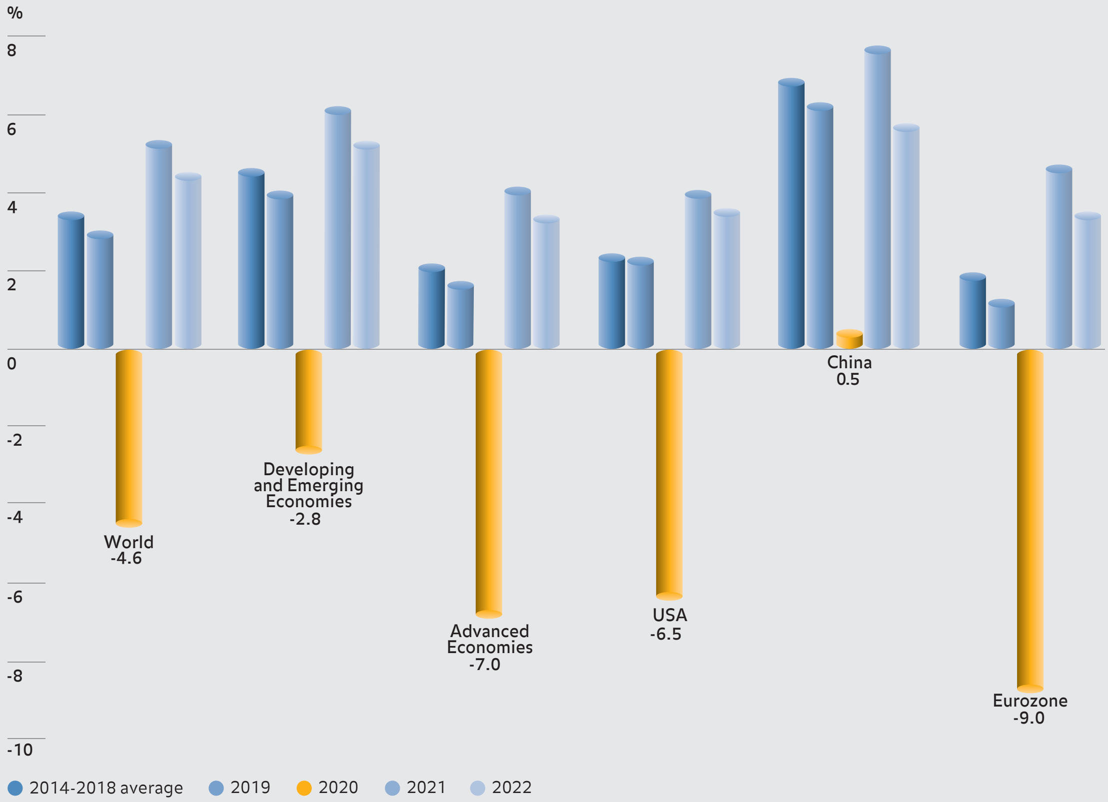
A multi-disciplinary and highly experienced team committed to enhance each patient's well-being, RSDH group of hospitals delivers medical excellence with various clinical and surgical achievements.

Business Environment

Our performance is influenced by major structural trends that shape the world as well as the business and economic climates in the countries we operate in. It is crucial, therefore, that we stay ahead of the curve and identify key trends that have an impact on our long term success.

Market Trend	Description
Rebound of the Global Economy	Last year the pandemic roiled markets, disrupted supply chains and caused businesses to close due to lockdowns. Fortunately, the global economy is set to improve and recover as global vaccination rates increase. Most governments have also announced stimulus packages and lowered interest rates to revitalise their economy. With this, GDP forecasts for most economies have been revised upwards. Developing economies in Asia, which shrunk by 0.2% in 2020, are expected to bounce back with growth of 7.3% in 2021. Nevertheless, this rebound could potentially be stifled by the return of restrictions prompted by the rapid spread of new highly contagious coronavirus variants. However, global economies are still expected to improve as governments and medical institutions are now better equipped to respond to the ongoing health crisis.

Global Real GDP Growth Baseline Forecast: 2014–2022



Source: Euromonitor International Macro Model, National Statistics. Note: Global real GDP growth using PPP weights; figures for 2020 onwards are forecasts; forecasts updated on 29 June 2020.

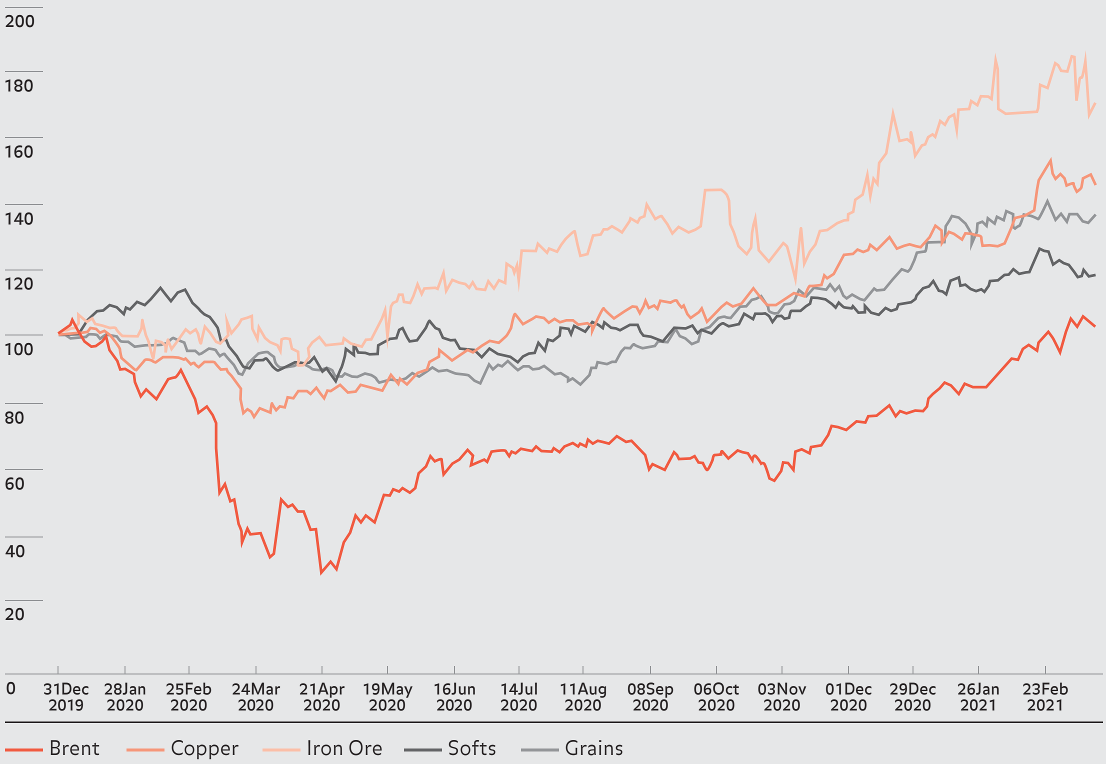
Our Response	Industries Involved
Our wide geographical and sectoral footprint across Asia Pacific allows us to leverage on different markets for a broader earnings base. This diversification affords us resilience and cushions us against the economic impact caused by adverse COVID-19 conditions in specific economies. It also allows us to tap on growth opportunities as the economy reopens. This year, our Motors operations benefited from domestic spending of luxury goods as international borders remain closed for travel. Moving forward, we are optimistic that our core divisions will benefit from the anticipated rebound in the global economy. We are already seeing signs of this with bullish commodity prices.	**Industrial** **Motors** **Healthcare** **Logistics**

Business Environment

Market Trend	Description
Bullish Commodity and Resource Cycle as Economies Reopen	Australia is one of the world's largest exporters of commodities and serves as the resource basin of Asia Pacific. In 2020, commodity prices (including coal) softened due to the global economic slowdown attributed to COVID-19 . In 2021, the world's recovery from the pandemic sent prices of commodities soaring. Commodity prices have risen more than 20% this year, while the price of crude oil has gone up by around 50%. The Bloomberg Commodity Spot Index hit a decade high and is heading for its fourth straight month of increase, as of July 2021. The current surge in development and construction activities in Asia Pacific will drive bullish prospects for Australia's mining and resource export industry. Looking ahead, with the energy transition, demand for other minerals such as aluminium, nickel and lithium will intensify and mining will continue to remain relevant.

The Rise in Global Commodity Prices

31 Dec 2019 = 100



Source: Bloomberg, S&P Global Ratings.

Our Response

Our Industrial operations based in Australia and Asia should benefit from the increasing demand for commodities and the upsurge in infrastructure activity.

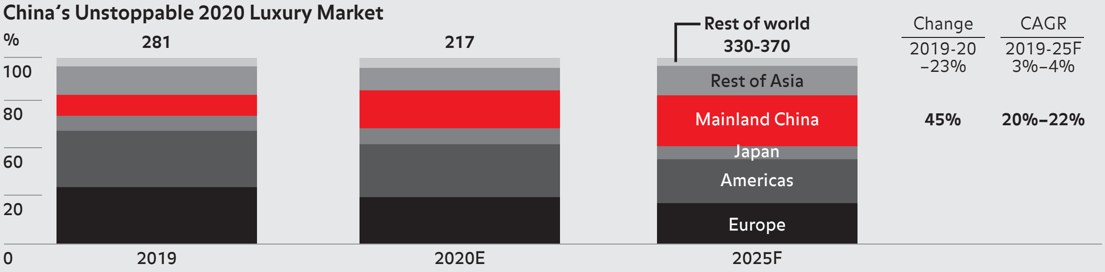
We expect that the demand for commodities will continue to rise as governments launch infrastructure development projects to stimulate their economies following periods of lockdown induced by the pandemic. This rise in demand for commodities will bolster the mining industry, the principal sector that we serve. Our Industrial Division will capitalise on this commodity uptrend.

In addition, the surge in infrastructure spending should lead to sustained demand for construction equipment which we have large exposure to in China and South-east Asia. Our geographical footprint straddling China and Australia puts us in a good position to tap on these trends.

Industries Involved

Industrial

Business Environment

Market Trend	Description
Growing Asian Affluence and Rise of the Luxury Industry	Asia's transition into a global economic powerhouse is a major driver for the expansion of the mass affluent class in the region. The growing purchasing power of this segment will feed demand for premium goods and luxury items. Asia will be the second leading financial wealth generator behind North America, accounting for approximately 34% of global financial wealth generated between now and 2025. In China, wealth assets held by ultra-high-net-worth individuals jumped by 26.5% to US$3.6 trillion in 2020. With that, China is on track to overtake US as the leader in luxury goods by the end of the decade. Our Motors business, which largely represents luxury marques, is well placed to capitalise on the trend.  Notes:Mainland China 2019-20 growth rate 45% in current exchange rate Source: Bain-Altagamma 2020 Worldwide Luxury Market monitor; Bain analysis
The Growing Push for Sustainability	Governments, communities, organisations and consumers are increasingly pushing for stronger sustainability commitments from businesses. COVID-19 has accelerated the progress. Many countries are using their post-pandemic recovery plans to drive environmental targets. • China has pledged to reduce its net carbon emissions to zero by 2060. • As part of its commitment under the Paris Agreement, Australia is targeting to reduce emissions by 26% to 28% below 2005 levels. This amounts to halving its per-capita emission and reducing by almost two-thirds the emission intensity of its economic activity. • Singapore announced its Green Plan with targets that include having all newly registered cars be cleaner-energy models by 2030. In addition, stakeholders like financial institutions and fund managers are increasingly adopting a strong stance on sustainability issues. Banks such as HSBC and ANZ have declared that they will no longer finance new coal-fired power plants by a certain time frame. Global fund managers such as Blackrock and Norges Bank have pledged to dispose of their fossil fuel shareholdings. All this will have a direct effect on business by raising the cost of capital and impacting our market capitalisation.  Source: Statista "ESG and impact investing"

Our Response	Industries Involved
The return of consumer confidence sees the luxury industry benefitting from the phenomenon of "revenge shopping", which refers to the unleashing of pent-up spending following lockdowns. Revenge shopping led to strong growth in the Chinese automotive market in the year under review, with 12.89 million vehicles sold between January and June 2021, up 25.6% from 2020. Luxury spending in China has also been spurred by travel restrictions and border closures that have curtailed international travel. Unable to travel, Chinese consumers are diverting their spending domestically towards luxury products such as BMW, which benefited our Motors business. Earnings from our China Motor operations increased 90% YoY as a result of this. Looking ahead, our BMW and super luxury brands in China will continue to gain from the growing affluence of Chinese consumers.	**Motors**
We are responding to this call for ESG with a new vision for sustainability. In FY2021, we developed an overarching sustainability blueprint for our businesses that will drive our efforts ahead in a more integrated and holistic manner (See page 100 for more information on our sustainability blueprint and themes). Under the blueprint, we will steer our sustainability initiatives along these fronts: 1. 30% reduction of emissions by 2030 (scope 1 and 2 only) from 2020 levels, 2. Minimum RM250 million investments in ESG innovations by 2025, 3. More than 50% of products in our portfolio are more energy efficient than the 2020 product portfolio by 2025. The targets are designed to reduce the carbon footprint of our operations, steer our investments into ESG-led areas and align our product mix with sustainability demands. Moving forward, we will set forth initiatives to advance our development on each theme.	**Industrial** **Motors** **Healthcare** **Logistics**

Business Environment

Market Trend	Description

Electric Vehicles (EV) and Mobility Solutions

The automotive industry is undergoing a fundamental change driven by the trends of ACES (autonomous, connected, electrification and shared mobility). New forms of transportation such as ride hailing, car sharing and subscription services that are embraced by digitally-savvy consumers are transforming the mobility landscape.

The adoption of EV has also accelerated in recent years. This is propelled by the falling cost of EV batteries, which has narrowed the cost gap between EV and ICE cars.

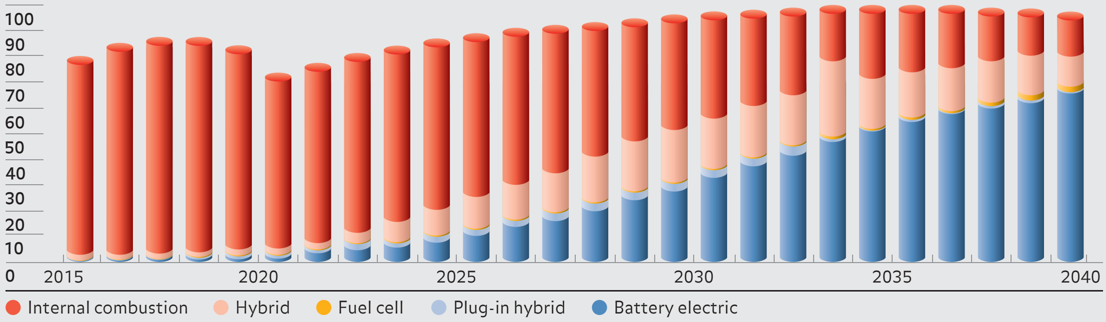
The shift to EVs is also bolstered by steady support from governments and leading automakers and the rollout of charging infrastructure.

The EV market is growing fast, driven by these forces: The global market share of electrified cars grew from 8% in 2019 to 12% in 2020.

Currently the two biggest EV markets are China and EU, due to favourable government policies, environmental regulations, and wide infrastructure network. Together, they make up 80% of the global EV market. Market players in these regions need to have an EV strategy to anticipate the shifts.

Road Revolution

Million



Source: Bloomberg BNEF BEV Outlook

Increased Healthcare Demand in Asia Pacific

Several structural megatrends point to a sustained growth trajectory for the healthcare sector in Asia Pacific.

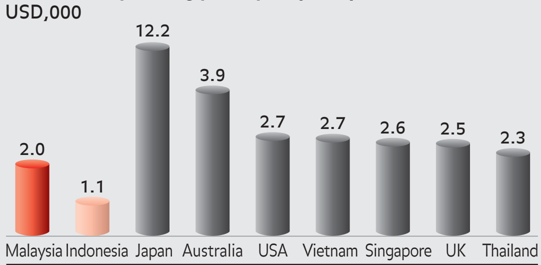
By 2025, 60% of those over 65 years old will be living in Asia Pacific. This will see an increase in demand for health services.

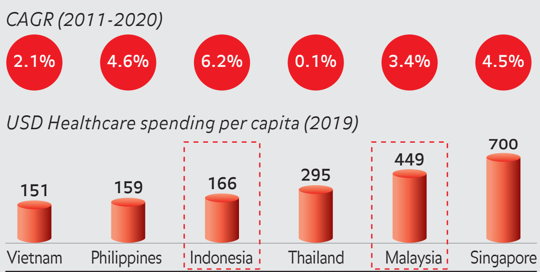
Meanwhile the fast-expanding group of affluent middle-class citizens in Asia will drive demand for better quality healthcare.

The growing prevalence of chronic lifestyle diseases such as diabetes and obesity in South-east Asia is another megatrend that will spur the industry.

Given the strong underlying demand and the industry's resilience, the healthcare sector in Asia Pacific has favourable structural tailwinds supporting it.

Healthcare spending per capita (2019)
USD,000





Source: World Health Organisation

Our Response	Industries Involved
As a Group, we are taking the ACES trends seriously and we recognise the need to adapt to changing customer expectations. We are currently building new EV capabilities and establishing new partnerships within the EV ecosystem. Moving forward, our portfolio will feature a balance of both internal combustion engine (ICE) models and the new EV models. We are aware that different EV markets will move at a different pace due to differing government regulations, infrastructure rollout and consumer preferences. We are fortunate to have a "front-row" seat in China (one of the leading EV markets) through our operations there. This allows us to learn how the EV industry is evolving and we plan to eventually transfer this learning to our other markets. Meanwhile, we are leveraging on our portfolio of world-class principals that rolling out EV lineups (including BMW, Porsche, Jaguar and Hyundai) to move quickly into the opportunities, while seeking partnerships with new EV OEMs. Our high value assembly capabilities also differentiate us from other automotive groups by giving us the ability to undertake Right Hand Drive assembly for the region. For Mobility, we have established an internal Mobility Team to pursue partnerships and venture investments in the mobility space to acquire insights into the ecosystem. This allows us to "look-ahead" to see how the auto business is evolving.	Motors
We are committed to grow our Healthcare footprint as it helps balance the cyclicality of our Motors and Industrial businesses. RSDH's hospital assets in Malaysia and Indonesia are poised to benefit from these structural megatrends. In addition, its brand equity and premium healthcare services to tap the higher value segment. With the reopening of borders, we expect a surge in demand for medical tourism. As one of the top medical tourism destinations in the region, Malaysia will benefit from this. To capture a bigger slice of this growing market, RSDH expanded its healthcare portfolio by acquiring Manipal Hospitals Klang, a 220-bed hospital in Malaysia, in FY2021. Ahead, we will continue to pursue opportunities to further broaden our healthcare footprint in the region.	Healthcare

Business Model

Key Enablers

Robust Value Creation Plan and Capital Allocation Framework

The two roadmaps lay down the solid foundation we need to effectively execute our business strategies, enhance shareholder return and optimise growth.

Read more on Page 40–41 and 56–71

Clear Sustainability Strategy

This guides our management in managing environmental, social and governance issues that have an impact on our value creation endeavours.

Read more on Page 102–105

Inputs

Financial

- Our strong cash flows and balance sheet endow us with the ability to implement and execute our growth strategies.

Intellectual

- We have strong brand equity and trust with over 110 years of experience in delivering sustainable futures.
- We enjoy longstanding partnerships with the world's leading automotive and industrial equipment groups.
- Our businesses are empowered by our know-how in running our operations and strong management expertise.

Manufactured

- Our portfolio of high quality facilities and infrastructure and broad distribution network spanning Asia Pacific allows us to enjoy a broad earnings base.
- Our balanced and diverse sales network in both mature and emerging markets across Asia Pacific gives the world's leading OEMs incomparable access to a broad spectrum of markets.
- Our high value assembly capabilities for BMW, MINI, Hyundai and Mazda demonstrate our technical competencies and know-how in this area.

Social

- We work hard to build strong relationships with our stakeholders while giving back to the communities we operate in.

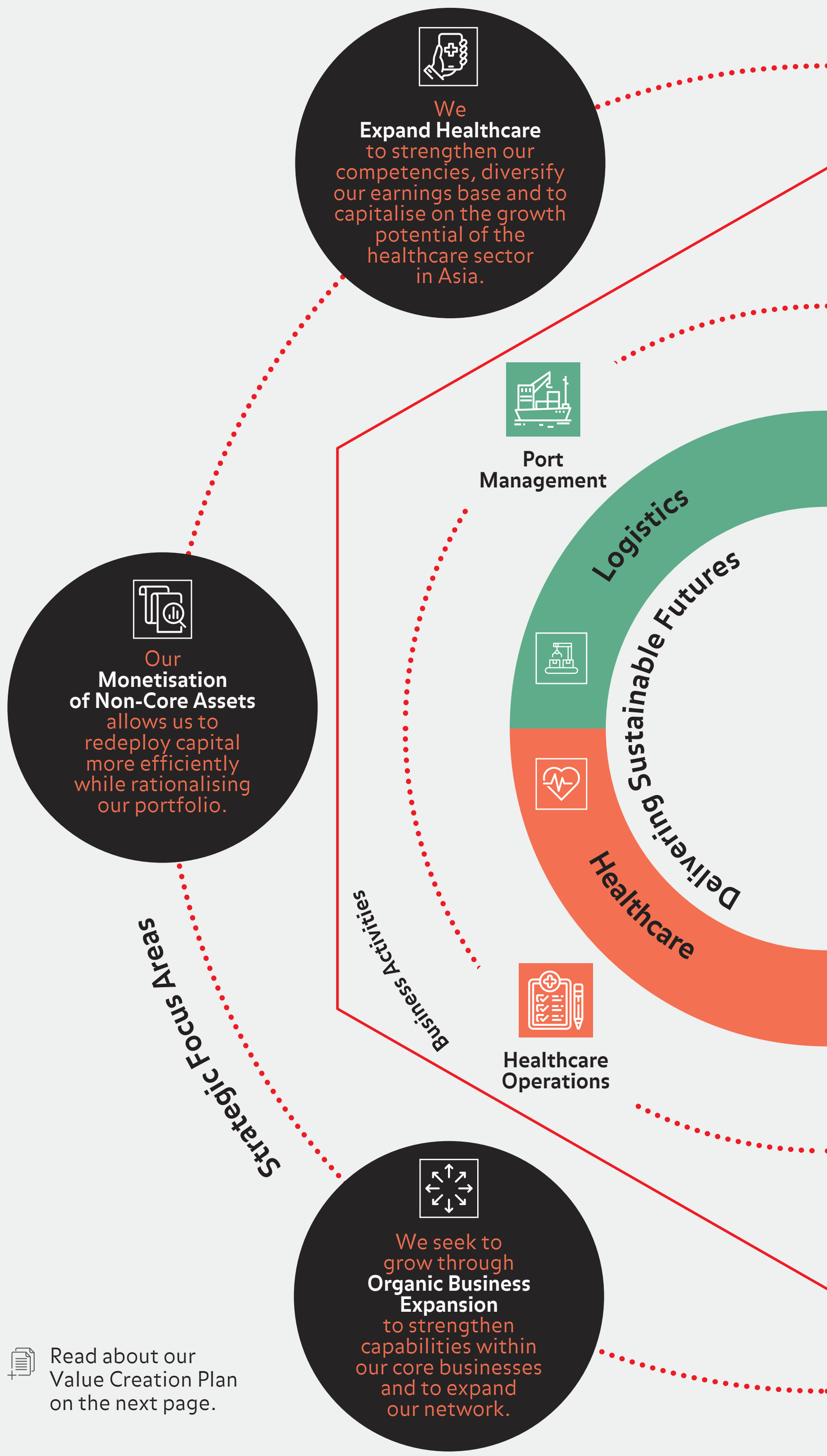
Human

- We invest in the recruitment, development and retention of a diverse talent pool of people to build a collaborative, inclusive workforce that shares knowledge and experience.
- Our scholarship programme, run by Yayasan Sime Darby (YSD), ensures a pipeline of young talent to invigorate the business.

Natural

- We use water, energy and other natural resources efficiently in creating sustainable value for our stakeholders.

Value Creation Plan



Read about our Value Creation Plan on the next page.

Strong Focus on Governance

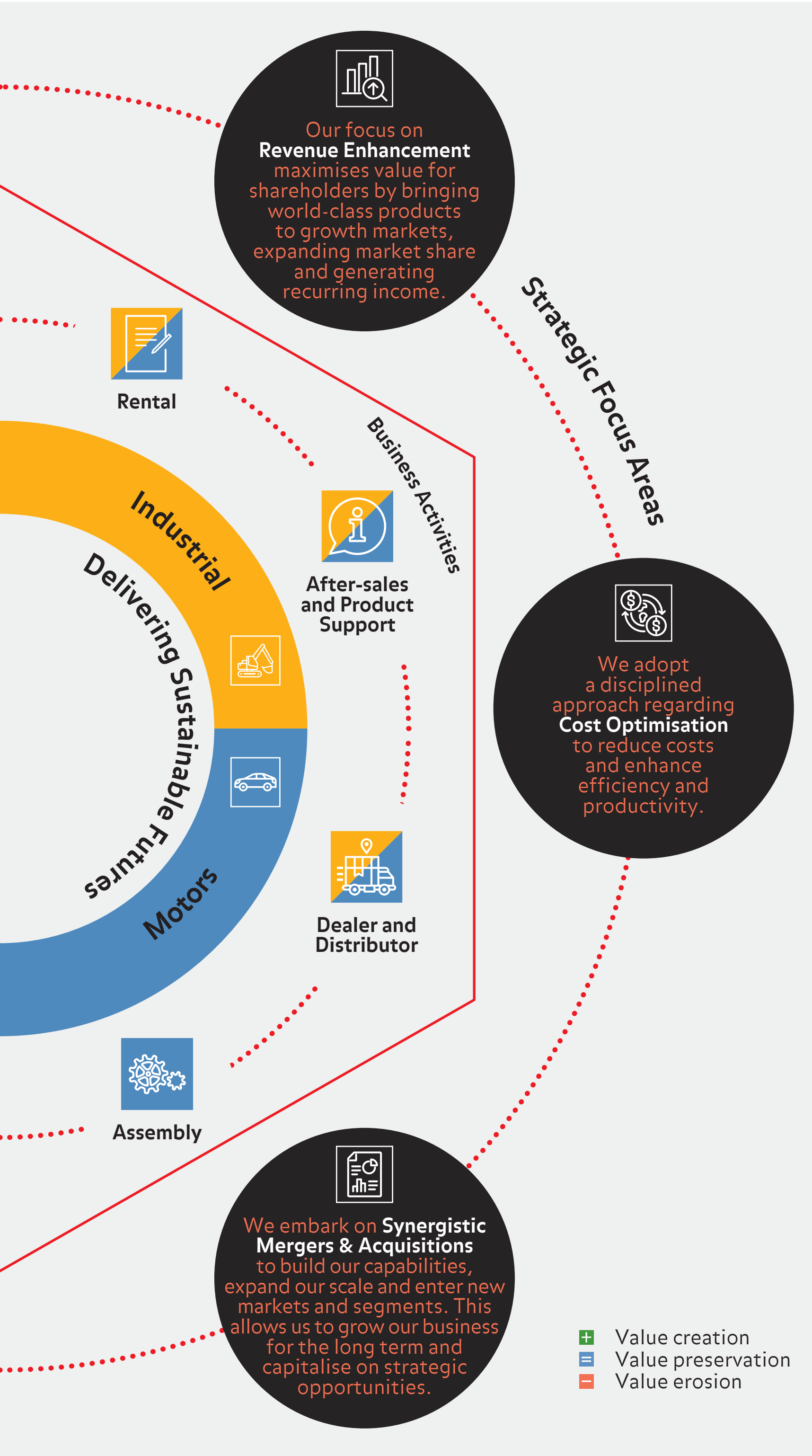
This promotes accountability, integrity and transparency and allows us to deliver positive outcomes for our stakeholders.

Read more on Page 132–165

Capable Leadership and Management

Our leadership team provides a balanced and dynamic blend of skills and experience that enables the effective execution of strategies.

Read more on Page 122–131



Outcomes

Financial

- PBIT of RM2.18 billion (55% YoY increase)
- Net Profit of RM1.4 billion (74% YoY increase)
- ROAIC of 11.1%
- Strong operating cash flow of RM2.8 billion
- Declared RM1.02 billion in dividends
- Share price held steady at RM2.18 per share at close of FY2021 (RM2.15 per share at close of FY2020)

Intellectual

- 215 facilities representing more than 30 luxury and mass market brands (Motors)
- 192 branches representing more than 30 brands and solutions (Industrial)
- Seven premium hospitals in Malaysia and Indonesia offering primary to quaternary care
- Focus on digital offerings to provide high value services, optimise cost and improve customer engagement (Motors and Industrial)
- Venture capital investments in mobility start-ups to look ahead into how the automotive industry is evolving

Manufactured

- State-of-the-art infrastructure and facilities across 19 countries and territories, and four divisions ensure best-in-class products and services
- Assembly of high-value brands such as BMW, MINI, Hyundai and Mazda, with Porsche in the pipeline
- 103,417 units sold (Motors) due to increase in domestic consumption across core markets

Social

- A strong safety culture continues to be embedded within the organisation
- Ongoing engagement with local communities to better understand where and how we can make a positive impact in the regions we operate in
- 504 scholarships provided via YSD
- RM20 million annual contribution through YSD (RM10 million in FY2021), with RM20.5 million dedicated to COVID-19 relief efforts in FY2021

Human

- 21,943 total number of employees
- A better engaged workforce with overall employee engagement rates increasing by four percentage points to 62% compared to last year

Natural

- Newly developed sustainability blueprint with heightened focus on environmental considerations, and ESG-focused investments and impacts
- Distribution of energy-efficient vehicles and equipment to help minimise carbon emissions
- Energy initiatives embarked on across the Group include building showrooms, facilities and workplaces that comply with green building standards. Examples include the Sime Darby Motors City in Malaysia and Terra Cat, our Caterpillar dealership in New Zealand. Our aim is to transit towards renewable energy supply across our operations where viable.

Value Creation Plan

Since its inception, the Value Creation Plan has guided us in our strategy and decision making and has allowed us to achieve an optimal balance between long term value creation and present-day performance. The Value Creation Plan was also key in enabling business expansion that broadened our footprint and diversified our earnings base.

In FY2021, we continued to focus on ROIC Enhancement, in line with our Capital Allocation Framework. This allowed us to better manage working capital, improve capital efficiency and create operational excellence.

Strategic Focus Areas	Revenue Enhancement	Cost Optimisation	Synergistic Mergers & Acquisitions
Objective	◢ Grow volume and market share in core sectors ◢ Grow after-sales parts and services for the Industrial and Motors Divisions ◢ Leverage connected assets as an enabler to increase and protect market share	◢ Enhance operational excellence to strengthen resilience in down cycles via process standardisation, robotic process automation, Lean Six Sigma and procurement controls, among others ◢ Streamline and improve business processes through technology and innovation	◢ Leverage additional distribution channels and access new customer bases ◢ Gain entry into new geographical markets ◢ Seek collaboration with strategic partners to create shared value
Progress Made in FY2021	**Industrial** **Motors** **Healthcare** **Logistics** ◢ Increased revenue by 20% to RM44.5bn ◢ Increased PBIT by 55% to RM2.18bn ◢ Achieved improved financial results as a result of an excellent performance by the Motors Division's China operations and the gain on disposal from the sale of the Group's Tesco Malaysia stake Note: Financial performance is a result of improvement on multiple strategic areas.	**Industrial** **Motors** **Healthcare** **Logistics** ◢ Reduced inventory turnover days across the business through successful optimisation of working capital ◢ Implemented cost optimisation initiatives to improve efficiency and productivity ◢ Turned around underperforming businesses (such as KIA in Taiwan) ◢ All these initiatives led to an increase in ROAIC to 11.1%	**Industrial** ◢ Commenced acquisition of Salmon Earthmoving Holdings to expand more into construction and New South Wales, Australia. **Motors** ◢ Collaborated with myTukar for used cars and SOCAR for after-sales and fleet management ◢ Commenced venture capital investments in companies in the mobility sector such as SOCAR ◢ Acquired BMW Tebrau and BMW Wellington
Focus for FY2022	**Industrial** ◢ Expand new Cat product offerings ◢ Focus on developing productivity solutions ◢ Focus on expanding geographically within Asia Pacific (in the construction, mining and oil & gas sectors) **Motors** ◢ Focus on achieving higher unit sales in core luxury segment while leveraging on new model cycle ◢ Focus on used car and after-sales market segments to improve margins ◢ Focus on growing omnichannel capabilities to capture more sales and enhance customer experience from online channels	**Industrial** **Motors** **Healthcare** **Logistics** ◢ Continuous focus on initiatives that enable us to achieve operational excellence, so as to increase productivity and reduce costs ◢ Implement efficient working capital management to reduce invested capital, optimise inventory management and increase cash flow ◢ Focus on turning around underperforming operations	**Industrial** **Motors** **Healthcare** **Logistics** ◢ Explore acquisitions that will help to strategically diversify and/or expand our business and re-gear the profile of the Group ◢ Explore expansion opportunities in emerging markets to capitalise on sizable market and favourable demographics

Guided by our Core Values, which are at the heart of everything we do, we fully realised the strategies outlined in the Value Creation Plan in the year under review, creating sustainable value for all our stakeholders.

Integrity | **Respect & Responsibility** | **Excellence** | **Enterprise**

Organic Business Expansion

- Expand our range of products, solutions and services to improve customer experience
- Identify new revenue streams and market adjacencies to counter cyclicity and increase recurring income

Motors

- Opened three new showrooms in Tier 1 cities in China (Changsha, Shenzhen and Dongguan) for BMW, Volvo and MINI
- Obtained Porsche assembly franchise for Malaysia
- Strengthened partnerships with China EV OEMs such as NIO (Shenzhen), Li Auto (Haikou and Qujing) and Weltmeister (Changsha)

Industrial

- Explore opportunities along the mining value chain to become an integrated solutions provider
- Explore entering alternative segments in metals and commodities as well as new regions to capitalise on the energy transition journey

Motors

- Continuously expand our presence in the Chinese luxury car market, including in the fast-growing Tier 3 and Tier 4 cities in China
- Pursue new dealerships for pure electric vehicle brands in China
- Explore strengthening expertise in electric vehicle equipment and infrastructure

Monetisation of Non-Core Assets

- Disposal of non-core assets to free up resources
- Review of under-performing businesses for asset rationalisation

Logistics

- Strategic divestment of Jining ports

Others

- Completed sale of stake in Tesco Malaysia
- Completed sale of stake in Eastern & Oriental Berhad
- Dissolved Union Sime Darby (Thailand) Limited

Divestments

- Focus on divesting major non-core assets to redeploy capital into our core businesses.

Expanding Healthcare

- Accelerate growth and diversify geographical footprint through acquisitions
- Unlock the next phase of growth through strategic development projects
- Improve quality of products and services and increase in-patient volume

Healthcare

- RSDH completed acquisition of Manipal Hospitals Klang

Healthcare

- Continuously expand in Asia where the healthcare infrastructure base remains underpenetrated and demand is expected to rise due to growing middle-income populations and chronic diseases
- Capitalise on medical tourism which is expected to resume with the expected lifting of travel restrictions ahead

Engaging Stakeholders

We recognise stakeholder engagement as one of the key forces that shape how we create sustainable value. With continuous shifts in stakeholder expectations, we need to keep our finger firmly on the pulse when it comes to understanding the issues that matter most to our different stakeholders.

Through regular and consistent engagement with our key stakeholders, we are able to develop insights that help shape our strategic priorities and align the interests and expectations of our stakeholders with those of our businesses.

The following is a summary of our interactions with our key stakeholders during the year.

Stakeholders	Key Topics Raised	How We Engage	How We Responded
Investors	• Operational and financial performance • Internal strategies for navigating the COVID-19 pandemic • Expansion plans for Industrial, Motors and Healthcare Divisions • Long term direction of the mining industry • Impact of global shortage of semiconductor chips on inventory levels • Progress of non-core asset disposals • Implementation of capital management strategies • Implementation of cost optimisation strategies • Climate change and environmental regulations	• Analyst briefing sessions • Investor conferences • One-on-one engagements • Site visits	See our Value Creation Plan on pages 40 to 41 on how we create value for our investors. See our Group Chief Financial Officer's Review on pages 64 to 71to find out more about our capital management strategies. See our Divisional Operations Review on pages 72 to 99 to find out how we are addressing the relevant issues pertaining to our business operations.
Customers	• Customer service • Efficiency, transparency and user-friendliness of retail experience • Reliability of after-sales service • Additional or value-added services • Competitive pricing	• Tradeshows, exhibitions and product launches • Direct marketing and sales engagements • Online and social media marketing • Customer feedback surveys • Customer relationship programmes	• Ensured all staff are well trained and received continuous upgrading in product knowledge and customer service skills • Ensured continuous operational improvements at all business units to optimise sales and marketing channels • Accelerated digitalisation to provide customers with more avenues to access our products and services • Strengthened after-sales service in the areas of contactless pickup and delivery, online booking for vehicle servicing and predictive maintenance • Improved facilities to enhance customers' comfort and convenience • Offered competitive pricing, sales promotions and other purchasing incentives

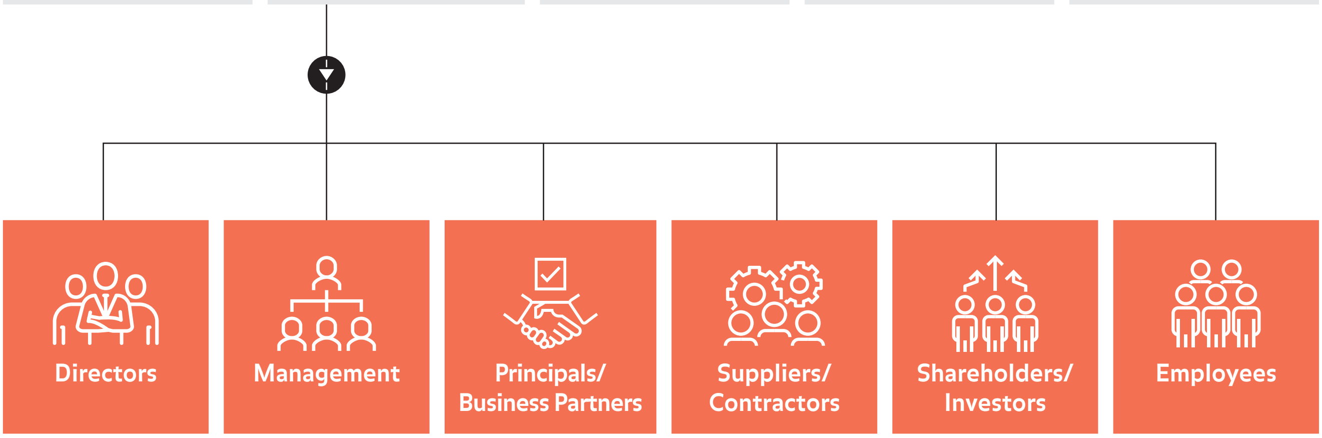
Stakeholders	Key Topics Raised	How We Engage	How We Responded
Suppliers/ Business Partners	• Efficient routes to market • Partnerships for growth • Business opportunities and decisions • Joint venture operations	• Networking sessions to build relationships • Vendor Development Programme • Increase meaningful engagements: – Top-level executive management meetings – Market/country-level meetings – Other engagements with suppliers/ business partners	• Improved operations across all business units to optimise our business performance • Partnering market-leading brands and offering them best-in-class facilities • Increased networking sessions with business partners to share information and improve alignment of business plans
Employees (current and potential)	• Health, safety and well-being • Remuneration and benefits • Employee engagement and motivation • Talent development and career progression opportunities • Business growth and sustainability	• Town halls, employee engagement sessions and department meetings • Employee web portals, webinars and internal newsletters • Corporate and divisional websites • Social media channels • Survey and internal feedback surveys	See the Creating Sustainable Value section on pages 110 to 121 to read about our approach to employee health and well-being, as well as our efforts in employee engagement and training and development.
Communities	• Social development • Community well-being • Education	• Community engagement and outreach programmes • Strategic partnerships with NGOs, community organisations and social enterprises through Yayasan Sime Darby • Corporate and divisional websites • Social media channels	See the Creating Sustainable Value section on pages 114 to 117 to read more on our approach to community contributions and development.
Government/ Authorities/ Regulators	• Corporate social responsibility • Environmental sustainability • Labour and safety regulations	• Regular engagement and dialogues • Consultation on regulatory matters	See the Creating Sustainable Value section on pages 100 to 121 on how we manage the relevant issues.
Media	• Corporate developments • Long term plans • COVID-19 response • Response to geopolitical events	• Periodic updates on corporate developments and key events via press releases and media engagements • Media interviews • Media briefing sessions	See our Chairman's Statement and GCEO's Q&A on pages 16 to 29 to further understand how we are managing these topics.

Material Matters

Material matters are the economic, environmental, social and governance matters that significantly influence our ability to create value for our stakeholders over the short, medium and long term. By understanding the needs and interests of our stakeholders, we were able to identify and prioritise the matters that are of the highest importance to our stakeholders and to the business.

To determine the Group's material matters for FY2021, a materiality exercise was conducted internally. A similar methodology to that conducted with an independent third party in FY2019 was adopted, to ensure consistency and comparability of the material matters.

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Internal review of existing material matters	A desktop review of our principals, peers and customers material matters was undertaken. A survey was conducted with directors, management and employees. Detailed interviews were undertaken with management. The review also encompassed international sustainability forums which the Group participates in.	Ranking of material matters based on the results of reviews on stages 1 and 2	Mapping of material matters in a materiality matrix	Alignment of material matters against the Group's strategies



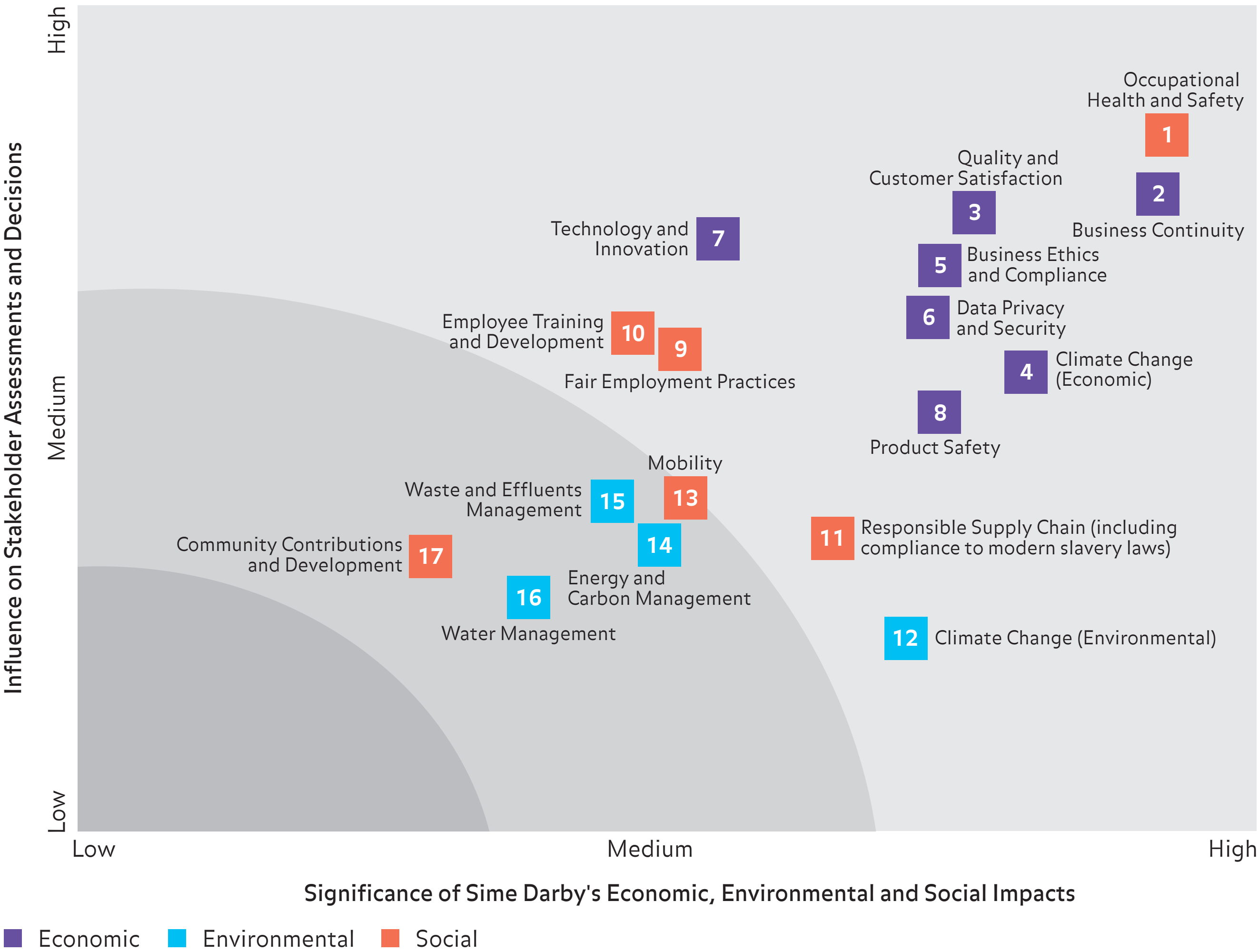
This process was guided by the principles of internationally-recognised reporting frameworks as set out by the International Integrated Reporting Council (IIRC), Global Reporting Initiative (GRI) and the Dow Jones Sustainability Indices (DJSI), in addition to the Sustainability Reporting Guide by Bursa Malaysia Securities Berhad.

Relevant international industry trends and best practices of selected industry organisations were also studied in the review process.

In FY2021, a total of 17 material matters were identified. Of these 17, five were new emerging matters that reflect the evolving business environment of the Group.

The following chart shows our material matters in FY2021 and extrapolates the importance of each material matter based on its influence on stakeholder assessments and decisions, as well as its level of impact on the Group.

Materiality Matrix (Sime Darby Berhad)



Material Matters	Description	How We Are Addressing This Issue
1 **Occupational Health and Safety**	Sime Darby is committed to achieving its goal of "No Harm" by ensuring that its occupational health and safety policies are effectively translated into practice across its operations, through clear measures that reinforce uncompromising safety standards. The Group strives to prevent injuries, fatalities and occupational hazards at all its workplaces including warehouses, assembly sites and showrooms.	In addition to customising our health, safety and environment training programmes and making available personal protective equipment where needed, the Group is also rolling out next-generation awareness and safety culture programmes for both its leaders and its employees. This is underpinned by mobile risk assessments, improved lead indicator reporting and a targeted internal audit programme. Proactive measures to prevent incidents and minimise risks have been implemented Group-wide. See pages 118 to 120 for the Group's report on safety.

Material Matters

Material Matters	Description	How We Are Addressing This Issue
2 **Business Continuity**	Sime Darby continues to remain competitive and sustainable in the market, by: • Diversifying and expanding its portfolio of product and service offerings together with delivery platforms/ approach as well as expanding further into existing and new markets to gain competitive advantage. • Focusing on the efficiency of business operations. • Maintaining access to capital and ensure good credit ratings. • Maintaining good relationships with business partners and suppliers. • Managing or reducing dependency on a single, major business partner, supplier or customer. • Mitigating and managing risks of disruptions in operations caused by internal and external factors. • Maintaining good relationships with the relevant authorities in respect of regulatory approvals.	We have put in place robust business continuity plans across the Group to proactively avoid or mitigate risks and to better protect our people, property and assets. This year, the Group launched a Business Continuity Management (BCM) programme, a Group-wide initiative to enhance Sime Darby's existing business continuity plans. The BCM programme will be fully implemented within approximately two years. Please see our Risk Management report on pages 51 to 63 for more on this.
3 **Quality and Customer Satisfaction**	Sime Darby aims to ensure that its products and services consistently meet the standards expected by its business partners, and has installed stringent quality control processes. They include internal quality control checks and third-party audits. Other Group-wide initiatives that ensure quality in customer service include processes to ensure prompt response to customer feedback and the adoption of user-friendly technologies to generate added value and enhance the customer experience. All this complements the Group's continuous efforts to improve product quality and customer satisfaction.	The different divisions across the Group drive continuous product improvement and service innovation. See Divisional Operations Review on pages 72 to 99 for discussions on Quality and Customer Satisfaction.
4 **Climate Change (Economic)**	The Group's management of operational financial risks associated with climate change with respect to: • Changing markets; • At-risk office/business locations (including significant impact from extreme weather events and difficult access to a reliable water supply); • Investor preferences; • Non-government organisations' activities and activism; and • Changing and emerging business models.	For more information on our efforts to mitigate the economic impact brought upon by climate change, please see page 107.

Material Matters	Description	How We Are Addressing This Issue
5 **Business Ethics and Compliance**	Sime Darby is committed to upholding the highest standards of business ethics and in ensuring zero breaches of regulatory requirements. This is to enable its businesses to run smoothly, responsibly and sustainably. The Group has established a clear and robust framework to guide ethical decision-making and strictly enforces standards laid out in its Anti-Corruption Policy, Whistleblowing Policy and Code of Business Conduct.	Read more in the Governance section on pages 132 to 163 to understand how this is addressed.
6 **Data Privacy and Security**	The Group has implemented the Group Personal Data Protection Manual which outlines the procedures and requirements regarding data privacy management and controls.	During the year, data privacy gap reviews were conducted for key business units across the Group to identify gaps and non-compliances in relation to latest privacy laws and regulations. Pragmatic actions were recommended to resolve these gaps; and to prevent the risk of a data privacy breach.
7 **Technology and Innovation**	The Group and Divisional strategy and Information Technology (IT) functions drive technology and innovation by identifying and implementing cutting-edge solutions. The Group leverages on business innovation and appropriate technologies to grow its top line, manage its bottom line and track business efficiency. The Group recognises that accelerating the adoption of technology drives competitive edge.	Please see Divisional Operations Review on pages 72 to 99 on our digitalisation efforts.
8 **Product Safety**	Sime Darby's products and service offerings are targeted to meet global market product safety expectations and legal requirements. In addition, the Group's businesses aim to leverage technology to enhance product safety across all product and service offerings.	We have implemented a comprehensive approach to product safety that includes setting up appropriate product safety and quality management systems. We also listen to, and act on, feedback from our customers. We leverage on technology, innovation and design to enhance the safety of our products.
9 **Fair Employment Practices**	Workplace diversity and inclusivity are entrenched in Sime Darby's fair employment practices. The Group ensures that employees are productively engaged and fairly remunerated. Workplace initiatives that uphold the principles of fair employment are implemented Group-wide. They include the integration of knowledge and experience across divisions and subsidiaries, continuous skills training and non-discriminatory hiring practices. Through equal opportunity and non-discriminatory hiring policies, the Group provides equal employment regardless of gender, race, disability, nationality, religion or age.	See pages 120 to 121 to read more about this.

Material Matters

Material Matters	Description	How We Are Addressing This Issue
10 **Employee Training and Development**	Employees are the Group's lifeblood. By developing a strong talent pool, the Group is able to build capacity in anticipation of future business needs. To attract and retain a pool of professional and skilled talent, the Group implements a comprehensive staff selection process and provides internal and external training programmes to strengthen the competencies and nurture the career progression of its people. Talent management is geared towards retaining the right mix of intellectual capital and cultural fit to propel the organisation forward.	See pages 112 to 114 for more information on Employee Training and Development.
11 **Responsible Supply Chain (including Modern Slavery)**	The Group manages labour practices (including modern slavery) responsibly throughout the supply change of all operations, by setting stringent selection criteria for both suppliers and contractors. These include compliance with regulatory requirements such as ethical standards, product safety standards and environmental standards.	Across all its markets, the Group's businesses are required to establish clear Standard Operating Procedures which are aligned to the Group Procurement Policies and Authorities for the procurement of goods and/or services. These SOPs are aligned to and require Vendor adherence to the Sime Darby Vendor Code of Business Conduct and also to the Sime Darby Code of Business Conduct, which guides the standards of behaviour expected of all contractors and employees of the Sime Darby Berhad (including management). To read more about this, see pages 156 to 163. Both our Industrial and Motors operations in Australia have released local, independent Modern Slavery Statements, available at: • https://modernslaveryregister.gov.au/statements/2668/ • https://modernslaveryregister.gov.au/statements/1315/
12 **Climate Change (Environmental)**	This covers the Group's support of relevant international bodies and participation in voluntary standards, targets and reporting.	For more information on our efforts to combat the environmental effects of climate change, please see pages 104 to 107.

Material Matters	Description	How We Are Addressing This Issue
13 **Mobility**	Mobility includes the social and economic effects of changing patterns in movement, for example: • The sustainable movements of products and materials within and across borders. • Changing behaviours that affect movements of people and their use of vehicles such as working from home, work locations and holiday choices. • The availability of vehicles/machinery capable of automation/autonomous operation on multimodal digital networks.	Sime Darby has established a Mobility Unit in 2019 to explore new trends and opportunities for growth in the automotive industry as part of Sime Darby's strategy to future-proof its Motors business. Read more on this on page 7.
14 **Energy and Carbon Management**	The Group is committed to reducing its carbon and energy footprint through energy efficiency programmes and emission monitoring. In line with that commitment, stringent internal controls and monitoring mechanisms have been established that track and monitor emissions from the Group's operations. Energy-efficiency initiatives have also been incorporated across the Group's operations. These initiatives include building workplaces to contemporary green standards, installing LED lighting, utilising solar power, initiating renewable energy projects and improving fuel economy in the Group's fleet of company-owned vehicles and across its heavy machinery operations.	See pages 104 to 107 to find out more on our energy and carbon management efforts.
15 **Waste and Effluents Management**	Efficient and effective waste and effluent management helps reduce the impact of the Group's operations on the environment. Sime Darby is focused on improving its monitoring and management mechanisms for hazardous and non-hazardous wastes and effluents, and on complying with regulatory requirements in the locations in which operates.	Sime Darby manages all its domestic, industrial and scheduled waste in accordance with its Group-wide policy to ensure compliance with both national and local legislations in every market where it operates. The Group sets waste and effluent management targets that are aligned with its environmental sustainability commitments. Additionally, the Group is prioritising its reduction targets for scheduled waste. The reduce, reuse and recycle methodology has been successfully implemented at a number of sites globally. In addition, the Group is currently conducting a review of its waste service suppliers to ensure that these suppliers align with regulatory tracking requirements and the reporting capability demanded by the Group. See page 108 for more information.

Material Matters

Material Matters	Description	How We Are Addressing This Issue
16 **Water Management**	Sime Darby recognises that water is a finite and shared resource and that effective water management is critical to sustainability. Group-wide internal controls, monitoring mechanisms and data collection procedures have been implemented to manage, track and reduce our water consumption across all our operations. The Group also launched water-saving initiatives such as internal campaigns to raise awareness among employees on the importance of water conservation and the implementation of practical water recycling solutions at its work sites. Benchmarks for water consumption are also set across all its operations.	See pages 108 to 109 for more details.
17 **Community Contributions and Development**	Creating positive and lasting impact in local communities is central to Sime Darby's sustainability mission. The Group makes monetary and non-monetary contributions to Yayasan Sime Darby to support community development programmes. Aside from contributions to Yayasan Sime Darby, the Group also encourages and supports local community initiatives led by its divisions in their operations across the region.	See pages 114 to 117 to find out more.

Risk Management

FY2021 was a challenging year with global risk events occurring across the Group's operational footprint. Due to Sime Darby's diverse geographical footprint, the Group's businesses are largely dependent on global economic conditions, especially in key markets such as Australia, China and Malaysia. Throughout FY2021, the global economic situation was mainly subdued due to pandemic-induced uncertainties although the situation improved in the second half with the progressive rollout of vaccines in the countries where we operate. But while the extreme uncertainty created by the COVID-19 crisis is now gradually abating, risks remain, with supply chain disruptions and people safety being among the biggest.

The Group remains vigilant in managing its risks by continually identifying, prioritising and responding to threats and uncertainties that impact business operations and decision-making process.

During the year, the Group Risk Management (GRM) function continued to assist the Risk Management Committee (RMC) in providing oversight of enterprise-wide risk management and in supporting the Divisions' risk assessment and risk monitoring initiatives.

Key Risk Management Activities

The Group's Risk Management Blueprint continues to guide the Group in ensuring risk management is integrated in all operating and decision-making processes. A five-year roadmap developed in FY2019, the Blueprint enables us to create value through an integrated risk management approach. The diagram below shows the key components and activities covered under the Blueprint.

Stakeholder Engagement & Communication

Vision & Mission

Preserving shareholder value via good risk management practices:

- Inculcate high level of risk awareness **culture**, knowledge and understanding
- Position risk management as a key **decision-making** tool
- Embedding risk management into all **key business processes**

Key Enablers

Capacity Building
- Risk Culture
- Knowledge & Awareness

Policy & Governance
- Framework
- Risk Governance
- Risk Appetite

Risk Advisory & Reporting
- Risk Assessment
- Reporting
- Research & Analysis
- Special Projects

Business Resiliency
- Business Continuity Management
- Insurance Management

Systems & Processes
- Risk Management System
- Tools & Techniques

Continuous Improvement & Excellence

Risk Management

Risk management activities undertaken in FY2021 were primarily focused on risk response and resilience management. These were necessary to address the pandemic and its wide-ranging effect on the Group. A key initiative in the year was the development of a Business Continuity Management (BCM) programme for the Group. This group-wide initiative was undertaken to enhance Sime Darby's existing business continuity plans and will be fully implemented within approximately two years.

Sime Darby's BCM programme will focus on the development of strategies, plans and actions to enable the Group to respond, recover and resume critical business functions and processes in the event of a disruption to normal business operations. The prescribed business continuity plans cover a wide range of areas including people, premises, supply chain, finance, information technology, transportation and communication.

In the year under review, we conducted special risk assessment reviews on key regulatory compliance risk areas such as anti-bribery and corruption and personal data protection. These reviews were undertaken to identify risk factors associated with these areas and, more importantly, to prevent and mitigate their impact on the Group. These reviews were carried out for selected business and operating units in key markets such as Malaysia and China. Compliance with laws and regulations on anti-bribery and corruption and personal data protection is increasingly important with heightened scrutiny and enforcement by authorities across Sime Darby's regional footprint.

Other key initiatives undertaken in FY2021:

Critical Factors	Strategic Goals	Key Initiatives Undertaken in FY2021	Initiatives for FY2022
1 **Capacity Building**	• To build a strong risk-centric culture • Shared accountability and responsibility in managing risks	Facilitated the following risk awareness training sessions and technical risk management workshops for all risk practitioners across the Group. • Bribery Risk Assessment • Cybersecurity Risks • Key Risks in Mergers and Acquisitions • Setting Risk Appetite and Tolerance Levels	• Continue to conduct programmes to enhance knowledge and understanding of risk management among our people across the business • Continue to conduct periodic risk awareness sessions and technical risk assessment workshops covering key enterprise risk topics such as climate change, assessment of internal controls and project risk management
2 **Policy and Governance**	• Systematic implementation of risk management framework across the Group • Introduction of relevant policies and guidelines on risk management	• Developed the Group's inaugural Business Continuity Management (BCM) Framework • Assisted the Board in developing and monitoring Sime Darby's group risk appetite and tolerance levels • Enhanced Sime Darby's Personal Data Privacy Policy (with Group Compliance and Integrity (GCI) and Group Legal departments) Developed guidelines on the setting of key risk indicators (KRIs)	• Continue to roll out policies and guidelines for key risk management areas • Refresh Enterprise Risk Management (ERM) framework to align risk parameters with existing business environment • Establish Operational Risk Management Framework

Critical Factors	Strategic Goals	Key Initiatives Undertaken in FY2021	Initiatives for FY2022
3 **Risk Advisory and Reporting**	• Establishment of robust systems and processes to drive more effective assessment and monitoring of risks	• Conducted Bribery Risk Assessment for six medium to high risk entities in China and Malaysia (with GCI) • Conducted data privacy enhancement reviews of four key entities in Malaysia, Thailand and China • Performed risk assessment of key investment proposals and major projects • Performed annual forecast of key risk factors affecting the Group's businesses	**Operational Risk Management** • Implement operational risk management programmes focusing on key internal processes such as sales, procurement, inventory management and asset management **Regulatory Risk** • Conduct data privacy and bribery risk assessments for key business units **Risk Monitoring** • Enhance risk monitoring via identification of KRIs for key enterprise risks
4 **Business Resiliency**	• Build resilience and sustainability in our responses to disruptions arising from a crisis or disaster • Optimise insurance coverage across the Group	**Business Continuity** • Launched BCM programme – a group-wide project aimed at enhancing the Group's BCM capability • Formalised the Group's BCM governance structure by establishing a BCM Steering Committee and developing the Group's BCM framework • Appointed and onboarded new BCM Coordinators for all key businesses and operating units • Organised and co-facilitated training programme for BCM Coordinators on key topics such as business impact analysis, crisis communication (with Group Communications department) and health safety (with Group Safety and Sustainability department)	**Business Continuity Management** Continue to implement BCM programme across the Group Programmes include: • Business Impact Analysis • Identification of Continuity Strategy • Development of BC Plans • Training and Awareness **Insurance Management** Work with insurance brokers to optimise the Group's insurance coverage and explore other insurable risks based on Sime Darby's enterprise risk profile

Risk Management

Restructuring of Group Risk Management and Group Compliance and Integrity

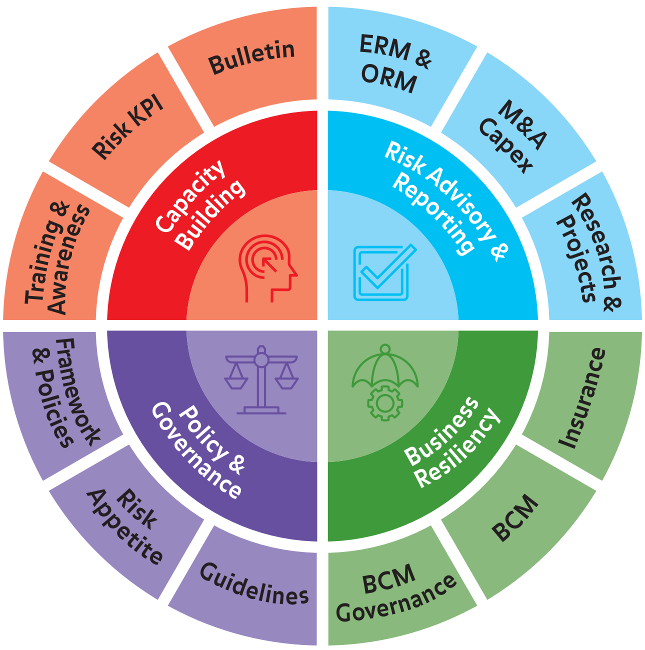
In July 2021, GRM was merged with Group Compliance and Integrity (GCI) into one single function and renamed as **Group Risk and Compliance (GRC)**. The strategic rationale for the merger is to enable both risk and compliance to be streamlined in terms of scope, resources and performance. This was also undertaken after a restructuring of the Risk Management Committee's (RMC) terms of reference in November 2020 led to a change of GCI's functional reporting line from the Governance and Audit Committee (GAC) to the RMC.

Integration Plan

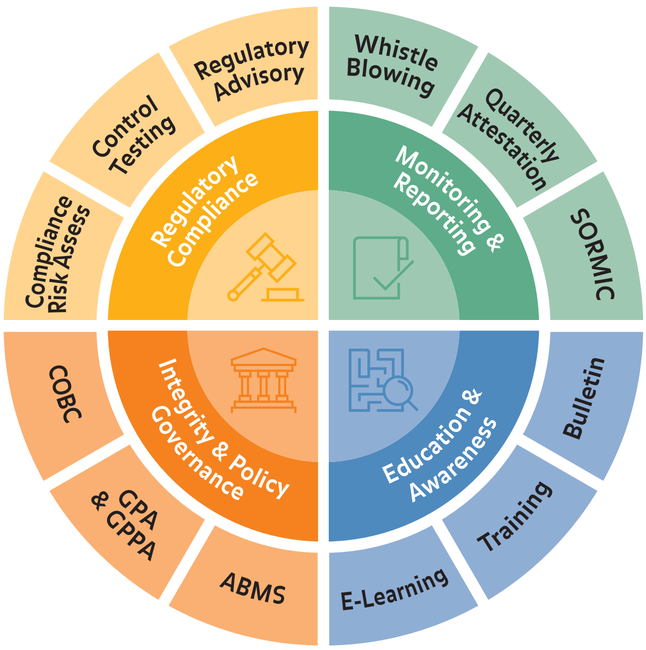
GRM and GCI are independent governance functions established to assist the board in discharging its risk and compliance duties and responsibilities. GRM and GCI's primary role are complementary – to work with Management to design, implement and monitor risk and compliance frameworks (as second line of defense).

The following charts depict the roles of GRM and GCI prior to integration:

Group Risk Management



Group Compliance and Integrity



For FY2022, GRC will focus on merging the two functions by re-strategising its plans, priorities and initiatives; identifying potential areas of synergy; and streamlining its resources and scope of responsibilities. This merger is expected to enhance the effectiveness of the Group's governance function (particularly as the second line of defense) by removing any duplication of duties and responsibilities between GRM and GCI

The restructuring plan will be driven by three key enablers:

- **Purpose** – Redefine a common set of vision, mission, strategy and objectives
- **Process** – Streamline the existing risk and compliance processes based on common priorities and focus areas; repurpose or transform processes with lesser value
- **People** – Streamline roles and responsibilities of team members to enable efficient deployment of resources.

The New GRC Blueprint

To redefine its purpose, GRC will be guided by a new blueprint that focuses on common vision and mission statements, critical success factors and strategic focus areas.

Stakeholder Engagement & Communication

Continuous Improvement & Excellence

Vision & Mission

Preserving shareholder value via good risk management pratices:

- Inculcate high level of risk awareness **culture**, knowledge and understanding
- Provide **reasonable assurance** to the Board that the Group's operations are conducted in line with key regulatory requirements
- Embedding risk management into all **key business processes**

Critical Success Factors

People
With the right skills, knowledge and understanding of risk and compliance

Empowerment
Access to the right level of support from board and senior management

Professionalism
Ability to execute work and judgement independently and professionally

Performance
High performance strong dedication and commitment to achieve objectives

Agility
Continuously explore ways to simplify and enhance work processes

Strategic Objectives and Focus Areas

Assessment & Advisory
Identification, assessment of key risk areas

Culture & Awareness
Continuously create a risk & compliance centric culture

Policy Governance
Establish relevant framework, policies & guidelines

Compliance Programme
Mitigation actions for key compliance risk areas

Resilience Management
Ensuring organisational resilience

Monitoring & Reporting
Reasonable assurance on compliance

Procurement Governance
Compliance with GPPA and strategic procurement policies

Risk Management

Sime Darby's Top Ten Risks

Effective risk management can be a source of competitive advantage. By understanding and effectively managing risk in a holistic manner, the Group is able to provide greater certainty and strengthen stakeholder confidence. Diversification of its portfolio of businesses is a key element in the Group's ERM approach. The Group views and manages its risks on a group-wide basis, with ERM embedded in critical business activities, functions and processes.

Key risks and how they are managed:

Key Risks	Risk Trajectory	Description	Key Highlights in FY2021	Key Mitigation Measures
1 **Market Dynamics**	▲	**Geopolitical Risks** Sime Darby is susceptible to global macroeconomic and geopolitical factors, particularly in Australia and China where a significant portion of its business operations are located	In FY2021, the COVID-19 pandemic exposed the Group to supply chain and market risks in some of the Group's key markets. The tenuous relationship between Australia and China remains a key geopolitical risk factor for our Industrial business in Australia. Tensions mounted following China's ban on Australian coal in 2020. This affected demand for mining equipment and services. The impact of tit-for-tat sanctions imposed by US and China can also potentially disrupt our Industrial business in China.	• Continuously monitor key geopolitical and macroeconomic developments that may expose the Group to systemic risks • Review Value Creation Plan and portfolios to take into account strategic plans to diversify the Group's businesses • Review the Group's Risk Appetite to prevent and mitigate over-concentration of investment in a single territory or industry
	▲	**Competition Risks** The Group has to compete against intense price competition and innovative product offerings by competitors	Competition risk has risen across all key markets especially in China amidst the occurrence of the "revenge shopping" phenomenon. The Industrial division's China operations experienced competitive pricing pressure as local OEMs continue to dominate the equipment market. The Logistics division faced intense competitive pressure amidst price competition from nearby ports and the availability of alternative modes of transportation.	• Diversification strategies are in place to alleviate over-concentration on any one single brand or product • Close monitoring of competitors' strategies to sharpen understanding of industry and market trends • Step up digitalisation to leverage on innovative solutions that streamline operations and optimise costs • Continue to work with key principals to enhance price competitiveness

Key Risks	Risk Trajectory	Description	Key Highlights in FY2021	Key Mitigation Measures
2 **Acquisitions and Divestments**		Risk of inability to generate expected returns from investments or divestments	During the year, the Group continued to pursue growth via strategic acquisitions and divestment of non-core assets, with the goal of optimising its invested capital. Risk assessment exercises were conducted to identify and mitigate key risks pertaining to the Group's investments and divestments. Integration plans for these investments are on track and progressing well.	• Conduct rigorous due diligence on key investment proposals and projects • The Board and Management oversee, review and approve key acquisitions and divestments based on policies provided in the Group Policies and Authorities document.
3 **Business Partners**		The Group's dealership businesses are highly dependent on key principals and joint venture partners, and thus are greatly affected by their performance	No significant event or incident occurred during the year that impacted the Group's relationship with its key principals (Cat and BMW) and joint venture partners. Concentration on key principals remains high and could potentially increase as the Group continues to expand its Cat and BMW businesses in the medium to longer term. Whilst governance and oversight of joint ventures has improved over time, significant resources are required to align different and potentially incompatible priorities and vested interests in order to achieve synergy and a unified business direction.	• Continuously engage with key principals to align business goals • Strive to support the initiatives and programmes of our principals • Seek to diversify our business to reduce the risk of over-concentration in key principals, while being fully cognisant of the need to maintain strong relationships with these key principals • The Board and Management provide oversight and receive periodic reports on the business performance of joint ventures • Set stringent partner selection criteria and guidelines including making appropriate governance arrangements

Risk Management

Key Risks	Risk Trajectory	Description	Key Highlights in FY2021	Key Mitigation Measures
4 **Disruptions and Disintermediation**		Risk of technology disruptions reshaping the automotive and heavy equipment industries	This risk encompasses the following key issues: • The risk of disintermediation with the advent of new digital ecosystems. In addition, innovative business models such as ride-sharing and omnichannel platforms are progressively undermining the traditional dealership business model. • Internal combustion engine vehicles (petrol and diesel cars) will be eventually phased out due to efforts to combat climate change and to decarbonise in the markets where we operate.	• Developed business transformation initiatives and digital-proofing strategies to counter the threat of digitalisation • Continually seek and explore M&A opportunities with digital partners • Utilising ongoing digitalisation process to develop new products and services • Established an electric vehicle master plan that allows us to identify potential strategies for the electric vehicle market and opportunities to penetrate the market • Established a mobility unit to explore new trends and opportunities for growth in the automotive industry with the aim of future-proofing our Motors business.
5 **Safety**		Health and safety risks compromising the health and safety of stakeholders	The Group Safety and Sustainability team have standardised processes and procedures across the group implemented by all Business Units, to manage the health and safety risks. The COVID-19 pandemic also created health risks among employees, particularly frontline workers.	Standardised processes and procedures have been developed for reporting, classification and investigation. Baseline desktop health and safety audits were undertaken across all Divisions, with corrective action plans implemented as required. Established safety and precautionary measures across all our operations to mitigate the risk of COVID-19 infection. These measures include: • Provision of face masks and hand sanitisers to staff, where required; • Promoting the practice of social distancing; • Regular sanitising of workplaces and displayed vehicles; and • Established regime of contact tracing and testing for affected employees

Key Risks	Risk Trajectory	Description	Key Highlights in FY2021	Key Mitigation Measures
6 **Product and Service Delivery**		Risk associated with product demand, supply chains, quality and service delivery	Lockdowns and movement control restrictions brought on by the pandemic have led to supply chain issues such as inventory shortage and supply bottlenecks across the Group. This is affecting particularly our operations in Malaysia, Indonesia and Thailand where COVID-19 cases remain relatively high. This risk could further exacerbate amidst a global shortage of semiconductor chips for the automotive segment. Currently there is no significant impact on our Motors business but a shortage in our inventory of new vehicles could occur in the medium term if the situation persists.	• Engage regularly with our principals to optimise inventory levels • Additional care in inventory planning and management
7 **Cybersecurity**		Risk of IT security breaches such as intrusions, Distributed Denial of Service (DDOS), malwares and ransomware resulting in significant data breaches or failure of key business systems	There were no major or high-risk cyber incidents during the year other than a few isolated cyber attempts that were successfully detected and averted. Nonetheless, cybersecurity risks are anticipated to increase in tandem with the Group's aggressive expansion and growing footprint. This risk is also heightened with increased reliance on the Internet and information technology as well as increased instances of remote/offsite network access.	• The Group's Cyber Security Road Map encompasses key initiatives such as data centre event monitoring, the setup of a Security Operations Centre, IT security awareness programme, vulnerability assessments, penetration tests and security audits • Continuous training to be conducted to raise awareness in employees of cybersecurity threats
8 **Project Management**		Project-related risks such as risks incurred during project planning and execution, and in the management of contracts and tenders	During the year, capital expenditure was incurred in the upgrading of showrooms and service centres for the Industrial and Motors businesses and to enhance port facilities in the Logistics business. These projects are largely on track but minor delays are anticipated in the medium term amidst the occurrence of lockdowns and movement control orders in certain markets.	• The Board and Management to continue providing oversight and review of key capital expenditure projects • Established project governance committees to monitor the execution, spending, procurement activities and progress of key projects

Risk Management

Key Risks	Risk Trajectory	Description	Key Highlights in FY2021	Key Mitigation Measures
9 **People and Culture**		The risk of not having enough talents with the required skills, knowledge and expertise to execute the Group's strategies	Having talents with the required skills, knowledge and expertise is imperative as Sime Darby continues to expand its business into new markets and geographies. This risk is being managed by the Group Human Resources department, which is enhancing talent management and succession planning initiatives.	• Developed a comprehensive plan to recruit talents for strategic positions that are currently unfilled • Succession planning now included as one of the KPIs for key office holders in the Group • Continuous training and development programmes to be conducted to enhance employees' skills and knowledge
10 **Legal and Regulatory Compliance**		Changes to the regulatory regime in the markets where the Group operates may expose the Group to higher compliance cost and scrutiny	During the year, there is a concerted tightening in the enforcement of key laws and regulations by authorities in some of our key markets, especially in Australia and China. Laws on environment protection, anti-bribery and corruption, personal data protection, anti-slavery and anti-trust and anti-competition are increasingly being highlighted in most of our key markets. In the medium to long term, this could drastically change the operating environment of the Group's businesses and potentially lead to higher compliance costs.	• Regularly engage and communicate with governments, regulators and authorities to ensure the potential impact of proposed regulatory changes are understood and, where possible, mitigated. • Developed a regulatory compliance programme to undertake a comprehensive assessment of the Group's compliance efforts in the area of regulatory requirements.

Emerging Risk – Sustainability

The Group is aware of the role sustainable operations have in preserving its long term value and business resiliency. This is further supported by the focus upon environmental, social or governance metrics by investors, stakeholders and governments. For example, the advent of electric vehicles and the systemic decarbonisation of energy-intensive extractive industries is gaining traction in many of our key markets, resulting in a substantial proliferation of regulations and self-reporting standards aimed at tackling the broader climate change risk.

During the year, China, Hong Kong, Singapore and Thailand have introduced new policies and regulations which proactively encourage a higher adoption of electric vehicles, with the aim of eventually phasing out internal combustion engine vehicles. In some jurisdictions, capital provision has changed, with banks and financial companies in Australia pledging to withdraw support from carbon-intensive industries in the longer term.

In mitigating this emerging risk, the Group established a new Sustainability Blueprint and dedicated Sustainability Roadmap to complement its Value Creation Plan and to embed sustainability into operations for better decision making and to view sustainability as an opportunity. Please refer page 100 for more details.

Risk Appetite

Risk appetite refers to the level of risk an organisation is prepared to accept in pursuing its strategic objectives. Formulation of risk appetite is guided by the Group's Risk Appetite Framework. For more information on the Risk Appetite Framework please refer to page 160.

The Group's risk appetite is documented in a formal written statement (the Risk Appetite Statement) that articulates the Group's risk strategy. Each year GRM, in consultation with the RMC and the GMC draws up the Risk Appetite Statement and presents it to the Board for approval.

During the year, the Board approved additional risk appetite statements for cybersecurity, brand and reputation, key principals and sectorial risks. This culminates in a total of 14 risk appetite statements for twelve key enterprise risk areas as shown in the table below:

Risk	Risk Posture	Risk Appetite Statement	Impact on Business Processes
Geographical Risk	Low appetite for exposure in high-risk countries	**We will limit our investments in countries/ regions with high macroeconomic, sociopolitical, and bribery & corruption risk factors**	The Group is obliged to conduct stringent risk assessments (legal and financial) due diligence on investments in high-risk countries. Risk tolerance levels and risk thresholds are set to limit over-exposure to such investments.
	Moderate appetite for geographical diversification	**We will continue to pursue investments in key markets, but we will avoid over-concentrating our investments in a single country or region.**	The Group closely monitors its exposure to country concentration risks, macroeconomic risks and geopolitical risks due to its regional footprint. Moderate risk tolerance levels and threshold limits are set to prevent over-investing in a single country or region.
Mergers and Acquisition	Moderate appetite for investments that may adversely impact the Group's financial position	**We have low tolerance for investments that may adversely impact the Group's financial position and reputation.**	The Group closely identifies and monitors low-yielding or unprofitable investments and is proactive in taking steps to mitigate losses. Such investments are diligently monitored and periodically reported on and discussed at Board and RMC meetings.
	Moderate appetite for investments with high valuation	**We seek to avoid investing in businesses with high transaction multiples that could dilute our earnings**	The Group takes care to establish appropriate criteria for the pricing and valuation for all investment proposals. Guiding principles for the pricing and valuation of investment proposals are prescribed in the Group Investment Guidelines and Capital Allocation Framework.
Regulatory Compliance	Low appetite for business practices that could be in breach of local laws and regulations	**We will comply with the legislations within the jurisdictions where we operate; and have no tolerance for significant non-compliances of regulations.**	The Group has established a regulatory attestation programme to provide assurance in terms of compliance with key regulations.

Risk Management

Risk	Risk Posture	Risk Appetite Statement	Impact on Business Processes
Cybersecurity	Low appetite for risk that compromises the confidentiality and integrity of data	**We will limit and mitigate the impact of cyber security risk exposure on our business operations**	The Group's Cyber Security Road Map prescribes programmes and guidelines that are designed to protect the Group from cyber security threats. The Road Map covers a wide range of initiatives including the setting up of round-the-clock Security Operations Centres (SOC) in key markets and the implementation of robust IT security controls.
Health, Safety and the Environment	Low appetite for risks that compromise employees' health and safety	**We will minimise risks that will compromise the safety and health of our employees, partners and local communities in our areas of operations. We aim to work towards a goal of no harm in all of our operations.**	The Group communicates to all business units its overall health, safety and environment (HSE) goals and its low tolerance for exposure to HSE risks. Group-wide safety programmes are implemented to prevent and mitigate safety incidents.
Ethics and Integrity	Low appetite for activities that are deemed unethical or in breach of Sime Darby's Code of Business Conduct	**We have high expectations for ethical and integrity standards and will not compromise any incidences that breaches the Code of Business Conduct**	The Group's expectations with regards to ethical and integrity standards are well communicated throughout the Group. These expectations underscore the importance of the Group's anti-bribery management systems.
Brand and Reputation	Low appetite for risks that compromise Sime Darby's reputation	**We have low appetite for risks that will adversely affect our market position, impact our brand and reputation**	The Group manages this risk by closely monitoring media coverage on the Group and brand (online and offline) and by cultivating meaningful engagement with our key stakeholders.
Joint Venture Partnerships	Low appetite in terms of entering joint ventures without managerial control	**We have low tolerance for financial loss in our JV businesses, and will ensure appropriate governance and oversight on the selection and management of our JV partners**	Emphasis is placed on conducting due diligence on potential new joint venture partners.
Disruptions	High appetite for investments in start-ups	**We will seek to minimise the risk of technological disruption by leveraging on our digital proofing strategies, and continually exploring partnerships with digital partners to innovate our business processes and product offerings**	The Group's tolerance in greenfield and startup investments is clearly defined, and the high failure rate and other risks associated with such investments are carefully weighed before we embark on them. Such investments were closely monitored to ensure they remain relevant in achieving the Group's mobility strategy.

Risk	Risk Posture	Risk Appetite Statement	Impact on Business Processes
Key Principals	Low appetite for risks that compromise our relationship with principals	**We acknowledge the risk of being highly dependent on our key principals; and will avoid any situation or action that may adversely impact our relationship with them**	The Group manages its relationship with key principals with care. There are at present no significant risk or threat with regards to termination or non-renewal of existing dealerships.
Sectorial Risk	High appetite for pursuing growth via diversification of business segments	**We will continue to seek opportunities for diversification to spread concentration risk, but this should not go against Sime Darby's pure play strategy**	The Group actively explores opportunities in new business segments or adjacencies to achieve its growth targets. That said, Sime Darby remains focused on strengthening its core trading businesses. This is aligned to the commitment to its shareholders to remain focused on growing its trading business (pure play strategy). Therefore, the Group has set tolerance and threshold limits to monitor the risk of overly diversifying its trading business.
Cash flow and Funding	Low appetite for speculative investments in funds and derivatives	**We will not venture into financial instruments that are speculative, volatile and will increase the Group's risk exposure**	The Group carefully demarcates the types of high-risk treasury instruments to be avoided. Instead, capital and resources are channeled to investment types that are prescribed in the Value Creation Plan.

Tougher challenges and complexities are anticipated ahead in the new financial year with growing uncertainties in the macroeconomic and geopolitical environments in the territories that make up the Group's operational footprint. In this challenging setting, managing risks will be key as the Group endeavours to manoeuvre through these challenges to increase market share and grow shareholder value.

Group Chief Financial Officer's Review

Overall the Group recorded a 73.8% increase in net profit from RM820 million in FY2020 to RM1,425 million in FY2021. This is the highest net profit for the Group since our demerger in 2017.

Mustamir Mohamad
Group Chief Financial Officer

Revenue
RM44,483m

PBIT
RM2,181m

ROAIC
11.1%

ROE
9.2%

Net Dividend per Share
15 sen

"The Motors Division posted a record profit before interest and tax of RM1,050 million, representing an 82.9% YoY improvement attributable to the outstanding performance of the Division's operations in China."

Dear Valued Shareholders,

Overview

Sime Darby reported a commendable set of results for FY2021. Overall, the Group recorded a 73.8% increase in net profit from RM820 million in FY2020 to RM1,425 million in FY2021. This was mainly due to the strong operational performance of the Motors Division, particularly in China, and one-off gains. Core net profits, which is a better reflection of operational performance, grew 20% from RM1,040 million in FY2020 to RM1,248 million in FY2021. Both reported and core net profit for FY2021 are the highest for the Group since our demerger in 2017 (from continuing operations).

The Motors Division achieved profit growth across all regions, particularly in China and Australasia. Our China operations benefited from the strong rebound in luxury consumer spending after COVID-19 restrictions were eased in March 2020, while continued international travel restrictions saw Chinese consumers channelling their spending domestically on items such as luxury cars. Retail operations also rebounded strongly in Australasia aided by government incentives and significant contribution from the Sydney dealerships acquired in December 2019.

The Group also recorded gains from the disposal of its interests in Tesco Stores (Malaysia) Sdn Bhd (Tesco Malaysia) and Eastern & Oriental Berhad respectively. These disposals are part of the Group's ongoing exercise to dispose of non-core assets, generating proceeds of RM387 million (before tax) and gain on disposal of RM327 million (including reversal of impairment and before tax). The Group also disposed its entire equity interests in the three Jining ports (part of Logistics Division) for approximately RM183 million. The full proceeds of the Jining disposals would be received over three years.

Two sizeable impairments were recorded during the year. The Logistics Division registered impairment losses of RM85 million as the throughput at Weifang Port remained subdued due to strong competition in FY2021. The Motors Division recorded an impairment loss of RM89 million following constraints in developing a piece of land.

We had increased our focus on improving our Return on Invested Capital (ROIC), with equal emphasis given to balance sheet management and profit improvement. The increased focus resulted in significant improvement in inventory turnover days from 101 days in June 2020 to 81 days in June 2021 while total receivable turnover days also improved from 45 days to 42 days. The combination of stronger operating profits and invested capital management resulted in our core Return on Average Invested Capital (ROAIC) improving from 8.4% in FY2020 to 10.0% in FY2021.

Acquisitions and Expansion

Acquisitions and expansion are key cornerstones of the Group's Value Creation Plan. Our Industrial and Motors divisions both saw expansion, along with several notable acquisitions.

In July 2021, the Industrial Division entered into an agreement to acquire Salmon Earthmoving Holdings Pty Ltd for approximately RM325 million. Salmon Earthmoving Holdings Pty Ltd is a leading provider of rental and maintenance services in Australia servicing the civil construction, agricultural and mining sectors. The acquisition was completed on 1 October 2021. The Industrial Division also expanded its operations to Japan with the setting up of a Perkins engine operations there.

The Motors Division acquired a BMW dealership each in Malaysia and New Zealand while several new dealerships commenced operations in FY2021. In China, new dealerships that have commenced operations include Volvo dealerships in Shenzhen and Kunming, a BMW dealership in Changsha and a MINI dealership in Dongguan. BMW dealerships were also secured in Shanghai and Chengdu and a new Volvo dealership in Guangzhou will commence operations at a later date. The Division also officially opened Sime Darby Motors City, its multi-franchise automotive complex in Ara Damansara, Malaysia.

To future-proof the Motors Division, we made strategic investments in the mobility space. The Group participated in SOCAR Mobility Malaysia's Series B fundraising in September 2021. The investment would enable the Division to get an insider's perspective of the mobility sector.

In April 2021, Ramsay Sime Darby Health Care (RSDH), the Group's joint venture healthcare arm, acquired 100% interest in Manipal Hospitals Klang, for a consideration of RM370 million. The joint venture has been looking to expand its business and this acquisition marks the largest acquisition by the joint venture since its inception in June 2013.

Key Financial Performance Indicators

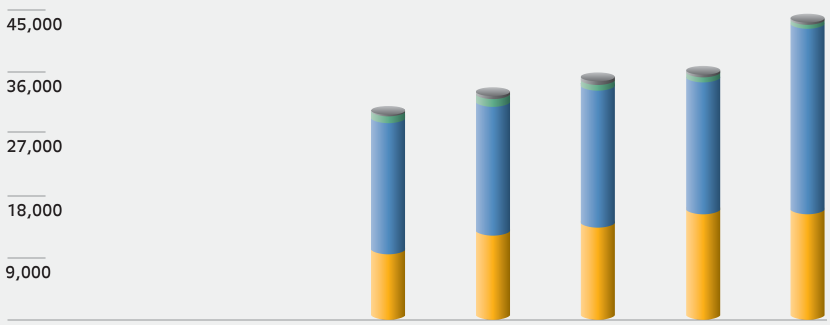
Sime Darby uses several key financial indicators to measure its financial performance. These key financial indicators are: Revenue, Profit before interest and tax (PBIT), Net Profit, ROAIC and Return on average shareholders' equity (ROE). The Board and Management regularly review these financial indicators to measure the Group's performance against set targets.

Revenue

The Group's revenue increased by 20.4% to RM44.5 billion in FY2021 on the back of a strong results from Motors Division. The Division posted a 35.4% increase in revenue to RM28.2 billion in FY2021 (RM20.9 billion in FY2020) due to solid performance in most markets, most notably in China. Meanwhile, the Industrial Division's revenue held steady at RM16.0 billion in FY2021 (RM15.8 billion in FY2020). A very significant portion of the Group's revenue continues to be generated outside Malaysia. In FY2021, 88% of

Group Chief Financial Officer's Review

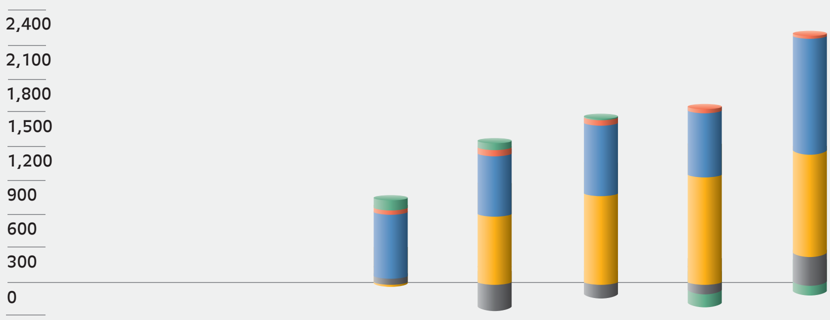
Revenue (RM million)



	FY2017	FY2018	FY2019	FY2020	FY2021
Industrial	10,127	13,041	14,113	15,794	16,004
Motors	20,602	20,341	21,606	20,852	28,235
Logistics	303	341	283	219	181
Others	55	105	154	69	63
Total	**31,087**	**33,828**	**36,156**	**36,934**	**44,483**

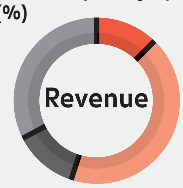
Note: There is no revenue reported for Healthcare Division as the healthcare business is represented by Ramsay Sime Darby Health Care, a 50%-50% joint venture entity that is equity accounted.

Profit Before Interest and Tax (RM million)



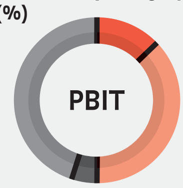
	FY2017	FY2018	FY2019	FY2020	FY2021
Industrial	(4)	612	798	967	909
Motors	633	543	628	574	1,050
Healthcare	36	57	49	39	15
Logistics	64	74	2	(94)	(64)
Others	55	(212)	(94)	(79)	271
Total	**784**	**1,074**	**1,383**	**1,407**	**2,181**

FY2021 Revenue by Geographical Location (%)



Malaysia	12
Greater China[1]	43
Other Countries in Asia[2]	13
Australasia[3]	32
Total	**100**

FY2021 Core PBIT by Geographical Location (%)



Malaysia	13
Greater China[1]	37
Other Countries in Asia[2]	5
Australasia[3]	45
Total	**100**

1 Greater China includes China, Hong Kong, Macau and Taiwan
2 Excluding Malaysia and Greater China
3 Australasia includes Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands

the Group's revenue was generated outside Malaysia, with 43% contributed by its China operations, 32% from Australasia and 13% from other countries in Asia.

Profit Before Interest and Tax

The Group's PBIT increased 55.0% to RM2.2 billion in FY2021 due to the solid performance of the Motors Division, particularly in China. PBIT for FY2021 was bolstered too by profits from disposals and partly offset by impairments, as explained earlier. Core PBIT increased by 21.6% to RM1,968 million from RM1,618 million in FY2020.

As with revenue, most of the PBIT of the Group is generated outside Malaysia. After adjusting for one-off items (due to their size, these items disproportionately impacted some regions), about 87% of the Group's PBIT is generated outside Malaysia, with 45% from Australasia, 37% from China and 5% from other countries in Asia.

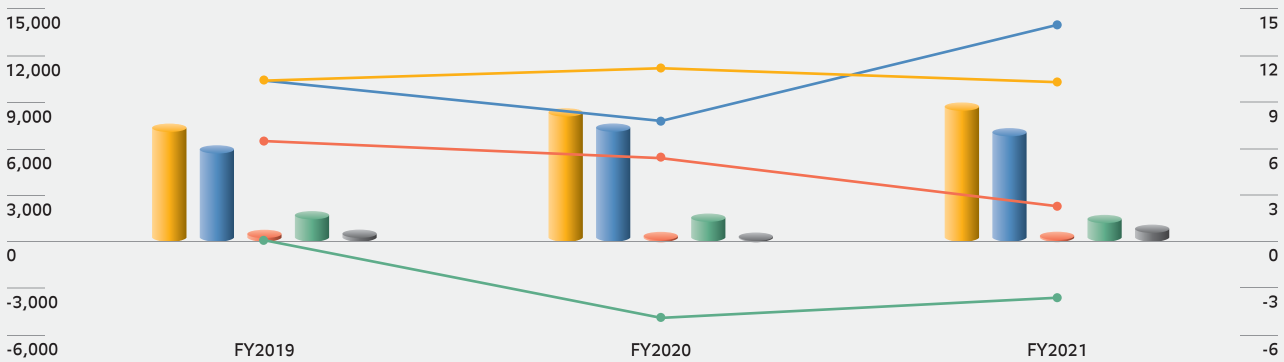
Net Profit and ROE

Net Profit increased 73.8% from RM820 million to RM1,425 million. Due to this increase, the Group's ROE increased from 5.5% to 9.2%. Reflecting the underlying growth in the Group's operations, core ROE increased, albeit more modestly, from 7.0% in FY2020 to 8.1% in FY2021. Subject to unforeseen market conditions, we are working towards achieving and maintaining an ROE of more than 10% over the medium term.

Invested Capital and ROAIC

The performance of each Division is also measured in terms of ROAIC.

Invested Capital & ROAIC



	Invested Capital (RM million)		
	FY2019*	FY2020	FY2021
Industrial	7,626	8,618	8,992
Motors	6,235	7,640	7,342
Healthcare	784	649	659
Logistics	1,989	1,832	1,744
Others	795	608	1,117
Sime Darby	**17,429**	**19,347**	**19,854**

	ROAIC (%)		
	FY2019	FY2020	FY2021
Industrial	10.4	11.2	10.3
Motors	10.4	7.8	14.0
Healthcare	6.5	5.4	2.3
Logistics	0.1	(4.9)	(3.6)
Others	–	–	–
Sime Darby	**7.9**	**7.3**	**11.1**
Core ROAIC	**8.6**	**8.4**	**10.0**

* FY2019 invested capital is before the adoption of MFRS 16 – Leases

It is a measure of the efficiency of capital employed in the respective businesses to generate returns.

The Group's ROAIC increased from 7.3% in FY2020 to 11.1% in FY2021 due to higher profits generated during the year and improved management of invested capital. Excluding one-off items, core ROAIC increased from 8.4% in FY2020 to 10.0% in FY2021. We will continue to work on improving our ROAIC to support the target ROE of above 10% in the medium term.

Finance Income and Costs

Finance income for the Group decreased from RM51 million in FY2020 to RM46 million in FY2021. This was mainly because the previous year's interest income included interest on India withholding tax recoverable received of RM8 million. Finance costs decreased from RM183 million in FY2020 to RM122 million in FY2021 due mainly to lower borrowings. Average cost of borrowings also declined to 2.2% in FY2021 from 2.4% in FY2020.

Taxation

The Group recorded a higher tax expense of RM575 million in FY2021. This is largely consistent with the higher profits recorded. Notably however, the effective tax rate (excluding share of results of associates and joint ventures) was higher at 27.5% against the applicable tax rate of 25.8% mainly due to the tax effects of non-deductible expenses and impairments. This was partly offset by non-taxable dividend income and effects of lower tax rates applicable on certain gains on disposal, including the gain on disposal of our interests in Tesco Malaysia.

Statement of Financial Position

Total debt decreased from RM4,045 million as at 30 June 2020 to RM3,734 million as at 30 June 2021 mainly due to repayment of borrowings. Debt/equity ratio decreased from 26.2% as at 30 June 2020 to 23.0% as at 30 June 2021 due to lower debt as at year end coupled with the higher equity amount. The higher equity was largely due to profit retained in the Group and foreign exchange translation gains mainly from the appreciation of the Australian dollar and Chinese Renminbi against the Malaysian Ringgit as at 30 June 2021 compared against 30 June 2020. Debt/Adjusted EBITDA ratio also declined from 1.54 as at 30 June 2020 to 1.21 as at 30 June 2021. These gearing ratios indicate that the Group has ample debt headroom to raise borrowings to fund strategic expansion and future M&As.

Cash Flow

The Group generated a strong operating cash flow of RM2.78 billion in FY2021 albeit a decrease from the RM3.01 billion in FY2020. This was mainly due to higher taxes paid and higher additions to the Group's rental fleet. The higher revenue did not translate into an overall increase in working capital due to the tighter working capital management. The absence of large acquisitions and the completion of several large disposals in FY2021 resulted in the free cash flow after acquisition and disposals increasing from RM1,021 million to RM2,215 million in FY2021. Additional information can be found in the Cash Flow Statement on pages 189 to 192.

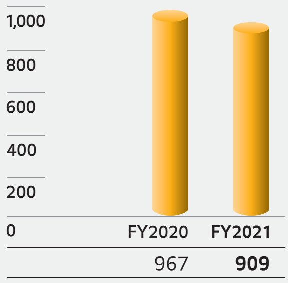
Group Chief Financial Officer's Review

Industrial

The Industrial Division recorded PBIT of RM909 million for FY2021 representing a YoY decrease of 6.0% against the FY2020 PBIT of RM967 million. Both the China and Australasia regions recorded declines in profitability. Although revenue in China was higher, profits declined due to strong competition from local Chinese brands, resulting in lower margins. Profits also declined in Australia due to lower revenue, which was partly due to trade disputes with China affecting the sentiment of mining customers. On a positive note, demand from the Australian construction sector remained strong.

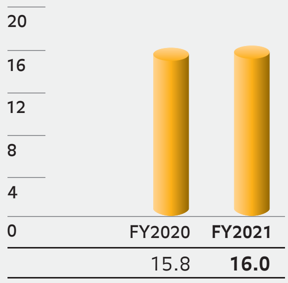
PBIT (RM million)

RM909m



Revenue (RM billion)

RM16.0b

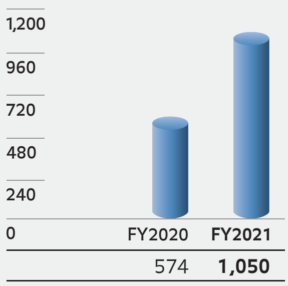


Motors

The Motors Division posted a record PBIT of RM1,050 million, representing an 82.9% YoY improvement attributable to the outstanding performance of the Division's operations in China. The performance was driven by the very buoyant demand for luxury cars in China on the back of pandemic restrictions which affected Chinese consumers' spending options. Other regions also recorded improvement in profitability, partly because some operations were more adversely affected by COVID-19 lockdowns and restrictions in FY2020.

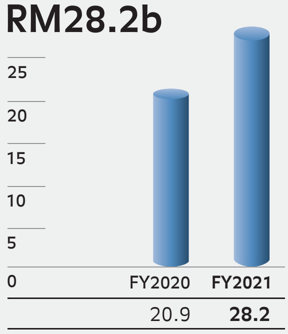
PBIT (RM million)

RM1,050m



Revenue (RM billion)

RM28.2b

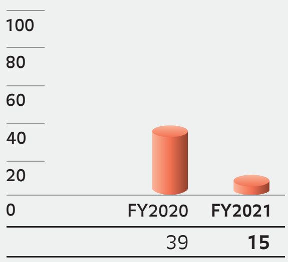


Healthcare

The Group's share of profits from the RSDH joint venture decreased by 61.5% YoY to RM15 million mainly due to higher dividend withholding tax and a write-down of deferred tax assets recognised in prior years. On an operational level, the profitability of the Healthcare operations actually improved, with PBIT increasing 34% YoY from RM91 million in FY2020 to RM122 million in FY2021.

Share of Profit After Tax
(RM million)

RM15m

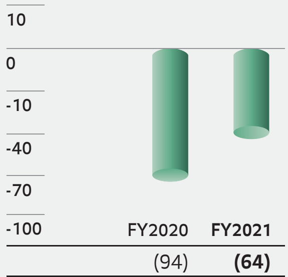


Logistics

The Logistics Division registered loss before interest and tax of RM64 million mainly due to impairments of RM85 million as explained earlier. The loss in the previous year was also mainly due to impairments.

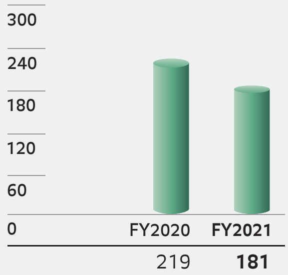
PBIT (RM million)

(RM64m)



Revenue (RM million)

RM181m



Dividend

The Group's policy is to distribute dividend of not less than 50% of net profit in each financial year. For FY2021, the Group declared a total dividend of 15 sen per share amounting to RM1,020 million and equivalent to 72% of the FY2021 net profit of RM1,425 million. This is the highest dividend payout since the demerger in 2017 and is 50% higher than the payout for FY2020.

In addition, the strong cash flow position of the Group has also enabled the Group to pay a second interim dividend about a month earlier than usual.

	Dividends (RM million)	Payout Ratio (%)	Dividend Yield (%)
FY2018	544	88	3.3%
FY2019	680	72	4.4%
FY2020	680	83	4.7%
FY2021	1,020	72	6.9%

Outlook

The Group performed well in the financial year ended 30 June 2021, buoyed by stellar results from the

RM million	FY2021	FY2020
Non-current assets	12,537	12,552
Other assets excluding bank and cash	13,477	13,027
Bank and cash	2,473	1,694
Total Assets	**28,487**	**27,273**
Borrowings and leases (Debt)	3,734	4,045
Other liabilities	8,493	7,815
Total Liabilities	**12,227**	**11,860**
Share capital	9,302	9,300
Reserves	6,581	5,697
Shareholders' Equity	**15,883**	**14,997**
Non-controlling interests	377	416
Total Equity	**16,260**	**15,413**
Total Equity and Liabilities	**28,487**	**27,273**

Cash Flow

RM million	FY2021	FY2020
Operating cash flow	2,784	3,012
Interest received	29	36
Capital expenditure	(535)	(556)
Lease payments	(500)	(447)
Finance costs paid	(45)	(116)
Free cash flow	**1,733**	**1,929**
Acquisition and investments	(171)	(1,021)
Disposals and repayments	653	113
Free cash flow after acquisitions and disposals	**2,215**	**1,021**

Navigating Tough Times – Capital Management Lessons

When the pandemic started in early 2020, there was significant uncertainty in the business environment globally. During such times, the management of cash flows become particularly important to ensure the Group is able to weather the crisis and continue to operate as a going concern. The Group had swiftly developed a Downturn Action Plan to conserve cash and focused on working capital management. Net cash inflow from operating activities was RM3.0 billion in FY2020, the highest post pure play.

With the pandemic still an ongoing threat and risk, the Group continued to strengthen its resilience by focusing on enhancing its Return on Invested Capital (ROIC). This was identified as a key focus area in FY2021 and encompasses a broader set of initiatives, covering revenue and margin enhancement, cost optimisation and capital management (covering both working capital and fixed assets/investments).

Some key achievements in FY2021 include:
- Reduction in inventory turnover days from 101 days as at 30 June 2020 to 81 days as at 30 June 2021.
- Several major disposals of non-core assets – disposal of entire equity interests in Tesco Stores (Malaysia) Sdn Bhd, Eastern & Oriental Berhad and Jining Ports entities. These disposals generated net cash proceeds of RM406 million in FY2021.

As a result of these initiatives and improvement in business conditions, Return on Average Invested Capital increased from 7.3% in FY2020 to 11.1% in FY2021. Excluding one-off items, core Return on Average Invested Capital increased from 8.4% in FY2020 to 10.0% in FY2021.

Cash flow from operating activities for FY2021 was at RM2.8 billion. The strong operating cash flow was achieved with a 20% increase in revenue (which generally means higher cash outflow for working capital requirements), though it was lower than the RM3.0 billion in FY2020.

The Group's relatively low gearing (debt/equity ratio of 23%) and strong operating cash flows puts it in a strong position to continue to withstand the uncertainties of the pandemic and current global economic environment.

Group Chief Financial Officer's Review

Motors Division. We expect the sale of luxury vehicles to continue to remain high in the region, particularly in China and in territories where there are no significant movement restrictions. While supply shortages for certain new models remain a risk, any downward pressure on profits may be partly offset by lower discounting.

The outlook for the Industrial Division is mixed. While we expect strong commodity prices to support equipment sales and servicing, competition from local Chinese manufacturers may continue to impact margins of the Industrial business in China.

Overall, the Group expects the new financial year to continue to be challenging. There is still significant uncertainty on the full impact of the ongoing COVID-19 pandemic and trade tensions at this juncture.

Nevertheless, the Group's strong financial position and diversified operations should enable it to continue weathering the challenges ahead and put the Group in a good position for growth, should prospects and business sentiment improve.

Mustamir Mohamad
Group Chief Financial Officer

5-Year Financial Highlights

Financial Year Ended 30 June (RM million)	2017	2018	2019	2020	2021
Financial results					
Revenue*	31,087	33,828	36,156	36,934	**44,483**
Profit before interest and tax*	784	1,074	1,383	1,407	**2,181**
Profit before tax*	1,007	1,065	1,291	1,275	**2,105**
Profit after tax*	795	685	1,010	873	**1,530**
Non-controlling interests and perpetual sukuk*	(180)	(67)	(62)	(53)	**(105)**
Profit attributable to owners of the Company					
– Continuing operations	615	618	948	820	**1,425**
– Discontinued operations	1,823	1,301	–	–	**–**
– **Total**	2,438	1,919	948	820	**1,425**
Financial position					
Share capital and share premium	9,299	9,299	9,299	9,300	**9,302**
Reserves other than share premium	28,044	5,071	5,414	5,697	**6,581**
Shareholders' equity	37,343	14,370	14,713	14,997	**15,883**
Perpetual sukuk	2,230	–	–	–	**–**
Non-controlling interests	976	389	405	416	**377**
Total equity	40,549	14,759	15,118	15,413	**16,260**
Borrowings and leases	3,205	2,889	2,575	4,045	**3,734**
Liabilities associated with assets held for distribution	17,290	–	–	–	**–**
Other liabilities	6,636	7,225	7,823	7,815	**8,493**
Total equity and liabilities	67,680	24,873	25,516	27,273	**28,487**
Non-current assets	10,853	10,412	10,346	12,552	**12,537**
Current assets excluding Cash	12,286	12,789	13,447	13,027	**13,477**
Assets held for distribution	42,469	–	–	–	**–**
Cash	2,072	1,672	1,723	1,694	**2,473**
Total assets	67,680	24,873	25,516	27,273	**28,487**
Financial ratios					
Operating margin (%)*	2.4	3.3	4.3	4.1	**4.9**
Return on average shareholders' equity (%)	7.0	7.4	6.5	5.5	**9.2**
Debt/Equity (%)[1]	32.4	19.6	17.0	26.2	**23.0**
Share information					
Basic earnings per share (sen)	36.7	28.2	13.9	12.1	**20.9**
Net assets per share attributable to owners of the Company (RM)	5.5	2.1	2.2	2.2	**2.3**
Net dividend per share (sen)	23	8	10	10	**15**

1 Debt includes leases and borrowings under liabilities associated with assets held for distribution

* The financial results have been restated to exclude discontinued operations

Capital Allocation Framework

In 2020, the Group formalised a framework that would guide all capital allocation decisions. It provides guidance on how capital in the Group should be allocated between Divisions to maximise returns and balance the risks and opportunities of investments. It not only covers acquisitions but also expansion of existing businesses. The improved capital allocation decisions and returns should also increase shareholder value in the long term. The Framework is dynamic and would be updated on a periodic basis to ensure its continuing relevance to the Group.

Scope: The Framework applies to Invested Capital and includes acquisitions, capital expenditure, divestments and working capital management

Existing Businesses	Acquisitions
• Classify businesses by category based on ROIC • Develop action plans based on classification • Capital expenditure assessment and funding guided by policies and procedures	• Assessment and monitoring based on policies and procedures • Financial criteria such as IRR, ROIC, ROE and payback period • Exposure limits established to balance risks and opportunities

Value Distribution

The value that Sime Darby creates for its stakeholders can be in the form of financial returns or in non-financial or intangible forms. The Statement of Value Added illustrates how Sime Darby's performance supports the Group's ability to deliver financial value to its stakeholders. The financial value in the statement is based on the profit before finance costs, corporate social responsibility (CSR) contribution, tax, depreciation and amortisation and staff cost.

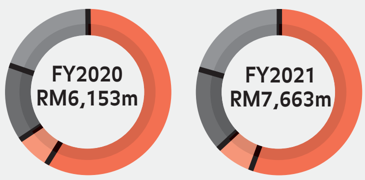
RM million	FY2020	FY2021
Directors and employees	3,609	4,270
Government and Society[1]	423	586
Providers of capital		
• Dividends[2]	680	1,020
• Finance costs[3]	195	122
• Non-controlling interest	53	105
Reinvestment and future growth	1,193	1,560
Total Distributed	**6,153**	**7,663**

1 Tax and CSR contribution

2 Dividends refer to dividends declared for the respective financial years

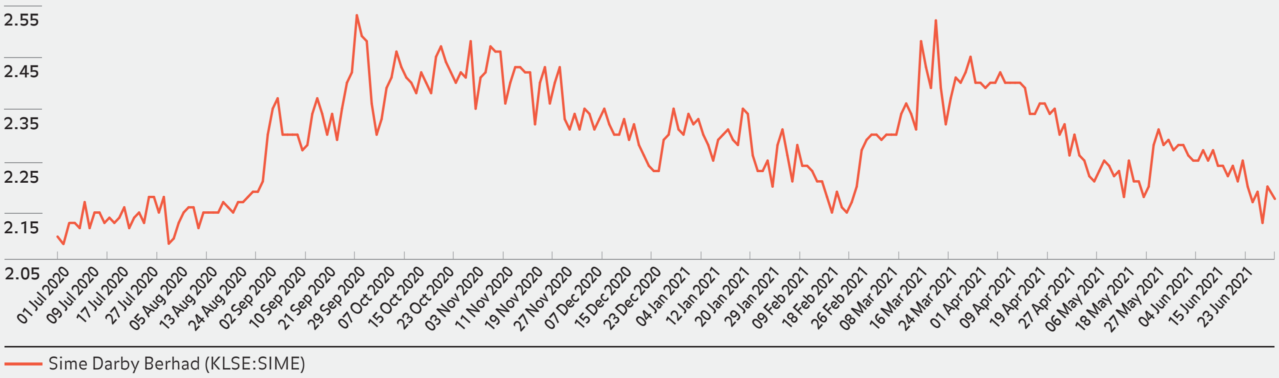
3 Gross finance costs

Value Distribution (%)



	FY2020	FY2021
Employees	58.6	**55.7**
Government and society	6.9	**7.6**
Providers of capital	15.1	**16.3**
Reinvestment and future growth	19.4	**20.4**
Total	100.0	**100.0**

Our Share Price Movement



Divisional Operations Review

A world leader in the heavy equipment business, Sime Darby Industrial's core businesses provide earth-moving and industrial solutions for customers in the mining, construction, power generation, forestry, marine, agriculture and oil and gas sectors; this includes the selling and renting of industrial equipment and the provision of after-sales product support. Supported by a regional network of 192 branches spanning 17 countries and territories, Sime Darby Industrial offers over 30 industrial brands and solutions including Caterpillar (Cat). Sime Darby Industrial is not only one of the world's largest Cat dealers, it is also one of Cat's most enduring partners, with a collaboration spanning more than 90 years.

Sime Darby Industrial

"Sime Darby Industrial is focused both on growing with our existing customers and leveraging on the growth opportunities presented to us in all of our markets. To ensure that we continue to deliver exceptional value to our customers, we are vigorously expanding our product and service offerings to help our customers improve their productivity."

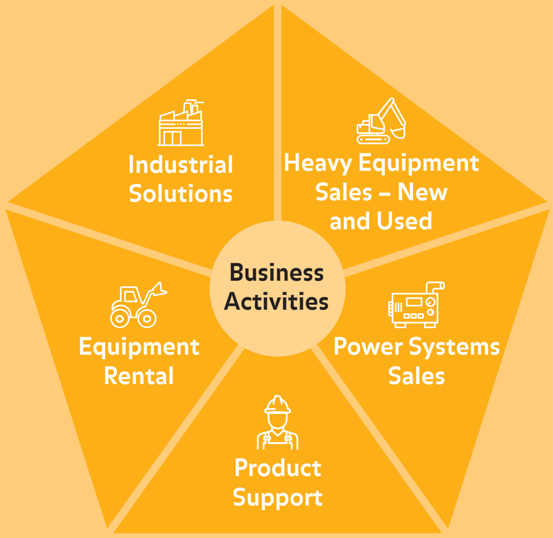
Dean Mehmet
Managing Director, Industrial Division

Revenue

RM16,004m

PBIT

RM909m



Key Developments in FY2021

- Acquisition of Salmon Earthmoving Holdings in Australia, finalised in October 2021
- Collaborated with Icon Offshore Berhad to install proprietary Cat asset tracking system on an Icon vessel
- Launched Incendi to accelerate industrial digital transformation initiatives

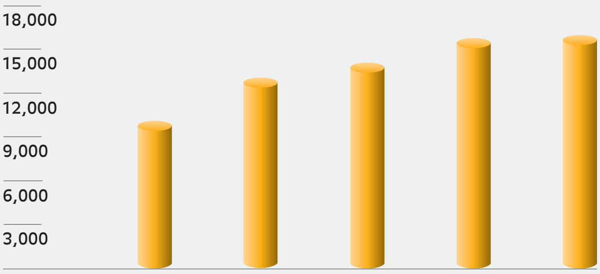
Cat dealerships in Guangdong, Guangxi, Hainan, Fujian, Jiangxi, Hunan and Xinjiang only

+ Cat dealerships in Northern Territory and Queensland only

Divisional Operations Review
Sime Darby Industrial

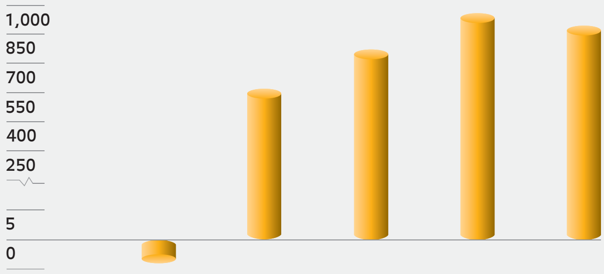
Key Highlights

Revenue (RM million)



FY2017	FY2018	FY2019	FY2020	**FY2021**
10,127	13,041	14,113	15,794	**16,004**

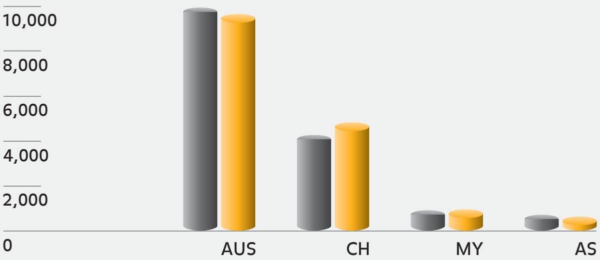
PBIT (RM million)



FY2017	FY2018	FY2019	FY2020	**FY2021**
(4)	612	798	967	**909**

Revenue by Region (RM million)

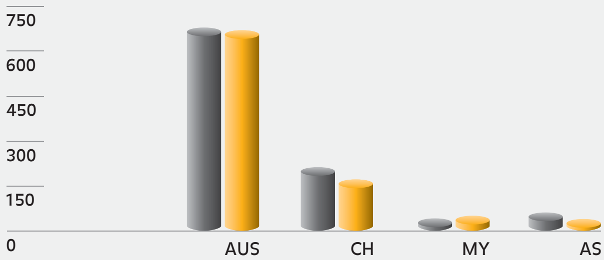
FY2020 **FY2021**



	AUS	CH	MY	AS
FY2020	9,914	4,255	913	712
FY2021	**9,619**	**4,810**	**945**	**630**

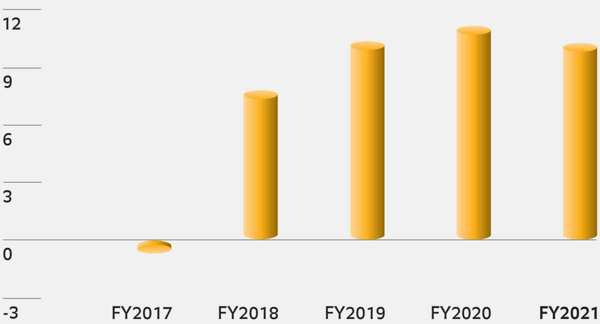
PBIT by Region (RM million)

FY2020 **FY2021**



	AUS	CH	MY	AS
FY2020	677	212	17	61
FY2021	**668**	**171**	**31**	**39**

ROAIC (%)



FY2017	FY2018	FY2019	FY2020	**FY2021**
(0.1)	7.8	10.4	11.2	**10.3**

AUS: Australasia CH: China
MY: Malaysia AS: Asia (excluding China and Malaysia)

Operations Review

Widespread lockdowns due to the pandemic continued to characterise the majority of FY2021. Governments reacted to the subsequent economic downturn by announcing large scale infrastructure stimulus measures, which have resulted in significant price increases across many mining commodities as construction booms. Metallurgical coal, a key input in steel production, felt these price effects with prices reaching just under USD200 per tonne in June 2021 compared to USD110 per tonne in June 2020. Likewise, thermal coal prices have rebounded from under USD50 per tonne in early FY2021 to over USD130 per tonne in June 2021. Sime Darby Industrial's operations remained incredibly resilient compared to many other industries during this period due to the robust and integral nature of our markets, and we now stand to capture significant growth from construction and mining booms going forward.

For FY2021, the Division posted a revenue of RM16.0 billion, a 1% increase YoY from RM15.8 billion. However, PBIT decreased by 6% YoY from RM0.97 billion to RM0.91 billion due to a drop in PBIT margins from 6.1% to 5.7%.

Similar to last year, the Australasia region led in revenue contribution, providing 60% to the Division's total revenue for the year. This is followed by China, which contributed 30% and Malaysia, with 6%. The rest of Asia contributed 4%.

The highlight of the year was the increase in the order book figures with an overall surge of 48% YoY from RM2.2 billion to RM3.3 billion.

Another high point was the acquisition of Salmon Earthmoving Holdings (Salmon Australia), finalised in October 2021. Salmon Australia is a leading provider of rental services in Australia to the civil construction and mining sectors. The acquisition diversifies our portfolio by allowing us to establish a deeper foothold in the Australian civil construction sector, which balances our exposure to the mining sector.

Sime Darby Industrial is focused on growing with our customers and leveraging the opportunities presented in each of our markets. To ensure that we continue delivering exceptional value to our customers, we are vigorously pursuing businesses that border our core business offerings in order to expand our product and service solutions. We are committed to enriching the value proposition that we bring to the table, for now and into the future.

Meanwhile we remain steadfast in steering the Division in its alignment with the Group's Value Creation Plan (VCP). The VCP leverages our many inimitable strengths and charts a clear path for us across industries and geographies. It sharpens our focus on delivering value and in accelerating growth to capture opportunities from the reopening of the global economy.

Sime Darby Industrial is focused on growing with our customers and leveraging the opportunities presented in each of our markets.

The electric drive Cat 794 AC Mining truck offers a payload of 305t, delivering up to 8% additional payload and 10% additional productivity compared to competitor trucks.

Divisional Operations Review
Sime Darby Industrial

Australasia

In the year under review, the Division's Australasia operations posted a revenue of RM9.62 billion and PBIT of RM668 million. Both revenue and PBIT were slightly lower compared to the previous year. The FY2021 results were partly offset by a stronger Australian dollar.

The dip in performance was partly due to China's ongoing ban on Australian coal as well as generally lower commodity prices that subdued some customer sentiment.

The Australasia performance was aided by the performance of Terra Cat, the Group's largest acquisition since the demerger. On the back of strong machine sales, Terra Cat contributed revenue of RM1.06 billion and PBIT of RM22 million. This is an improvement over its performance last year.

China

Our industrial operations in China posted revenue of RM4.81 billion and PBIT of RM171 million.

Revenue was propelled by strong demand for construction equipment in China during the year, as the government sought to prime the economy through infrastructure spending amidst the COVID-19 pandemic. Our operations enjoyed strong revenue from the increase in equipment and parts sales.

While revenue increased YoY, profits fell YoY due to lower margins. The leaner margins reflect the competitive pricing pressure our brands face from domestic brands seeking to gain a bigger share of the Chinese construction market.

New Zealand's Terra Cat is celebrating a strong year after breaking many local Caterpillar dealership records, including revenue, machine sales, market share and service productivity.

The 320 Next Generation Hydraulic Excavator for Construction boasts an increased efficiency of 45%, reduced fuel consumption of 25% and 15% lower maintenance costs compared to previous models.

Malaysia

For the year under review, Sime Darby Industrial's operations in Malaysia posted a revenue of RM945 million and PBIT of RM31 million.

The performance of our operations in Malaysia showed resilience despite a series of national lockdowns.

The restrictions on inter-district and interstate travel severely affected the operating unit's ability to deliver equipment and provide product support in the year under review. Despite the challenging conditions, sales are slowly getting back on track.

Singapore

Dragged down by the fallout of the COVID-19 outbreak in the country, the Division's Singapore* operations posted a revenue of RM630 million and PBIT of RM39 million for FY2021, a dip from FY2020.

Several factors contributed to the decline. In Singapore, the construction sector has been badly hit by restrictions on entry of migrant workers from several countries. This has led to project delays and significant increase in labour cost, which, in turn, dampened equipment sales by Tractors Singapore Limited. Restrictions on cross-border movements have also reduced our revenue from product support, as the restrictions limited the number of overseas service jobs we could take on.

* Financial results for Singapore include other operating units in Asia, excluding China and Malaysia.

Mecomb supplies marine class starting and instrument/process air compressors, as well as water makers, calorifiers, bulk reducing stations and potable pressure sets to marine and offshore clients.

Divisional Operations Review
Sime Darby Industrial

Risks to the Business

Key Risk	Description	Key Mitigation Measures
China-Australia Trade Tensions	The ongoing tension between Australia and China could stoke negative sentiments towards Australian commodities.	• Continue to leverage on our relationship with customers while working diligently with Cat on strategies to maintain our strong market position
Decarbonisation of Customer Operations	Customers' transition to net-zero carbon operations puts pressure on Sime Darby Industrial to offer net-zero carbon emission machines and services.	• Continue to diversify our products and expand our geographical markets, while developing businesses in the renewable energy sector • Actively pursue renewable energy labour hire contracts • Continue to grow Mine Energy Solutions (MES) and energy capabilities • Continue to work with Cat to decarbonise heavy machinery
Labour Shortages	The tight labour market due to COVID-19 constrains our ability to recruit key talent.	• Foster a flexible and rewarding work environment to retain current workforce • Foster talent through high-quality training • Acquire new talent through acquisitions

Outlook

The impact of the pandemic is still unfolding globally and we are closely monitoring the situation. However, there are positive signs ahead with a boom in the mining and construction sectors projected in several of our markets and economic recovery is anticipated across the board for all the countries we operate in.

Australia, for instance, is poised to experience a boom in both its construction and mining sectors, with both expected to benefit from the Australian government's AUD110 billion infrastructure Economic Recovery Plan. The plan is aimed at rebuilding the national economy and helping the country recover from the COVID-19 crisis.

In addition, 2021 saw a further AUD15.2 billion investment in infrastructure projects throughout the country. This will strengthen demand for heavy equipment and machinery.

Our acquisition of Salmon Earthmoving Holdings completed in October 2021 is extremely timely. Salmon Earthmoving is a leading provider of rental services in Australia that services the civil construction and mining sectors. The acquisition will allow us to capitalise on the looming construction boom in the country.

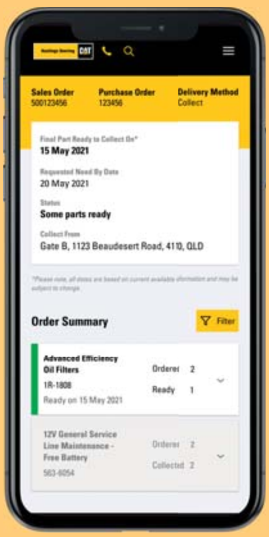
The other positive sign for Australia is the buoyant outlook for thermal and metallurgical coal. In the latter part of 2020, driven by rebounding Asian economies, global coal demand had already surpassed pre-COVID levels. This ensured that thermal and metallurgical coal prices were kept high.

Quality and Customer Satisfaction

The Customer Experience & Digital teams deliver world class results for customer excellence.

Hastings Deering delivered an improvement of 159% on the Net Loyalty Score (NLS) from 22 in 2018 to 57 currently. In recognition, Hastings Deering earned two Cat Global Excellence awards for Customer Experience for the HDAdvantage® programme and the HDReman® offering.

Hastings Deering became the first Cat dealer to launch a Digital Parts Track & Trace solution for retail customers, reaching 85% of the customer base. The solution integrates with Cat parts warehouses globally to provide real time automated updates on parts orders and will be scaled to all Catdealerships within Sime Darby Industrial.



Thermal coal is expected to continue to be an important energy source in the future and coal prices are projected to remain high over the next few years. Australian metallurgical coal exports are expected to increase from 172 million tonnes in 2020 to 189 million tonnes in 2023, with seaborne metallurgical coal supply chains stabilising after China's ban on Australian coal imports. Following the ban, Australia redirected its metallurgical coal to countries such as India. Australia is well placed to gain from the realignment of trade flows as it is India's biggest supplier of metallurgical coal.

Similarly, the New Zealand government's increasing support for the country's construction industry has improved the outlook for the sector. The Infrastructure Industry Reference Group has recently been tasked to identify and fund large shovel-ready infrastructure projects. Meanwhile the government has already committed NZD 57.3 billion in infrastructure expenditure over the period from 2021 to 2025.

The Chinese economy is also forecasted to experience steady growth amidst the pandemic, with domestic consumption heavily supporting this growth. However, while the Chinese government continues to support infrastructure projects, our operations have seen softening demand due to saturation in the excavator segment in recent years. To fend off competition from domestic brands, Cat is working with our dealerships in China to offer our customers ways to enrich the value of our products and services.

We are also expecting the construction industry to rebound in Malaysia, propelled by economic recovery in the country and the revival of major infrastructure projects. Key projects include the Mass Rapid Transit Line 2, Mass Rapid Transit Line 3, Light Rail Transit Line 3, West Coast Expressway, Bayan Lepas Light Rail Transit and the Pan Borneo and Northern Coastal Highways in Sarawak. The Mass Rapid Transit Line 3 project would have an immediate impact on demand for heavy machinery as it is a shovel-ready project. It is expected to commence in the second half of 2021.

The outlook is also improving for Singapore with the phased easing of restrictions, including a gradual reopening of its borders. However, construction demand has not recovered to pre-COVID levels in the country. Nevertheless, sustained recovery in construction demand is expected over the next five years. This recovery will largely be driven by major public sector projects including the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2. In addition, a healthy stream of electric power projects are in the pipeline to meet strong demand by international data centres.

Divisional Operations Review

Sime Darby Motors is the automotive arm of Sime Darby Berhad. With over 50 years of experience, Sime Darby Motors is a major industry player with award-winning operations spanning 215 facilities across nine markets in the Asia Pacific region. Its extensive footprint gives it access to a region that is home to a flourishing and affluent middle class with a penchant for luxury goods and services.

Sime Darby Motors represents over 30 of the world's largest automotive brands ranging from super luxury marques such as Rolls-Royce, Lamborghini, McLaren and Ferrari and luxury lines such as BMW, Jaguar, Land Rover, Porsche and Volvo, to household names such as Hyundai, Ford and Mazda and distributes commercial truck and equipment brands including Volvo, Hino, Mack, FUSO, JAC, Palfinger Cranes and Hyster Forklifts.

Today, it is one of the largest BMW dealers globally and the top Rolls-Royce dealer in Asia Pacific.

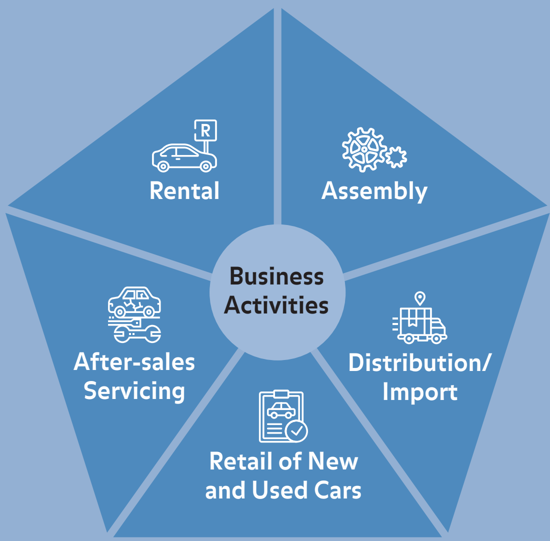
Sime Darby Motors

"We are committed to pursuing excellence as we strive to provide world-class automotive services to our customers and business partners. Amidst the economic disruptions caused by COVID-19, we delivered excellent performance as a result of strategic enhancements to our operating model. These enhancements not only helped mitigate the impact of the pandemic but served as catalysts for growth across our businesses."

Andrew Basham
Managing Director, Motors Division

Revenue
RM28,235m

PBIT
RM1,050m



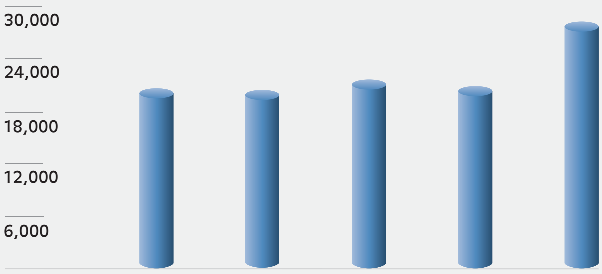
Key Developments

- New BMW, MINI and Volvo dealerships in China, Australia, New Zealand and Malaysia
- Opening of Sime Darby Auto Selection's multi-brand Used Cars and After-sales Centre in Glenmarie, Malaysia
- Partnerships with NEV brands such as Li Auto and Weltmeister
- Rights to operate Porsche's first assembly plant outside Europe in Malaysia

Divisional Operations Review
Sime Darby Motors

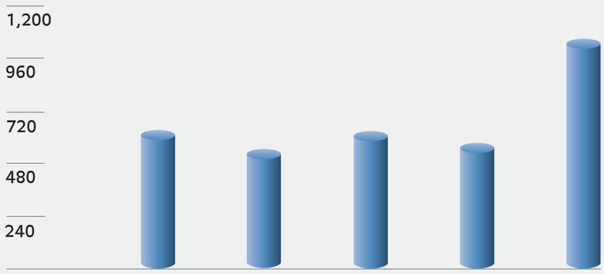
Key Highlights

Revenue (RM million)



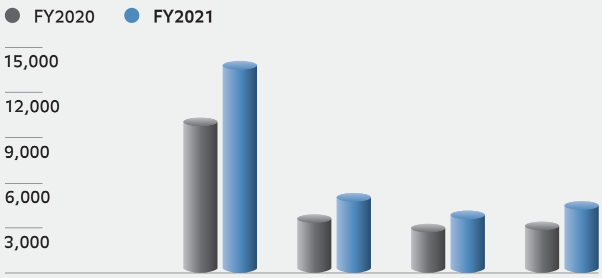
FY2017	FY2018	FY2019	FY2020	**FY2021**
20,602	20,341	21,606	20,852	**28,235**

PBIT (RM million)



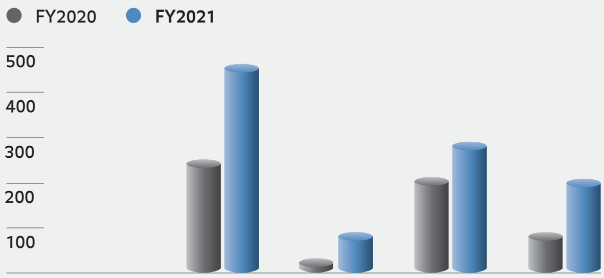
FY2017	FY2018	FY2019	FY2020	**FY2021**
633	543	628	574	**1,050**

Revenue by Region (RM million)



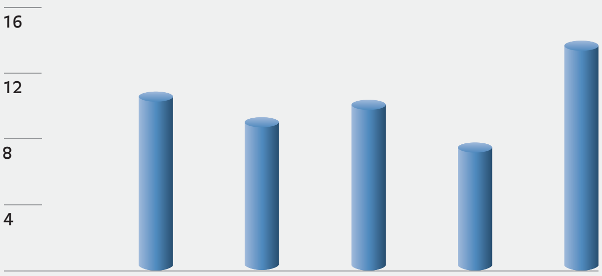
	CH/HK/MC/TW	SG/TH	MY	AUS/NZ
FY2020	10,308	3,885	3,256	3,403
FY2021	**14,057**	**5,295**	**4,129**	**4,754**

PBIT by Region (RM million)



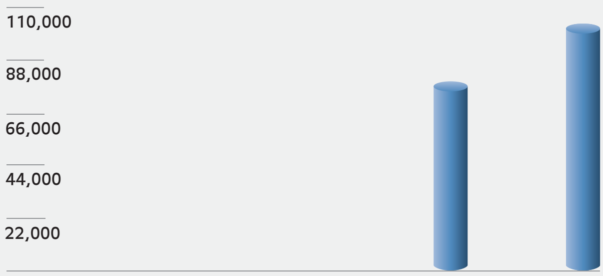
	CH/HK/MC/TW	SG/TH	MY	AUS/NZ
FY2020	251	21	212	90
FY2021	**462**	**90**	**290**	**208**

ROAIC (%)



FY2017	FY2018	FY2019	FY2020	**FY2021**
10.9	9.3	10.4	7.8	**14.0**

Unit Sales



FY2020	**FY2021**
79,241	**103,417**

CH: China HK: Hong Kong SG: Singapore TH: Thailand MC: Macau
TW: Taiwan MY: Malaysia AUS: Australia NZ: New Zealand

Operations Review

Sime Darby Motors had a stellar year in FY2021 with robust sales across all markets. Total units sold increased by 30.5% to 103,417 units on the back of border closures which resulted in pent-up demand for luxury goods and services domestically. On the supply side, shortages of semiconductors and other components capped sales volumes, but kept margins high for both new and used cars.

Revenue increased 35.4% YoY from RM20.85 billion to RM28.24 billion, while PBIT increased 82.9% YoY from RM574 million to RM1,050 million, which was a new record for the Division. China was the star performer, contributing 43% of the Division's revenue for the year due to a surge in demand for luxury cars in China and the government's effective handling of the COVID-19 pandemic.

A Year of Accelerated Expansion

FY2021 was a year of significant capacity building across all business verticals from new and used cars to electric vehicles and mobility. This is consistent with our strategy of investing in our core business for economies of scale and making selective investments in complementary technologies and business models as engines for future growth.

In China, we opened a new BMW 4S dealership in Changsha, two Volvo 4S dealerships in Shenzhen and Kunming as well as a MINI dealership in Dongguan. We opened a fourth Australian BMW dealership in Sydney and acquired a second BMW dealership in Wellington, New Zealand. Closer to home, we added a BMW and MINI Service Fast Lane in Penang to better serve our customers in the northern region of Malaysia. Our acquisition of BMW Tebrau, Johor has surpassed expectations as Tebrau is presently the highest sales contributor outside the Klang Valley.

We expanded our presence in used cars with a BMW Premium Selection showroom in Bangkok, Thailand, two multi-brand used car centres in Shenzhen and Chengdu, China and three additional retail and after-sales centres in Malaysia for certified pre-owned cars.

In Taiwan, we took on the KIA commercial vehicle distributorship. This complements our existing passenger vehicle distributorship and creates opportunities for synergies through consolidation of the KIA dealer network as well as an integrated approach to brand management.

To capitalise on the growing interest in electric vehicles and the emergence of new energy vehicle manufacturers in China, we established a second Li Auto body and paint facility in Qujing and a Weltmeister 3S dealership in Changsha.

Within the mobility space, we anchored our collaboration with SOCAR (a car-sharing platform) with a beachhead investment in its Series B investment round.

Inokom, which is our assembly plant based in Kulim, Malaysia was awarded assembly rights for several car modules, three KIA models as well as an assembly plant for Porsche AG. This will be Porsche's first assembly plant outside Europe and is a testament to the technical excellence of our Inokom plant.

Elevating Performance amidst COVID-19

Amidst the economic disruption caused by COVID-19, we were able to deliver an outstanding performance due to our relentless focus on operational excellence and adoption of digital tools.

Operational Excellence

The following enhancements helped elevate our service quality and improve our operational efficiency:

FY2021 was a year of significant capacity building across all business verticals from new and used cars to electric vehicles and mobility.

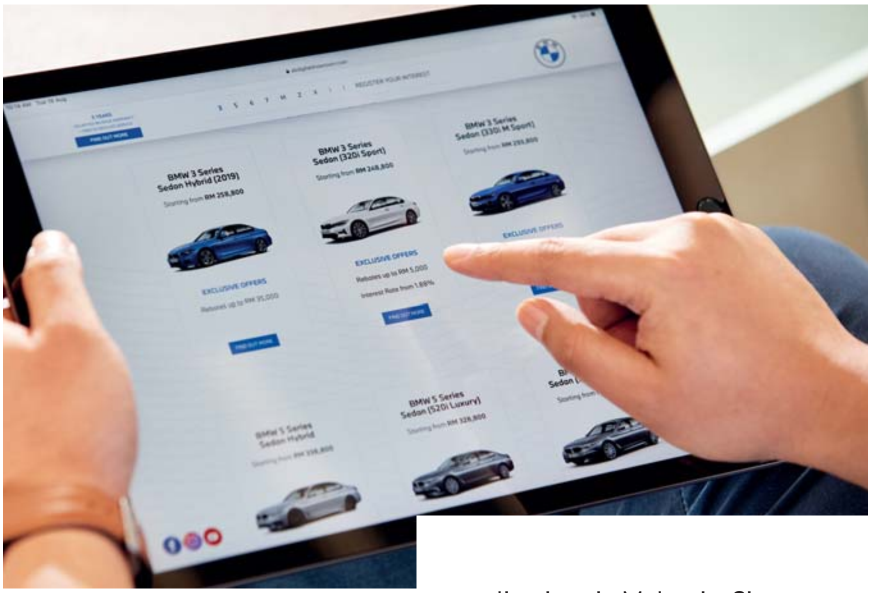
- **New car sales:** We introduced sophisticated lead management tools that helped increase the conversion rate of customer enquiries into sales and captured pertinent customer data.
- **After-sales retention:** We successfully increased customer retention by offering extended warranty and service plan sales packages, which increased both after-sales revenue and margins for the Division.
- **Inventory management:** We improved stockturns and reduced inventory ageing through disciplined inventory management processes. At the same time, we mitigated potential stock shortages due to supply chain disruptions by closely monitoring inventory levels and adapting our purchasing strategies accordingly. This was a key contributory factor to the higher profit margins enjoyed in the year under review.

Digitalisation

Our digital journey continued to gain momentum this year. We upgraded our systems and processes and introduced digital solutions to deliver an improved omnichannel customer experience and to create a leaner, more agile organisation. By digitalising workflows for after-sales and inventory management, we have improved the quality and timeliness of information, resulting in better quality decisions and cost efficiencies.

Divisional Operations Review

Sime Darby Motors



We aim to redefine the customer experience and transform the car-buying journey through digital tools and platforms.

New Cars: We have progressively expanded the functionality of our websites for the convenience of our customers. Customers in Malaysia are now able to book a test drive online. In Hong Kong, customers can opt to register their interest in upcoming model launches and in Singapore and Australia, customers have an option to place a deposit for a car in their desired configuration. We are working to extend the range of services offered online to include finance, insurance, extended warranties and other after-sales products.

Used Cars: Sime Darby Auto Selection (SDAS), one of the largest retailers of certified pre-owned cars in Malaysia, has launched an online platform for customers to register their interest in available models and receive online appraisals for their cars. The collaboration with MyTukar, an online marketplace for used cars, allows SDAS to leverage on MyTukar's transaction database for accurate and timely pricing data. Our used car operations in Singapore and Hong Kong have also launched online platforms with similar functionality.

Customer relationship management: We have embedded live chat functionality in all our dealer websites across Australia and New Zealand and introduced customer mobile applications in Malaysia, Singapore, Hong Kong and Taiwan. We are in the process of automating our marketing and lead management processes to enhance the effectiveness of our marketing strategies and increase the value of our advertising spend.

After-sales: To draw customers back into the workshops, we launched pilots for contactless servicing in Australia and mobile servicing in Malaysia. This creates a safe environment for both our customers and employees. Our contactless servicing pilot, which covers online bookings, contactless vehicle drop-offs, e-payments and the regular sanitising of key vehicle touchpoints, was a success and we are looking to roll this out to other markets. Customers may also choose to book their service appointment online across all our markets.

China

China is the largest automotive market worldwide with 20 million vehicles sold in 2020. In the first three months of 2021, automotive sales recovered to pre-pandemic levels. Sales were particularly buoyant in the luxury segment for 2020 as consumers whose travel plans were curtailed due to international border closures have re-channeled their holiday budgets towards domestic purchases of luxury items. Statistics from the China Passenger Car Association showed that the number of luxury vehicles sold in 2020 was up 14.7% over the previous year. 2020 marked the third consecutive year that luxury marques have registered growth in China's automotive market. In 2020 the BMW Group posted record sales in China to become the top selling luxury brand.

On the back of this surge in demand, Sime Darby Motors' China operations delivered an exceptional performance. The total number of units sold increased 31.6% YoY to 44,356 units which translated to an 88.9% increase in PBIT YoY from RM253 million to RM478 million.

Hong Kong and Macau

Our operations in Hong Kong and Macau posted a strong turnaround in sales performance which was largely supported by a boost in sales in the super luxury segment. Total number of units sold rose 23.5% YoY to 7,579.

However, a one-off impairment charge for leasehold land for the year under review resulted in a loss of RM16 million. Excluding the impairment charge of RM89 million (previous corresponding period: RM26 million), Sime Darby Motors' operations in Hong Kong and Macau would have posted a PBIT of RM73 million, a YoY increase of 65.9%.

Taiwan

The Division's operations in Taiwan benefitted from strong demand for new model launches such as the KIA Carnival, Sorento and Stonic as well as the success of turnaround initiatives. The total number of units sold in the year increasing 12.0% YoY to 2,914 units resulting in the Taiwan operations achieving break even for the first time since operations commenced, despite a shortage in supply of both passenger and commercial vehicles.

Malaysia

In Malaysia, Sime Darby Motors posted a 36.8% increase in PBIT YoY to RM290 million, mainly due to higher profits from its BMW and Porsche operations and a gain on disposal of properties of RM38 million.

The total number of units sold in Malaysia increased 21.1% YoY to 16,324 units which was driven by the Malaysian government's stimulus package, Pelan Jana Semula Ekonomi Negara (PENJANA). Under the package, car buyers enjoyed a full sales tax exemption on locally-assembled cars and a 50% sales tax exemption on imported cars.

Sime Darby Rent A Car Sdn Bhd, which represents the Hertz and Thrifty brands in Malaysia, delivered a fleet of telematics-enabled cars in December 2020 to Petronas' integrated petrochemical facility in Pengerang, Johor. This helped to offset the reduction in demand for short term rentals arising from the imposition of movement controls.

Sime Darby Motors launched the Porsche Taycan in September 2020 and installed high performance Direct Current (DC) chargers at Porsche Centre Ara Damansara, which is the largest Porsche dealership in South-east Asia.

Singapore

Our Singapore operations sold 50.2% more vehicles YoY from 8,398 units to 12,611 units. This coupled with a GST refund of RM39 million, led to a 286.4% increase in PBIT to RM85 million.

Thailand

Our Thailand operations achieved a turnaround from a loss of RM1 million to a profit of RM5 million. This was due to higher profit margins which more than offset the decrease in total units sold of 5.8% YoY, down to 3,925 units.

Australia

Our Australian operations turned in an impressive set of results, selling 75.6% more units for a record high of 11,157 units in FY2021, driven largely by the successful turnaround of the luxury dealerships in Parramatta, Sydney that were acquired last year. This, coupled with high margins dueto tight inventories and pent-up demand, resulted in a 182.4% increase in PBIT YoY to RM96 million.

New Zealand

In New Zealand, PBIT doubled YoY from RM56 million to RM112 million mainly due to profits from the sale of passenger vehicles as well as and profit contribution from the recently acquired Transport business, which turned around from a loss of RM6 million to a profit of RM12 million.

Performance was slightly dampened as a shortage of commercial vehicle inventories resulted in lower sales revenue from our commercial vehicle operations. This however, has led to a record high order bank which suggests that demand remains robust in the commercial sector.

Risks to the Business

Key Risk	Description	Key Mitigation Measures
Disintermediation of Dealerships	Principals may choose to directly engage with customers online. This could threaten Sime Darby Motors' role as an intermediary in the automotive value chain.	Sharpen and accelerate our sales and marketing strategies to improve the customer experience. In response to this risk, we are adopting digital marketing tools and launching digital showrooms.
Changing attitudes to vehicle ownership	The proliferation of mobility options that do not involve personal car ownership. This may have an impact on the revenue streams of a traditional dealership.	Focus on the provision of fleet management and rental services. We are also experimenting with "vehicles on demand" solutions to cater to customers who do not favour the traditional ownership model. This includes subscription services such as Access by BMW, and alternative ownership financing solutions such as our Guaranteed Future Value and Easy Drive by BMW.

Divisional Operations Review
Sime Darby Motors

Risks to the Business

Key Risk	Description	Key Mitigation Measures
Shift to Zero-Emission Vehicles	Sime Darby Motors expects to continue selling hybrid as well as electric vehicles (EVs). With manufacturers announcing plans to ramp up investments in electric cars, this could adversely impact our business as consumer acceptance of EVs grows and sales of ICE vehicles reduces.	Increase representation of traditional brands that have a clear strategy and roadmap for electric vehicles/fuel cell electric vehicles (EV/FCEV) including BMW, Porsche, Jaguar Land Rover and Hyundai and new EV brands such as BYD, NIO, Li Auto and Weltmeister.
Transition to Self-Driving Vehicles	The introduction of driverless vehicles could impact demand for personal car ownership and drastically change the traditional role of dealerships. Despite progress on the technological front, the path to commercialisation is uncertain due to regulatory requirements, ethical concerns and low consumer acceptance.	Monitor technological advancements in autonomous driving and develop necessary mitigating actions in response to these developments.

Outlook

We see positive indicators that the market for luxury vehicles will remain resilient. Indications are that the semiconductor shortage will keep vehicle inventories in short supply for the next twelve months, which should offset any potential tapering off in consumer demand as global markets move towards reopening their borders.

We will continue to work closely with our partners to balance our need to maintain sufficient levels of inventory to meet customer demand with lean inventory management practices.

China

The outlook for the Chinese automotive market remains bright, notwithstanding the semiconductor shortage which has curtailed domestic production. Luxury car sales in China are projected to increase in tandem with rising income levels and one in six cars sold in CY2020 were premium, according to IHS Markit. Fitch anticipates that although real GDP growth is expected to average just 5.5% in the coming decade, private consumption will be a major outperformer, averaging growth rates of 7.1% and increasing in importance as a share of GDP.

We are positive about the future of the EV market in China, which has benefited from the incentives offered by the Chinese government. Under its 14th Five-Year Plan announced in March 2021, China has set a target for new energy vehicles to account for 20% of all new car sales in China by 2025. This will fuel demand for EVs which accounted for just 5% of units sold in 2020 (Calendar Year).

The Chinese government's plan to consolidate the local EV market and link EV subsidies to driving range and power efficiency will restore stability and profitability to the segment as smaller EV players will be forced to close down or will be absorbed by larger players.

To tap into the growing popularity of luxury EVs, BMW launched the iX3 in October 2020 and will be launching its pure electric flagship SUV, the BMW iX in Q4 2021, followed by the i4 sedan.

Hong Kong and Macau

In Hong Kong, demand for EVs will increase over the medium term as a result of the introduction of EV incentives that are the highest in the world and government subsidies to promote EV charging infrastructure in car parks of existing private residential buildings. In addition, the phasing out of Euro IV diesel commercial vehicles will create opportunities for EV commercial vehicle sales.

Taiwan

The Taiwanese government's deft handling of the COVID-19 pandemic has resulted in an uptick in consumer confidence which in turn, led to economic expansion. This is expected to provide support for private consumption and vehicle sales going forward albeit at a slower pace. Demand for commercial vehicles will be similarly supported by improving business sentiments and the government's infrastructure plan.

Malaysia

In Malaysia, consumer sentiment is expected to remain weak in the second half of 2021 due to the economic uncertainty resulting from the prolonged movement control restrictions. The automotive supply chain has been impacted by restrictions imposed under the National Recovery Plan which will result in lower total industry volumes for 2021.

Nonetheless, we expect demand to improve as the economy reopens due to the extension of PENJANA sales tax support until the end of December 2021 as well as Bank Negara Malaysia's decision to maintain the Overnight Policy Rate at an all-time low of 1.75%.

Exceeding Customer Expectations

Sime Darby Motors is constantly working to find new ways of delighting our customers. In addition to our digital transformation journey, we have expanded and upgraded our offerings for our customers' peace of mind and convenience.

During the year under review, we invested RM195 million to remodel our dealerships with interactive digital displays and state-of-the-art design elements to deliver a highly personalised, premium and multi-sensory customer experience.

To create a seamless and hassle-free after-sales experience, we maintain detailed records of our customers' maintenance and service histories. This allows us to issue timely reminders when customers' vehicles are due for service. We have invested heavily in upgrading our service facilities, recruiting and training expert technicians and increasing the number of service bays.

We now offer certified used cars that come with vehicle history reports and manufacturer-sponsored certification. Customers whose vehicles have been certified enjoy benefits and warranties that are typically provided by the manufacturer to new vehicle owners.

These efforts have borne fruit as evidenced by the numerous accolades and awards conferred on us for customer satisfaction and excellence in service in FY2021.

- MINI Excellence Award for the 2nd consecutive year (conferred on Brisbane MINI Garage)
- Dealer of the Year 2020 trophy at the annual BMW Dealer of the Year Awards (conferred on the Brisbane BMW Group)
- Ford's 2020 Chairman's and President's Awards for achieving highest level sales customer satisfaction and highest level of service customer satisfaction (conferred on Sime Darby Auto ConneXion)
- Customer Satisfaction Award 2019 and 2020 (conferred on Performance Motors Thailand)
- Mazda Guild Award (conferred on after-sales team in Paradise Park and Srinakarin branches, Mazda Sime Darby)
- Rolls-Royce Shanghai received the 2020 World No 1 Dealer Award from Rolls Royce Motor Cars
- Sime Darby Swedish Auto received the Volvo Dealer Excellence Award for Sales Performance
- The Ford Ranger and Ford Mustang Rated Gold at Carlist.my's People's & Editors' Choice Awards 2020
- Sime Darby Auto Connexion (SDAC) won Retailer of the Year at the 2020/21 Jaguar Land Rover Retailer Awards
- Performance Motors Limited received the Best Dealer Marketing, CRM and Product Team Award from BMW Asia

Singapore

Notwithstanding the Singapore government's move to discourage personal car ownership, the luxury car segment is expected to remain resilient. On a positive note, the sale of EVs are envisaged to benefit from tax incentives and stricter emission regulations.

Thailand

There are positive signs of growth for the Thai market. The easing of lockdown restrictions and economic stimulus package should encourage consumer spending in the near term. The Thai government has also set a target of making the country an EV manufacturing hub for the ASEAN region within five years which will encourage foreign investments.

Australia

Australia's strong economic growth has been somewhat hampered by recent lockdowns to curtail the spread of the Delta variant. Nevertheless, the Australian government's plan to reopen the economy once vaccination rates reach 80% should keep disposable incomes high and provide support for luxury car and SUV sales.

New Zealand

New Zealand's economy is expected to gain momentum as borders gradually reopen and the minimum wage increase boosts private consumption. Poor public transport infrastructure will continue to support personal vehicle ownership in the longer term. However, inventory supply issues may limit performance in New Zealand's commercial vehicle sector in the near term. This is expected to moderate in the medium term as global supply chains normalise.

Divisional Operations Review

The Healthcare Division is represented by Ramsay Sime Darby Health Care (RSDH), a 50:50 joint venture between Sime Darby Berhad and Australia's Ramsay Health Care. Its Asia-focused portfolio consists of 1,567 licensed beds across seven premium hospitals in Malaysia and Indonesia, and a day surgery facility in Hong Kong.

RSDH delivers exceptional, pioneering primary to quaternary healthcare at the forefront of medical care. In its commitment to provide its patients with the best private healthcare services, RSDH benchmarks itself against global standards. All its hospitals have attained local and international accreditations and are equipped with the latest in medical technologies.

Ramsay Sime Darby Health Care

"To ensure that we provide the highest achievable quality of care to our patients, we focus on excellence in patient experience and in offering the best-in-class medical care to all our patients. Our policy steers us and ensures that we adhere to our core values, constantly monitor customer feedback and operational systems, and provide our staff with relevant training and development so that they are able to deliver the best quality care to all our patients."

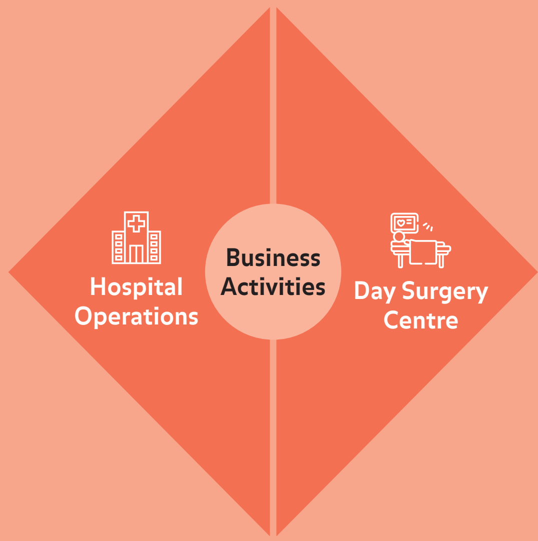
Peter Hong Kah Peng
Managing Director, Healthcare Division

Revenue

RM1,055m

PBIT

RM122m

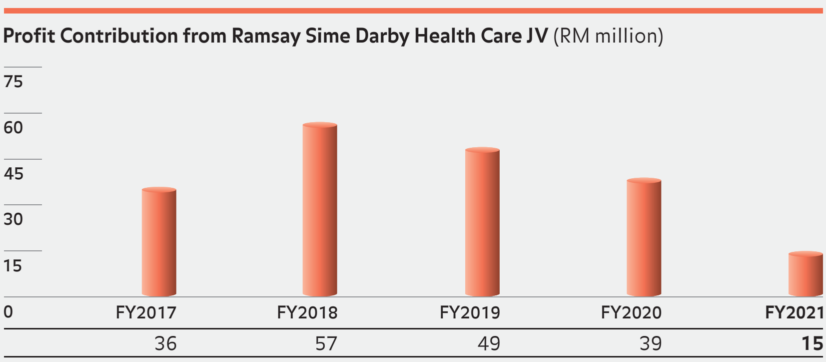


Key Developments in FY2021

In May 2021, RSDH acquired Manipal Hospitals Klang, a 220-bed seven-storey hospital located in Klang, Malaysia. The building occupies a land area of 8,539 m². Established in 2016 as a purpose-built facility, the hospital offers more than 30 specialty services as well as Klang's only state-of-the-art trauma centre.

Divisional Operations Review
Ramsay Sime Darby Health Care

Key Highlights



Despite the difficult conditions under which we currently operate, we believe in the long term growth story of healthcare in this region and are actively looking to expand and diversify the geographical footprint of Ramsay Sime Darby Health Care through further acquisitions.

Operations Review

FY2021 saw RSDH posting an improved PBIT (after Group adjustments) of RM122 million, a 34% increase from RM91 million in FY2020. Revenue grew by 11% in FY2021, from RM951 million to RM1,055 million. However, its profit contribution to the Group was lower in FY2021 compared to FY2020, impacted by write-down of deferred tax assets and an increase in withholding tax payable on dividends declared by RSDH's Indonesian operations.

The growth in PBIT was driven mainly by COVID-19 related admissions and our provision of polymerase chain reaction (PCR) tests and home quarantine packages in Malaysia and Indonesia.

In addition, non-COVID-19 related cases have increasingly rebounded across all our hospitals, as reflected in higher volumes of patient days and outpatient visits. Coupled with surging acuity case mix, this saw an uplift in net revenue per patient day.

A key development in FY2021 was the acquisition of Manipal Hospitals Klang in Malaysia. This acquisition solidifies RSDH's position in the highly competitive healthcare sector and fits in well with the growth story envisaged for the Healthcare Division.

Manipal Hospitals Klang allows RSDH to establish a presence in the Klang district, which has favorable demographic trends, relatively high population density, growing demand for hospital beds and upscale market in certain parts of the district.

The 220-bed capacity hospital will be rebranded into a tertiary care private facility to geographically complement RSDH's other facilities in Klang Valley.

Manipal Hospitals Klang is set to become an important part of RSDH's network of well-established hospitals and will be supported by Subang Jaya Medical Centre, RSDH's flagship hospital and the hub for referrals in the Klang Valley.

Our Portfolio

Facility	Description
 Subang Jaya Medical Centre	The flagship hospital of RSDH, Subang Jaya Medical Centre has been providing comprehensive and complex care across specialties since 1985. The hospital is a recipient of multiple awards for quality healthcare and is Joint Commission International (JCI), Malaysian Society for Quality in Health (MSQH) and ISO 15189 accredited. Most notably, it is an award-winning oncology service provider boasting a comprehensive and multidisciplinary cancer and radiosurgery centre.
 Ara Damansara Medical Centre	Established in 2012, Ara Damansara Medical Centre is a tertiary hospital renowned for its medical expertise and services, modern facilities and six-star ambience. It enjoys a reputation as a premier community hospital.

Facility	Description
 ParkCity Medical Centre	A state-of-the-art multidisciplinary private hospital in Kuala Lumpur, Malaysia, ParkCity Medical Centre offers award-winning private healthcare in a serene landscaped setting.
 Manipal Hospitals Klang	Established in 2016, Manipal Hospitals Klang is the latest addition to RSDH's network of hospitals in Malaysia. The 220-bed hospital offers more than 30 specialty services and boasts Klang's only state-of-the-art trauma centre.
 RS Premier Bintaro	RS Premier Bintaro is located in the middle of the integrated Bintaro Jaya area. The hospital is built on a 12,000m^2 site and it is the first hospital in Indonesia to be accredited with the JCI (the fourth edition).
 RS Premier Jatinegara	RS Premier Jatinegara is among the leading private hospitals in East Jakarta. This multi-specialty hospital enjoys a reputation for commitment to quality and premier service and boasts a comprehensive range of specialty medical equipment. It is also easily accessible due to its central location.
 RS Premier Surabaya	Located in a quiet residential estate in the eastern region of Surabaya, RS Premier Surabaya was conceptualised as a restful resort hospital. It sits on 17,000 m^2 of land and features a unique layout that makes it stand apart from other hospitals in Surabaya.
 The Central Surgery	The Central Surgery is a world-class day surgery facility located in the Central business district of Hong Kong. It is the only day surgery facility in Hong Kong that is backed by an international healthcare group with a proven track record in operating hospitals, clinics and day procedure centres around the globe.

Divisional Operations Review
Ramsay Sime Darby Health Care

Risks to the Business

Key Risk	Description	Key Mitigation Measures
Disease Outbreak	• Infectious disease outbreaks such as COVID-19 has the potential to disrupt our business. Movement and travel restrictions due to the COVID-19 pandemic in the three countries that RSDH operates in affected RSDH's business volume. This was due to the increased risk and difficulty that patients face in accessing RSDH's facilities as a result of the travel restrictions imposed under the movement control order by governments as well as the rise in unemployment rates across the region. In addition, the cost of supplies and consumables continued to mount with the stepping up of preventive measures to protect the safety of all stakeholders on RSDH premises.	• RSDH has taken a number of measures to mitigate the risk of disease outbreaks at its facilities. Stepped-up protective measures include: – Encouraging patients to defer non-essential procedures – Encouraging the use of Telehealth Plus – RSDH's proprietary digital health application that supports video consultation – in order to minimise physical contact along the service chain. – Providing all employees with continuous and refresher training and equipping them with full Personal Protective Equipment (PPE) in accordance with the guidelines set by the respective authorities, to ensure that they are armed with the latest know-how in preventing and handling disease outbreaks with minimal risk to their safety. – Safety measures are taken in strict accordance to official COVID-19 guidelines. This includes ensuring visitors are fully equipped with PPE, screening stations at all entry points of the hospitals and requirement for all patients to undertake COVID-19 tests prior to any procedures.
Regulatory Risk	• As a healthcare entity, RSDH is required to ensure that its business operations comply with increasingly stringent regulatory requirements. Failure to comply will expose medical facilities to the risks of loss of license and accreditation, penalties, patient claims and reputational damage.	• To mitigate regulatory risks, RSDH continues to engage closely with regulators to prepare the business in advance of any impending regulatory changes. • RSDH also fosters collegial relationships with fellow healthcare industry players to build the foundation for information sharing and collaboration.
Technological Disruptions	• Technological advancements are swiftly reshaping many aspects of healthcare. These advancements include new platforms that are transforming the patient-doctor interaction model and applications that drive operating efficiency. In the competitive healthcare landscape, hospitals and healthcare facility operators must keep pace with evolving technologies and embrace relevant technologies in a timely manner to ensure success.	• RSDH is actively adopting digital technology to provide patients with more efficient and personalised services. One such initiative is the recently launched Telehealth Plus. This digital health application boasts an integrated interface that simplifies the management and recording of appointments, payments and consultation history. It also includes a COVID-19-friendly function of video consultation.

Quality and Customer Satisfaction

To ensure the highest achievable quality of care is provided to our patients, RSDH focuses on excellence in care delivery, research-based medical care, patient experience and technology. Our policy steers us and ensures that we adhere to our core values, constantly monitor customer feedback and operational systems, and provide our staff with relevant training and development so that they may deliver the best quality of care to all our patients.

In our efforts to keep our workforce current with international healthcare standards, RSDH enrolled over 120 participants from Malaysia, Indonesia and Hong Kong in a seven-week 7th edition Joint Commission International standard programme in March and April 2021. Earlier in the year, Joint Commission International had updated its standards on accreditation of hospitals and introduced several changes and improvements to the international framework. Attending this programme supports continuing education for our employees and ensure that they are updated on the latest best practices, enabling RSDH to provide facilities, procedures and processes that adhere to international standards and satisfy our customers.

In FY2021, RSDH's flagship hospital Subang Jaya Medical Centre was awarded with the following accolades:

- **Malaysia's Hospital Company of the Year**
  (2021 Frost & Sullivan Asia Pacific Best Practices Awards)
- **Best Hospital of the Year in Asia Pacific**
  (2020 Global Health Asia Pacific Awards)
- **Best Hospital of the Year in Malaysia**
  (2020 Global Health Asia Pacific Awards)
- **Oncology (Surgical) Provider of the Year in Asia Pacific**
  (2020 Global Health Asia Pacific Awards)
- **Nephrology Service Provider of the Year in Asia Pacific**
  (2020 Global Health Asia Pacific Awards)

RSDH is proud to have achieved local and international accreditations for its hospitals, giving patients the assurance that the services, protocols and facilities it provides are at the forefront of private healthcare.

Accreditation	Subang Jaya Medical Centre	ParkCity Medical Centre	Ara Damansara Medical Centre	Manipal Hospitals Klang	RS Premier Bintaro	RS Premier Jatinegara	RS Premier Surabaya
JCI	✓	✓	✓		✓	✓	✓
MSQH	✓	✓	✓	✓			
KARS					✓	✓	✓
HICMR	✓	✓	✓		✓	✓	✓

JCI: Joint Commission International
MSQH: Malaysian Society for Quality in Health
KARS: Komisi Akreditasi Rumah Sakit
HICMR: Healthcare Infection Control Management Resources

Outlook

FY2022 is expected to remain challenging for RSDH amidst the continuing pandemic in both Malaysia and Indonesia. However, targeted containment measures, success of the national vaccination programme and the resolute commitment by the governments in drawing up national recovery plans will accelerate market recovery.

On a positive note, in the medium to long term, demand for healthcare is expected to continue to rise in the markets we operate in. This demand is driven by a multitude of structural megatrends including expanding and ageing populations, prevalence of chronic illnesses, greater health awareness and rising affluence. It is estimated that total healthcare spend in Asia will exceed US$4 trillion by 2024.

The pandemic has also accelerated the growth of telemedicine, with digital health platforms in general showing a surge of activity. Our rollout of Telehealth Plus in FY2020 was well timed and will allow us to benefit from the surge in demand for telemedicine. Meanwhile we continue to look out for other opportunities in the digital health landscape.

Despite the difficult conditions under which we currently operate, we believe in the long term growth story of healthcare in this region and are actively looking to expand and diversify the geographical footprint of RSDH through further acquisitions. We will continue to closely monitor the development of key trends and markets so as to best position ourselves to capitalise on available opportunities.

Divisional Operations Review

Sime Darby Logistics owns and operates Weifang Port in Shandong, China's second most populous province. Located in the prime region of the Bohai Bay Economic Rim, Weifang Port is a seaport that handles dry and liquid bulk cargo, general cargo and container shipments. Sime Darby Logistics also provides value-added services such as logistics services, ship tallying and tugging, container-related services, sorting and repackaging of general cargo and management of stack yard operations. These diversified services make Weifang Port a key logistical transition point for shipping customers throughout North-east China, Southern China, East Asia and South-east Asia.

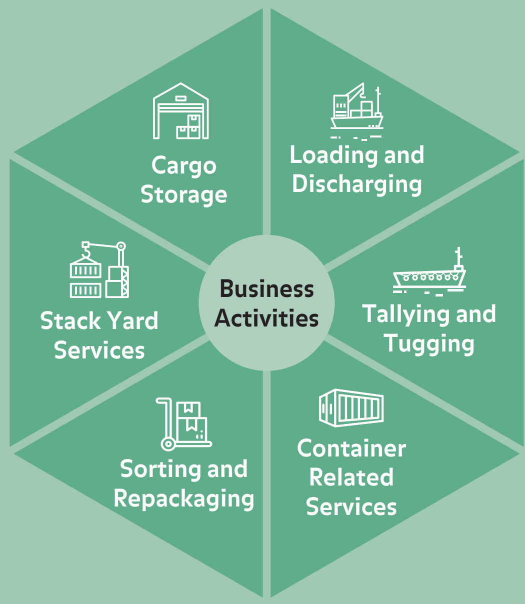
Sime Darby Logistics

"Sime Darby Logistics is committed to continuously improve our service quality and operational efficiency to better serve our customers. We have set up dedicated logistics service teams to provide integrated logistics solutions and value-adding services to existing and new customers. Our efforts to meet and exceed customers' expectations are much appreciated by our customers."

Liew Thiam Huat
Managing Director, Logistics Division

Revenue
RM181m

PBIT
RM(64)m



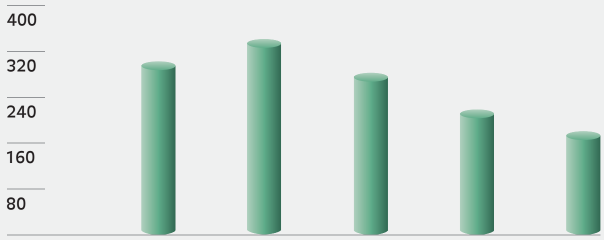
Key Developments in FY2021

- Strengthened the operations of the port's woodchip terminal through improved berthing capacity of woodchip vessels and increase in throughput volume
- Co-developed warehouses in the port's logistics park with Weifang COFCO Trading Logistics Warehouse Co., Ltd, a subsidiary of China National Cereals, Oils and Foodstuff Corporation (COFCO)
- Developed capacity for higher value and more environmentally-friendly break bulk cargo
- Installed a mast crane and established a long term and strategic collaboration with a key customer to handle large heavy lift cargo

Divisional Operations Review
Sime Darby Logistics

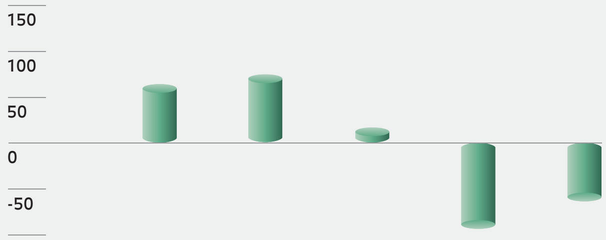
Key Highlights

Revenue (RM million)



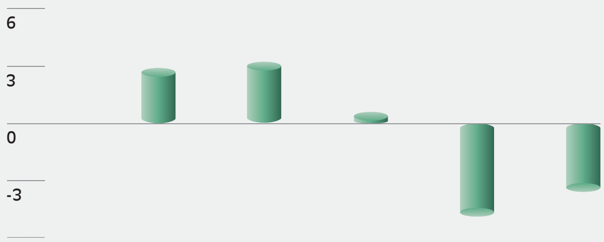
FY2017	FY2018	FY2019	FY2020	**FY2021**
303	341	283	219	**181**

PBIT (RM million)



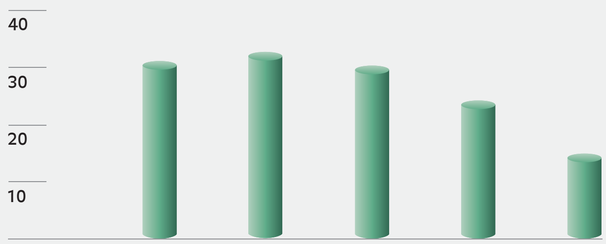
FY2017	FY2018	FY2019	FY2020	**FY2021**
64	74	2	(94)	**(64)**

ROAIC (%)



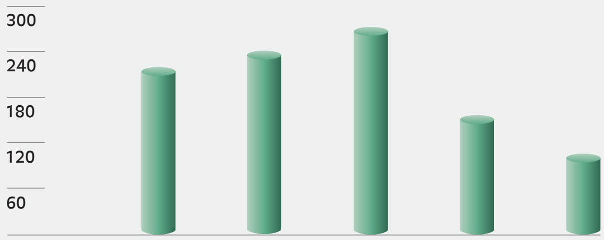
FY2017	FY2018	FY2019	FY2020	**FY2021**
2.9	3.2	0.1	(4.9)	**(3.6)**

Port Throughput (Bulk Cargo) (million MT)



FY2017	FY2018	FY2019	FY2020	**FY2021**
31.1	32.6	30.3	24.2	**14.9**

Port Throughput (Container) ('000 TEU)



FY2017	FY2018	FY2019	FY2020	**FY2021**
219.8	240.5	272.4	156.7	**106.1**

Note: Throughput and financial numbers of Jining ports are included up to the date of disposal in December 2020.

Operations Review

The Division recorded a loss before tax of RM64m in FY2021. This includes RM85 million of asset impairments in view of the challenging business conditions and weaker financial performance. However, excluding one-off items, the business recorded a core PBIT increase of 53% to RM23 million.

In December 2020, the Group divested its entire interest in three joint venture companies operating three river ports in Jining Shandong province.

The divestment will be realised over a three-year period and is in line with the strategy set out in the Group's Value Creation Plan to divest non-core assets.

Sime Darby Logistics registered a bulk cargo throughput decline of 38% YoY from 24.2 million MT to 14.9 million MT. Container throughput also declined by 32% YoY from 156.7 TEU to 106.1 TEU.

This decline was due to the prolonged impact of the pandemic on international and domestic trading volume. Throughput was also affected by competition from other ports and railway transport operators as well as more frequent environmental inspections.

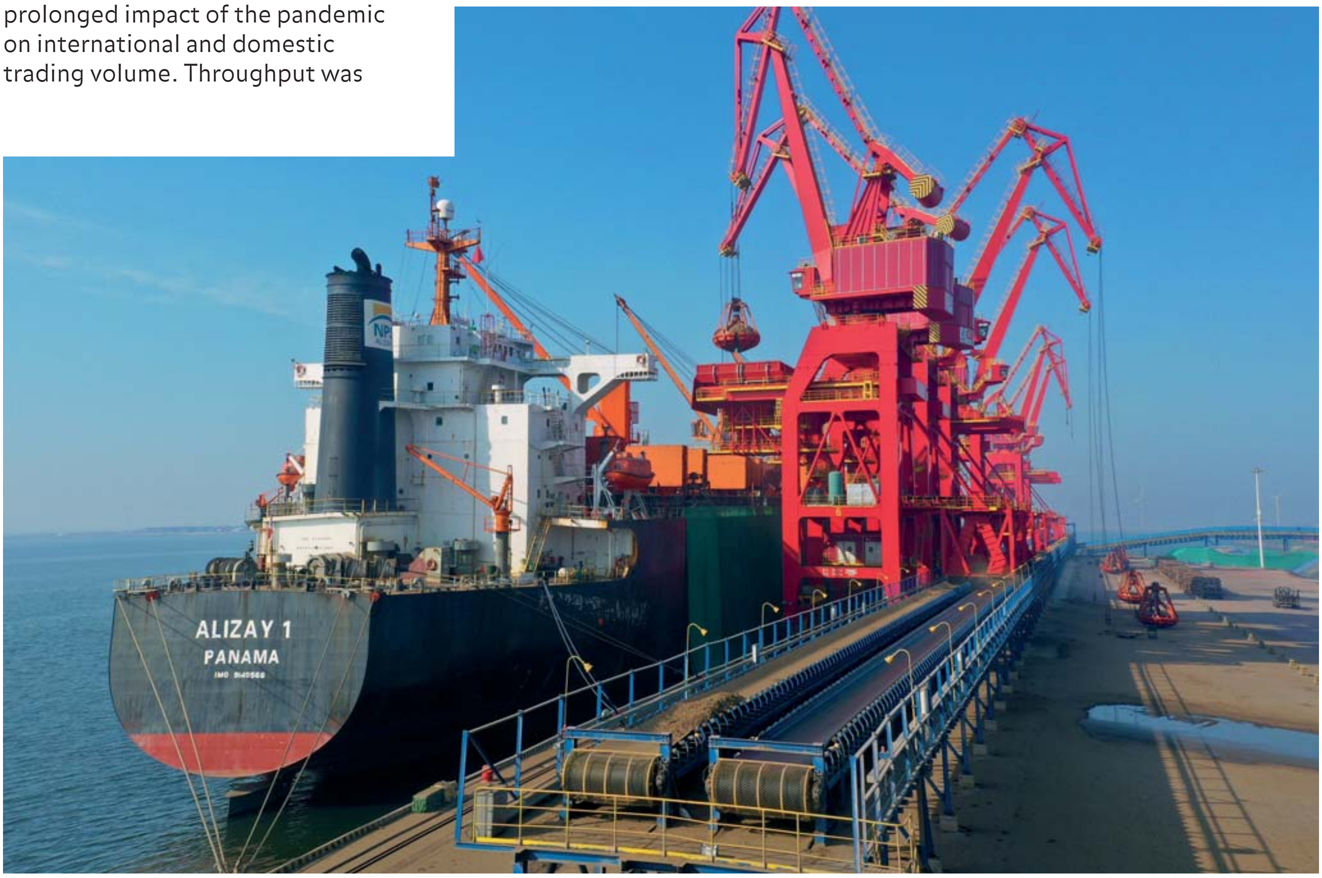
The weakened throughput dragged down revenue by 17% YoY to RM181 million in FY2021.

Excluding Jining Ports, Weifang Port's revenue dipped by approximately 5% YoY from RM173 million to RM165 million. The gentler decline in revenue as compared to throughput was due to improved average handling tariff and the higher proportion of break bulk cargo handled.

During the year, the port also developed capacity for higher value and more environmentally-friendly breakbulk cargo such as purified terephthalic acid and polypropylene. This improved cargo structure saw the volume of break bulk cargo handled by the port increased by 40% in FY2021.

In December 2020, the Group divested its entire interest in three joint venture companies operating three river ports in Jining Shandong province.

Woodchip handling is a core component of Sime Darby Logistics' operations.



Divisional Operations Review
Sime Darby Logistics

In collaboration with Weifang COFCO Trading Logistics Warehouse Co., Ltd, a subsidiary of China National Cereals, Oils and Foodstuff Corporation (COFCO), Sime Darby Logistics sold a parcel of land in the port's logistics park for COFCO to develop warehouses and provided a full spectrum bespoke logistics solution handling approximately 100,000 to 300,000 tonnes of grain a year for COFCO. Sime Darby Logistics worked hand-in-hand with COFCO to design, calibrate and implement customised warehousing equipment and processes to handle corn shipments. This initiative facilitated real-time tracking and coordination that yields enhanced productivity and ensure cargo safety, as well as seamless corn handling and warehousing.

In the year under review, the Group divested its entire interest in three joint venture companies operating three river ports in Jining in the Shandong province.

The woodchip terminal, operating under a joint venture, Weifang Sime Darby West Port Co Ltd, registered a throughput increase of 15% YoY and was profitable at the operating level. During the year under review, Sime Darby Logistics undertook a channel dredging exercise to expand the capacity of Weifang Port's woodchip terminal. The terminal is now able to handle customers' woodchip vessels imported from South-east Asia.

Weifang Sime Darby Liquid Terminal Co Ltd, a joint venture operating the liquid terminal, recorded a 38% YoY increase in throughput in FY2021, due to higher throughput of oil products.

Risks to the Business

Key Risk	Description	Key Mitigation Measures
Competition	• Low-pricing strategy and pressure from our competitors. • Railway logistics, which enjoys lower logistics costs, is now an option open to local enterprises.	• Retain key liners to benefit from the new shipping routes that were opened up by the Chinese government. • Cooperate with railway operators to co-service customers' long-distance transportation needs (over 200km).
Environment	• The Chinese government's clampdown on non-environment-friendly industries and dirty cargo will indirectly affect port cargo volume.	• Closely monitor environmental requirements and upgrade port facilities where necessary.
COVID-19 Pandemic and Macroeconomic Effects	• The second and subsequent waves of COVID-19 infections have impacted international trade. Shortage of container supply due to lockdowns have resulted in increased freight rates.	• Strengthen collaboration with shipping lines to stabilize shipment and shipping schedule. • Work directly with manufacturers and end customers to secure cargo volume and coordinate logistics arrangement and shipping plan via our in-house logistics arm.

Quality and Customer Satisfaction

Sime Darby Logistics is committed to continuously improve service quality and operational efficiencies to better serve our customers.

In the year under review, we set up a dedicated logistics service team to provide integrated logistics solutions and value-added services to our existing and new customers. In addition to our core "port loading-and-unloading" business, our logistics service team now provides seamless, ship-to-factory cargo transport services ranging from ship and truck bookings to cargo handling, warehousing, port clearance, and finally trucking and delivery to the customer's doorstep.

Our commitment to service quality includes upholding our social responsibility to protect our customers and stakeholders. In March 2021, we participated in a rescue operation mounted by the Maritime Search and Rescue Centre to save an inbound vessel that caught fire. We sent two tugboats to the rescue and successfully transferred all 20 crew members to safety after a four-hour operation.

Our efforts to meet and exceed customers' expectations are much appreciated by our customers. In a customer satisfaction survey, 97% of customers said they are more than satisfied with our port's services.

Sime Darby Logistics is committed to continuously improve service quality and operational efficiencies to better serve our customers.

Outlook

The pandemic continues to create uncertainties for the port industry. Across China, ports have been affected by COVID-19 outbreaks. In Southern and South-eastern China, virus outbreaks have disrupted port services in some of the largest ports in the world and delayed deliveries.

As the Group continues to focus on the divestment of non-core assets, our focus for the future will be to rationalise and gradually exit the port business.

Creating Sustainable Value

Overview

We are committed to delivering sustainable futures in a way that creates long term value through a culture of transparency, with genuine care and respect for our people and the communities we operate in. This year marks the beginning of a new chapter as we transition towards a dedicated Sustainability Blueprint.

Overview

We are committed to our purpose of delivering sustainable futures to create long term value. This year marks the beginning of a new chapter in our sustainability journey as we transition towards a new Sustainability Blueprint (Blueprint) and a dedicated Sustainability Roadmap to guide us cohesively as a Group to realise our sustainability strategy.

Our Blueprint will embed sustainability into our business operations by aligning business strategy and decision making to sustainable practices and by balancing our economic aspirations with genuine care and respect for our people and the communities we operate in. As a Group we take a multifaceted approach to sustainability, combining environmental, social and governance (ESG) metrics. In line with our material matters we will be focused on leveraging energy-efficiency initiatives and business innovation to improve our productivity, lower our environmental footprint and support business development. These advancements will enhance the overall resilience of our business and support the expectations of our stakeholders throughout the supply chain.

The table below illustrates how sustainability is embedded in our business.

Topic	Section in this report	Page Number
Sustainability Reporting Scope	About this Report	10
Sustainability Governance	Creating Sustainable Value	101
Sustainability Blueprint	Creating Sustainable Value	101
Sustainable Value Creation	Business Model	38
Engaging Stakeholders to Identify and Determine Material Issues	Engaging Stakeholders; Integrity in Corporate Reporting and Meaningful Engagement with Stakeholders	42 and 154
Determining Our Material Issues	Material Issues	44
Environmental Sustainability	Embracing Environmental Stewardship	106
Social Sustainability	Supporting Local Communities	110
Governance Sustainability	Embedding Responsible Business Practices	118
Economic Sustainability	Divisional Operations Review	72

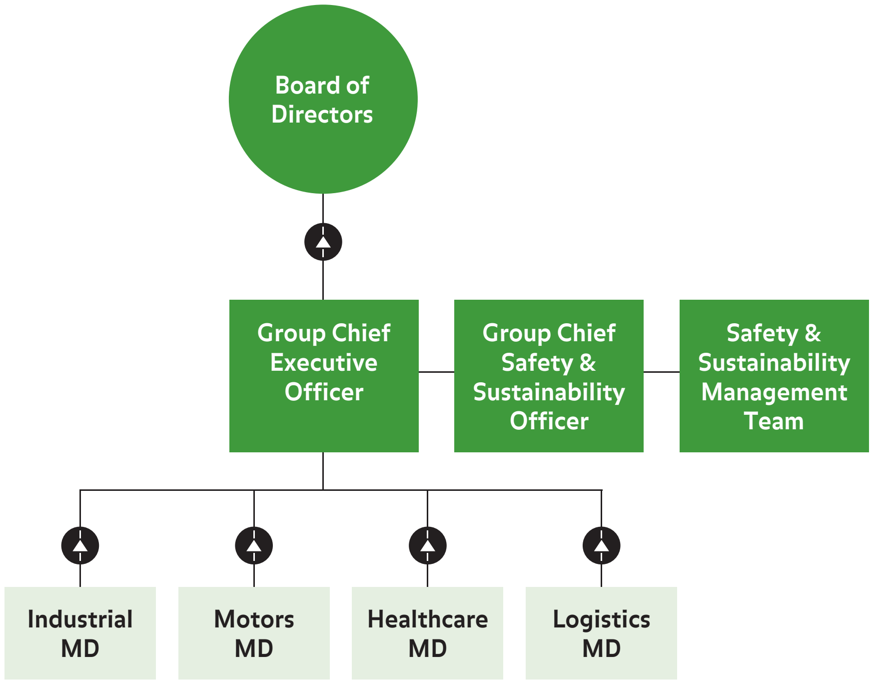
Our Sustainability Governance Structure

At Sime Darby, we have an established and committed governance structure that steers the Group's sustainability strategy and allows for building transformative capacity and change.

The Board of Directors ultimately governs the Group's Sustainability Strategy, with support from the GCEO, who reports to the Board on safety and sustainability matters.

The Group Chief Safety and Sustainability Officer (GCSSO) reports directly to the GCEO and is accountable for safety and sustainability matters. The GCSSO heads up the Safety and Sustainability Management Team, which is responsible for developing and executing safety and sustainability initiatives across the Group. These have included but have not been limited to the below:

- Implemented a safety and sustainability strategic plan to support all divisions
- Established a strategic direction to identify and address safety and sustainability risks and to standardise reporting
- Improved workplace safety culture and capabilities to realise our goal of 'No Harm'
- Redefined and embedded sustainable practices across all aspects of operations
- Standardised safety and sustainability processes and procedures



Our New Sustainability Blueprint

Early this year Sime Darby embarked on an exercise to develop a refreshed sustainability strategy that will guide us in making decisions, create long lasting value and bring purpose to our business.

Through our annual materiality assessment exercise, we identified material matters that have the highest impact on our stakeholders and our ability to create long term value.

In line with our material matters we will be focused on leveraging energy-efficiency initiatives and business innovation to improve our productivity, lower our environmental footprint and support business development.

Creating Sustainable Value
Overview

Material Matters	Environmental	Social	Governance
	• Climate Change (Economic) • Climate Change (Environmental) • Energy and Carbon Management • Waste and Effluents Management • Water Management	• Mobility • Quality and Customer Satisfaction • Technology and Innovation • Employee Training and Development • Community Contributions and Development	• Responsible Supply Chain (including Modern Slavery) • Product Safety • Occupational Health and Safety • Business Ethics and Compliance • Business Continuity • Data Privacy and Security • Fair Employment Practices

Refer to Material Matters section on page 44 for information on how we identify and prioritise our material matters.

Following an exercise to determine our material matters, a series of interviews and workshops with senior management and employees were conducted to seek their views on the identified material matters, emerging business requirements and ESG aspirations for Sime Darby. A strategic sustainability vision, targets and themes were developed following the engagements and workshops.

Three sustainability targets have been identified that will collectively drive our purpose of delivering sustainable futures. (See "Our New Sustainability Targets" section below for more information). A dedicated Sustainability Roadmap details the key measures, flagship initiatives and plans for the next three years providing direction to achieve these sustainability targets.

Also identified were four sustainability themes that collectively address and manage our material matters and, in doing so, support our overall sustainability targets. These themes embed environmental, social, governance and economic factors into our strategic decision making to shape our sustainability strategy. (See "Our Sustainability Themes" section below for more information).

Through this exercise, we determined how our sustainability themes, material matters and activities occurring across the Group that contribute to the United Nation's 17 Sustainable Development Goals.

Utilising our material matters and our newly defined sustainability themes, we developed a refreshed Sustainability Blueprint that sets out new priorities and targets. This Blueprint will inform our overall sustainability narrative and guide our value creation process.

Purpose	Delivering Sustainable Futures			
Core Values	Integrity	Respect & Responsibility	Excellence	Enterprise
Overall Sustainability Targets	30% reduction of emissions by 2030 (scope 1 & 2 only) from 2020 levels Work on SBTi based commitment Strive towards the Paris Agreement	Minimum RM250 million investments in ESG innovation by 2025	More than 50% of products in our portfolio by 2025 are more energy efficient than the 2020 product portfolio	
Sustainability Themes	Optimising Environmental & Social Footprint	Engaging in Sustainable Partnerships	Inspiring our Employees to Deliver Meaningful Change	Driving Sustainable Innovation and Technology

Our New Sustainability Targets

Within our new sustainability strategy, we have identified three key sustainability targets. The targets will support our transition towards a lower carbon future, promote sustainable investment in technology, support the communities we operate in and assist our customers in achieving their ESG commitments. They are:

- 30% reduction in carbon emissions by 2030 (Scope 1 & 2 only) compared to 2020 (further supported through the intention to commit to the Science Based Target inititative[1] (SBTi)).
- Minimum RM250 million investments in environment, social and corporate governance (ESG) innovation by 2025
- More than 50% of products in our 2025 portfolio to be more energy efficient than our 2020 product portfolio

Our Sustainability Themes

Sime Darby's sustainability considerations and efforts are centred around four key themes: Optimising our environmental and social footprint; Engaging in sustainable partnerships; Inspiring our employees to deliver meaningful change; and Driving sustainable innovations and technology. Initiatives are in place across the Group to support these themes, which will be enhanced and refined in the coming years to be developed into flagship initiatives.

Theme	Sustainable Development Goals
Optimising Our Environmental & Social Footprint • Lower carbon transition • Environmental Impact • Considerate social & environmental actions • Balancing our triple bottomline	1 No Poverty; 2 Zero Hunger; 6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 13 Climate Action; 14 Life Below Water; 15 Life on Land; 17 Partnerships for the Goals
Engaging in Sustainable Partnerships • Exceeding customers expectations throughout the supply chain • Support customers to achieve their ESG commitments • Enable product safety through quality training and equipment • Efficiency and efficacy	8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
Driving Sustainable Innovation and Technology • Provide solutions to customers to improve product safety & performance • Seek beneficial partnerships • Consciously invest in solutions • Better outcomes for all	8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action; 17 Partnerships for the Goals
Inspiring our Employees to Deliver Meaningful Change • Exceeding expectations throughout the supply chain • Educate employees on our ESG commitments • Facilitate employees to understand our sustainable product portfolio • Enable meaningful change	3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 10 Reduced Inequalities; 12 Responsible Consumption and Production; 13 Climate Action

[1] Read more at https://sciencebasedtargets.org/

Creating Sustainable Value

Embracing Environmental Governance

To better fulfil our environmental governance and responsibility for the 19 countries and territories we operate in, we focused this financial year on baselining our metrics for our environmental footprint across all our business units.

We are committed to minimising the impact we have on the environment by improving our environmental performance and reducing our environmental footprint.

Our focus on environmental governance also aligns with the sustainability goals of our partners, who rank among some of the world's leading brands in the industrial and motors sectors.

To meet the demands of customers and investors, we are leveraging on energy-efficiency initiatives and business innovation to improve our productivity and product and service offering. These advancements are aimed at enhancing the overall resilience of our business.

To better fulfil our environmental governance and responsibility for the 19 countries and territories we operate in, we focused this financial year on baselining our metrics for our environmental footprint across all our business units. Going forward we will be defining and standardising key environmental metrics across all our operations.

The Group will continue to work towards reducing greenhouse gas (GHG) emissions, water consumption and waste generation to limit its environmental impact.

Climate Change

The significance of climate change in the markets that we operate has become more evident. We recognise that by reducing our emissions, our improved environmental performance will help us build closer relationships throughout our supply chain, which encompasses our principals, suppliers, customers and key business partners.

Understanding both the economic and financial risks that climate change poses to the Group allows us to plan, finance and implement risk management measures to reduce our carbon footprint and ensure long term business resilience and profitability.

We will continue to work towards alignment with the Paris Agreement and we intend to commit to the Science Based Targets initiative. To show our commitment, we have introduced a new climate-related target:

30% reduction of emissions by 2030 (Scope 1 & 2 only) from 2020 levels

Carbon and Energy Management

With a global footprint across 19 countries and territories, we take an integrated and macro approach to monitoring and managing our carbon emissions and energy consumption levels.

We are continuing to refine, develop and implement our mitigation activities, projects, and further research towards reducing our Scope 1 and 2 emissions and energy consumption.

Electricity used to power operations and fuel used to run vehicles and machinery are the largest components of our carbon emission. This year has seen the introduction of energy management systems at our Sime Darby Motors City operations in Malaysia, that assist in deactivating unnecessary elevators, escalators, and air conditioning after operating hours. In the year under review, all Divisions reported progress in energy saving initiatives they had launched.

To further reduce carbon footprint and energy consumption, the Group remains focused on renewable power generation, upgrading lighting to LEDs, enhancing asset efficiency, and supporting behavioural based programmes.

Mine Energy Solutions is delivering innovative alternative energy technologies that provide both CO_2 emission reductions and cost savings.

Case Study

Mine Energy Solutions Pty Ltd (MES), Sime Darby's joint venture with Intelligas, a Queensland based gas technology company, is delivering innovative alternative energy technologies that provide both CO_2 emission reductions and cost savings. MES' High Density Compressed Natural Gas (HDCNG®) is an advanced dual fuel system utilising sequential gas injection for the conversion of high horsepower diesel engines standard diesel fuel operation to dual fuel operation using gas as the dominant fuel. HDCNG® delivering the following environmental benefits:

- CO_2 emissions from a typical 200 tonne payload mine truck operating 5,500 hours annually will reduce by approximately 432 tonnes per year i.e. 10,800 tonnes across a 25 truck fleet.
- An overall reduction in GHG of greater than 13%
- Methane slip levels of at less than 1.5%
- A reduction of more than 80% in diesel particulates, which can contribute to improved air quality across the site
- 20% reduction in NOx

In June 2021, MES joined forces with Thiess, the world's largest mining services provider, to bring lower emission, dual-fuel technology to Thiess' mining fleet, the first for a mining services provider in the industry. The agreement will see the use of locally sourced gas to displace diesel in large mining trucks using MES' currently available and proven technology. The partnership will commence with the conversion of a fleet of six mining trucks and seeks to "utilise" gas from the operating mine site which will allow the removal of the equivalent B-Double diesel deliveries from local highways, reducing congestion and making it safer for regional families. Longer term, MES will seek to expand the current scope to full fleet conversion before exploring further opportunities both within Australia and internationally.

Creating Sustainable Value
Embracing Environmental Governance

Renewable Power Generation

Since 2016, Sime Darby Industrial has installed over 525kW of solar photovoltaic (PV) systems across its operations in Australia, China and New Zealand. Together these installations have generated over 1,700MWh of electricity. Sime Darby Motors has installed a solar PV system at their BMW North Shore dealership in Auckland. In addition, work has begun to install solar PV system at Inokom, our motor vehicle assembly operations in Malaysia, while further studies are being undertaken in Australia for solar PV system installation.

Our Cat dealership in New Zealand, Terra Cat system, has procured 100% renewable electricity across its business footprint, effectively achieving zero emissions from electricity consumption.

LED Lighting

Across our operations, we have been progressively switching from the existing fluorescent lighting to LED lighting. LED lighting uses at least 65% less energy compared to metal halide and incandescent lighting. This conversion has already taken place across our Industrial operations in Australia, Singapore and New Zealand. Meanwhile, the switch to LED lighting is well underway at Sime Darby Motors' operations in Australia, Malaysia, New Zealand and Thailand.

Asset Improvements

Our Volvo dealership in Brisbane, Australia has undertaken renovations following an upgrade to align with the dealership's corporate identity, and consistent with Volvo's objective of having 50% of all new car sales to

Sime Darby Industrial has installed over 525kW of solar photovoltaic (PV) systems across its operations in Australia, China and New Zealand.

Our Volvo dealership in Brisbane, Australia has undertaken renovations to install 5 EV Charging stations, with a further 2 EV charging stations to be installed later. These stations will ultimately assist in reducing GHG emissions.

be fully electric by 2025 and all sales to be fully electric by 2030. As part of this upgrade, the dealership installed 5 EV charging stations, with a further 2 EV charging stations to be installed later. These stations will ultimately assist in reducing GHG emissions while ensuring that the business remains at the forefront of technological innovation.

In Malaysia, Sime Darby Industrial Sdn Bhd successfully obtained certification from Cat Power Systems Division for Cat diesel and gas power generators distributed to the MyHijau Green Incentive Scheme. This scheme by the Malaysian government (GreenTech Malaysia) encourages the use of energy-saving and fuel-efficient equipment, and provides additional benefits such as Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) to end users.

Behavioural Programmes

Across the Group, we have held various initiatives to instil environmental practices among our employees through environmental awareness campaigns. Focus on employee behaviour changes include switching off equipment and lights that are not in use and setting air conditioners to climate appropriate temperatures.

Terra Cat undertook a service vehicle efficiency review which focused on vehicle selection for jobs along with scheduling based on location. A review after the first 6 months tracked a reduction of 7% in service vehicle fuel consumption.

Targets	
Sime Darby Industrial	• Reduce absolute GJ Energy Use/Total Headcount by 5% between FY2017 and FY2023.
Sime Darby Motors	• Reduce absolute GJ Energy Use/Total Headcount by 1% between FY2021 and FY2022.
Sime Darby Logistics	• Reduce absolute GJ Energy Use/Total Headcount by 1% between FY2021 and FY2022.

Waste and Effluent Management

Our activities across the Group generate a wide range of waste streams and effluent due to the diverse nature of our operations. To prevent harm to the environment and local communities in the areas that we operate in, it is crucial that we manage and dispose of these wastes and effluents in a safe, ethical and responsible manner in accordance with the respective national and local regulations. Our goals in waste and effluent management include meeting legal requirements, reducing the environmental impact of our activities and ensuring the health and safety of the communities in which we operate.

- **Legal Requirements.** Businesses are legally obliged to manage and dispose of all wastes and effluent appropriately and effectively. In every territory we operate, we discharge our legal responsibilities with care and diligence and in full compliance with local and federal regulations.
- **Environmental Impact.** Wastes and effluents should be disposed of or recycled in a safe, ethical and responsible manner to reduce harm to the environment. We set ourselves stringent benchmarks on waste and effluent management to ensure that we carry out this task ethically and responsibly.
- **Human Health.** Improper handling or disposal of wastes or effluent can pollute the air and land of communities that are near our operations and endanger the health of the local people. To safeguard the good reputation of the Group and maintain good relations with local communities, we ensure that our handling of wastes and effluents does not compromise the health and safety of any community.

Reduce, Reuse, Recycle

The Group has prioritised reduction targets and are making progress by reducing waste and reusing and recycling resources. During FY2021, some of initiatives introduced and achievements made include:

- Sime Darby Motors in China has improved their profits this year by purchasing oil by the barrel and reducing the waste container quantity, which in turn has cut disposal fees by around RM50,000.
- In Malaysia, our automotive service centres have been recycling used SW305 engine oil /lubricant to be reused in other industries.
- Sime Darby Logistics has installed intelligent waste collection bins to collect waste from vessels. These bins have the ability to warn of overflowing, report on usage frequency, identify the vessel name, weigh the waste and generate electronic receipts.
- Sime Darby Industrial has implemented a suite of digital forms to replace existing paper-based processes and forms. Meanwhile, Sime Darby Logistics has implemented a digital approval system for capital and operating expenditure which has seen paper usage reduction of 20% from FY2020 to FY2021.
- Our Motors and Industrial operations in China have engaged waste suppliers across all operations and will continue to monitor waste performance.

Water Management

Water scarcity is a global issue with far-reaching consequences. It is an issue that we take seriously as the water we consume in our operations has an impact on both the quality and availability of water for local communities in the territories that we operate. We ensure the responsible use of water resources by closely monitoring and managing the water we use.

Monitoring

The pilot water monitoring dashboard project across Hastings Deering's sites in Brisbane has been successful in enabling ongoing review and analysis of its water consumption, including the implementation of early leak detection. The information gathered on water usage has allowed Hastings Deering to evaluate its current water management practices. Hastings Deering is currently developing strategies to reduce water usage and reuse water based on analysis of the data gathered.

Targets	
Sime Darby Industrial	• Reduce scheduled waste/Total Headcount by 5% between FY2019 and FY2023
Sime Darby Motors	• Reduce scheduled waste/Total Headcount by 1% between FY2021 and FY2022
Sime Darby Logistics	• Reduce scheduled waste/Total Headcount by 1% between FY2021 and FY2022

Our Jaguar Land Rover dealership in Paramatta, BMW dealership in Castle Hill and BMW Auckland are currently harvesting rainwater for internal use, including for car detailing.

Reuse

Motors China has recently installed integrated photocatalytic equipment to treat wastewater and to recycle for car washing, with an estimated 80% of the wastewater being reused for car washing in the next financial year.

Our motor vehicle assembly operations in Inokom continues to reuse treated wastewater from its operations to water local football fields.

The China Engineers Limited (CEL) branches in Changsha, Huaihua, Xiamen, Fuzhou, Shunde and Nanning have installed wastewater treatment and recycling facilities. The treated water can be recycled to the required standard for machine cleaning. As a result of this initiative, the business has seen a water reduction of 2 million litres per annum, additionally reducing the wastewater to be discharged off site.

Asset Improvement

Our Jaguar Land Rover dealership in Paramatta, BMW dealership in Castle Hill and BMW Auckland are currently harvesting rainwater for internal use, including for car detailing.

In China, Sime Darby Logistics has installed a new 360-degree car washing platform with technology that enables the car wash water to be treated and recycled for further use. The improved facility has also meant that drainage and maintenance costs have significantly improved.

Targets	
Sime Darby Industrial	• Reduce water consumption/Total Headcount by 5% between FY2017 and FY2023
Sime Darby Motors	• Reduce water consumption/Total Headcount by 1% between FY2021 and FY2022
Sime Darby Logistics	• Reduce water consumption/Total Headcount by 1% between FY2021 and FY2022

Creating Sustainable Value
Supporting Our Communities

As a multinational company with roots around the world, we believe we have an important role to play in supporting and building up local communities.

We continue to invest in our people through training and development that would enhance their potential and grow their careers.

Our people's resilience, adaptability and entrepreneurial spirit play a vital role in ensuring the Group meets our objective of delivering sustainable futures for all our stakeholders. Sime Darby continues to invest in its people through training and development that would enhance their potential and grow their careers. A prudent approach in managing a multicultural and multigenerational workforce has been adopted so as to remain competitive in a challenging business landscape.

Also fundamental to our culture at Sime Darby is a commitment to positively impact the local communities where we operate. As a multinational company with roots around the world, we believe we have an important role to play in supporting and developing local communities.

Supporting our Employees

Adapting to the COVID-19 Pandemic

The global pandemic has had and will continue to have a devastating impact around the world. Sime Darby remains focused on ensuring the safety and health of our employees, partners, suppliers, customers and communities where we operate. Apart from global principles, we have also established policies and procedures following the Standard Operating Procedures (SOPs) of each market to ensure that we are doing as much as possible to support our employees. This includes ensuring regular sanitised workspaces, the provision of hand sanitisers and personal protection equipment such as face masks, and the adoption of Work from Home (WFH) practices as required and in line with recommended COVID-19 SOPs in the respective markets. Assistance is also available to support employees in maintaining their mental health and well-being. Apart from that, food banks have been set up at several locations to assist our communities and initiatives rolled out to demonstrate our appreciation to frontliners.

Enhancing Employee Experience

The engagement of our employees remains a key priority. With so much uncertainty caused by the pandemic, it is more important than ever for employees to feel connected with each other, as well as to the Group and the goals of the business. We continually invest in building engagement capabilities of our leaders and monitor the progress we are making, to identify any development areas.

Building on the momentum of the FY2020 Group Employee Engagement Survey, the Group conducted a Pulse Survey in FY2021 to examine the impact of the action plans implemented. Approximately half of the Group's employees were selected at random to participate. 82% took the opportunity to share their opinions on various issues, providing more insights into ways to increase employee engagement throughout the Group.

Overall employee engagement rates increased by four percentage points to 62%, with improvements in our FY2020 focus areas namely, 'career and development' (+10 points) and 'enabling infrastructure' (+9 points). We also made further progress on our safety score (+9 points).

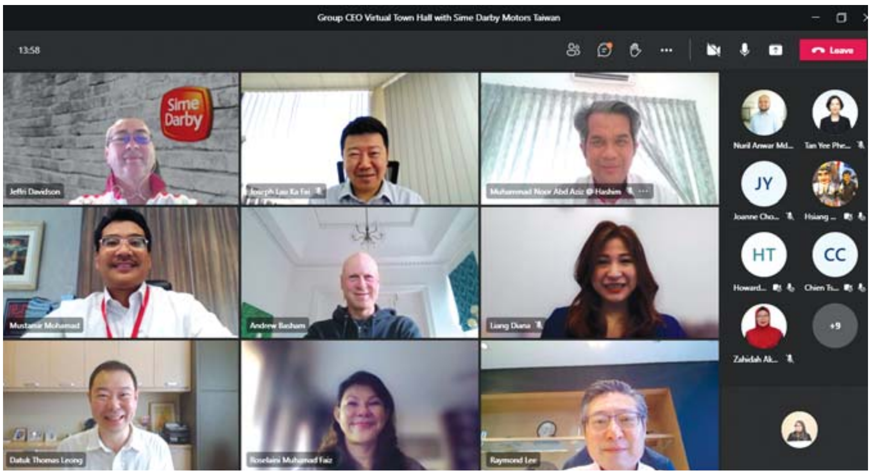
In the wake of the challenges brought about by the COVID-19 pandemic, employees' perception of the level of care shown by leaders had also improved significantly. These results underline the vigorous efforts put in to maintain high levels of engagement during the pandemic through strong virtual communication as well as flexibility in work arrangements.

We will continue to focus our efforts in several key areas in FY2022. These include meeting our employees' career development and learning expectations, building a more inclusive work environment, safeguarding employee well-being and ensuring that we have the capability and capacity to support both the physical and mental health of our employees.

Action plans based on data from the Pulse Survey in FY2021 have been developed and are being championed by employees at the Group, function, business, and country levels to further increase engagement levels and ultimately a positive culture throughout the Group.

In line with recommended COVID-19 SOPs, we ensured that employee workspaces are regularly sanitised and provide hand sanitisers and personal protection equipment where needed.

Efforts have been put in place to maintain high levels of engagement during the pandemic through strong virtual communication as well as flexibility in work arrangements.

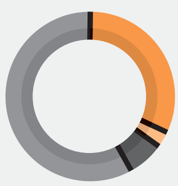


We refreshed our approach to strengthen our leadership and talent pipeline.

Employee Training & Development

Employees across the Group have access to a wide range of training – from core to specific skills relevant to employees' job scopes, to personal development programmes. Our blended set of training bring three aspects of development together i.e. structured education, social learning through exposure to others, and experiential learning or practical experience on the job by means of specific tasks.

Training programmes conducted



Core	32%
Leadership	3%
Personal Effectiveness	7%
Job Specific	58%
Total	**100%**

In FY2021, in line with the established Sime Darby Learning Framework, 58% of the training conducted were job-specific, 7% on personal effectiveness, and 32% on core skills while 3% was on leadership skills.

Leadership Programmes

At the beginning of 2021, we refreshed our approach to strengthen our leadership and talent pipeline by piloting a leadership coaching programme (LCP) for our emerging leaders, to help them leverage leadership skills within themselves and their teams for optimised performance.

Leaders work with professional coaches individually and in small groups throughout the 7-month programme. They were able to utilise a virtual learning portal to access live and archived content and to track their progress and development. Evaluations go beyond self-reporting. Feedback data are used to measure behaviour and cognition changes in the leaders. With the success of the LCP at Group Head Office, we are making plans for it to be rolled out to the Divisions in FY2022.

Meanwhile leadership initiatives at Hastings Deering such as the iLead programme, which is targeted at frontline leaders focused on leadership capabilities to drive and deliver results aligned to communication, change, collaboration, customer experience and business acumen. The Step Up programme on the other hand, is aimed at equipping new and future leaders with the essentials of effective leadership whilst developing leadership skills and behaviours. During the year, Hastings Deering delivered the Leadership Essentials programme, comprising innovative virtual leadership trainings to over 500 employees focusing on fundamental leadership skills.

In the Motors division, leadership development programmes include the Dealer Principal Training Framework in Malaysia. The establishment of Sime Darby Motors Training Academy in China is aimed at developing skills, knowledge and attributes related to the dealer principals, which will enable employees to better manage the business. In other markets such as Hong Kong, Taiwan, Australia and New Zealand, senior management development programmes have been developed to provide for a more structured approach to leadership skills enhancement.

Sime Darby continued to leverage on its partnership with Harvard Business Publishing by offering world-class online learning modules to leaders across the Group. The Group's succession planning invariably includes the Harvard ManageMentor® as a key component of its leaders' develop plan. Complementary to it, other e-learning such as OpenSesame by Cat was also utilised in ensuring our employees keep abreast of knowledge specific to support business goals.

Core Executive Programme (CEP)

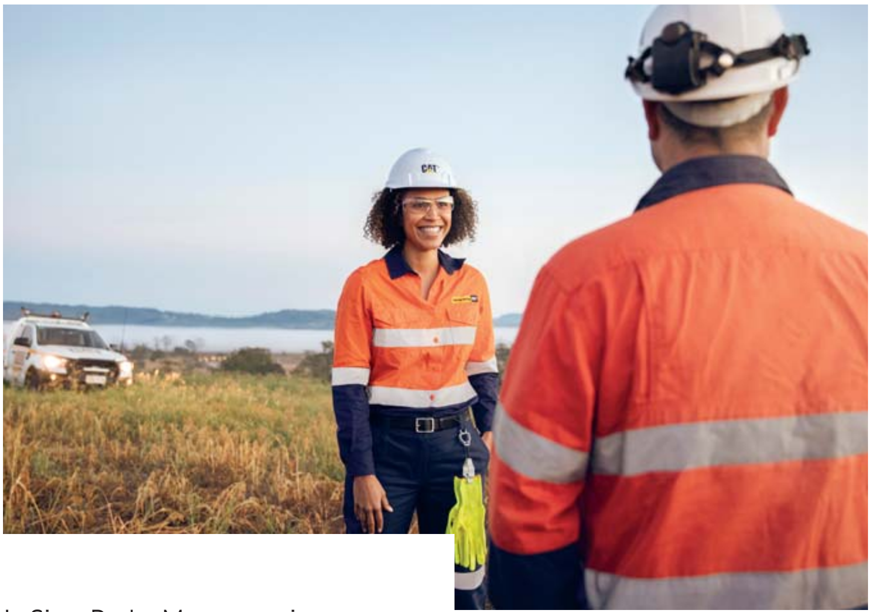
In line with our vision to be a leading multinational corporation delivering sustainable value to all stakeholders, we continue to review and update the structure of the Sime Darby Core Executive Programme (CEP), a series of mandatory programmes dedicated to the leadership development of Sime Darby executives at all levels of the organisation.

In FY2021, we rolled out the updated CEP2 which comprised elements of the CEP and Accelerated Leaders Programme aimed at advancing the development of our Assistant Vice Presidents. The main objective of this 28-day programme is to adopt and drive a culture of innovation, develop strong working relationships and the ability to influence and execute change. Participants are given the opportunity to solidify their learnings via a self-paced gamified mobile application throughout the programme. They are also assigned to different teams to foster cross-functional work collaboration through well-defined business projects. With the successful implementation of the CEP2 programme at Group Head Office, there are plans to roll it out to the Divisions in FY2022.

Technical Training Programme

Safety is one of the core elements in ensuring the Group delivers sustainable value to our shareholders. Initiatives such as "Self Engage Lead Focus" (SELF) and "Fatigue Management" were implemented at Hastings Deering to provide methods on preventing and dealing with fatigue as well as on making safe choices through existing thoughts and behaviours to support a culture of safety. In Sime Darby Industrial, machine technicians go through a specific course aptly named "Technician Machine Safety and Familiarisation" where machine safety, controls and operations together with relevant inspection theories were shared before practical sessions commenced.

Technical training focused on customer experience were also rolled out at the Division. SDICARE is a one-stop centre handling all customer related enquiries on parts, engines, sales and allied products. Centralised contact teams are established and trained as first respondents resulting in an enhanced communication channel with dedicated follow-up ensuring optimum customer service. An online training system known as CX Essentials was also rolled out in Hastings Deering where it supports the fundamentals of customer experience and is aligned to the Division's ongoing focus on delivering a world-class customer service.



"Self Engage Lead Focus" (SELF) and "Fatigue Management" were implemented at Hastings Deering to provide methods on preventing and dealing with fatigue as well as on making safe choices.

In Sime Darby Motors, various technical programmes focusing on increasing technical competencies to provide improved customer service were held through product knowledge, production system and qualification trainings. To encourage technical knowledge and skills enhancement, competitions were held in Motors Hong Kong involving elementary, senior and master level technicians. Motors China held its first after-sales Vehicle Health Check skills competition aimed at improving customer experience, quality and efficiency of the after-sales services. These competitions spur more learnings and adaptation of new technologies amongst the after-sales technicians, in addition to the recognition programmes implemented in markets such as Malaysia, Singapore, Thailand, Australia and New Zealand.

In Sime Darby Industrial, machine technicians go through a specific course to outline machine safety, controls and operations together with relevant inspection theories before practical sessions commenced.

Creating Sustainable Value
Supporting Our Communities

HR Transformation

In FY2021, the Group embarked on a HR transformation project to implement innovative HR solutions that foster a culture of employee engagement and productivity as well as to streamline processes across the Group. In the process, some of the older HR systems will be decommissioned. This will ensure that the Group operates in a more efficient manner, our system landscape simplified and our reporting and analytic capabilities enhanced.

FY2021 Social Achievements and Accolades

2021 Top 10 Most Attractive Employers in Malaysia – Randstad Employer Brand Research
Sime Darby Berhad was named one of the Top 10 Most Attractive Employers in Malaysia
2020 Employer of the Year
Hastings Deering was the winner in the Large Employer of The Year at Queensland Training Awards & Medium Employer of the Year at Northern Territory Training Awards
2020 Rising Star Award
Tenille Tonga, Leading Hand Hastings Deering Mackay was awarded Queensland Resources Sector Indigenous Rising Star Award. She was also finalist in the Exceptional Tradesperson in Queensland Resources Awards
2020 Apprentice of the Year
Hastings Deering's Andy Creber and Riley Stewart were winners of Apprentice of the Year in the Northern Territory Training Awards and Queensland Training Awards respectively
2021 Exceptional Young Woman Award
Ashleigh Turner, a Procurement Specialist at Hastings Deering was awarded Exceptional Young Woman in Queensland Resources Award
Model Organisation Award 2020
China Engineers Limited Training department was awarded the Model Organisation Award thanks to its outstanding performance in offering machine operator training & certification.
2020 Business Manager, Sales Manager and Sports Sales Specialist of the Year
Continental Car's Scott Windelburn was awarded Business Manager of the Year with colleagues Nathan McAlwee named Sales Manager of the Year – Used Car and Kerry Hoffman named Metro Audi Sports Sales Specialist of the Year by the principal Audi in New Zealand.
2020 BMW and MINI Annual Awards
Wendy Jefferson received the Marketing Award for Outstanding Marketing Performance and Excellence from the principal along with Continental Car colleagues Sales Consultant – Gino Tjandra, Service Technician – Don Pathirana and Parts Advisor – Kaushal Thakur. Joao Santos of Welling MINI Garage received an award for MINI Sales Consultant.

Community Contributions and Development

Sime Darby believes in giving back to its communities by backing worthy social causes and contributing to their development. And in doing so, the Group fulfils its purpose to deliver sustainable futures to its stakeholders.

Yayasan Sime Darby

In Malaysia, Sime Darby Berhad contributes to a philanthropic foundation, Yayasan Sime Darby (YSD). Every year, the Group contributes RM20 million to the foundation, representing about 25% of the total contribution Yayasan Sime Darby receives annually.

YSD supports five pillars: education, environment, community and health, sports and arts and culture. In FY2021, its contributions have been allocated to the five pillars accordingly:

Pillars	% Allocation
Community and Health	24.6%
Education	55.5%
Sports	2.9%
Arts and Culture	2.6%
Environment	14.4%

Supporting Those Affected by COVID-19

YSD has so far committed more than RM20.5 million towards more than 90 COVID-19 emergency response initiatives that address the immediate needs of individuals and communities impacted by the pandemic.

The funds support medical providers and frontliners, vulnerable communities such as B40 households, Orang Asli communities, people with disabilities, public university students, a wildlife conservation centre, as well as the underprivileged employees of Sime Darby Berhad and Sime Darby Property Berhad.

In Sarawak, YSD and Sime Darby Industrial Sdn Bhd have committed RM100,100 under the YSD Disaster Relief Fund to assist 971 underprivileged families that have suffered loss of income as a result of the pandemic. Through a collaboration with the Federation of Kuching, Samarahan and Serian Divisions' Chinese Associations, the affected households received dry and packed food items as well as hygiene products that will help lighten their financial burden.

Since March 2020 YSD has also been supporting the work of MERCY Malaysia to help communities affected by the COVID-19 pandemic. When the first Movement Control Order took effect in March 2020, Sime Darby Rent A Car loaned MERCY Malaysia seven vehicles for the non-profit organisation to mobilise volunteers and deliver food packs, hygiene kits, and personal protective equipment to communities hit by the pandemic.

In October 2020, with the pandemic crisis worsening in the country, Sime Darby Rent A Car and YSD offered MERCY Malaysia the loan of an additional five more vehicles. The loan – worth RM56,250 – allowed MERCY Malaysia to continue its mission with four vehicles in Peninsular Malaysia and one vehicle in Sabah until the end of December 2020. To date, the support provided by Sime Darby Rent A Car has enabled MERCY Malaysia to run 159 relief missions across Peninsular Malaysia.

YSD also contributed grocery vouchers, ventilators, oxygen aid and personal protective equipment towards other COVID-19 relief programmes in Malaysia. In all, YSD's contributions towards COVID-19 relief efforts amounted to more than RM20.5 million, with aid extended to over 160,000 individuals, families and frontliners, between March 2020 and June 2021.

Supporting Cancer Research

YSD is a longstanding supporter of the work of Cancer Research Malaysia.

Since 2007, YSD has donated RM27 million to Cancer Research Malaysia that goes towards funding medical research to fight cancer as well as towards improving public awareness and accessibility to genetic counselling. Additionally, YSD contributed RM4 million a year every year from 2017 to 2020 to support Malaysian cancer research.

Another Cancer Research Malaysia initiative that YSD made possible was the Patient Navigation Programme, which allows underprivileged breast cancer patients in the region to enjoy wider and timelier access to treatment. This has resulted in a higher rate of adherence to treatment among those enrolled in the programme. The programme is funded by more than RM2 million raised through Sime Darby LPGA (Ladies Professional Golf Association) tournaments held from 2010 to 2016.

Supporting Education

YSD makes social investments by offering scholarships to outstanding and deserving individuals. Over the years, under the YSD Skill Enrichment Programme, YSD has sponsored more than 1,000 underprivileged students for technical and vocational training courses provided by education partners like TWI Malaysia. In FY2021, YSD awarded bursaries to 20 students who will train for international certificates in welding with guaranteed job placements on their graduation.

Nurturing Sporting Talents

As part of its efforts to nurture sports talents and champion their development into world-class athletes, YSD has put its support behind a Malaysian track cycling team, which has been named as the Sime Darby Foundation Track Cycling Team. The team has repaid this support with spectacular results over the years.

YSD has put its support behind a Malaysian track cycling team, as part of its efforts to nurture sports talents and champion their development into world-class athletes.

Creating Sustainable Value
Supporting Our Communities

The team has performed well, with Muhammad Shah Firdaus qualifying and competing in the Tokyo Olympics Men's Keirin Event, while team member Muhammad Fadhil Mohd Zonis took home the gold medal in the men's Keirin event at the International Cycling Union Nations Cup. YSD also supported the team's participation in the 2020 Tokyo Olympics, which entailed a funding of RM2.6 million between February 2017 and December 2020.

Supporting the Environment

In February 2020, YSD partnered the Global Environment Centre to save the mangroves of Perak. The community-based Mangrove Conservation and Sustainable Livelihood Programme aims to conserve mangroves as well as to create sustainable jobs for the Perak community. The project involved approximately 6,300 residents in Kuala Gula and 1,000 residents in Lekir.

YSD has also been supporting the Perak State Parks Corporation since September 2017, committing RM4.12 million until 2023 for the enhancement of anti-poaching efforts in the Royal Belum State Park. Part of the money will go towards employing and training more rangers on the ground.

In addition, YSD is also committing RM4 million to train and deploy an anti-poaching squad to combat wildlife poaching and trafficking in Sabah.

Supporting Communities in our Areas of Operations

Our commitment to supporting and developing local communities also extends over all our geographies and divisions, where our businesses holds various corporate social responsibility (CSR) initiatives to support the local communities in their area of operations.

CSR at Motors Division

Across the territories that it operates in – from China, New Zealand and Hong Kong to Malaysia – Sime Darby Motors has been doing its part to support local communities hit hard by the pandemic.

In New Zealand, Sime Darby Motors' Continental Cars dealership is helping to ensure that no child in New Zealand goes hungry at school. While New Zealand has emerged from lockdown and has started returning to normal, food insecurity has increased due to the economic impact of the pandemic. To support families in this troubled time, Continental Cars is sponsoring free lunches for New Zealand schoolchildren.

In Hong Kong, a donation drive for groceries was warmly supported by the staff of Sime Darby Motors. Staff from across different locations in Hong Kong showed their care and concern for the community by donating grocery items from their own pantries. In partnership with Caritas Hong Kong, these groceries were donated to those in need in the community.

In China, the employees of Guangzhou Bow Yue Vehicles, our operations in Guangzhou, got together to donate rice for poor families to support the Ninth Hundred Rice Charity. As of January 2021, 185 packages of rice have been donated.

Our Motors operations in Malaysia has also been lending a helping hand to Malaysians affected by the pandemic.

In August 2021, Auto Bavaria Tebrau set up a food bank on its premises and invited its customers and members of the public to contribute food items. The donated groceries will be distributed to those in need.

In July 2021, Sime Darby Motors and Auto Bavaria joined the Waz Lian Foundation and Hotel Sentral Management (Group of Hotels & Resorts) in distributing boxes of necessities to those in need around Klang Valley in Malaysia. Each family received a bag of groceries.

CSR at Industrial Division

In Australia, Sime Darby Industrial supports local communities through engagement and advocacy and by supporting their development.

Hastings Deering, Sime Darby's Industrial operations in Australia, partners with the Clontarf Foundation in Queensland and Northern Territory to provide potential pathways to employment through work experience, business centre visits, mock interviews and resume assistance for young Aboriginal and Torres Strait Islander men.

Our commitment to supporting and developing local communities also extends over all our geographies and divisions.

Hastings Deering supports Orange Sky, the world's first free mobile laundry service for people experiencing homelessness, by servicing its vans and providing volunteers for shifts.

In 2021 Hastings Deering also began partnering with Orange Sky, the world's first free mobile laundry service for people experiencing homelessness, to build a better future by positively connecting communities – with both organisations operating across central and regional Queensland and the Northern Territory. Hastings Deering is committed to supporting Orange Sky by servicing its vans and providing volunteers for shifts in each of our shared locations.

Terra Cat – Sime Darby's Industrial operations in New Zealand – partners Kilmarnock Enterprises to provide work for intellectually-disabled workers. Kilmarnock Enterprises is a social enterprise that provides employment, training and support to people with disabilities. One group washes fluid lab testing kits so they can be reused, while another sews COVID-19 face masks and new logos on uniforms. This initiative allows the Group to provide employment to the disabled community and supply the community with much needed face masks while minimising plastic waste.

In view of the difficult times New Zealanders were going through, Terra Cat decided that instead of spending money on Christmas gifts for staff and customers, it would donate the funds originally allocated for gifts to two charities that work with vulnerable children and families.

In Malaysia, Sime Darby Industrial was actively involved in YSD's COVID-19 initiatives. Sime Darby Industrial had also rendered assistance to employees affected by flash floods in Kemaman, Terengganu in December 2020, providing them with food items and hygiene kits.

In Singapore, the Group's Industrial operations Tractors Singapore Limited held a series of fundraising sales and online donation drives that included selling specially designed Tractors Singapore Limited face masks, Cat merchandise and various donations from staff. The total of close to S$5,000 raised went towards supporting Assisi Hospice and APSN, a social service agency that provides special education for persons with mild intellectual disability.

CSR at Healthcare Division

In FY2021, Manipal Hospitals Klang partnered with the Rotary Club of Klang Central to offer free cataract surgery to the B40 community in Klang Valley, Malaysia.

To support local communities during the COVID-19 pandemic, Ara Damansara Medical Centre, ParkCity Medical Centre and Manipal Hospitals Klang launched a two-pronged food bank initiative. The hospitals opened a dry groceries food bank at the main entrance of the hospital, for easy access to the public. In addition to the food bank, Ara Damansara Medical Centre also donated 150 ration packs to the needy residents in Lembah Subang, located nearby to the hospital. The project was funded by the senior management, hospital staff as well as external consultants.

Subang Jaya Medical Centre (SJMC) also upgraded its cafetaria to be the hospital's first 'plastic-free zone' called Café 35, in commemoration of SJMC's 35th anniversary. In line with one of the healthcare group's RSD Cares pillars – Caring for our Planet – and in contrast to its predecessor, Café 35 had reduced single-use plastics and eliminated the use of disposable cutlery, plastic bottles and packaging. This effort has certainly paid off as SJMC has seen a reduction in its operational costs.

CSR at Logistics Division

Weifang Sime Darby Port Co., Ltd has been supporting maritime rescue work in Weifang for many years now and is a contributor to the development of maritime traffic safety in Weifang. Its involvement in a 2021 sea rescue, in particular, won the company high praise.

On 15 March 2021, nine crew members of Weifang Sime Darby Port in two tugboats came to the aid of an oil tanker that was on fire. Working hand in hand with the Maritime Safety Administration and the fire brigade, they put out the fire and pulled 20 people to safety. For its part in the rescue, Weifang Sime Darby Port received a letter of thanks and a commendation of honour from the Weifang Maritime Rescue Center.

Creating Sustainable Value

Embedding Responsible Business Practices

As a corporation, we recognise the value of acting responsibly and equitably while demonstrating clear accountability and transparency across our operations.

As a corporation, we recognise the value of acting responsibly and equitably while demonstrating clear accountability and transparency across our operations. This is embedded through good corporate governance and responsible business practices which we recognise as fundamental to our long term sustainability and important to many groups of stakeholders our operations engage with.

This report will cover discussions on Health and Safety and Fair Employment practices. For discussions on the following material matters related to Responsible Business Practices, please refer to our Material Matters section on pages 44 to 50:

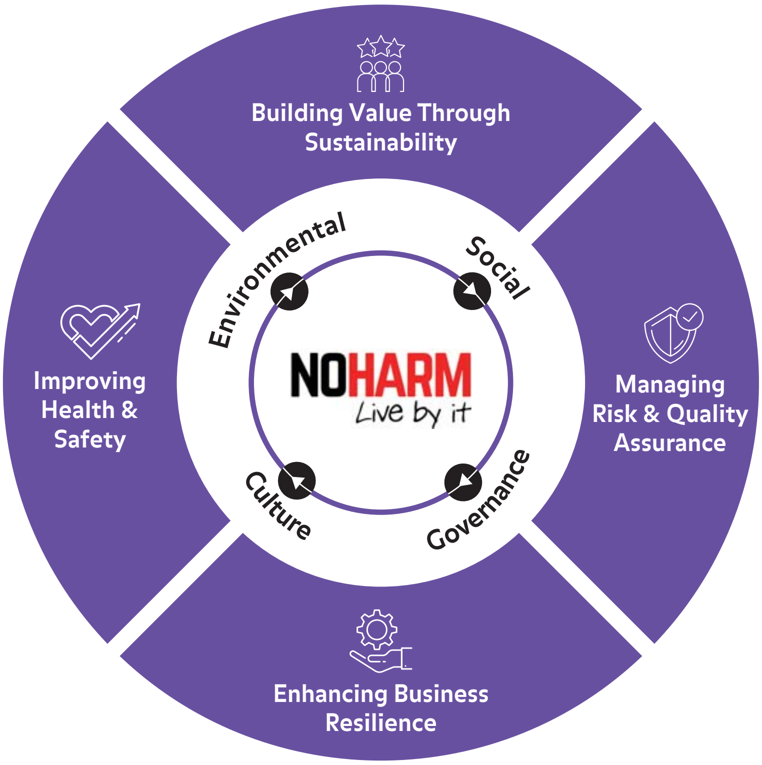
- Business Ethics and Compliance
- Business Continuity
- Responsible Supply Chain Commitment (Including Modern Slavery)
- Product Safety
- Data Privacy and Safety

Health and Safety

The health and safety of our employees, partners and local communities is the top priority for the Group. Our goal is to position Sime Darby as a globally recognised leader in safety and sustainability, to realise the goal of 'No Harm' and to create value sustainably in all aspects of the Group's operations.

In collaboration with all its stakeholders, the Group will continue to develop its people, systems and processes to manage risks, build resilience and achieve continuous improvement in safety and sustainability performance.

The Group is guided by a Safety and Sustainability Blueprint, developed in FY2020, which aims to improve health and safety as a core pillar with the end goal of 'No Harm'. The focus on 'No Harm' and the associated initiatives throughout FY2021 guided the Group to standardise reporting, embed safety culture and complete the first phase of the new safety performance reporting system. A review of the FY2020 Safety and Sustainability Blueprint in FY2021 identified the need for expansion and realignment of the Group's sustainability focus to a separate blueprint covering broader concepts in recognition of stakeholder and Group expectations (see page 101).



SELF was first rolled out in FY2020 in Australasia to the Industrial Division. In FY2021, the rollout commenced in the Motors division despite travel restrictions arising from the pandemic, and to date has been largely confined to Australasia. There are plans to roll out SELF across other regions in the Group in FY2022.

Health and Safety Reporting

In FY2021, our Lessons Learnt methodology was rolled out across all operations as a lead activity, providing a forum for all operations to continuously learn, supporting improved safety performance.

From FY2021 onwards, the Group will be reporting Total Recordable Injury Frequency Rate (TRIFR) instead of Lost Time Injury Frequency Rate (LTIFR) as it is a more comprehensive metric which provides a more complete view of the injury risk profile by recording more than those injuries resulting in lost day/s.

Standardisation

In FY2021, all business units across the Group reported against leading indicators of health and safety risks across the business. Leading indicators contribute to a positive safety culture and have a direct impact on improving safety performance. Standardisation was further enhanced through the introduction of hazard reporting as a lead indicator to complement the Group-wide standardised Incident Reporting and Classification Standard. Safety KPIs were reviewed and aligned to the Safety and Sustainability Blueprint to promote a Group-wide generative safety culture.

The outcome of a self-assessment program commenced in FY2020 was actioned in FY2021 to review consistency in safety approach resulting in individual business enhancement actions.

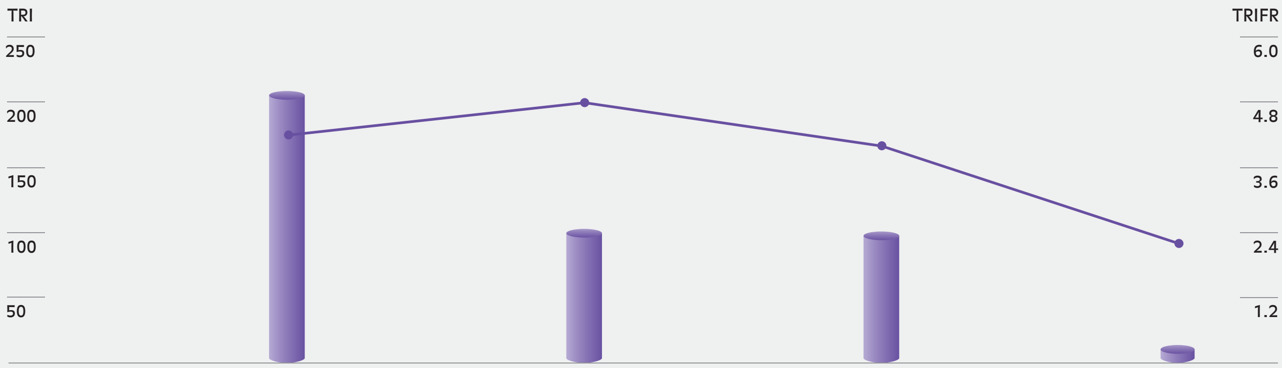
Health and Safety Culture

Sime Darby is committed to a goal of "No Harm" by building capability and promoting a generative safety culture. To achieve our goal of a "No Harm" organisation, we have developed and rolled out our next-generation safety culture programme called "SELF". "SELF" stands for "Safe, Engage, Lead, Focus" and emphasises the reinforcement of personal values and beliefs to make safer choices. SELF is aligned to our core value; encouraging respect and responsibility, promoting integrity and enterprise through unwavering ambition to improve health and safety performance across the Group.

Sime Darby is committed to a goal of "No Harm" by building capability and promoting a generative safety culture.

Embedding Responsible Business Practices

Total Recordable Injury and Total Recordable Injury Rate



	Group Total	SDI	SDM	SDL
TRI Cases	209	103	101	5
TRIFR	4.2#	4.8	4.0	2.2

Sime Darby TRIFR data has been assured by a third party.

TRIFR = Total number of recordable injuries per 1,000,000 hours worked by permanent and contract employees.

As this is the baseline year for TRIFR comparative data is not available.

In line with our focus on continuous improvement, injury prevention strategies are deployed on an ongoing basis throughout all operations based on identified risks to promote our journey towards 'No Harm'. To underpin our strategies and initiatives, internal regulatory systems and processes continue to be enhanced to strengthen and ensure currency of understanding across all divisions to drive towards a beyond compliance culture underpinned by team collaboration.

Safety Achievements

1. During FY2021 the rollout of a new reporting system was commenced across the Industrial Division, with all operations now providing systematic recording of incidents, hazards, safety interactions and loss prevention as well as the associated actions to be undertaken. This rollout will continue throughout the Motors Division in FY2022.

2. Our China operations, across all Divisions, have undertaken a new applicability study and review of HSE legislation and regulations utilising a shared system, this has resulted in greater visibility of our legislative requirements.

Fair Employment Practices

The Group thrives in an inclusive culture where differences in our employees are valued as it brings the ability to share new ideas and ways of working, different skills, and ultimately the joint capability to realise the Group's full potential. Sime Darby is committed to fair and equal treatment of all employees and all people who seek employment at Sime Darby, including equal opportunities for development and advancement. The Group instituted a groupwide policy that does not tolerate any form of discrimination or harassment based on gender, race, disability, nationality, religion or age.

In its fourth year, Hastings Deering's 'Together as One' has grown from a core group of focused employees to an entire movement and continues to be recognised across different sectors. It is an employee-led initiative that aims to reduce workplace discrimination and disrespectful behaviour on the basis of a person's culture, gender, abilities or generation. The overall programme results include four state and industry diversity programme excellence awards, more than 22,000 virtual impressions of the programme online and 6 strategic partnerships formed with customers and suppliers.

In Sime Darby Industrial, an initiative to promote equitable women participation has been ongoing since 2019. It is focused towards creating superior leadership values amongst women for the business to obtain different and innovative ideas whilst being able to mentor and groom young talents. Female talent was identified for critical roles and female leaders have been appointed to key leadership portfolios. This too was echoed in Sime Darby Motors which saw an increasing number of women in leadership roles. This was further complemented by diversity programmes such as that in Motors New Zealand to attract female participation in a male-dominated industry. At Sime Darby Motors, our commitment to support individuals with different abilities remain strong where in Thailand we have six differently-abled employees across all the three brands we represent.

Employee Data as at 30 June 2021

Total Number of Employees Group-Wide

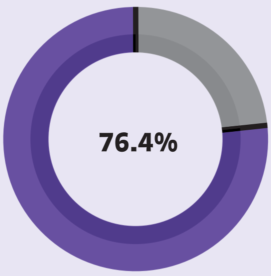
21,943

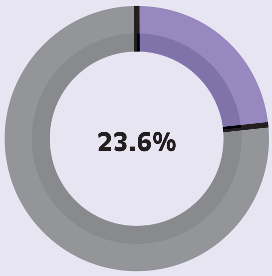
Employees

Malaysia	China	Australia	Hong Kong
5,516	**6,499**	**4,416**	**1,130**

Singapore	New Zealand	Thailand	Others
1,048	**1,797**	**626**	**911**

Total Employees by Gender





Male

16,765

Female

5,178

Total Employees by Generation Group

Baby Boomers (1962 & earlier)

801

Gen X (1963 – 1979)

7,424

Gen Y (1980 – later)

13,718

Breakdown of employee position by Gender

	Female		Male		Total
Management Category	Headcount	(%)	Headcount	(%)	Headcount
Top Management	3	9.4	29	90.6	32
Senior Management	20	23.8	64	76.2	84
Middle Management	144	24.1	453	75.9	597
Junior Management	1,151	30.9	2,572	69.1	3,723
Non-Executive	3,422	31.0	7,609	69.0	11,031
Workers	438	6.8	6,038	93.2	6,476
Total	**5,178**	**23.6**	**16,765**	**76.4**	**21,943**

Board of Directors

A Balanced Board

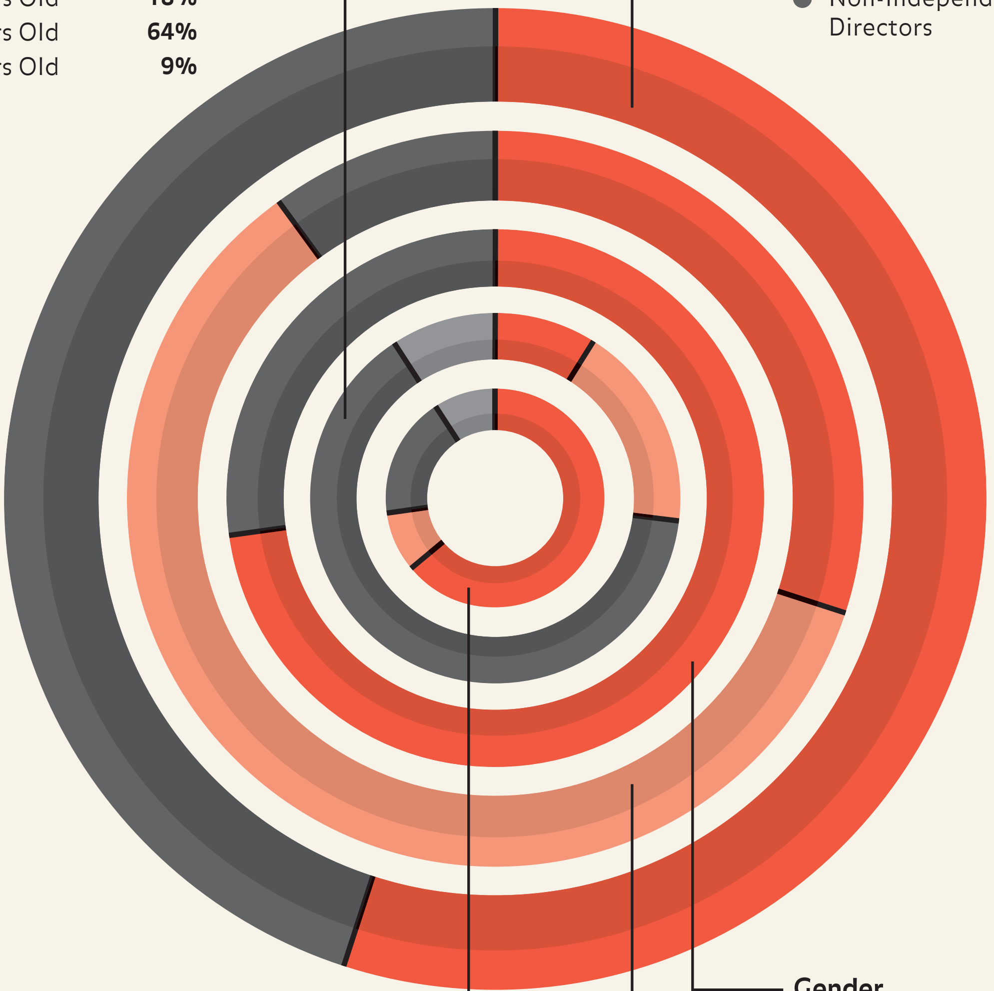
Sime Darby Berhad relies on the knowledge, experience, vision and leadership of its Board of Directors to guide the Group ably and responsibly. The Directors bring diverse perspectives, skills and areas of expertise important to the Group. Above all, they are committed to strong corporate governance practices that promote the long term interest of the Group's stakeholders.

Age Band

40–49 Years Old	**9%**
50–59 Years Old	**18%**
60–69 Years Old	**64%**
70–79 Years Old	**9%**

Independence

Independent Directors	**55%**
Non-Independent Directors	**45%**



Gender

Male	**73%**
Female	**27%**

Ethnicity

Malay	**64%**
Chinese	**9%**
Indian	**18%**
Others	**9%**

Non-Executive Tenure

0–3 Years	**30%**
3–6 Years	**60%**
More than 9 Years	**10%**

Committee Membership

NRC Nomination & Remuneration Committee

GAC Governance & Audit Committee

RMC Risk Management Committee

Chairman Member

Tan Sri Samsudin Osman
Non-Independent Non-Executive Chairman

Malaysian | Age 74 | Male

Date of Appointment
19 December 2008

Length of Service (as at 30 September 2021)
12 years 9 months

Academic and Professional Qualifications/Membership(s)
- Bachelor of Arts (Hons) and Diploma in Public Administration, University of Malaya
- Master in Public Administration, Pennsylvania State University

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
Nil

Attendance at Board Meetings in 2021
11/11

Areas of Expertise
Public Administration and Fund Management

Relevant Experience
He held senior positions in the Malaysian government including serving as Secretary-General of the Ministry of Home Affairs and Ministry of Domestic Trade and Consumer Affairs, and as Chief Secretary to the Government of Malaysia. He was also the former President of Perbadanan Putrajaya and former Chairman of the Employees Provident Fund and the Employees Provident Fund's Investment Panel. Most recently he was a member of the Special Independent Emergency Committee 2021.

Tan Sri Ahmad Badri Mohd Zahir
Non-Independent Non-Executive Director

RMC

Malaysian | Age 61 | Male

Date of Appointment
1 September 2020

Length of Service (as at 30 September 2021)
1 year 1 month

Academic and Professional Qualifications/Membership(s)
- Master in Business Administration, University of Hull
- Degree in Land and Property Management, Universiti Teknologi MARA

Present Directorship(s)
Listed Entities
- RHB Bank Berhad

Other Public Companies
- Institut Jantung Negara

Attendance at Board Meetings in 2021
8/9*

Areas of Expertise
Strategic Investment, Loan Management, Financial Markets and Actuarial Science

Relevant Experience
He is currently Chairman of the Employees Provident Fund. Previously he has served in various senior positions in the Ministry of Finance, including holding the post of Secretary-General of Treasury. He is vastly experienced in the areas of strategic investment, loan management, financial markets and actuarial science.

Note:
* Reflects number of meetings held following appointment as Director on 1 September 2020.

Board of Directors

Datuk Wan Selamah Wan Sulaiman
Independent Non-Executive Director
GAC NRC

Malaysian | Age 66 | Female

Date of Appointment
15 January 2016

Length of Service (as at 30 September 2021)
5 years 8 months

Academic and Professional Qualifications/Membership(s)
- Master in Business Administration (Finance), Universiti Kebangsaan Malaysia
- Fellow, Association of Chartered Certified Accountants
- Member, Public Sector Accounting Committee
- Member, Malaysian Institute of Accountants

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
Nil

Attendance at Board Meetings in 2021
11/11

Areas of Expertise
Accounting and Finance

Relevant Experience
She has previously served in the Ministries of Education and Defence. She also held various posts in the Accountant General's Department of Malaysia (Ministry of Finance), including serving as the Director of the Central Operations and Agency Services Division, Director of the Information Technology Services Division and Deputy Director of the Pensions Trust Fund. She was also formerly the Accountant General of Malaysia and a member of the Public Sector Accounting Committee.

Dato' Sri Abdul Hamidy Abdul Hafiz
Independent Non-Executive Director
NRC GAC

Malaysian | Age 64 | Male

Date of Appointment
1 December 2017

Length of Service (as at 30 September 2021)
3 years 10 months

Academic and Professional Qualifications/Membership(s)
- Bachelor in Business Administration and Master in Business Administration, Ohio University

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
- AmBank (M) Berhad
- AmBank Islamic Berhad

Attendance at Board Meetings in 2021
11/11

Areas of Expertise
Banking, Finance and Fund Management

Relevant Experience
He possesses over 30 years of banking experience in the domains of finance, commercial banking, investment and Islamic banking. He was formerly the Chief Executive Officer and Managing Director of Pengurusan Danaharta Nasional Berhad, Affin Bank Berhad and Kuwait Finance House (Malaysia) Berhad. He was also formerly the Chairman of Eastland Equity Berhad and a Director of Chubb Insurance Malaysia Berhad.

Dato' Ahmad Pardas Senin
Senior Independent Non-Executive Director
GAC NRC

Malaysian | Age 68 | Male

Date of Appointment
1 December 2017

Length of Service (as at 30 September 2021)
3 years 10 months

Academic and Professional Qualifications/Membership(s)
- Fellow, Chartered Institute of Management Accountants
- Member, Malaysian Institute of Accountants
- Member, Institute of Internal Auditors, Inc
- Member, Institute of Corporate Directors Malaysia

Present Directorship(s)
Listed Entities
- S P Setia Berhad

Other Public Companies
Nil

Attendance at Board Meetings in 2021
11/11

Areas of Expertise
Business Administration, Accounting and Management

Relevant Experience
He possesses more than 41 years of experience in the corporate sector, including 23 years at board level. He was formerly the Managing Director and Chief Executive Officer of UEM Group Berhad. Other key positions he held in UEM Group included as the Managing Director of UEM World Berhad, Renong Berhad, TIME Engineering Berhad, TIME dotCom Berhad and EPE Power Corporation Berhad.

Thayaparan Sangarapillai
Independent Non-Executive Director
GAC RMC

Malaysian | Age 66 | Male

Date of Appointment
1 December 2017

Length of Service (as at 30 September 2021)
3 years 10 months

Academic and Professional Qualifications/Membership(s)
- Fellow, Institute of Chartered Accountants in England & Wales
- Member, Malaysian Institute of Certified Public Accountants
- Member, Malaysian Institute of Accountants

Present Directorship(s)
Listed Entities
- Axiata Group Berhad

Other Public Companies
- AIG Malaysia Insurance Berhad
- Celcom Axiata Berhad

Attendance at Board Meetings in 2021
11/11

Areas of Expertise
Audit, Business and Corporate Finance

Relevant Experience
He began his career with Price Waterhouse (now known as PricewaterhouseCoopers) and has over 35 years of experience in providing audit and business advisory services to clients in a wide range of industries. His portfolio of clients included major public listed companies involved in power, telecommunications, automotive, property development, plantation, manufacturing and trading sectors. He led assignments on financial due diligences, mergers and acquisitions, initial public offerings, finance function effectiveness reviews and other advisory work. He was also formerly a Director of Alliance Bank Malaysia Berhad.

Dato' Lee Cheow Hock Lawrence
Non-Independent Non-Executive Director
RMC

Singaporean | Age 67 | Male

Date of Appointment
1 March 2018

Length of Service (as at 30 September 2021)
3 years 7 months

Academic and Professional Qualifications/Membership(s)
Fellow, Institute of Chartered Accountants in England and Wales

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
Nil

Attendance at Board Meetings in 2021
11/11

Areas of Expertise
Automotive, Accounting and Management

Relevant Experience
He was formerly the Managing Director of Sime Darby's Motors Division. For more than 36 years he has served the Sime Darby Group in various capacities, during which time, he led the growth of the Motors Division.

Board of Directors

Moy Pui Yee
Independent Non-Executive Director

RMC

Malaysian | Age 54 | Female

Date of Appointment
2 July 2018

Length of Service (as at 30 September 2021)
3 years 3 months

Academic and Professional Qualifications/Membership(s)
- Graduated in Economics and in Law, Monash University of Australia
- Admitted to the Malaysian Bar in 1992

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
Nil

Attendance at Board Meetings in 2021
11/11

Areas of Expertise
Legal and Corporate Finance

Relevant Experience
She is currently a partner at Rahmat Lim & Partners and the Head of its Mergers & Acquisition Department. For 13 years, she was a partner in the corporate and financial services practice at Chooi & Company.

Mohamad Idros Mosin
Non-Independent Non-Executive Director

NRC

Malaysian | Age 49 | Male

Date of Appointment
15 November 2018

Length of Service (as at 30 September 2021)
2 years 10 months

Academic and Professional Qualifications/Membership(s)
- Bachelor's degree in Business Administration (Hons), International Islamic University Malaysia
- Executive Diploma in Investment Analysis, Universiti Teknologi MARA
- Graduate Diploma in Applied Finance and Investment, Securities Institute Australasia
- PNB-IMD Leadership Development Programme, International Institute for Management Development
- Advanced Management Programme, Harvard Business School

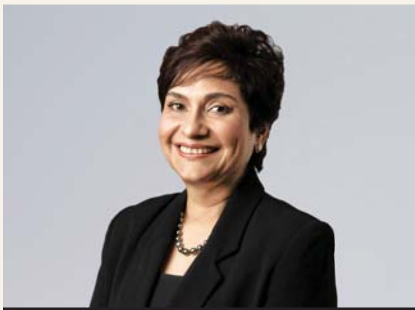
Present Directorship(s)
Listed Entities
Nil

Other Public Companies
Nil

Attendance at Board Meetings in 2021
11/11

Areas of Expertise
Finance and Business Administration

Relevant Experience
Currently the Group Head of Strategic Investments at Permodalan Nasional Berhad (PNB), he is chiefly responsible for the formulation and implementation of initiatives on value creation plan for the public-listed strategic and core investee companies of PNB.
His involvement in key assignments included developing and evaluating value enhancement strategies for strategic investment in the automotive, chemical, infrastructure, logistics, oil & gas, plantation, property, and pharmaceutical sectors.



Dato' Dr Nirmala Menon
Independent Non-Executive Director

RMC

Malaysian | Age 61 | Female

Date of Appointment
15 November 2019

Length of Service (as at 30 September 2021)
1 year and 10 months

Academic and Professional Qualifications/Membership(s)
- Degree in Medicine, University of Mysore

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
Nil

Attendance at Board Meetings in 2021
11/11

Areas of Expertise
Insurance, Medicine and Healthcare

Relevant Experience
She possesses vast experience in the insurance and health sectors. She has held various leadership positions in the Asian life and health insurance industry and had served as a Medical Officer at Kuala Lumpur Hospital for 7 years before commencing her career in the insurance industry. She was the first female Chief Executive Officer in the life insurance industry in Malaysia when she was appointed as the President and Chief Executive Officer of ING Malaysia Berhad (now known as AIA Malaysia) and subsequently as the Head of South Asia at ING Asia Pacific Ltd. She had served as the Executive Vice President and Head of Designated Markets & Health Asia at Metlife Asia Pacific Limited and was a Director of Khazanah Nasional Berhad, AXA Affin General Insurance Berhad and Nestle (Malaysia) Berhad.

Dato' Jeffri Salim Davidson
Executive Director/Group Chief Executive Officer

Malaysian | Age 57 | Male

Date of Appointment
1 December 2017

Length of Service (as at 30 September 2021)
3 years 10 months

Academic and Professional Qualifications/Membership(s)
- Bachelor of Science in Geology, University College London
- Member, Institute of Chartered Accountants in England & Wales
- Advanced Management Programme, Harvard Business School

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
- Sime Darby Holdings Berhad
- Sime Darby Malaysia Berhad
- Kumpulan Sime Darby Berhad

Attendance at Board Meetings in 2021
11/11

Areas of Expertise
Accounting, Finance and Business Administration

Relevant Experience
Began his career with Coopers & Lybrand, London in 1986 before joining the Sime Darby Group in 1992. Has held various senior management positions in the Group in China, Singapore and Malaysia before being appointed as the Group Chief Executive Officer of Sime Darby Berhad in 2017.

Additional Information

1. Save as disclosed below, none of the Directors have any family relationship with and are not related to any Director and/or major shareholder of Sime Darby Berhad:
   (i) The Nominee Directors of Permodalan Nasional Berhad:
   - Tan Sri Samsudin Osman;
   - Dato' Lee Cheow Hock Lawrence; and
   - Mohamad Idros Mosin.

   (ii) Tan Sri Ahmad Badri Mohd Zahir is the Nominee Director of the Employees Provident Fund
2. None of the Directors have any conflict of interest with Sime Darby Berhad.
3. Other than traffic offences, none of the Directors have any conviction for offences within the past five years nor public sanctions or penalties imposed by the relevant regulatory authorities during the financial year.
4. Directorships held by the Directors in other companies, if any, are disclosed in the Board of Directors section at http://www.simedarby.com/company/board-of-directors.
5. The full profile of the Directors are available on the Sime Darby Berhad website at http://www.simedarby.com/company/board-of-directors.

Executive Leadership

Dato' Jeffri Salim Davidson
Group Chief Executive Officer

Malaysian | Age 57 | Male

Date of Appointment
21 November 2017

Relevant Experience
Began his career with Coopers & Lybrand, London in 1986 before joining the Sime Darby Group in 1992. Has held various senior management positions in the Group in China, Singapore and Malaysia before being appointed as the Group Chief Executive Officer of Sime Darby Berhad in 2017.

Academic and Professional Qualifications/Membership(s)
- Bachelor of Science in Geology, University College London
- Member, Institute of Chartered Accountants in England & Wales
- Advanced Management Programme, Harvard Business School

Mustamir Mohamad
Group Chief Financial Officer

Malaysian | Age 49 | Male

Date of Appointment
21 November 2017

Relevant Experience
He began his career with PricewaterhouseCoopers, London, in 1995 before serving a seven-year stint at Bank Negara Malaysia where he was the Manager of Investment Operations and Financial Markets. He joined Sime Darby Berhad in September 2005 as the Manager of Value Management in Group Strategy. In September 2007, he moved to Sime Darby Plantation to lead the EVP Office there prior to the completion of the merger of Sime Darby, Golden Hope Plantations and Kumpulan Guthrie. He was eventually appointed as the Head of Strategy and Business Development at Sime Darby Plantation. In February 2014, he was appointed the Head of Group Finance of Sime Darby Berhad. In November 2017, he assumed the Group Chief Financial Officer role at Sime Darby Berhad.

Academic and Professional Qualifications/Membership(s)
- Bachelor of Science in Accounting and Finance, London School of Economics and Political Science
- Fellow, Institute of Chartered Accountants in England and Wales
- Member, Malaysian Institute of Accountants
- Advanced Management Programme, Harvard Business School

Datuk Thomas Leong Yew Hong
Group Chief Strategy Officer

Malaysian | Age 49 | Male

Date of Appointment
1 December 2017

Relevant Experience
He joined the Sime Darby Group as the Head of Group Strategy and Corporate Finance in 2016. Prior to that, he was the Executive Vice President and Head of Maybank Group's Strategy and Business Development. He also previously held various senior positions in Accenture and Deloitte Consulting during which time he was based in Australia, Hong Kong and Malaysia.

Academic and Professional Qualifications/Membership(s)
- Bachelor of Science (Software Engineering), Australian National University
- Master of Business Administration (MBA), University of Sydney

Roselaini Faiz
Group Chief Human Resources Officer

Malaysian | Age 56 | Female

Date of Appointment
1 August 2018

Relevant Experience
She was the Director of Human Capital & Communications at Danajamin Nasional Berhad before joining Sime Darby Berhad. Prior to that, she headed Human Resources at Hong Leong Bank Berhad. Her other former roles included Director of Human Resources at CIMB Aviva Assurance Berhad, Chief Human Resources Officer at Kuwait Finance House (Malaysia) Berhad, Head of Rewards & Benefits Administration at Standard Chartered Bank Malaysia Berhad and Vice President of Compensation and Benefits at Citibank Berhad.

Academic and Professional Qualifications/Membership(s)
- Bachelor of Economics (majoring in Analytical Economics), University of Malaya

Glenn Sheahan
Group Chief Safety & Sustainability Officer

Australian | Age 52 | Male

Date of Appointment
1 October 2019

Relevant Experience
He has more than 25 years of industry experience during which he held senior safety management roles at Halliburton, Rio Tinto, Comalco, Downer EDI Mining, the John Holland Group and Thiess Process. He also previously held safety and security positions in Dubai and auditing and compliance positions in Qatar. His international experience include working in Qatar, Indonesia and Thailand in the oil and gas, metallurgical refining and construction industries. He is a qualified nurse.

Academic and Professional Qualifications/Membership(s)
- Postgraduate Certificate in Managing Occupational Health and Safety, University of Southern Queensland

Goh Hai Peow
Group Chief Information & Digital Officer

Australian | Age 63 | Male

Date of Appointment
1 November 2019

Relevant Experience
He has more than 37 years of experience in the information technology sector during which he held various senior global leadership roles in resource, logistics, oil and gas, IT and services companies. Prior to joining the Sime Darby Group, he was the Chief Information Officer of Aurizon, Australia's largest rail freight operator. He also previously served as Chief Operating Officer at Rio Tinto, where he was responsible for business information systems and technology, strategy, global IT infrastructure and the delivery of major enterprise applications.

Academic and Professional Qualifications/Membership(s)
- Bachelor of Science in Computer Science, University of Manchester
- Master of Business Administration (MBA), Murdoch University

Executive Leadership

Dean Mehmet
Managing Director, Industrial Division

Australian | Age 57 | Male

Date of Appointment
1 July 2021

Relevant Experience
His 35 years of industry experience include serving as Chief Executive for 17 years at multinational corporations such as BlueScope Steel and Royal Dutch Shell. He joined the Sime Darby Group in 2012 as the Chief Operating Officer of Hastings Deering (Australia) Limited. He was later promoted to the position of Chief Executive Officer and Managing Director of the Hastings Deering Group where he led the entire Industrial business portfolio across Australia, Papua New Guinea, Solomon Islands and New Caledonia. He was appointed as the Managing Director of Sime Darby Industrial – Australasia in January 2020 prior to assuming his current role.

Academic and Professional Qualifications/Membership(s)
- Bachelor of Mechanical Engineering (Hons), Queensland University of Technology
- Stanford Executive Program in Organisational Leadership
- Member, Australian Institute of Company Directors

Andrew Basham
Managing Director, Motors Division

Australian | Age 55 | Male

Date of Appointment
1 February 2018

Relevant Experience
He possesses more than 23 years of global experience in management, business development and operations with leading brands in the automotive industry. He started his career in audit and accounting with PriceWaterhouse Australia before moving on to distribution and logistics roles in automotive companies. He subsequently assumed senior management roles in various automotive companies.

Academic and Professional Qualifications/Membership(s)
- Bachelor of Economics, University of Adelaide
- Member, Institute of Chartered Accountants, Australia

Liew Thiam Huat
Managing Director, Logistics Division

Malaysian | Age 53 | Male

Date of Appointment
1 January 2021

Relevant Experience
He has more than 13 years of working experience in the African continent and in port operations in China. He began his career in 1992 with PricewaterhouseCoopers, Kuala Lumpur. In December 2010, he joined Sime Darby Berhad where he held the position of Divisional Chief Financial Officer of the Logistics Division until 2016. He was then transferred to the Industrial Division as its Chief Financial Officer, Asia. In May 2019, he was appointed the Deputy Managing Director of Logistics Division. In January 2021, he assumed his current position of Managing Director of the Logistics Division.

Academic and Professional Qualifications/Membership(s)
- Member, Malaysian Institute of Accountants
- Fellow, Association of Chartered Certified Accountants of the United Kingdom

Peter Hong Kah Peng
Managing Director,
Healthcare Division

Malaysian | Age 49 | Male

Date of Appointment
2 January 2019

Relevant Experience
He has close to 28 years of experience serving multinationals in the healthcare, pharmaceutical, medical devices, hospital and fast-moving consumer goods industries. Prior to joining the Sime Darby Group, he was the Group Operations Director of Siloam International Hospital Group (part of Lippo Group), the largest private hospital group in Indonesia. He was also previously the Finance and Operations Head at Fresenius Medical Care in Malaysia.

Academic and Professional Qualifications/Membership(s)
- Bachelor of Economics (Accounting), Monash University
- Member, CPA Australia
- Member, Malaysian Institute of Accountants

Noor Zita Hassan
Group Secretary

Malaysian | Age 55 | Female

Date of Appointment
21 November 2017

Relevant Experience
She first began her career in 1989 as a management trainee with Kumpulan Sime Darby Berhad (KSDB) supporting the accounting, internal audit, tax and corporate planning functions. She was subsequently transferred to the Group Secretarial department in 1993. She was the Company Secretary of Hyundai-Sime Darby Berhad, a subsidiary of KSDB that was listed on the Main Board of Bursa Malaysia Securities Berhad until its delisting in July 2006. She is currently the Company Secretary of Sime Darby Motors.

Academic and Professional Qualifications/Membership(s)
- Bachelor of Economics with Accountancy, Loughborough University of Technology
- Master in Accountancy, Charles Sturt University
- Member, CPA Australia
- Member, Malaysian Institute of Accountants

Additional Information

1. None of the members of the Executive Leadership Team has any family relationship with any Director or major shareholder of Sime Darby Berhad.
2. None of the members of the Executive Leadership Team has any conflict of interest with Sime Darby Berhad.
3. Other than traffic offences, none of the members of the Executive Leadership Team has any conviction for offences within the past five years nor were any member publicly sanctioned or had penalties imposed on him/her by the relevant regulatory authorities during the financial year.
4. Directorships held by members of the Executive Leadership Team in public companies and listed issuers, other than companies within the Sime Darby Berhad Group, if any, are disclosed in the Executive Leadership section at http://www.simedarby.com/company/executive-leadership.
5. Full profiles of the members of the Executive Leadership Team are available on the Sime Darby Berhad website at http://www.simedarby.com/company/executive-leadership.

Chairman's Statement on Corporate Governance

The Board is committed to maintaining the highest standards of corporate governance across the business to support the delivery of our strategy and the creation of long term sustainable value.

Tan Sri Samsudin Osman
Chairman

"Sime Darby's rigorous governance framework has kept the Group agile and effective in uncertain times, sustaining our growth and steering us to new strengths."

Dear Shareholders,

I am pleased to present the Group's report on corporate governance for FY2021. We have applied the principles of the Malaysian Code on Corporate Governance (MCCG) 2021 where applicable.

I would like to reiterate our commitment towards maintaining the highest levels of corporate governance to support the creation of long term value for all our stakeholders.

This report outlines the governance framework within which the Group operates and seeks to provide stakeholders with an understanding of how the Board and its Committees performed for the year, as well as sets out our plan for the coming year.

This reporting is premised upon the three principles of Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Markert Listing Requirements (MMLR) – Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Leadership and Effectiveness

The Board acknowledges the role that it plays in championing good governance throughout the Group. The Board also recognises the critical role it performs in setting the appropriate tone at the top and in providing the strategic direction the Group takes. Perhaps most important of all, the Board helps to ensure transparency and accountability to our key stakeholders.

The Board is aware that increasingly it needs to take a more holistic view of the business and must therefore integrate sustainability considerations into corporate strategy, governance, and decision-making. The Board has oversight of the Group's sustainability strategy and the underlying environmental, social and governance (ESG) issues. In FY2021, we updated our sustainability blueprint, which will enable the Board to better anticipate and address ESG risks and opportunities in a more holistic and integrated manner.

Supported by the Management as well as the Governance & Audit Committee (GAC), Nomination & Remuneration Committee (NRC) and Risk Management Committee (RMC), our Board is one with a healthy equilibrium in terms of skills, experience, and backgrounds. This well-balanced composition ensures diversity of thought and perspective and enables us to conduct critical and strategic discussions effectively.

I am also proud of the culture we have established in our boardroom, that is one of openness and collaboration, where everyone is free to share and express their preferences and opinions. We have seen that culture permeating throughout the organisation, and I firmly believe that broad-mindedness is an essential ingredient to the recipe for the Group's long term success.

Effective Audit and Risk Management

The Board recognises that effective audit and risk management processes are critical components of corporate governance. This is especially relevant in the uncertain business environments we operate in. It is imperative that we remain vigilant and cognisant of challenges on the horizon, and address risks in a systematic and strategic manner.

In order to do so, the Board ensures that we have in place a robust set of internal controls and risk management plans that can be applied consistently across the Group.

We continue to be guided by the Sime Darby's Code of Business Conduct (COBC), which provides guidance on the standards of behaviour expected of everyone in the Group, as well as our business partners and counterparts where applicable. To ensure the relevancy of the COBC, we updated the contents in February 2021 so that it remains an accurate reflection of the times we live in and the contemporary issues that we face as an organisation.

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The Board recognises that stakeholder engagement is a necessary component to create long term value.

It is important that the Board has an understanding of the interests and expectations of stakeholders, and more importantly, to consider how they are impacted by the strategic decisions made by the Board.

To that end, the Board ensures there is effective two-way communication with key stakeholders and that they are provided with information that is accurate, timely and consistent across all communication channels.

Further information can be found in the Stakeholder Engagement section on page 42 and in the Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders on page 154.

Looking Ahead

The corporate governance landscape is evolving rapidly, reflecting an increasing emphasis on key issues such as the rise of ESG, shareholder primacy and scrutiny on board composition and diversity.

The Board's unwavering commitment to maintaining the highest standards of corporate governance across the business will continue to support the delivery of our strategy and the creation of long term sustainable value to our stakeholders.

I am confident we can do so as we are well guided by a robust corporate governance framework, a culture of transparency and inclusivity that is infused throughout the Group, and a forward-looking strategy blueprint in the form of our Value Creation Plan.

Tan Sri Samsudin Osman
Chairman

Guidelines Followed

This statement is to be read in conjunction with the Corporate Governance Report, which is published online at http://www.simedarby.com/investor/annual-reports

Bursa Malaysia Berhad Corporate Governance Guide ▶ **MCCG 2021 ASEAN CG** ▶ **MMLR IIRC CA 2016**

Leadership & Effectiveness

Creating a Right Culture Through a Strong Governance Framework

A healthy corporate culture and a robust governance framework ensures that the organisation continues to run smoothly and efficiently. It sets the tone for how the employees within the Group engage with one another and with other stakeholders, creating an environment of trust and respect that leads to better teamwork, improved decision-making and increased efficiency.

To the Board of Directors, embedding the right culture starts with clear definition of the standards expected in the day-to-day conduct of every individual in the Group, in accordance with Sime Darby's core values.

These values are reflected in the Group's governance framework which defines the way in which strategic and operational activities are managed. The framework is based on the following principal aims:

1

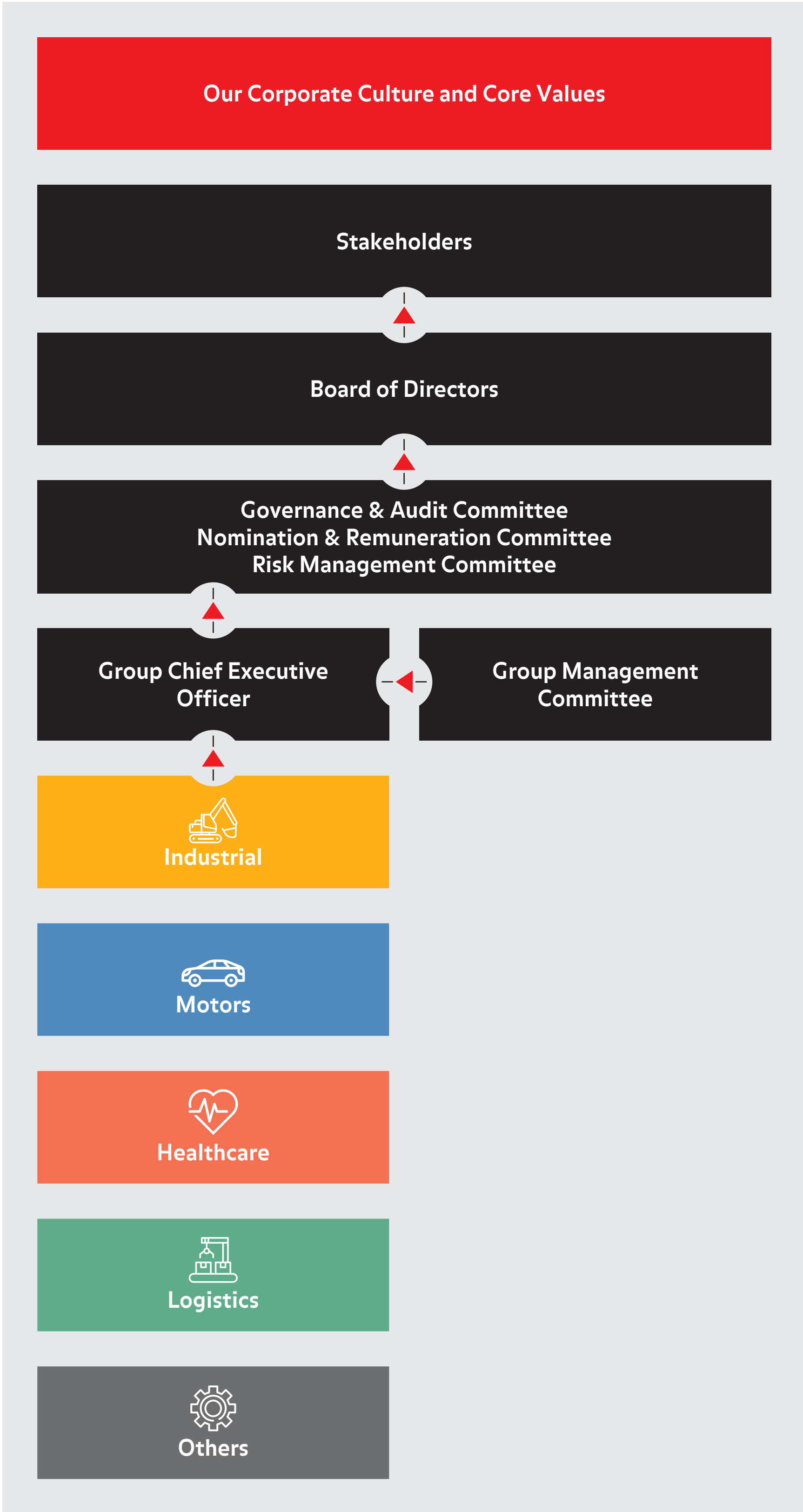
Promote transparency, accountability and a responsive attitude;

2

Provide operating autonomy to the Divisions and the Group's companies in achieving business objectives while maintaining adequate checks and balances; and

3

Cultivate ethical business conduct and desired behaviours, based on the Group's core values and business principles.



The powers of the Chairman, Senior Independent Director, Non-Executive Directors and GCEO are set out in the Board Charter (Charter).

The Board may exercise all powers conferred on it by the Charter, in accordance with the Companies Act 2016 and other applicable legislations.

The Charter is available online at http://www.simedarby.com/operating-responsibly/governance.

The Board is satisfied that each Director has devoted sufficient time to effectively discharge their responsibilities. The current composition of Directors on the Board has a blend of skills, experience and knowledge suited to the Group's needs.

Attendance of Board Meetings

In FY2021, the Board met eleven (11) times, being a combination of seven (7) scheduled meetings and four (4) special meetings. All Directors exceeded the requirements set out in the Charter in terms of attendance, as demonstrated in their commitment and dedication in fulfilling their duties and responsibilities. The Directors have also complied with the MMLR of Bursa Malaysia, i.e. the requirement of attendance of at least 50 per cent. Board members are encouraged to provide their views and comments on matters to be discussed to the Chairman in advance, in the event they are not able to attend.

Directors	Scheduled Meeting	Special Meeting	Total
Tan Sri Samsudin Osman	7/7	4/4	11/11
Tan Sri Ahmad Badri Mohd Zahir	4/5	4/4	8/9^
Datuk Wan Selamah Wan Sulaiman	7/7	4/4	11/11
Dato' Sri Abdul Hamidy Abdul Hafiz	7/7	4/4	11/11
Dato' Ahmad Pardas Senin	7/7	4/4	11/11
Thayaparan Sangarapillai	7/7	4/4	11/11
Dato' Lee Cheow Hock Lawrence	7/7	4/4	11/11
Moy Pui Yee	7/7	4/4	11/11
Mohamad Idros Mosin	7/7	4/4	11/11
Dato' Dr Nirmala Menon	7/7	4/4	11/11
Dato' Jeffri Salim Davidson	7/7	4/4	11/11

Note:
^ Reflects number of meetings held following appointment as Director on 1 September 2020.

Information and Support for the Board

The Chairman, assisted by the Group Secretary, ensures that the Board and its Committees receive pertinent information on a timely basis to enable all Directors to discharge their duties competently. They are provided with copies of the minutes of meetings from the Group Management Committee and Board Committees, the Group's operational and financial reports, reports on the Group's Health, Safety and Environment matters as well as reports on the Group's compliance with the relevant ethical and security standards. The Group Secretary attends all Board meetings and provides support to the Directors, in addition to the documents they receive. The Board also has access to independent professional advice at the Group's expense to facilitate informed decision-making.

Board Matters and Delegation

The Board has established a formal schedule of matters specifically reserved for its approval. Other specific responsibilities have been delegated to its Committees, of which are clearly defined within their terms of reference (TOR).

The Board Committees' TOR and other delegated authorities are formalised and reviewed from time to time, as and when required.

The TOR of the Committees are available for viewing on Sime Darby's website at http://www.simedarby.com/operating-responsibly/governance.

Summary of Key Board Reserved Matters

1

Group strategy, plans and budgets

2

Acquisitions, disposals and transactions exceeding the authority limits of the GCEO

3

Changes to the Board and executive leadership of the Group

4

Changes in key policies, procedures and delegated authority limits of the Group

Leadership & Effectiveness

Key Areas of Focus During the Year

1

Reviewing and adopting the strategy blueprint for the Group, which includes setting the Group's budget as well as reviewing the challenges to the Group's business strategy and plan.

2

Establishing the strategy on real estate, electric vehicles and mobility.

3

Improving diversity in gender, age, experience and expertise across the Group. Presently, the Group has achieved female representation of 27% for the Board, 20% for the senior management team and 24% in the Group's general workforce.

4

Ensuring an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks to the Group.

5

Ensuring a ready pipeline of talents with the right combination of technical competencies and leadership potential, which is key to smooth leadership transition and the Group's future growth.

6

Ensuring the integrity of the Group's financial and non-financial reporting.

7

Establishing the Group's Sustainability Blueprint in line with the Group's focus on ESG.

Board Effectiveness

Board Effectiveness Assessments (BEA) are conducted annually to identify opportunities for increasing efficiency, maximise strengths and to highlight areas for improvement. Where applicable, professional consultants are engaged to conduct the assessment in alternate years.

In FY2021, a BEA was conducted by professional external consultants. The process of the BEA involved one-on-one interview sessions between the consultants and each Board member. Sets of online questionnaires which consisted of evaluations by the Board, Board Committees, self and peer assessment were developed to maximise the effectiveness and performance of the Board in the best interests of the Group.

The areas covered were as follows:

Evaluation	Assessment Criteria
Board of Directors	Board composition, information, agendas and meetings, leadership, dynamics, Board-Management relationship and processes such as succession planning, risk oversight and strategy oversight
Board Committees	Board Committees' strengths, effectiveness, support, composition and communication
Individual Directors	Individual Director's strengths, contributions and areas of focus and improvement

One-to-one feedback sessions were held with each Director to review his/her individual performance. The individual feedbacks form part of the Director's development plan for continued optimum contribution to the Group. Interviews were also performed with selected individuals from the Management to obtain feedback from a Management perspective.

The BEA 2021 concluded with a Board Working Session in August 2021. The results of the BEA reaffirmed that the Board members worked well as a group and demonstrated a high level of commitment to their fiduciary duties in guiding the Group. Overall, the Board is effective and provides effective governance as well as strategic execution monitoring. The Board has taken note of the findings and results and would address the areas for enhancement in the appropriate manner.

Governance & Audit Committee Performance Review

The performance of the GAC for FY2021 was evaluated as part of the BEA 2021. Based on the results, the Board was satisfied that the GAC has discharged its supervisory duties responsibly and effectively. The performance of the GAC was also in accordance with the Committee's TOR.

Nomination & Remuneration and Risk Management Committee Performance Review

The Board is also satisfied with the performance of the NRC and RMC in discharging their responsibilities based on the results of the BEA 2021. The performance of the NRC and RMC was also in accordance with their respective TORs.

Board Induction and Development

On appointment, each new Director will undergo an on-boarding exercise. This will expedite the familiarisation process for new Directors with the environment that the Group operates in, the business operations of the various Divisions including their range of products or services, the Group's organisation structure and the Management's roles and responsibilities. Management will also arrange for site visits to key operating units for new Directors. This is to give each new Director a visual perspective of the Group's operations. The site visits will include briefings from the Management of operational units to provide further depth and appreciation of the key drivers behind the Group's core businesses. Such sessions are reviewed regularly to ensure that they remain relevant and effective.

The Board is mindful of the need to keep Directors properly briefed and informed of current issues. Board members attend external training programmes on a continuous basis to ensure that they remain updated with the developments of the Group's business and that of the industry that are likely to affect their roles and responsibilities. As an integral part of the induction programme for new Directors, the Group provides comprehensive briefings on the Group's structure, operations and projects, growth strategy and financial performance of the Group. The Group Secretary assists the Board in facilitating the orientation of new Directors and in co-ordinating internal training programmes, as well as arranging external training programmes. For an immersive learning experience, annual Board retreats and technical visits are designed to enhance Directors' understanding and knowledge of the Group's operations and keep them informed of the latest industry-specific or technological developments. In FY2021, the Board visited Sime Darby Motors City at Ara Damansara, Selangor to better understand the business operations of the Motors division. The Group also organises in-house educational programmes by inviting experts to speak on specific topics of interest either during Board meetings, retreats or at separate sessions.

A summary of training courses attended by the Directors and the Group Secretary during the financial year are listed below:

List of Training Attended

Board Members
Beyond Great & Growth in China – Strategies for Thriving in an Era of Social Tension, Economic Nationalism, and Technological Revolution
Asia Pacific's Time – How Asia Pacific can build a resilient future on five pillars: Advancing the digital economy, enabling regional enterprise growth, rebalancing supply chains, future-proofing labour force, and building a net-zero economy
Future of Coal – Sustainability as an Energy Source; Long Term Strategies of Coal Miners; Impact of China-Australia Trade Dynamics
Malaysian Market Outlook – Commentary on Malaysian capital markets, foreign investment, budget 2021, COVID-19 and political landscape
Healthcare: M&A & IPO Landscape • Update on M&A and IPO trends in Asian Healthcare • Strategies to extract best value from the capital markets
Healthcare in the post-pandemic world – COVID-19: An opportunity in crisis for healthcare providers
Presentation: Omnichannel Strategy – How is consumer behaviour changing? How do we effectively engage consumers?
EPF Digital Transformation Program
Recovery & Resolution Plan
EPF Management Conference
EPF's inaugural Sustainability Day
Section 17A of MACC Act
MFRS17: Insurance Contract
Digital and Data Analytic Strategy Implementation Progress Update
Implementing Amendments in the Malaysian Code on Corporate Governance
Defending Your Company & Keeping Up To Date With Key Cybersecurity Risks
Sustainability as a Business Strategy for Financial Institutions

Leadership & Effectiveness

List of Training Attended *(Continued)*

Board Members
MIA International Accountants Conference 2021 – Navigating a Sustainable Future with Agility and Resilience
Top Challenges Facing Board in 2021
The Global Capital Allocation Project: How Capital Really Flows around the World
The Climate Agenda: What the Board Needs to Know
MFRS17 Insurance Contracts: What Every Director Must Know
JC3 Flagship Conference 2021: Finance for Change – Caring for Our Planet
Power to the people: building a data-driven organisation
Corporate Governance Regulatory Updates for the Capital Markets
Capital Market Environment during the COVID-19 Crisis
Primer on Real Estate Investment Trust
Optimising your Stock Selections with Strong Fundamental and Technical Analysis
Managing Fraud Risk – Are you doing enough?
Evolutionary Change to Revolutionary Impact – Reimagining a new world post COVID-19
Progressive Board Review & Directors Global Masterclass – The Future of Boardrooms: Embracing The New Normal
Anti Money Laundering FY2019/2020
Islamic Finance for Board of Directors Programme
Cyber Security Awareness
Shariah Governance Policy Document Programme

Group Secretary
Progressive Board Review & Directors Global Masterclass – The Future of Boardrooms: Embracing The New Normal
Conduct of Directors & Common Pitfalls in Listing Requirements
Roles and Responsibilities of Directors under the Malaysian Companies Act 2016
Compliance with the Securities Commission's Guidelines on Conduct of Directors of Listed Corporations and its Subsidiaries
Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018
Unclaimed Money Act 1965
MIA International Accountants Conference 2021

Nomination & Remuneration Committee Report

Dato' Sri Abdul Hamidy Abdul Hafiz
Chairman of the Nomination & Remuneration Committee

Composition

The Nomination & Remuneration Committee (NRC) is chaired by Dato' Sri Abdul Hamidy Abdul Hafiz and comprises three Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

Roles and Responsibilities

The NRC manages the nomination and remuneration process for the Board and the various Board Committees, as well as for critical Management positions within the Group. The NRC also assists the Board in reviewing the mix of skills, experience, core competencies and other qualities required for an effective Board for Sime Darby and ensures that there is sufficient focus placed on succession planning and human capital development in the Group. The NRC recommends candidates for appointments to the Board and Board Committees and ensures that appropriate assessment of Directors occurs on an ongoing basis.

Detailed Terms of Reference (TOR) of the NRC is available online at http://www.simedarby.com/operating-responsibly/governance.

Meetings and Attendance

Members	Membership	Appointment	Attendance	
Dato' Sri Abdul Hamidy Abdul Hafiz	Chairman/Independent Non-Executive Director	4 September 2019	9/9	100%
Dato' Ahmad Pardas Senin	Member/Senior Independent Non-Executive Director	1 December 2017	9/9	100%
Mohamad Idros Mosin	Member/Non-Independent Non-Executive Director	21 November 2018	9/9	100%
Datuk Wan Selamah Wan Sulaiman	Member/Independent Non-Executive Director	9 June 2020	9/9	100%

Key Activities of FY2021

Key Focus Areas	Outcomes
Nomination Function	• Reviewed and recommended the appointment of the Chairman of Sime Darby. • Evaluated and recommended suitable candidates for appointments to the Board, Board Committees, subsidiary companies and to senior management positions. • Evaluated the contributions of Directors seeking election and re-election at the AGM and made recommendations on the suitability of the Directors for election and re-election to the Board. • Oversaw the succession planning and performance evaluation of the Board, Board Committees and the senior management team.
Remuneration Function	• Recommended the bonus pay-out and salary increment for employees of the Group. • Appraised the performance and recommended the bonus pay-out and salary increment for the GCEO and his direct reports. • Reviewed and recommended the renewal of fixed-term contracts of the senior management team. • Reviewed the benchmark for the GCEO's remuneration. • Recommended the allotment and issuance of new Sime Darby shares to eligible grantees pursuant to the Performance-Based Employee Share Scheme (PBESS). • Reviewed and recommended the Director's fee for the subsidiary companies of Sime Darby.

Leadership & Effectiveness

Key Activities of FY2021 *(Continued)*

Key Focus Areas	Outcomes
Governance Function	• Reviewed the terms of office and the performance of the Governance & Audit Committee. • Reviewed and recommended the changes to the TOR of the Board Committees. • Reviewed and recommended the NRC report for inclusion in the Sime Darby Annual Report 2020. • Reviewed the GCEO's key performance indicators and scorecard for the new financial year. • Reviewed the restructuring exercise at Sime Darby Industrial Malaysia. • Reviewed the Voluntary Leave Scheme due to excess headcount at a subsidiary company in Malaysia. • Reviewed job evaluation and benchmarking of direct reports to the GCEO.

Re-Election of Directors

The NRC ensures that the Directors retire and are re-elected in accordance with the relevant laws and regulations in Malaysia, and the Constitution of the Company. The performance of each retiring Director at the next AGM was considered by the NRC before making recommendation to the Board for re-election of the relevant Directors.

Directors due for re-election → Evaluation by NRC → Recommendation by NRC to the Board → Recommendation by the Board to shareholders → Shareholders' consideration and approval at AGM

Pursuant to Rule 103 of the Company's Constitution, an election of Directors shall take place each year. At least one-third (1/3) of the Directors (excluding the Director seeking election pursuant to Rule 82.2 of the Company's Constitution) for the time being shall retire from office at each AGM. A Director retiring at a general meeting shall retain office until the conclusion of the meeting. Rule 104 of the Company's Constitution states that all Directors shall retire from office once at least in each three years. A retiring Director shall be eligible for re-election.

Tan Sri Samsudin Osman, Dato' Lee Cheow Hock Lawrence, Ms Moy Pui Yee and Encik Mohamad Idros Mosin are due to retire at the 15th AGM of the Company. For the purpose of determining the eligibility of the Directors to stand for re-election at the 15th AGM, the Board through its NRC, had assessed each of the retiring Directors, and considered the following:

1

The Director's performance and contribution based on self and peer assessment results of the BEA 2021 conducted for the financial year under review;

2

The Director's level of contribution to the Board deliberations through his/her skills, experience and strength in qualities; and

3

The level of independence demonstrated by the Director, and his/her ability to act in the best interests of the Company in decision-making.

Tan Sri Samsudin Osman	
Non-Independent Non-Executive Chairman Malaysian, age 74	Tan Sri Samsudin's extensive experience in policy development and strategic planning contributed significantly to the deliberations at Board meetings. As the Chairman of the Board, he demonstrated strong leadership in managing Boardroom dynamics and provided an environment that encouraged Directors' participation and active debate. He also provided guidance to Board members and the Management.

Dato' Lee Cheow Hock Lawrence	
Non-Independent Non-Executive Director Singaporean, age 67	Dato' Lee possesses vast experience in the Asia Pacific region's automotive industry. He has provided valuable input and contributed to the robust discussions at the Board and Board Committee meetings on corporate proposals and strategies particularly on Motors Division and automotive industry in general.

Moy Pui Yee	
Independent Non-Executive Director Malaysian, age 54	As an experienced corporate and commercial lawyer, Ms Moy possesses in-depth knowledge, skills, and experience in the legal, compliance and regulatory areas. She has provided legal perspective and insight to the Group's investment proposals and corporate activities during deliberations at meetings of the Board and Board Committee.

Mohamad Idros Mosin	
Non-Independent Non-Executive Director Malaysian, age 49	Representing Permodalan Nasional Berhad (PNB) as its nominee Director on the Board of the Company, Encik Idros has extensive experience in strategic planning and investment spanning over 23 years with PNB. His involvement in various assignments including development and evaluation of value enhancement strategies for strategic investment in automotive, chemical, infrastructure, logistics, oil & gas, plantation, property, and pharmaceutical sectors has contributed to the deliberations at meetings of the Board and Board Committee.

Tan Sri Samsudin Osman, Dato' Lee Cheow Hock Lawrence, Ms Moy Pui Yee and Encik Mohamad Idros Mosin have expressed their intention to seek for re-election at the 15th AGM of the Company to be held on 18 November 2021.

Leadership & Effectiveness

Board Independence and Diversity

The NRC acknowledges the role played by and the continuous contribution of the Independent Directors in bringing independent and objective judgement to the Board's deliberations. The Board is generally satisfied that each Independent Non-Executive Director has remained impartial in character and judgement and continue to bring sound, independent and objective judgement to Board deliberations. In line with the exemplary practice as recommended by the MCCG, the Board, under the advice of the NRC, has adopted the policy that the tenure of the Independent Non-Executive Director should not exceed a cumulative term limit of nine (9) years.

The Group takes diversity not only at the Board level but also at the operational level as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Group. Despite the importance of Boardroom diversity, the Board acknowledges that the selection criteria of a Director, based on an effective blend of competencies, skills, integrity, time commitment, personal attributes and knowledge in areas identified by the Board, should remain a priority, not compromising on qualification, experience and capabilities. To this, the NRC has determined the criteria for appointment of Board members and members of the senior management team as follows:

(a) Required skills, knowledge, expertise and experience;
(b) Time commitment, character, professionalism and integrity;
(c) Ability to work cohesively with other members of the Board;
(d) Specialist knowledge or technical skills in line with the Group's strategy and businesses;
(e) Diversity in age, gender, experience and background;
(f) Number of directorships in companies outside the Group; and
(g) Appropriateness and fit in terms of the person's probity, soundness of judgement and competency.

Remuneration Approach

The approach to the Non-Executive Directors' remuneration is aligned to the Group's strategic objectives and allows the Group to attract, motivate and retain talent and leaders of high calibre. Periodic reviews are performed by the NRC on the remuneration structure to ensure that the compensation of the Non-Executive Directors is competitive, appropriate and aligned with prevalent market practices and trends. The review takes into account the level of responsibilities undertaken by the Non-Executive Directors concerned and the complexity of the Group's operations. The Group also reimburses all expenses incurred by the Non-Executive Directors, where relevant, in the course of carrying out their duties as Directors.

The components of the remuneration for the GCEO are structured to link rewards to corporate and individual performance. It comprises salary, allowances, bonuses and other customary benefits as accorded by comparable companies. Performance is measured against individual KPIs in a scorecard aligned with corporate objectives as approved by the Board, as well as profits and other targets set in accordance with the Group's annual budget and plans. The NRC reviews the performance of the GCEO annually and submits their views and recommendations to the Board on adjustments in remuneration and/or rewards to reflect the GCEO's contribution towards the Group's achievements for the year. The GCEO recuses himself from deliberation and voting on his remuneration and/or rewards at Board meetings.

The Company rewards the GCEO with shares under the PBESS. The details of the granting and vesting of shares under the PBESS are disclosed in Note 36 of the Audited Financial Statements for FY2021.

(i) Non-Executive Directors

Element	Component	Details
Fixed	Directors' fees	Basic fee paid for directorial services rendered
	Benefits-in-kind	Non-cash benefit of monetary value

(ii) GCEO

Element	Component	Details
Fixed	Salary	Basic fee paid for services rendered as an employee of the organisation
	Benefits-in-kind	Non-cash benefit of monetary value
Variable	Annual bonus	Performance-based fee dependent on target set
	Long term performance-based employee share scheme	Performance-based granting of shares dependent on fulfilment of certain conditions

The remuneration philosophy reflects the Group's commitment to comply with best practices in the areas of remuneration, retention and rewards, to ensure that the Group continues to attract and retain the best talent. The remuneration packages and incentives are regularly evaluated against market-related surveys.

The details of the Directors' remuneration comprising remuneration received from the Group in FY2021 are as follows:

	Salary & Other Remuneration (RM'000)	Directors' Fees		Benefits (RM'000)	PBESS[@] (RM'000)	Total (RM'000)
		Company (RM'000)	Subsidiary (RM'000)			
Executive Director[+]						
Dato' Jeffri Salim Davidson	6,286	–	–	49	941	7,276
Non-Executive Directors						
Dato' Lee Cheow Hock Lawrence	N/A[1]	415	100	166	N/A[1]	681
Tan Sri Samsudin Osman		585	–	9		594
Dato' Dr. Nirmala Menon		415	–	1		416
Dato' Sri Abdul Hamidy Abdul Hafiz		350	–	22		372
Mr Thayaparan Sangarapillai		355	–	12		367
Dato' Ahmad Pardas Senin		325	–	8		333
Datuk Wan Selamah Wan Sulaiman		325	–	3		328
Ms Moy Pui Yee		275	–	6		281
Encik Mohamad Idros Mosin		275^	–	1		276
Tan Sri Ahmad Badri Mohd Zahir[2]		235	–	–*		235
Total for Non-Executive Directors		**3,555**	**100**	**228**		**3,883**

1 N/A – Not Applicable
2 Appointed on 1 September 2020
@ Long Term Performance-Based Employee Share Scheme
\+ Paid by the Sime Darby Group
^ Fees paid to Permodalan Nasional Berhad (PNB)
* Less than RM1,000

Leadership & Effectiveness

Annual Effectiveness Review and Performance

The performance of the NRC for the FY2021 was evaluated as part of the BEA 2021 exercise. Based on the results of BEA 2021, the Board was satisfied that the NRC has discharged its duties responsibly and effectively. The performance of the NRC was also in accordance with the Committee's TOR.

Focus Areas for FY2022

Key Focus Areas for FY2022	Action Plans
Promote Diversity	Strive to create a diverse, non-discriminatory and inclusive environment across the Group's operations. Actively promote diversity from a broad range of perspective including mix of skills, background, ability, professional and industry experience, age, independence and ethnicity across all levels to help the Group to remain competitive and to ensure sustainable business growth.
Succession Planning	Ensure the Group has a steady supply of suitable talent to meet future leadership and growth demands, to safeguard the long term sustainability of the Group. This includes identifying and developing a talent pipeline for succession planning at various levels of the organisation.
Directors' Training	Identify the training needs of the Board of Directors and develop appropriate training solutions to ensure that all Directors are well equipped with current knowledge and skills to strengthen their ability to discharge their fiduciary duties.
Compensation and Reward Framework	Structure and consistently review the compensation and rewards framework to ensure that it remain competitive, appropriate and in line with current market practices, to assist the Group in attracting and retaining talents.
Post COVID-19 Workforce Strategies	Implement a talent strategy centred around developing employees' critical digital and cognitive capabilities as well as social and emotional skills to bolster their adaptability and resilience post COVID-19. To place added emphasis on promoting employees' well-being and work-life balance.

Governance & Audit Committee Report

Thayayaran Sangarapillai
Chairman of the Governance & Audit Committee

Meetings and Attendance

Members	Membership	Appointment	Attendance	
Mr Thayaparan Sangarapillai	Chairman/Independent Non-Executive Director	1 December 2017	5/5	100%
Datuk Wan Selamah Wan Sulaiman	Member/Independent Non-Executive Director	1 March 2016	5/5	100%
Dato' Sri Abdul Hamidy Abdul Hafiz	Member/Independent Non-Executive Director	1 December 2017	5/5	100%
Dato' Ahmad Pardas Senin	Member/Independent Non-Executive Director	1 December 2017	5/5	100%

Detailed Terms of Reference of the GAC is available at http://www.simedarby.com/operating-responsibly/governance.

Composition

The GAC, chaired by Mr Thayaparan Sangarapillai, comprises four members, all of whom are Independent Non-Executive Directors, in compliance with the listing requirements of Bursa Malaysia Securities and the Malaysian Code on Corporate Governance.

Roles and Responsibilities

The GAC is a committee of the Sime Darby Board tasked with the following primary objectives:

(a) To assist the Board in fulfilling its statutory and fiduciary responsibilities of monitoring the Group's management of its financial risk processes, accounting and financial reporting practices;
(b) To review the Group's business processes, quality of accounting function, financial reporting and internal controls;
(c) To enhance the independence of both the external and internal audit functions by providing direction and oversight on behalf of the Board; and
(d) To assist the Board in ensuring that an effective ethics programme is implemented across the Group and monitoring compliance with established policies and procedures.

In discharging its responsibilities, the GAC is assisted by the Group Corporate Assurance (GCA) and Group Compliance and Integrity (GCI) departments.

In order to streamline the roles and responsibilities of the Group's governance functions, the GAC's Terms of Reference were amended in November 2020. The following functions and duties have been re-designated to the Risk Management Committee (RMC):

(i) To oversee the formulation and implementation of policies and programmes to address the Group's key compliance risk areas; and
(ii) To evaluate the effectiveness of the Group's compliance management structure, processes and support system; and
(iii) To ensure the adequacy of resources and systems for compliance management.

The restructuring of the GAC's Terms of Reference also led to a change of GCI's functional reporting line from the GAC to the RMC.

Nonetheless, GCI still reports to the GAC on matters related to Sime Darby's Group Policies and Authorities (GPA), Group Procurement Policies and Authorities (GPPA) and Code of Business Conduct (COBC).

Effective Audit & Risk Management

Key Activities of FY2021

Financial Reporting

- All quarterly financial results and the annual audited financial statements for FY2021 were reviewed and recommended to the Board for approval; and
- The GAC's review focused on changes to accounting policies, areas of significant judgement, corrected and uncorrected misstatements.

External Audit

- Reviewed and approved the Group Audit Plan, which outlines the audit strategy and approach for FY2021;
- Affirmed that Messrs. PricewaterhouseCoopers PLT and all members of its engagement team maintained their independence in accordance with the provisions of the By-Laws on Professional Ethics, Conduct and Practice of the Malaysian Institute of Accountants;
- Noted the internal control memorandum for FY2020;
- Considered in consultation with the Management, the audit fees of the external auditors for FY2021 for recommendation to the Board for approval; and
- Completed the annual external auditor assessment prior to the recommendation for re-appointment to the Board for approval. The assessment covered, amongst others:
  - Governance and independence;
  - Communication and interaction; and
  - Quality of resources and services.

Internal Audit

- Reviewed and approved GCA's Audit Plan and operating budget for FY2022;
- Reviewed internal audit reports at each GAC meeting;
- Considered the following:
  - Results of planned, follow-up and special audits including whistleblowing investigations and data analytics initiatives;
  - Adequacy of the Management's responses to the audit findings and recommendations;
  - Status of audits as compared with the approved Corporate Assurance Plan;
  - Results of the Self-Assessment with Independent Validation on GCA's function performed by KPMG; and
  - Adequacy of audit resources.
- Approved the KPIs for FY2021 and at the end of the financial year, conducted the performance appraisal for the Group Head – GCA.

Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs)

- Reviewed RPTs and RRPTs of the Group to ensure compliance with the Companies Act 2016, the Main Market Listing Requirements and the Malaysian Financial Reporting Standards. The objective is to ensure that RPTs and RRPTs are not accorded conditions more favourable than that generally available to the public, and that they are not detrimental to minority shareholders.

Governance and Regulatory Compliance

- Conducted annual review of the GPA. Changes to the GPA included:
  - Amendments to formalise the quarterly regulatory compliance attestation process for compliance risk areas under the purview of key functions (i.e. Legal, Tax, Health and Safety); and
  - Amendments to formalise the dual reporting line of GCI to the RMC and GAC.
- Conducted review of the GPPA. Changes to the GPPA included introduction of the Mutual Compliance Recognition document, a Vendor Letter of Declaration alternative for international multinational companies, government-linked companies, or government-owned entities who have anti-bribery compliance programmes in place.

Governance and Regulatory Compliance
The following activities were also undertaken by the GAC: Note 1 • Reviewed and endorsed the revised Gifts, Hospitality and Donation procedures for Group-wide implementation; • Reviewed the Statement of Risk Management and Internal Control attestations by the Management; and • Reviewed the Regulatory Compliance Monitoring Report which was carried out through self-assessment and self-attestation. Note 1: The activities noted are for the period of July 2020 to November 2020.

Annual Report
Reviewed and endorsed the following: • Annual Audited Financial Statements for FY2021; • Statement on Risk Management and Internal Control; • The GAC report for inclusion in the FY2021 Annual Report; and • The Corporate Governance Overview Statement.

Other Activities
• Reviewed the Group's cash and borrowings position and cash flow projections; • Reviewed the status of key investments, material litigations and major operational issues; • Reviewed the Group's sponsorships and donations approved by the GCEO for FY2021; • Reviewed the analysis on the Security Commission's Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries and the revised Guidelines issued and noted that the Group was generally in compliance; • Reviewed and recommended the revised Group Finance and Group Treasury policies for the Board's approval; and • Reviewed the initiatives by Group IT on cybersecurity, including the development of the cybersecurity framework and risk reduction measures.

Key Matters Considered

The GAC receives updates on key governance matters, audit initiatives and issues across the Group at each Committee meeting. The Committee also reviews and reports to the Board on significant matters including financial reporting, significant judgments made by the Management, significant and unusual events or transactions, and how these matters are addressed.

Some of the areas and key matters considered by the Committee during the financial year include:

Significant Initiatives/Issues	Matters Considered	Outcomes
Recoverability of the property, plant and equipment and Group's investments in the joint ventures in the Logistics Division	The Management performed an impairment assessment of property, plant and equipment of Weifang Sime Darby Port Co Ltd and Weifang Sime Darby General Terminal Co Ltd in view of the slow growth in cargo handling at the port and concluded that an impairment was required. The recoverable amount of these assets had dropped and an impairment of RM16 million was recorded as at 30 June 2021. An impairment assessment was also performed on the Group's investment in the joint ventures in the Division. The Management concluded that the Group's share of the recoverable amount from its investment in Weifang Sime Darby Liquid Terminal Co Ltd had dropped and accordingly, an impairment of RM69 million was recorded as at 30 June 2021.	The GAC considered and concurred with the Management's assessment and decision on the impairment charge.

Effective Audit & Risk Management

Significant Initiatives/Issues	Matters Considered	Outcomes
Recoverability of the carrying amount of intangible assets in Industrial Australasia	The Management performed an impairment assessment on Cash Generating Units in the Group's Industrial operations in Australasia based on the Value-in-Use method using the five-year discounted cash flows. The Management concluded that impairment was not required for these assets as the operations were projected to continue delivering positive results.	The GAC considered and concurred with the Management's assessment on the recoverability of the intangible assets in the Group's Industrial operations in Australasia.
Impairment of leasehold land in Motors Hong Kong	The Motors Division reviewed the development plan for a piece of vacant land in Hong Kong in view of the changes in the business environment since the purchase of the land in 2015, taking into consideration the restrictions on the development of the land. A professional valuer was then appointed to assess the valuation of the land based on the revised usage. The recoverable value of the land was assessed to be approximately RM88 million and accordingly an impairment of RM89 million was recorded in the financial year ended 30 June 2021.	The GAC considered and concurred with the Management's assessment and decision on the impairment charge.
Gifts, Hospitality and Donations (GHD)	The Management continued its focus on ensuring that the Group has adequate procedures in place across all its operations to comply with Section 17A of the MACC act. The Management had developed GHD policies and limits of authorities (LOA) as part of the Group's Anti-Bribery Management System (ABMS). The GHD policies have been rolled out to all regions Group-wide.	The GAC considered and concurred with the Management's decision.
Cybersecurity Framework	The Management continued its focus on cybersecurity with the adoption of the American National Institute of Standards and Technology's Framework as the Group's Cybersecurity framework. Various steps have been taken by the Management including the setting up of Security Operations Centres in Malaysia, Australia and China, the successful testing of a Disaster Recovery Plan in Malaysia; and the rolling out of a Group-wide cybersecurity awareness programme. A cybersecurity improvement programme is in progress.	The GAC considered the Management's actions and requested for status updates periodically.

Corporate Assurance Department

The Group has an internal audit function which is carried out by the GCA department, headed by Mr Ramesh Ramanathan, who has more than 20 years of experience with two prominent "Big 4" accounting firms. Ramesh is a Fellow Member of the Association of Chartered Certified Accountants (FCCA). He is also a member of the Malaysian Institute of Accountants.

GCA is a centralised function with regional corporate assurance teams having direct control and supervision over audit services across the Group. There are a total of 37 internal auditors across the Group led by regional heads in Malaysia, Australia and China.

GCA is guided by its Charter which specifies functional reporting to the GAC and administrative reporting to the GCEO, to allow an appropriate degree of independence from the operations of the Group. GCA's principal responsibilities are to undertake regular and systematic reviews of internal controls systems, and to provide reasonable assurance that the systems in place continue to operate satisfactorily and effectively throughout the Group.

The GAC reviews, challenges and approves the annual GCA audit plan with periodic reviews to ensure business alignment, appropriate risk assessment and audit methodology, and to ensure robustness in the audit planning process. The GAC also approves the appointment and termination of the Group Head – GCA and GCA regional heads. There were no outsourced audit assignments during the year under review.

The Quality Assurance & Improvement Programme (QAIP), which focuses on the efficiency and effectiveness of audit processes, continues to be applied to assess the quality of audit processes adopted. It is an ongoing internal assessment to identify and make appropriate recommendations for improvement of key activities within GCA. These are carried out in the form of annual internal team validations.

In FY2021, a self-assessment with independent validation was carried out by KPMG on GCA. The assessment found that GCA generally conforms to the International Standards for the Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors, in respect of its positioning, people and processes.

In FY2021, the total cost incurred for the internal audit function at the Group was RM16.5 million (FY2020: RM13.1 million).

Group Compliance & Integrity

GCI assists the GAC in monitoring regulatory compliance and administering the Group's ABMS, which provides reasonable assurance that the Group's operations and activities are conducted in line with key regulatory requirements, internal policies and the COBC.

In July 2021, GCI was merged with Group Risk Management (GRM) into a single function and renamed as Group Risk and Compliance (GRC).

Please refer to the RMC Report on page 150 for further details.

This report is made in accordance with a resolution of the Board of Directors dated 28 September 2021.

Effective Audit & Risk Management

Risk Management Committee Report

Tan Sri Ahmad Badri Mohd Zahir
Chairman of the
Risk Management Committee

Meetings and Attendance

Members	Membership	Appointment	Attendance
Tan Sri Ahmad Badri Mohd Zahir[2]	Chairman/Non-Independent Non-Executive Director	1 December 2020	4/4
Tan Sri Samsudin Osman[1]	Chairman/Non-Independent Non-Executive Director	20 July 2018	4/4
Dato' Lawrence Lee Cheow Hock	Member/Non-Independent Non-Executive Director	20 July 2018	8/8
Ms Moy Pui Yee	Member/Independent Non-Executive Director	20 July 2018	8/8
Mr Thayaparan Sangarapillai	Member/Independent Non-Executive Director	4 September 2019	8/8
Dato' Dr Nirmala Menon	Member/Independent Non-Executive Director	26 November 2019	8/8

Note:
1. Ceased to be Chairman of NRC 1 December 2020
2. Appointed as Chairman of NRC 1 December 2020

Composition

The Risk Management Committee (RMC) led by Tan Sri Ahmad Badri Mohd Zahir, consists of three Independent Non-Executive Directors and a Non-Independent Non-Executive Director. Members of the RMC bring with them a diverse set of expertise and experience and have solid understanding of the sectors in which the Group operates.

This enables them to execute their role of anticipating, assessing and mitigating potential risks, by challenging and facilitating robust discussions on the management of the Group's key risk areas.

Roles and Responsibilities

The RMC is primarily responsible for risk monitoring and oversight across the Group. The Committee assists the Board in discharging its main responsibilities of identifying principal risks and key trends and deliberating strategic action plans to mitigate the impact of such risks.

Specific duties of the RMC are as follows:

(a) Oversee the implementation of the Group's Enterprise Risk Management Framework, policies and procedures in identifying and managing risks across the Group's business operations;
(b) Review major business proposals which include acquisitions, disposals, capital expenditure and sales tenders and Management's assessment of its key associated risks and the mitigation strategies prior to the Board's approval;
(c) Ensuring the adequacy of resources and systems for risk and compliance management; and assessing the effectiveness of the Group Risk Management (GRM) department in carrying out its respective duties and responsibilities in assisting the RMC.

In order to streamline the roles and responsibilities of the Group's governance functions, the RMC's Terms of Reference (TOR) were amended in November 2020 to include the following roles and responsibilities on compliance management:

(i) To oversee the formulation and implementation of policies and programmes to address the Group's key compliance risk areas;
(ii) To evaluate the effectiveness of the Group's compliance management structure, processes and support system; and
(iii) To ensure the adequacy of resources and systems for compliance management.

The restructuring of the RMC's TOR led to a change of Group Compliance and Integrity's (GCI) functional reporting line from the Governance and Audit Committee (GAC) to the RMC.

In discharging its responsibilities, the RMC is assisted by the GRM and GCI departments. Nonetheless, GCI still reports to the GAC on matters related to Sime Darby's GPA, GPPA and COBC.

Detailed Terms of Reference of the RMC is available at https://www.simedarby.com/operating-responsibly/governance

Group Risk Management

GRM's primary role is to assist the RMC and the Board in discharging their risk management responsibilities.

GRM is structured to ensure that adequate support is provided at both the GHO and Divisional levels, with responsibilities mainly, but not limited to the following:

- Outline a strategic plan to guide the priorities and direction of the Group's risk management activities;
- Develop appropriate risk management policies and guidelines;
- Conduct annual or periodical review of the Group Risk Management Policy and Framework, as well as continuously monitor risk exposure across the Group;
- Develop and articulate the Group's risk appetite, and periodically assess the level of risk exposure via continuous monitoring of risk tolerance and limits;
- Facilitate risk management structure, processes, tools and systems to support risk assessment activities at the GHO and Divisional levels;
- Conduct risk assessments on all major business proposals in accordance with the Group's Limits of Authority; and
- Continuously inculcate and raise risk awareness across the Group.

GRM is currently headed by Mr Richard Ong Aik Jin. Richard is a Fellow Member of the Association of Chartered Certified Accountants with 15 years of experience in governance, risk and control.

He is responsible for implementing appropriate systems, programmes and initiatives to manage the Group's overall risk exposure. Richard also leads and manages the Group's insurance and business continuity management programmes.

Group Compliance and Integrity

GCI monitors regulatory compliance and administers the Group's Anti-Bribery Management System, which provides reasonable assurance that the Group's operations and activities are conducted in line with key regulatory requirements, internal policies and the COBC.

GCI stands guided by its Compliance Charter and Compliance Management Framework.

GCI is headed by Ms Chuah Yean Ping, a member of The Honourable Society of Lincoln's Inn. Ms Chuah was admitted to the Malaysian Bar in 1996. With over 20 years of work experience, beginning as a legal practitioner, she now heads compliance activities across the Group.

Restructuring of GRM and GCI

In July 2021, GRM and GCI were merged into a single function and renamed as Group Risk and Compliance (GRC). This was undertaken to streamline the Group's governance functions and to align with the RMC's revised TOR which now includes regulatory compliance matters.

GRC reports functionally to the GAC and the RMC, with administrative reporting to the GCFO. The dual reporting line ensures a level of independence and objectivity in discharging of responsibilities.

GRC is currently headed by Mr Richard Ong Aik Jin (Acting Head).

Effective Audit & Risk Management

Key Activities of FY2021

Risk Culture and Awareness

Implemented training courses once in every quarter for the Group's risk fraternity to enhance their knowledge and understanding of risk management across the business. Key performance indicators for risk champions have been developed to track and reward risk champions' performance.

Data Privacy Management

Reviewed and advised the Board on data privacy management risks for key business units in key markets as well as enhanced the Group's Personal Data Privacy Policy, a combined initiative with GCI and Group Legal.

Bribery Risk Assessment

Reviewed and advised the Board on bribery risks for key business units in key markets in line with Transparency International guidelines.

Risk Appetite Statements

Developed, tracked and monitored the Risk Appetite Statement which articulates the level of risk that the Group is prepared to take in pursuing its strategic objectives. Please see pages 61 and 63 for more details.

Appraise New Investments

Evaluated risks pertaining to new major business proposals in accordance with the Group's Limits of Authority.

Review of Group and Divisional Risks

Reviewed and assessed the Group's and Divisional risk profiles and managed the significant financial and non-financial risks identified.

Business Continuity Management

Developed a road map to enhance the Group's overall Business Continuity Management (BCM) programme, which included the set-up of a BCM Steering Committee and the formalisation of governance, policies and procedures across the Group. A Group BCM Framework has been established to facilitate and strengthen the Group's preparedness and resilience during a crisis and/or disaster.

Regulatory Compliance

The following compliance management activities were undertaken by the RMC: [Note 1]

- Reviewed the Statement of Risk Management and Internal Control attestations by the Management;
- Reviewed the Regulatory Compliance Monitoring Report which was carried out through self-assessment and self-attestation; and
- Assessed status of compliance for identified additional key compliance risk areas, including environment, safety & health, labour law, tax compliance, securities & companies' requirements, and legal.

Note 1: The activities noted are for the period of November 2020 to August 2021

The focus areas for FY2021 as highlighted in the Annual Report 2020 were successfully implemented.

Focus Areas for FY2022

The RMC will continue to assist the Board to oversee the implementation of the Group's Enterprise Risk Management Framework, which includes recommending the appropriate risk appetite, policies and risk management methodologies throughout the Group. The RMC's key priorities and initiatives for FY2022 include:

Risk Management Culture and Awareness

Continue to guide GRM in rolling out programmes to enhance knowledge and understanding of risk management among employees across the Group.

Risk Management Blueprint/ Activities

Provide guidance, governance and oversight over the implementation of strategic priorities and initiatives outlined in the Risk Management Blueprint.

Read pages 51 to 61 for more information.

GRM-Developed Initiatives and Programmes

Assess the effectiveness of these initiatives in instilling risk awareness across the Group, including the integration of risk management into the day-to-day decision-making process across all operations.

Strategic and Emerging Risks

Review and monitor strategic and emerging risks based on approved risk appetite thresholds. Evaluate the effectiveness of internal controls and mitigative actions to ensure that risks taken are within the Group's risk appetite and in the event of a breach, are within the Group's risk appetite threshold.

Business Continuity Management

Evaluate effectiveness of the Group's Business Continuity Management programme with an aim towards strengthening the Group's preparedness and resilience during crisis or disasters.

Regulatory Compliance

Oversee the formulation and implementation of policies and programmes to address the Group's key compliance risk areas. These key compliance risk areas will be subsumed into the Enterprise Risk Management (ERM), with compliance status to be assessed via quarterly Divisional risk profile submissions.

Anti-Bribery Management System (ABMS)

Validate the adequacy of the Group's ABMS by undertaking an independent, external review.

Post Restructuring Activities for Group Risk and Compliance

Oversee GRC's post-restructuring activities, e.g., re-strategising its plans, priorities and initiatives; identifying potential areas of synergy; and streamlining its resources and scope of responsibilities. Please refer to the Risk Management report on pages 51 to 63 for further details.

Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders

We recognise that stakeholder engagement is an important component of good corporate governance.

The Board maintains open and constructive relationships with all its stakeholders – large and small, institutional and private. We define our key stakeholders as those who influence or are influenced by our businesses. They include investors, customers, suppliers, business partners, employees, communities, governments, authorities and regulators, the media, NGOs and international bodies. The Board does not distinguish between institutional and private investors and treats all shareholders equally. Hence steps are taken to ensure that all investors have access to the same information and disclosures.

The Chairman, supported by the Management, has the overall responsibility of ensuring that the Group listens to and effectively communicates with its stakeholders.

The Group's Investor Relations unit, headed by the Group Chief Strategy Officer, facilitates communication between the Group and the investment community. Pertinent matters that may concern stakeholders include strategic developments, financial results and material business matters affecting the Group. A comprehensive investor relations programme, designed for institutional investors and private shareholders, addresses these matters on a regular basis.

How the Group Communicates

The Investor Relations unit conducts regular meetings, conference calls and site visits with investors to keep the investment community abreast of the Group's operations, strategic developments and financial performance. In addition, investment roadshows are held to engage with shareholders and potential investors across the globe.

Engagements in FY2021
1. UBS Industrial Conference 2020 – 1 July 2020
2. FY2020 Results Announcement – 27 August 2020
3. CLSA Investor Forum 2020 – 10 September 2020
4. Nomura Regional Industrial Corporate Day – 24 September 2020
5. UBS One ASEAN Conference – 25 September 2020
6. 14th Annual General Meeting – 12 November 2020
7. 1QFY21 Analyst Briefing – 26 November 2020
8. CGS-CIMB 13th Annual Malaysia Corporate Day – 5 January 2021
9. Credit Suisse ASEAN Conference 2021 – 6 and 7 January 2021
10. 2QFY21 Analyst Briefing – 25 February 2021
11. Credit Suisse Asian Investment Conference – 22 March 2021
12. 3QFY21 Analyst Briefing – 25 May 2021
13. UBS ASEAN Virtual Conference – 17 June 2021

Quarterly Financial Results Briefings and Announcements

The Investor Relations unit and the Group Communications department provide the investment and media community with an up-to-date view of the Group's financial performance and operations via analyst briefings and press conferences. These sessions coincide with the release of the Group's quarterly financial results on Bursa Malaysia Securities. These sessions are also broadcasted live via webcast to members of the investment community and the media who are overseas or are unable to participate in person.

Corporate Website

To communicate with its stakeholders, the Group maintains a comprehensive website that includes an up-to-date investor centre. News, announcements, share price updates, investor presentations, events and other relevant information are posted on the website.

Shareholders are also welcomed to raise queries by contacting the Group at any time throughout the year. Contact details are available at the Contact Us section of the Group's website at http://www.simedarby.com/contact-us.

Annual General Meeting (AGM)

The AGM provides a platform for the Chairman and GCEO to share with shareholders how the Group has performed during the year.

It also provides all shareholders the opportunity to put forward questions to the Chairman of the Board, the chairmen of the Governance and Audit, Nomination and Remuneration and Risk Management committees, and to the Senior Independent Director.

At these meetings, e-polling is conducted on each resolution. Shareholders also have the opportunity to cast their votes by proxy in advance of the meeting. Following the AGM, results of the polls are published on the Group's website and released to Bursa Malaysia Securities.

The FY2021 AGM will be held virtually at 10.00 a.m. on 18 November 2021. The notice of the AGM is issued at least 28 days prior to the date of the meeting in accordance with the Malaysian Code on Corporate Governance 2017.

The notice and agenda will also be published in the local Bahasa Melayu and English newspapers and made available on the Group's website at www.simedarby.com.

Financial Calendar for the Financial Year Ended 30 June 2021

Announcement of Unaudited Consolidated Results

1st Quarter ended 30 September 2020	2nd Quarter ended 31 December 2020	3rd Quarter ended 31 March 2021	4th Quarter ended 30 June 2021
26 November 2020	25 February 2021	25 May 2021	25 August 2021

Dividends

1st Interim Dividend of 2.0 sen and Special Dividend of 4.0 sen per Ordinary Share	
Announcement of the Notice of Entitlement and Payment:	25 February 2021
Date of Entitlement:	26 April 2021
Date of Payment:	11 May 2021
2nd Interim Dividend of 8.0 sen and Special Dividend of 1.0 sen per Ordinary Share	
Announcement of the Notice of Entitlement and Payment:	25 August 2021
Date of Entitlement:	13 September 2021
Date of Payment:	30 September 2021

15th Annual General Meeting	Notice Date 20 October 2021	Meeting Date 18 November 2021

Statement on Risk Management and Internal Control

Introduction

The Board is pleased to provide this statement on Risk Management and Internal Control (Statement) which outlines the nature of risk management and internal controls within Sime Darby for the year under review.

Risk management and internal controls are integrated into management processes and embedded in the business activities of the Group.

Responsibilities and Accountabilities

A) The Board

The Group is led by the Board. The Board has delegated the governance and risk management responsibilities to Board Committees which ensure independent oversight of internal controls and risk management. Notwithstanding the delegated responsibilities, the Board takes overall responsibility in the establishment and oversight of the Group's risk management framework and internal controls systems. The Board is cognisant of its role in setting the tone and in nurturing a culture towards managing key risks to achieve the Group's business objectives. The Board also recognises that internal controls systems are designed to manage and minimise rather than eliminate and avoid occurrences of material misstatements or unforeseeable circumstances, fraud or losses.

- **Governance & Audit Committee**
  The key responsibility of the GAC is to assist the Board in fulfilling the Board's statutory and fiduciary responsibilities of monitoring the Group's management of financial risk processes, accounting and financial reporting practices. The GAC is also tasked to review the processes and quality of the Group's accounting function, financial reporting and the internal controls system. This involves the implementation of an effective ethics programme across the Group, and monitoring compliance of established policies and procedures.

  The GAC's Terms of Reference and activities in assessing the adequacy and effectiveness of internal controls system and their implementation within the Group are detailed on pages 145 to 149 of this annual report.

  In discharging its duties, the GAC is supported and assisted by two functional units within the Group, i.e. Group Compliance and Integrity (GCI) and Group Corporate Assurance (GCA).

- **Risk Management Committee**
  The RMC assists the Board in providing oversight, direction and counsel on the overall risk management process; establishing and reviewing the risk management framework, processes and responsibilities; as well as assessing whether they provide reasonable assurance that risks are managed within tolerable ranges. The RMC is also entrusted to set the tone and culture towards effective risk management and control within the Group.

  In discharging its responsibilities, the RMC is assisted by the Group Risk Management (GRM) department.

  The RMC's Terms of Reference were amended in November 2020 to include additional scope on regulatory compliance monitoring. The restructuring of the RMC's Terms of Reference also led to a change of GCI's functional reporting line from the GAC to the RMC.

  The responsibilities of the RMC are detailed on pages 150 to 153 of this annual report. The RMC is chaired by a Non-Independent Non-Executive Director.

B) The Management

The Management is responsible for implementing Board-approved frameworks, policies and procedures related to risk management and internal controls. The Management is also accountable for identifying, assessing and monitoring the risks that may impede the Group's goals and objectives.

The Management's responsibility includes but is not limited to:

- Implementing relevant policies and processes to identify, evaluate, monitor and report risks and internal controls.
- Ensuring appropriate and timely corrective actions are taken to strengthen internal controls and to minimise occurrence of non-compliant incidents.
- Assuring the Board that adequate mitigative actions have been promptly and properly carried out to address any lapses.
- Setting the right example (in words and actions) to encourage and reinforce the importance of ethical business conduct.
- Applying all required rules and regulations.
- Seeking guidance from the Board on matters concerning risks and internal controls when required.

The Management also provides assurance to the Board that the risk management and internal controls systems are adequate and are operating effectively based on the risk management framework adopted by the Group.

C) Group Compliance & Integrity

GCI's main role is to assist the Board, GAC, RMC and the Management in coordinating compliance and risk management activities such as programmes or activities to identify, mitigate and educate employees about the risks of non-compliance, and to provide reasonable assurance that the Group's operations and activities are conducted in line with key regulatory requirements. This role is executed via oversight, coordination, consultation, validation and monitoring of the Group's state of compliance.

In recognising the diverse nature and the challenges faced by the Group, GCI's programmes and activities are tailored to meet the specific needs and requirements of each Division focusing on emerging areas of compliance not addressed or covered by other assurance functions to minimise duplication of work.

GCI's mandate and activities are detailed on page 149 of this annual report.

D) Group Risk Management

GRM assists the Board and RMC in discharging their risk management responsibilities.

GRM is structured to provide adequate support to both the GHO and the Divisions with regards to the management of risk.

GRM also sets the strategic plan to guide the priorities and direction of the Group's risk management activities.

GRM's mandate and activities are on page 151 of this annual report.

In July 2021, GRM and GCI were combined into one single function and renamed as Group Risk and Compliance (GRC). Please refer to page 54 for more information.

E) Group Corporate Assurance

GCA which is an integral part of the Group's internal controls system, reports directly to the GAC.

GCA's primary role is to provide independent, reasonable, and objective assurance in addition to business advisory reviews designed to add value and improve efficiency of the Group's operations.

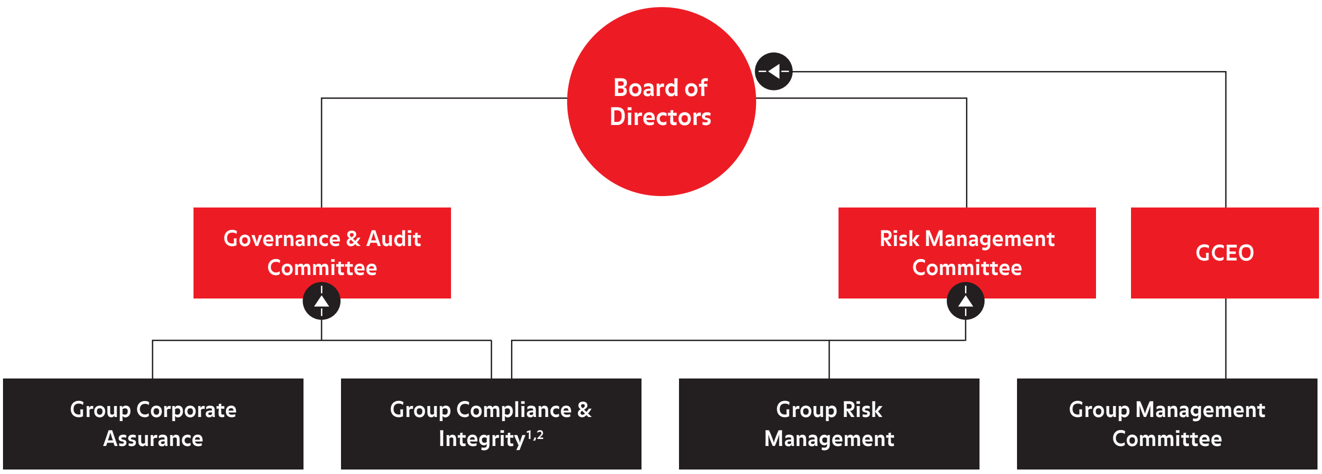
In supporting the Group to achieve its objectives, GCA employs a systematic and disciplined approach to evaluate and recommend improvements for the effectiveness of risk management, internal controls and governance processes.

A risk-based annual audit plan is developed by GCA which sets out GCA's audit engagements within the Group for the year, and is reviewed and approved by the GAC. GCA's audit practices conform to the International Professional Practices Framework (IPPF) published by the US Institute of Internal Auditors Inc.

GCA conducts periodic assessments of emerging business risks and actively monitors and responds to adverse indicators and key risks. Adjustments are made to the audit coverage as required, including scope extensions and/or undertaking special reviews with amendments to the audit plan. These are reported to the GAC periodically.

GCA's mandate and activities are detailed on page 149 of this annual report.

Reporting Structure – Assurance, Compliance and Risk



1. Effective from Nov 2020, GCI's functions in relation to formulation, implementation, monitoring and evaluation of the effectiveness on compliance management structure, processes as well as support system were discharged to RMC. GCI still reports to the GAC on matters related to Sime Darby's GPA, GPPA and COBC.
2. In July 2021, GRM was merged with GCI into one single function and renamed as Group Risk and Compliance (GRC).

Statement on Risk Management and Internal Control

Risk Management and Internal Controls Framework

The Group's ERM Framework is integrated and where appropriate, embedded into the day-to-day business activities and management decision-making. Designed and adapted as reasonably practicable from the ISO 31000:2018 Risk Management Guidelines, the framework is aimed at establishing a robust risk management process across the Group and to ensure that all business risks are prudently identified, analysed and effectively managed.

Supporting this broader risk management framework is a system that facilitates internal controls design and operating effectiveness to manage key risks.

Key aspects of the Group's overall risk management and internal controls system are selectively outlined below, where they provide assurance that the Framework is adequate and effective for the purposes of this Statement.

Mandate and Commitment

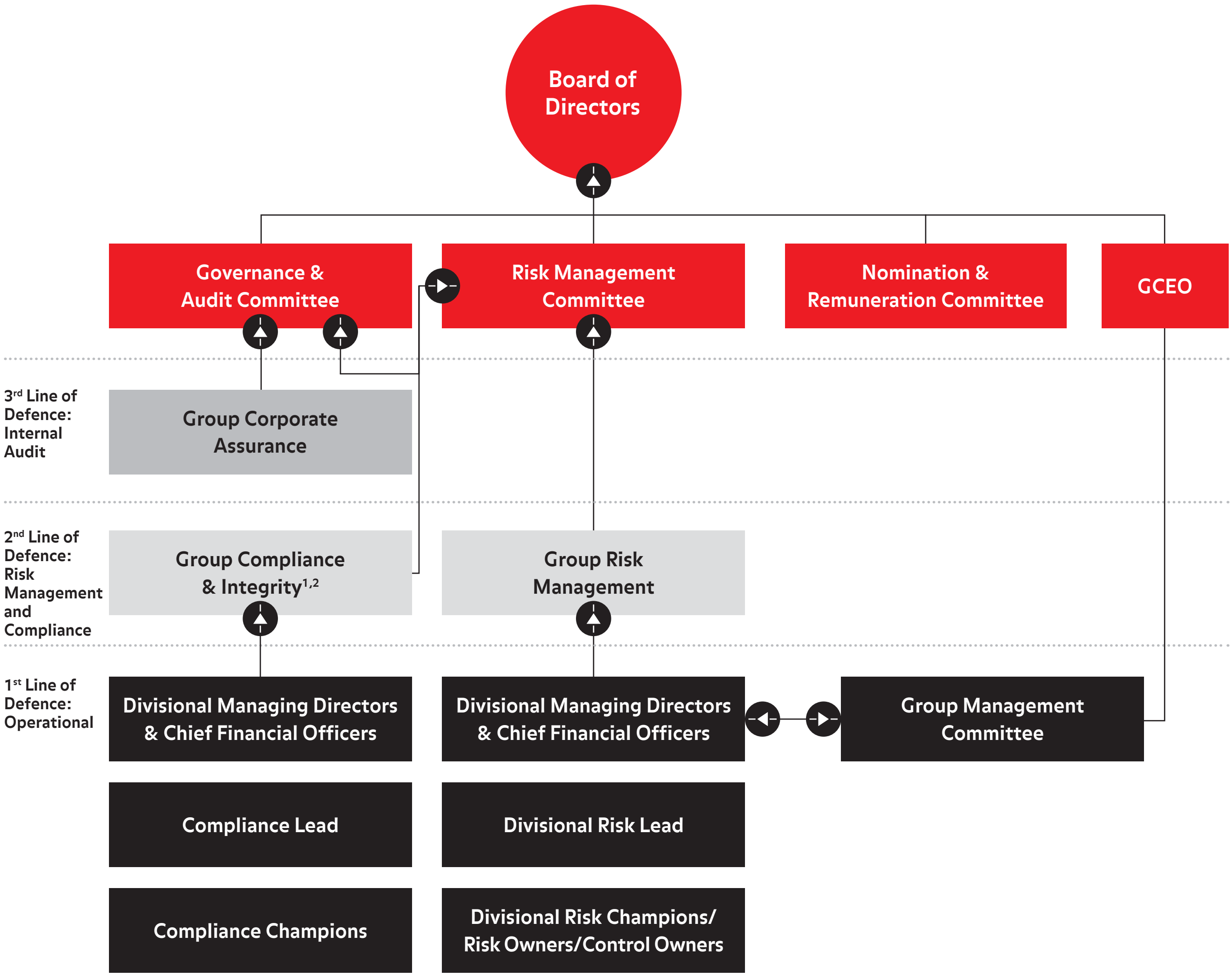
The Board has approved, via the RMC, an ERM Framework which encapsulates the governance arrangements as well as assigns responsibility to relevant levels of management and operations.

The implementation of the Framework is ultimately the responsibility of the GCEO and members of the Sime Darby Group Management Committee. Evidence of implementation can be seen in the appropriate risk management practices integrated into the relevant business processes.

These practices which assist in decision-making aimed at achieving the Group's objectives are supplemented by a more formal and explicit risk management process.

The diagram below provides an overview of the governance structure:

Overview of the Group's Governance Structure



1. Effective from Nov 2020, GCI's functions in relation to formulation, implementation, monitoring and evaluation of the effectiveness on compliance management structure, processes as well as support system were discharged to RMC. GCI still reports to the GAC on matters related to Sime Darby's GPA, GPPA and COBC.
2. In July 2021, GRM was merged with GCI into one single function and renamed as Group Risk and Compliance (GRC).

Integration of Risk Management and Internal Control

Integration of the formal ERM Framework into the wider management framework occurs wherever practicable. The Group has embedded risk assessment into key operational activities and decision-making processes across the Group (refer to the tables below).

Risk assessments are performed based on a pre-defined risk management process adapted from ISO 31000 guidelines as well as globally acceptable risk management practices.

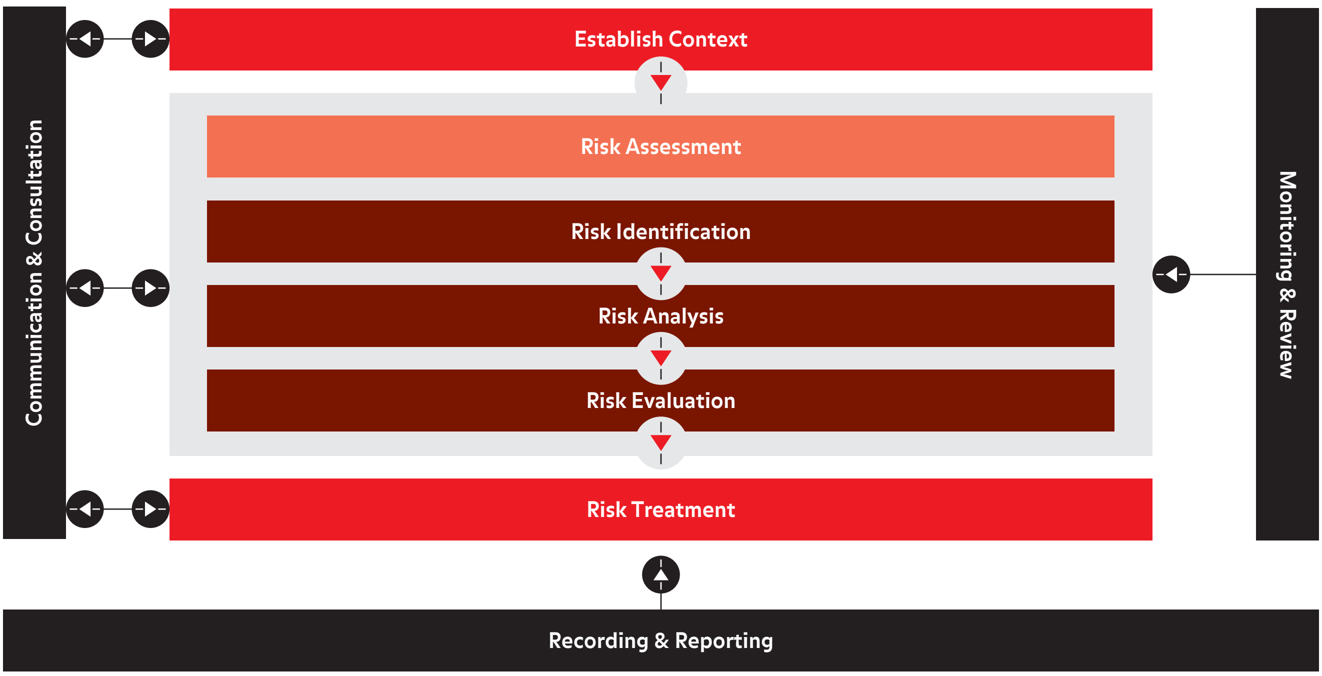
Risk Assessment Activities

Level/Context	Assessment	Management Involvement	Frequency
Strategic	Annual Strategy Planning	Set risk appetite, tolerance, limits and threshold	Annually
Enterprise-wide (Division/Business Units/Operating Units)	Quarterly Risk Profile Submission and Reporting	Update risks to reflect changes in rating, status of controls and action plans	Quarterly
Major Proposals/ Investments*	Proposal/Investment Risk Assessment	Assess key risk exposure and controls required to manage them	As required

* Selective investments/tenders based on the Group Policies and Authorities.

As illustrated, a top-down review of enterprise level risks is conducted as part of the annual strategic planning update to ensure that the risk implication of any change in strategy is identified, assessed and documented. This is supplemented by quarterly risk updates and regular reviews of projects along with assessments of investment proposals and tenders where required. The outcome of these reviews is the identification of new risks and the reassessment of others, and may also lead to the development of specific action plans. Where conditions significantly change during the year, changes to the strategy and risk implication may be necessary.

Risk Management Process



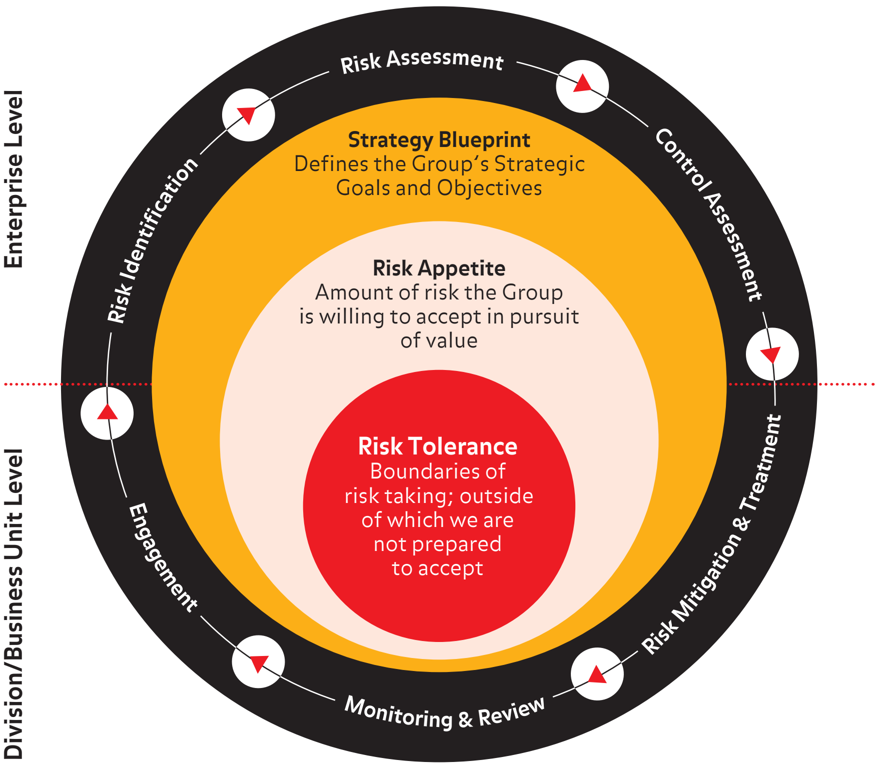
Statement on Risk Management and Internal Control

Risk Appetite

Risk appetite refers to the amount of risk an organisation is prepared to accept in pursuit of its strategic objectives. The Board, via the RMC, determines the Group's risk appetite and tolerance, and ensures that it is communicated appropriately across the Group. The Group's risk appetite is documented in a formal written statement (Risk Appetite Statement) which articulates the Group's risk strategy. The Risk Appetite Statement was developed by GRM, in consultation with the RMC and the Group Management Committee, and was presented to the Board for approval.

GRM has also developed a Risk Appetite Framework to guide the formulation and implementation of risk appetite statements. This is shown in the following diagram:

Risk Appetite Framework



How it works

Risk appetite is developed in alignment with the strategic goals and objectives of the Group, as identified in the Strategy Blueprint; and refers to the amount of risk that the Group is willing to accept in pursuing its goals and objectives.

The Risk Appetite Statement provides measurable guidelines demonstrating the Group's risk tolerance levels.

Risk appetite statements are crafted at the Group Level and cascaded down to the Divisions and operating units.

Execution and monitoring of risk appetite occur within the risk management framework and through periodic risk assessments and monitoring processes.

Any breaches of risk tolerance limits will be reported to the RMC. Any breaches of appetite or limits also warrants the need to review the effectiveness of internal controls and mitigation actions; or a need to recalibrate the appetite or limits if they no longer reflect the Group's actual risk appetite.

Please refer to pages 61 to 63 for more details on the Group's risk appetite statements.

Control Environment

- **Group Policies and Authorities**

  The Board has put in place the GPAs which act as a key pillar of the Group's governance framework. It is a tool the Board uses to formally delegate functions and empowers to the Management with specific oversight and supervisory functions. This enables the Board to facilitate a robust yet controlled environment encircling clear lines of responsibilities, accountability and authority limits that are aligned with the Group's business operations. As the GPAs cover a wide range of areas, they also act as an ethical road map for the Group's diverse businesses to navigate the intricacies of global business practices and cultures. The GPAs are reviewed annually whereby any new GPAs and/or enhancement to the current GPAs are approved by the Board prior to implementation. The Divisions develop further delegated authorities, with supporting policies and procedures based on the mandate and guidance provided by the GPAs. The key supporting policies and procedures developed are as listed below:

- **Core Values, Business Principles and the Code of Business Conduct (COBC)**
  The Group has clearly set out expected behaviours of Directors and employees of the Group in the Group's Core Values, Business Principles and the COBC. An attestation programme is in place with the aim to confirm that each Director and employee has read and agreed to comply with the provisions of the COBC.

  The COBC is available at https://www.simedarby.com/sites/default/files/pdf/cobc_web_09032021.pdf

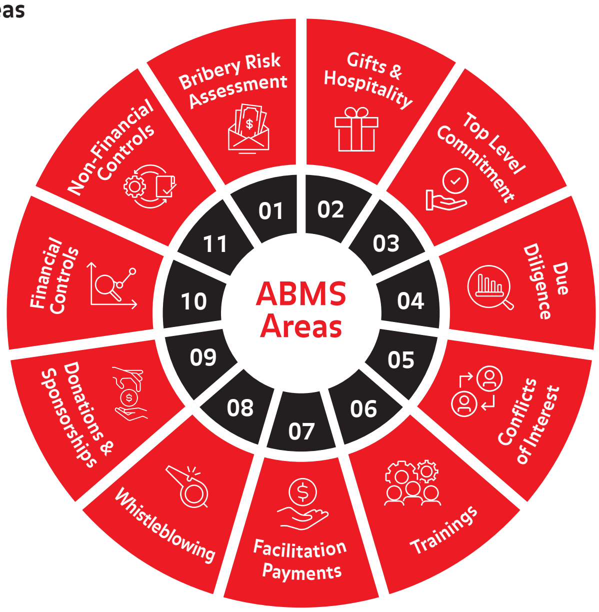
- **Integrity, Anti-Bribery and Anti-Corruption**
  The Group's COBC articulates expected behaviours of all Directors and employees in dealing with internal and external stakeholders. Strict adherence is expected without compromise. It upholds the Group's core values, the first of which is Integrity. The Group has in place the Anti-Bribery and Anti-Corruption Policy to strengthen the ring-fencing of the Group's ethics parameters, particularly in the areas of anti-bribery and anti-corruption.

  The Anti-Bribery and Anti-Corruption Policy may be accessed from https://www.simedarby.com/sites/default/files/anti-bribery_anti-corruption_policy_february_2019.pdf

The Group also has in place an Anti-Bribery Management System (ABMS). In November 2019, GCI formalised the appointment of Compliance Champions throughout the Group (compliance governance structure), to increase efficiency for the ongoing implementation and monitoring of compliance obligations (in particular, ABMS) throughout the Group's operations. All Compliance Champions carry 10% compliance KPI in their respective scorecards. In demonstrating top level commitment, an Anti-Bribery and Anti-Corruption Steering Committee (ABC Steering Committee) has been set up, chaired by the GCFO. Members of the ABC Steering Committee include the Group Secretary, Acting Head – GRC, Head – GCI and Division Managing Directors. The role of the ABC Steering Committee is to advise the GCEO on the progress of continuous improvement of the Group's ABMS and to escalate anti-bribery issues to the GCEO for finality on Management's position.

Sime Darby Berhad's ABMS is guided by the requirements of the Adequate Procedure T.R.U.S.T Guidelines, as issued by the National Centre for Governance, Integrity and Anti-Corruption (GIACC) and the Prime Minister's Office, Malaysia. Correspondingly, the requirements of these Adequate Procedure T.R.U.S.T Guidelines have been summarised in a framework for the Group through the lenses of 11 key areas, in order to develop, implement and improve the Group's anti-bribery policies and procedures as necessary.

ABMS Areas

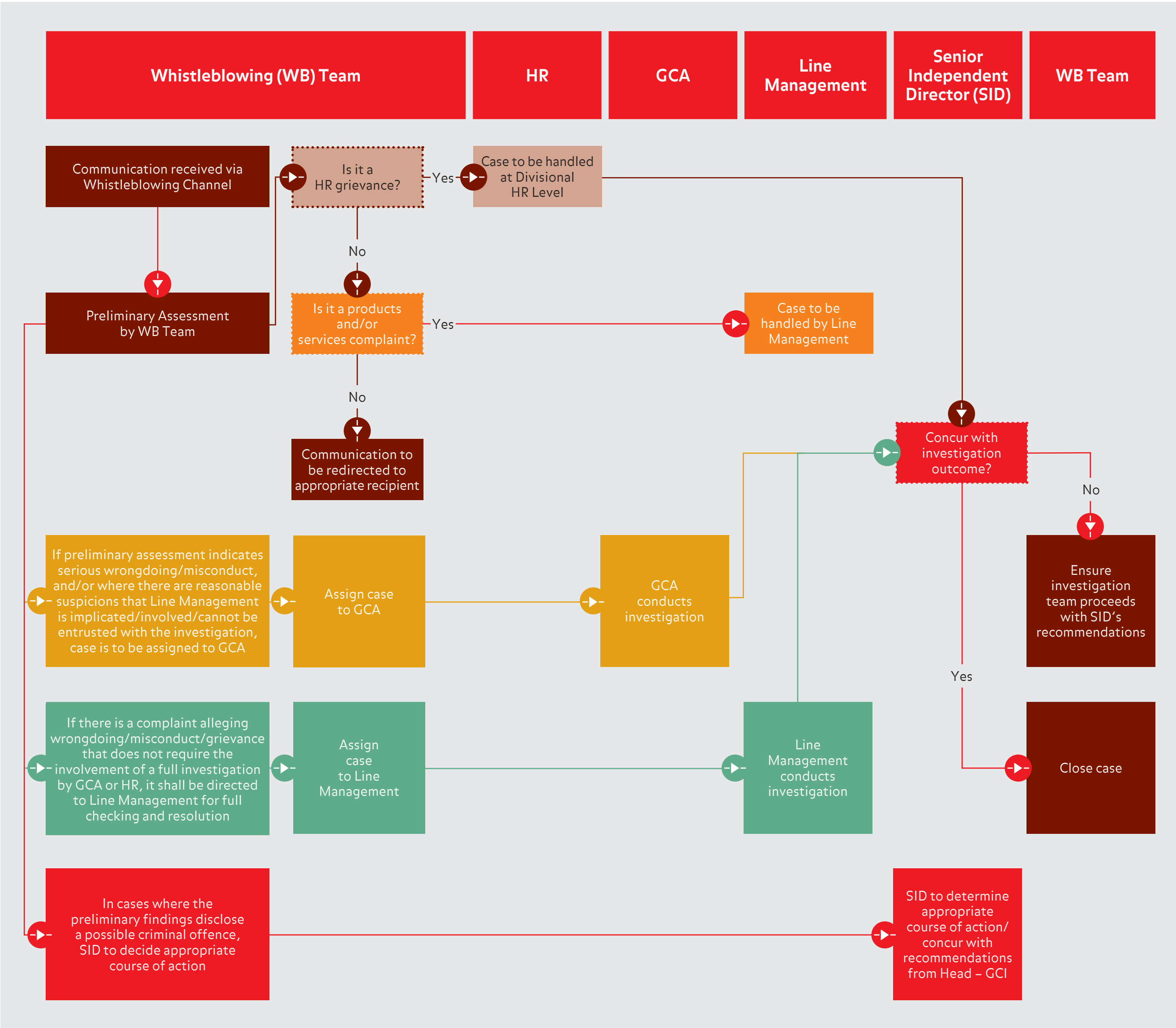


- **Whistleblowing Policy and Whistleblowing Mechanism/ Channels**
  The Group has in place a Whistleblowing Policy that provides clarity on the oversight and responsibilities of the whistleblowing process, the reporting process, protection of whistleblowers and the confidentiality afforded to whistleblowers. The primary aim of the Whistleblowing Policy and its supporting mechanism is to enable individuals to raise genuine concerns without fear of reprisal. The policy on whistleblowing as set out in the GPA is available in the Group's Enterprise Portal.

  An overview of the whistleblowing policy is accessible to all at https://www.simedarby.com/operating-responsibly/whistleblowing

Statement on Risk Management and Internal Control

A brief summary of how whistleblowing communications are escalated through the organisation is provided as follows:



The Group's whistleblowing mechanism and channels are managed by GCI, to provide independence from Management. This is articulated in the Whistleblowing Policy (as stated in the GPA), where GCI can be contacted for reporting either through emails, letters, or calls. The Senior Independent Director has oversight over all whistleblowing cases, from the receipt of the cases, through to the closure of each investigation. A summary of trends and analysis reports is presented to the Board for notation twice each year.

- **Group Procurement Policies and Authorities**
  The Group Procurement Policies and Authorities (GPPA) covers all types of purchases (capital expenditure, operating expenditure, trade) across the countries in which the Group operates. The GPPA states the key principles and procedures required in the procurement of goods and services within the Group. These key principles and procedures shall also serve as guidelines in establishing the detailed procurement procedures at all Divisions.

- **Vendor Code of Business Conduct**
  Vendors are expected to adhere to standards of behaviour aligned to promote a fair, honest, and ethical business environment. The Group's Vendor COBC provides a guide on these standards of behaviour when dealing with or on behalf of the Group.

- **Vendor Letter of Declaration**
  The Vendor Letter of Declaration (VLOD) was introduced as one of the Group's initiatives to align the Group's expectations with the behaviours of our suppliers and the principles contained in the Vendor COBC. The VLOD captures vendors' formal affirmation to comply with the principles of the Vendor COBC, to refrain from involvement with any offence of bribery, corruption or fraud; and to refrain from engaging in bribery, corruption or fraud with the Group.

The VLOD is available at https://www.simedarby.com/sites/default/files/vlod_eng_2018.pdf

- **Regulatory Compliance Monitoring**
  The Group's state of compliance to key regulatory requirements is monitored to manage potential breaches and to detect incidents which may have a material effect on this Statement.

- **Risk Management Policy**
  The Group has a formal risk management policy that describes the risk management framework and supporting processes that have been approved by the RMC. Supporting policies, standards and guidelines are also available to guide decision making. Wherever appropriate, risk management practices are integrated into operating policies, procedures and guidelines.

- **Business Continuity**
  The Group has established a formal business continuity management framework that describes the business continuity standard and guidelines for Group-wide. The Management is responsible to ensure that the Group is able to respond to and recover from significant unexpected events. The work on BCM is an ongoing initiative to facilitate the development of robust policy, frameworks and plans to protect the interests of all stakeholders.

- **Financial Budgets**
  The Group's Divisions prepare budgets on an annual basis.

  The budgets are reviewed by Management prior to submission to the Board for approval. The Group Management Committee reviews the Division's financial performance (actual against budget) and forecasts for the financial year on a regular basis. Additionally, the financial performance of the Group is reported to the Board on a quarterly basis.

Communication and Reporting

- **Reporting to Shareholders/Stakeholders**
  External stakeholder relations and communication are given high priority in view of the types of risks faced by the Group.

  As a multinational company in Malaysia, an effective external communications strategy is essential to protect the Group's reputation.

  The Group has established processes and procedures to ensure that quarterly and annual audited financial statements which cover the Group's performance, are submitted to Bursa Securities for release to shareholders and stakeholders on a timely basis.

  All quarterly financial results are reviewed and approved by the Board prior to announcement.

  The Group's Annual Reports which contain the annual audited financial statements, together with the auditors' and Directors' reports are issued to the Group's shareholders within the stipulated time prescribed under the MMLR of Bursa Securities.

Material Joint Venture and Associates

The disclosures in this Statement do not include the risk management and internal controls practices of the Group's material joint ventures and associates. The Group's interests in these entities are safeguarded through the appointment of members of the Group Management Committee to the respective joint venture and associate boards, and in certain cases, the management or operational committees of these entities.

Review of the Statement by the External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal controls systems of the Group.

Conclusion

For the financial year under review and up to the date of approval of this Statement, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Board has received reasonable assurance from the GCEO and the GCFO that the Group's risk management and internal controls system, in all material aspects, are operating adequately and effectively.

This Statement is prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers (Guidelines) issued on 31 December 2012, which is in line with the requirements of Paragraph 15.26 (b) of the MMLR of Bursa Securities and Principle B of the MCCG 2017 issued by Securities Commission Malaysia.

This Statement is made in accordance with a resolution of the Board dated 28 September 2021.

Additional Compliance Information

(In accordance with Appendix 9C of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad)

1. Utilisation of Proceeds from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year.

2. Audit and Non-Audit Fees

The amount of audit and non-audit (including assurance related) fees paid or payable to PricewaterhouseCoopers PLT and member firms of PricewaterhouseCoopers International Limited, the auditors of the Company and Group, for work performed during the financial year are as follows:

	Audit Work (RM million)	Non-Audit Work (RM million)
Company	1	–[1]
Group	18	4

Note:

1. Less than RM1 million

3. Material Contracts Involving Interests of Directors and Major Shareholders

There were no material contracts entered into by the Company and/or its subsidiaries involving interests of Directors and major shareholders during the financial year.

4. Contracts Relating to Loans

There were no contracts relating to loans by the Company and/or its subsidiaries involving interests of Directors and major shareholders during the financial year.

5. Share Buy-Back

The Company did not buy back any of its issued shares from the open market during the financial year.

6. Performance-Based Employee Share Scheme

The Performance-Based Employee Share Scheme for the eligible employees (including Executive Directors) of the Company and its subsidiaries (excluding subsidiaries which are dormant) (PBESS) was approved by the shareholders at the Extraordinary General meeting held on 8 November 2012 and effected on 15 January 2013. The PBESS is in force for a maximum period of ten (10) years from the effective date and is administered by the Nomination & Remuneration Committee (NRC) of the Board.

The grants under the PBESS comprise the Group Performance Share (GPS), the Division Performance Share (DPS) and the General Employee Share (GES). Brief details of the grants offered since the commencement of the PBESS are set out below:

Grant Date	Grant Type	Total	Executive Director
		Number of Shares	Number of Shares
1st Grant – 7 October 2013	GPS	4,100,000	82,200
	DPS	5,537,700	65,300
	GES	5,300,500	–
2nd Grant – 20 October 2014	GPS	3,899,300	82,200
	DPS	5,260,000	65,300
	GES	5,422,600	–

The 1st and 2nd grants were lapsed on 18 August 2016 and 23 August 2017 respectively as the vesting conditions which include performance targets were not met.

On 21 November 2018, the GPS Grant, DPS Grant and GES Grant were replaced by the Performance Share (PS) Grant, Restricted Share (RS) Grant and Group Chief Executive Special Grant.

The 3rd and 4th grants comprising the PS Grant and RS Grant were made to the eligible employees on 15 January 2019 and 15 January 2020 respectively. The grants shall be vested upon the fulfilment of certain performance criteria by the Company and individuals as at vesting date with potential multiplier effect on the number of shares to be vested.

On 11 November 2019, the Company issued 608,400 new ordinary shares under the 3rd Grant for RS Grant at an issue price of RM2.293. On 17 November 2020, the Company issued 560,000 new ordinary shares under the 3rd Grant for RS Grant at an issue price of RM2.203 and 529,600 new ordinary shares under the 4th Grant for RS Grant at an issue price of RM2.149. With the allotment of the new shares, the Company's issued share capital increased from 6,801,447,777 ordinary shares to 6,802,537,377 ordinary shares.

The number of shares granted and vested under the PBESS and the number of shares outstanding at the end of the financial year are as follows:

Description	Total		Executive Director	
	PS	RS	PS	RS
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Granted	14,295,900	3,566,600	1,072,100	268,000
Forfeited	(1,502,000)	(282,700)	–	–
Vested	–	(1,698,000)	–	(130,600)
Outstanding	12,793,900	1,585,900	1,072,100	137,400

The Company did not grant any share pursuant to the PBESS to the Non-Executive Directors.

7. Recurrent Related Party Transaction of a Revenue or Trading Nature

At the Fourteenth Annual General Meeting (AGM) held on 12 November 2020, the Company obtained a general mandate from its shareholders for recurrent related party transactions of a revenue or trading nature, to be entered into by the Company and/or its subsidiaries set out in the Circular to Shareholders dated 14 October 2020 (RRPT Mandate). The RRPT Mandate is valid until the conclusion of the forthcoming Fifteenth AGM of the Company to be held on 18 November 2021.

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 30 June 2021 were as follows:

No	Transacting companies in our Group	Transacting Related Party	Nature of Transaction	Related Party	Value of Transaction RM' million
Transactions with Sime Darby Plantation Berhad (SD Plantation) and its subsidiaries					
1.	Kumpulan Sime Darby Berhad (KSDB)	SD Plantation	• Leaseback of the Malaysia Vision Valley Land 1 from KSDB to SD Plantation for the SD Plantation Group to carry out the planting/replanting, maintenance of oil palm, and the harvesting and selling of fresh fruit bunches#	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera (ASB)[1]	10.9

Additional Compliance Information

(In accordance with Appendix 9C of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad)

No	Transacting companies in our Group	Transacting Related Party	Nature of Transaction	Related Party	Value of Transaction RM' million
2.	Sime Darby Malaysia Berhad	SD Plantation	• Grant of a non-exclusive, non-assignable and non-transferable licence to use the "SIME DARBY" mark, Sime Darby Shield Device Logo, Shield Device Logo, Sime Darby in Chinese Characters, the "DEVELOPING SUSTAINABLE FUTURES" tagline and the "DELIVERING SUSTAINABLE FUTURES" tagline worldwide, solely in the course of or in connection with SD Plantation's business	ASB	2.0
3.	Sime Darby Rent-A-Car Sdn Bhd	SD Plantation and its subsidiaries	• Car rental service income		0.9
4.	Sime Darby Auto ConneXion Sdn Bhd	SD Plantation and its subsidiaries	• Sale of motor vehicles, parts & services		3.8
5.	• Sime Darby Industrial Sdn Bhd • Hastings Deering (PNG) Limited (HDPNG) • Hastings Deering (Solomon Islands) Limited	SD Plantation and its subsidiaries	• Sale of heavy equipment and spare parts and provision of maintenance services		24.3
6.	• Sime Darby Energy Solutions Sdn Bhd • Mecomb Malaysia Sdn Bhd	SD Plantation and its subsidiaries	• Provision of engineering maintenance services		–[2]
7.	HDPNG	New Britain Palm Oil Limited (NBPOL), subsidiary of SD Plantation	• Foreign currency payment arrangement[3]		53.9
				Total	95.8

No	Transacting companies in our Group	Transacting Related Party	Nature of Transaction	Related Party	Value of Transaction RM' million
Others					
1.	Inokom Corporation Sdn Bhd (Inokom)	Mazda Malaysia Sdn Bhd (Mazda Malaysia)	• Rental income received from Mazda Malaysia^ • Contract manufacturing assembly fees received from Mazda Malaysia	Bermaz Auto Berhad (Bermaz)[4]	100.4
		Bermaz Motor Trading Sdn Bhd	• Rental income received from Bermaz Motor Trading Sdn Bhd*		0.8
				Total	101.2
				Grand Total	**197.0**

Notes:

1. ASB is a Major Shareholder of Sime Darby, holding 41.60% direct equity interest in Sime Darby as at 30 June 2021. ASB is also a Major Shareholder of SD Plantation, holding 46.55% direct equity interest in SD Plantation as at 30 June 2021.
2. Less than RM0.1 million.
3. The transactions involve HDPNG giving instructions and paying NBPOL in Papua New Guinea Kina and NBPOL making direct payments to HDPNG's offshore suppliers in US Dollars.
4. Bermaz is a Major Shareholder of Inokom, holding 29.00% direct equity interest in Inokom as at 30 June 2021. Bermaz is an indirect Major Shareholder of Mazda Malaysia, holding an effective interest of 30.00% through Bermaz Motor Sdn Bhd, a direct wholly-owned subsidiary of Bermaz as at 30 June 2021. Bermaz Motor Trading Sdn Bhd is an indirect wholly-owned subsidiary of Bermaz.

^ Lands held under H.S. (D) 4103, PT No 439 and H.S. (D) 4104, PT No 440, Mukim Padang Meha, Kulim, Kedah bearing postal address at Lot 38, Mukim Padang Meha, 09400 Padang Serai, Kulim, Kedah. The duration of the rental is 10 years (on a 3-year term basis for 3 terms and 1 year extended term). The payment is made on a monthly basis.

* Property held at Lot 38, Mukim Padang Meha, 09400 Padang Serai, Kulim, Kedah. The duration of the rental is 2 years, 8 months and 15 days. The payment is made on a monthly basis.

Location : 29 plots of agricultural land with development potential with a total land area of 3,518 hectares in Labu, Negeri Sembilan.
Term : Original fixed period of 3 years from 30 June 2017 to 29 June 2020. Agreement has been extended for another 3 years from 30 June 2020 to 29 June 2023.
Rental Formula : The preceding month's average price of crude palm oil (CPO) per metric tonne for Malaysia x total planted area (in hectares)/12. Average price of CPO refers to average Malaysian Palm Oil Board delivered CPO price.
Payment Term : Monthly basis on or before the seventh (7th) day of each calendar month.

The Company proposes to seek a renewal of the existing RRPT Mandate and a new mandate for additional recurrent related party transactions of a revenue or trading nature at its forthcoming Fifteenth AGM. The renewal of the existing RRPT Mandate and the new mandate, if approved by the shareholders, will be valid until the conclusion of the Company's next AGM.

Details of the RRPT Mandate and the new mandate being sought are provided in the Circular to Shareholders dated 20 October 2021.

Statement of Responsibility by the Board of Directors

The Directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of Sime Darby Berhad. As required by the Companies Act, 2016 (Act) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 30 June 2021, as presented on pages 182 to 302, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Act.

The Directors consider that in the course of the preparation of the financial statements, the Group and the Company have used the appropriate accounting policies which are consistently applied and supported by reasonable and prudent judgments and estimates. The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and the financial performance of the Group and the Company for the financial year then ended.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and of the Company so as to enable the Directors to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and the Company, to detect and prevent fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 28 September 2021.

Board Approval of Financial Statements

The annual financial statements for the financial year ended 30 June 2021 are set out on pages 182 to 302. The preparation there of was supervised by the Group Chief Financial Officer and approved by the Board of Directors on 28 September 2021.

Financial Statements

Contents

Directors' Report

The Directors have the pleasure of presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. There has been no significant change in the principal activity of the Company during the financial year. The principal activities and details of the subsidiaries, joint ventures and associates are disclosed in Note 52 to the financial statements.

FINANCIAL RESULTS

The results of the Group and of the Company for the financial year ended 30 June 2021 were as follows:

	Group RM million	Company RM million
Profit before interest and tax	2,181	1,094
Finance income	46	–[1]
Finance costs	(122)	–[1]
Profit before tax	2,105	1,094
Taxation	(575)	–[1]
Profit for the financial year	1,530	1,094
Profit for the financial year attributable to owners of:		
– the Company	1,425	1,094
– non-controlling interests	105	–
Profit for the financial year	1,530	1,094

[1] Less than RM1 million

DIVIDENDS

Since the end of the previous financial year, the Company had paid the following dividends:

	RM million
a. In respect of the financial year ended 30 June 2020, a second interim dividend of 7.0 sen per share and special dividend of 1.0 sen per share were paid on 30 October 2020; and	544
b. In respect of the financial year ended 30 June 2021, a first interim dividend of 2.0 sen per share and special dividend of 4.0 sen per share were paid on 11 May 2021	408
	952

The Board of Directors has declared a second interim dividend of 8.0 sen per ordinary share amounting to RM544 million and a special dividend of 1.0 sen per ordinary share amounting to RM68 million in respect of the financial year ended 30 June 2021. The dividends are proposed to be payable on 30 September 2021 to shareholders whose name appears in the Record of Depositors as at the close of business on 13 September 2021.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

SHARE CAPITAL AND DEBENTURES

During the financial year, the Company issued 1,089,600 new ordinary shares under the Performance-Based Employee Share Scheme ("PBESS") as disclosed in the PBESS paragraph of this report and Note 36 of the financial statements. With the allotment of the new shares, the Company's issued and paid-up capital has increased from 6,801,447,777 ordinary shares to 6,802,537,377 ordinary shares.

There were no other issuance of shares or debentures during the financial year.

PERFORMANCE-BASED EMPLOYEE SHARE SCHEME

The Company's PBESS is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 8 November 2012 and was effected on 15 January 2013. Under the PBESS, ordinary shares in the Company are granted to eligible employees and executive directors of the Group. The PBESS is in force for a maximum period of ten (10) years from the effective date and is administered by the Nomination & Remuneration Committee ("NRC").

On 17 November 2020, the Company issued 560,000 new ordinary shares under the PBESS for FY2018/19 Restricted Shares ("RS") Grant at an issue price of RM2.203 and 529,600 new ordinary shares under the PBESS for FY2019/20 RS Grant at an issue price of RM2.149. With the allotment of the new shares, the Company's issued and paid-up capital has increased from 6,801,447,777 ordinary shares to 6,802,537,377 ordinary shares.

The number of shares granted under the Performance Shares ("PS") Grant and RS Grant of the PBESS and the number of shares outstanding at the end of the financial year are as follows:

Third grant
Grant date: 15 January 2019

	PS	RS
At 1 July 2020	6,849,700	1,141,800
Forfeited	(239,400)	(27,100)
Vested	–	(560,000)
At 30 June 2021	6,610,300	554,700

Fourth grant
Grant date: 15 January 2020

	PS	RS
At 1 July 2020	6,489,700	1,619,200
Forfeited	(306,100)	(58,400)
Vested	–	(529,600)
At 30 June 2021	6,183,600	1,031,200

Directors' Report

DIRECTORS

The Directors who held office since the end of the previous financial year up to the date of the report are as follows:

Tan Sri Samsudin Osman
Tan Sri Ahmad Badri Mohd Zahir
Datuk Wan Selamah Wan Sulaiman
Dato' Sri Abdul Hamidy Abdul Hafiz
Dato' Ahmad Pardas Senin
Thayaparan Sangarapillai
Dato' Lawrence Lee Cheow Hock
Moy Pui Yee
Mohamad Idros Mosin
Dato' Dr Nirmala Menon
Dato' Jeffri Salim Davidson

The names of Directors of subsidiaries are set out in the respective subsidiaries' financial statements, where applicable, and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those arising from the PBESS as disclosed in the Directors' Interests in Shares.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 8 to the financial statements.

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM0.4 million, which covers the period up to November 2021 (2020: RM0.4 million, which includes the period up to November 2020).

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interest of Directors in office at the end of the financial year in shares or debentures of the Company were as follows:

	As at 1 July 2020	Addition	As at 30 June 2021
Dato' Jeffri Salim Davidson	41,400	89,200[1]	130,600

[1] Shares vested pursuant to the PBESS

	Grant Date	Grant Type	As at 1 July 2020	Vested	As at 30 June 2021
Dato' Jeffri Salim Davidson	15 January 2019	PS	497,700	–	497,700
		RS	83,000	(41,400)	41,600
	15 January 2020	PS	574,400	–	574,400
		RS	143,600	(47,800)	95,800

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

a. Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

   i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and

   ii. to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company, had been written down to an amount which the current assets might be expected so to realise.

b. At the date of this Report, the Directors are not aware of any circumstances:

   i. which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   iii. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

c. As at the date of this Report:

   i. there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

   ii. there are no material contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

d. No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

e. At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

f. In the opinion of the Directors:

   i. the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Notes 11, 12, 20 and 44 of the financial statements; and

   ii. there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as the Group's immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 9 of the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 28 September 2021.

Signed on behalf of the Board of Directors:

Tan Sri Samsudin Osman
Chairman

Dato' Jeffri Salim Davidson
Executive Director/Group Chief Executive Officer

Petaling Jaya
Selangor
28 September 2021

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Samsudin Osman and Dato' Jeffri Salim Davidson, two of the Directors of Sime Darby Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 182 to 302 are drawn up, in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of the financial performance of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 September 2021.

Tan Sri Samsudin Osman
Chairman

Dato' Jeffri Salim Davidson
Executive Director/Group Chief Executive Officer

Petaling Jaya
Selangor
28 September 2021

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Mustamir Mohamad, the officer primarily responsible for the financial management of Sime Darby Berhad, do solemnly and sincerely declare that the financial statements set out on pages 182 to 302 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Mustamir Mohamad
(MIA No. 15302)
Group Chief Financial Officer

Subscribed and solemnly declared by the abovenamed Mustamir Mohamad, at Petaling Jaya, Selangor, Malaysia on 28 September 2021.

Before me,

B-1-08, Blok B, Oasis Square,
Ara Damansara, Jalan PJU 1A/7A,
47301 Petaling Jaya, Selangor.

Shahrudin bin Esa
Commissioner for Oaths (No. B520)
Petaling Jaya
Selangor

Independent Auditors' Report

To the Members of Sime Darby Berhad
(Incorporated in Malaysia)
Registration No. 200601032645 (752404-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Sime Darby Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 182 to 302.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Recoverability of property, plant and equipment and investment in a joint venture in the Logistics Division As at 30 June 2021, the carrying amounts of the Group's property, plant and equipment ("PPE") in two subsidiaries, Weifang Sime Darby Port Co., Ltd ("WSDP") and Weifang Sime Darby General Terminal Co., Ltd ("WSDGT"), amounted to RM967 million. The Group also has an investment in a joint venture, Weifang Sime Darby Liquid Terminal Co., Ltd ("WSDLT") with a carrying amount of RM178 million. During the financial year, the Group recorded impairment losses in the PPE of WSDP and investment in WSDLT of RM16 million and RM69 million respectively. We focused on the recoverability of the carrying amounts on the PPE of WSDP and WSDGT and the Group's investment in WSDLT within the Logistics Division due to the significant estimates and judgement involved in determining the key assumptions used in deriving the recoverable amounts of these assets. Management performed the impairment assessments of the PPE of WSDP and WSDGT and the investment in WSDLT based on the fair value less cost to sell ("FVLCS") method determined using the discounted cash flow projections approved by the Directors of the Group. Management has assessed WSDP and WSDGT as one cash-generating unit as their operations are similar and are managed by the same management team. The key assumptions used in the cash flow projections are growth rates for revenue, port operating and overhead costs, and the discount rate. Refer to Notes 4(a), 4(c), 12 and 19 to the financial statements.	We checked that the discounted cash flow projections of WSDP, WSDGT and WSDLT were approved by the Directors of the Group. We evaluated the reasonableness of the key assumptions used by management in the cash flow projections by comparing the growth rates for revenue, port operating and overhead costs to historical results and inflationary rates in China. We also compared the increase in sales volume and price escalation in the cash flow projections, being the two primary driving factors of revenue growth, to industry trend. We involved our internal valuation expert to assess the discount rate used in determining the recoverable amounts of the PPE and investment in WSDLT and the appropriateness of the valuation methodology adopted by management in their cash flow projections. We assessed the appropriateness of sensitivity analysis performed by management, including the disclosures, on a reasonable possible change in the key assumptions and the corresponding effect on the recoverable amounts. Based on the above procedures performed, we did not note any material exceptions to the Directors' assessment on the impairment of PPE of WSDP and investment in WSDLT of RM16 million and RM69 million respectively during the financial year.

Independent Auditors' Report

To the Members of Sime Darby Berhad
(Incorporated in Malaysia)
Registration No. 200601032645 (752404-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Recoverability of carrying amount of intangible assets in the Industrial operations in Australasia	
Intangible assets of the Group as at 30 June 2021 included Bucyrus distribution rights and goodwill of RM747 million and RM43 million respectively, which are allocated to the heavy equipment business within the Industrial operations in Australasia. We focused on the recoverability of the carrying amount of intangible assets arising from the heavy equipment business in Australasia within the Industrial Division due to the significant estimates involved in determining the key assumptions used in deriving the recoverable amounts of the cash-generating units ("CGUs"), i.e. revenue growth, earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rate, terminal growth rate and discount rate. Management performed impairment assessments of the CGUs based on the value-in-use determined using the discounted cash flow projections based on the budgets approved by the Directors of the Group. Management has prepared the cash flow projections considering actual historical results, current available information such as the outcome of tender processes, secured contracts or latest available market information. Based on management's assessment, the Directors are of the opinion that the carrying amount of the intangible assets is recoverable. Refer to Notes 4(a) and 22 to the financial statements.	We evaluated the reasonableness of the key assumptions used by management in the approved cash flow projections by comparing the revenue growth rate, EBITDA growth rate and terminal growth rate to historical results and industry data, where appropriate. We assessed the reliability of management's forecasts by comparing their previous years' forecasted results against past trends of actual results. We involved our valuation expert to assess the discount rate used in determining the recoverable amounts of the CGUs. We checked the appropriateness of sensitivity analysis performed by management. Based on the above procedures performed, we did not note any material exceptions to the Directors' assessment on the recoverability of carrying amount of intangible assets in the Industrial operations in Australasia as at 30 June 2021.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment of a leasehold land in the Motors segment	
During the financial year, management recognised an impairment loss of RM89 million for a leasehold land in Hong Kong within the Motors segment, as a result of the shortfall arising from the lower recoverable amount of the leasehold land compared to the carrying amount as at 30 June 2021. The carrying amount of the leasehold land, which was recorded as right-of-use asset, amounted to RM88 million as at 30 June 2021. We focused on the recoverability of the carrying amount of the leasehold land as there was a change in intended use of the land in a Motors subsidiary in Hong Kong amidst restrictions on development of the land. The recoverable amount was derived by an independent professional valuer, on the basis of investment value using the residual method for commercial land (VIU approach). The determination of the recoverable amount of the leasehold land, which forms the basis of management's impairment, is subject to significant estimates and assumptions made by management. The value-in-use is prepared based on the assumption that the development parameters have been approved by relevant government authorities (including the successful conversion of the land subsequent to the payment of land premium charges) and management's estimation of the capitalisation rates, prevailing market rents and rates, development costs, developer's profit and risk margins required. Refer to Notes 4(a) and 20 to the financial statements.	We reviewed the minutes of meetings of the Board of Directors of the Company for the approval of the capital expenditure for the planned development of the leasehold land, which is in line with management's change in the intended use of the said land. We obtained the valuation report by the independent valuer that was relied upon by the management in determining the recoverable amount of the leasehold land. We evaluated the competency, capability and objectivity of the independent valuer by considering their professional background, reputation and experience in similar industry. We involved our internal valuation expert to assess the valuation methodology adopted by the independent valuer by comparing the industry practice. We assessed the appropriateness and reasonableness of key assumptions used in deriving the recoverable amount of the leasehold land such as land conversion and estimation of the capitalisation rates, prevailing market rents and rates, development costs, developer's profit and risk margins required, by comparing them against industry practice, similar comparable transactions and available market data. Based on the above procedures performed, we did not note any material exceptions to the Directors' assessment on the impairment of the leasehold land in Hong Kong within the Motors Division of RM89 million during the financial year.

There are no key audit matters to report for the Company.

Independent Auditors' Report

To the Members of Sime Darby Berhad
(Incorporated in Malaysia)
Registration No. 200601032645 (752404-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Group Chief Executive Officer's Questions and Answers, Chairman's Statement on Corporate Governance, Nomination & Remuneration Committee Report, Governance & Audit Committee Report, Risk Management Committee Report, Statement on Risk Management and Internal Control, Statement of Responsibility by the Board of Directors, and Directors' Report, which we obtained prior to the date of this auditors' report, and the rest of the Sime Darby Berhad Annual Report 2021, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 52 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

PAULINE HO
02684/11/2021 J
Chartered Accountant

Kuala Lumpur
28 September 2021

Statements of Profit or Loss

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

		Group		Company	
	Note	2021	2020	2021	2020
Revenue	6	**44,483**	36,934	**1,169**	766
Operating expenses	7	**(42,899)**	(35,703)	**(75)**	(49)
Other operating income	10	**347**	342	**–**	–[1]
Other gains and (losses)	11	**236**	(60)	**–**	–
Operating profit		**2,167**	1,513	**1,094**	717
Share of results of joint ventures	12	**(44)**	(62)	**–**	–
Share of results of associates	13	**58**	(44)	**–**	–
Profit before interest and tax		**2,181**	1,407	**1,094**	717
Finance income	14	**46**	51	**–[1]**	–[1]
Finance costs	15	**(122)**	(183)	**–[1]**	–[1]
Profit before tax		**2,105**	1,275	**1,094**	717
Taxation	16	**(575)**	(402)	**–[1]**	–[1]
Profit for the financial year		**1,530**	873	**1,094**	717
Profit for the financial year attributable to owners of:					
– the Company		**1,425**	820	**1,094**	717
– non-controlling interests		**105**	53	**–**	–
		1,530	873	**1,094**	717
		Sen	Sen		
Basic and diluted earnings per share attributable to owners of the Company:		**20.9**	12.1		

[1] Less than RM1 million

The weighted average number of ordinary shares used to calculate the basic earnings per share was 6,802 million (2020: 6,801 million).

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

The notes on pages 193 to 302 form an integral part of these financial statements.

Statements of Comprehensive Income

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

	Note	Group 2021	Group 2020	Company 2021	Company 2020
Profit for the financial year		**1,530**	873	**1,094**	717
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss					
Currency translation differences		**433**	133	**–**	–
Share of other comprehensive income of joint ventures and associates		**16**	4	**–**	–
Net change in fair value of cash flow hedges		**5**	19	**–**	–
Taxation		**(2)**	(5)	**–**	–
		452	151	**–**	–
Reclassified to profit or loss:					
– currency translation differences on:					
– repayment of net investments		**13**	(7)	**–**	–
– disposal of subsidiaries and associate		**(3)**	–	**–**	–
– changes in fair value of cash flow hedges as adjustment to other gains and losses		**3**	(1)	**–**	–
Reclassification of changes in fair value of cash flow hedges to inventories		**(19)**	(7)	**–**	–
Taxation		**6**	2	**–**	–
		452	138	**–**	–
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain/(loss) on defined benefit pension plans		**11**	(4)	**–**	–
Share of actuarial gain on defined benefit pension plans of a joint venture		**2**	1	**–**	–
		13	(3)	**–**	–
Total other comprehensive income	18	**465**	135	**–**	–
Total comprehensive income for the financial year		**1,995**	1,008	**1,094**	717
Total comprehensive income for the financial year attributable to owners of:					
– the Company		**1,876**	954	**1,094**	717
– non-controlling interests		**119**	54	**–**	–
		1,995	1,008	**1,094**	717

The notes on pages 193 to 302 form an integral part of these financial statements.

Statements of Financial Position

As at 30 June 2021

Amounts in RM million unless otherwise stated

	Note	Group 2021	Group 2020	Company 2021	Company 2020
NON-CURRENT ASSETS					
Property, plant and equipment	19	**6,225**	6,010	**–**	–
Right-of-use assets	20	**2,038**	2,395	**–**[1]	–[1]
Investment properties	21	**275**	296	**–**	–
Intangible assets	22	**1,629**	1,596	**–**	–
Subsidiaries	23	**–**	–	**8,887**	8,887
Joint ventures	12	**953**	993	**–**	–
Associates	13	**283**	351	**–**	–
Financial assets at fair value through profit or loss	25	**130**	22	**–**	–
Deferred tax assets	26	**590**	613	**–**[1]	–
Tax recoverable	27	**41**	46	**–**	–
Receivables and other assets	29	**373**	230	**–**	–
		12,537	12,552	**8,887**	8,887
CURRENT ASSETS					
Inventories	30	**8,320**	8,346	**–**	–
Financial assets at fair value through profit or loss	25	**16**	–	**–**	–
Receivables and other assets	29	**4,323**	4,042	**–**[1]	1
Contract assets	31	**93**	54	**–**	–
Amounts due from subsidiaries	24	**–**	–	**1,100**	969
Prepayments	32	**673**	423	**–**	–
Tax recoverable	27	**48**	56	**–**	–
Derivative assets	28	**4**	3	**–**	–
Bank balances, deposits and cash	33	**2,473**	1,694	**150**	130
		15,950	14,618	**1,250**	1,100
Assets held for sale	34	**–**	103	**–**	–
TOTAL ASSETS		**28,487**	27,273	**10,137**	9,987

[1] Less than RM1 million

	Note	Group 2021	Group 2020	Company 2021	Company 2020
EQUITY					
Share capital	35	**9,302**	9,300	**9,302**	9,300
Reserves	37	**1,002**	540	**21**	15
Retained profits		**5,579**	5,157	**812**	670
ATTRIBUTABLE TO OWNERS OF THE COMPANY		**15,883**	14,997	**10,135**	9,985
Non-controlling interests	38	**377**	416	**–**	–
TOTAL EQUITY		**16,260**	15,413	**10,135**	9,985
NON-CURRENT LIABILITIES					
Borrowings	39	**373**	110	**–**	–
Lease liabilities	40	**1,506**	1,438	**–**[1]	–[1]
Payables and other liabilities	41	**20**	21	**–**	–
Contract liabilities	31	**164**	147	**–**	–
Government grants	42	**69**	153	**–**	–
Provisions	43	**24**	22	**–**	–
Deferred tax liabilities	26	**307**	331	**–**	–
		2,463	2,222	**–**	–
CURRENT LIABILITIES					
Borrowings	39	**1,454**	2,121	**–**	–
Lease liabilities	40	**401**	376	**–**[1]	–[1]
Derivative liabilities	28	**11**	6	**–**	–
Payables and other liabilities	41	**5,285**	4,317	**2**	2
Contract liabilities	31	**1,961**	2,128	**–**	–
Provisions	43	**420**	417	**–**	–
Tax payable		**232**	273	**–**	–
		9,764	9,638	**2**	2
TOTAL LIABILITIES		**12,227**	11,860	**2**	2
TOTAL EQUITY AND LIABILITIES		**28,487**	27,273	**10,137**	9,987

[1] Less than RM1 million

The notes on pages 193 to 302 form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

Group 2021	Note	Share capital	Reserves[1]	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total Equity
At 1 July 2020		9,300	540	5,157	14,997	416	15,413
Profit for the financial year		–	–	1,425	1,425	105	1,530
Other comprehensive income for the financial year	18	–	438	13	451	14	465
Total comprehensive income for the financial year		–	438	1,438	1,876	119	1,995
Transfer between reserves[2]		–	18	(18)	–	–	–
Disposal of non-wholly owned subsidiaries		–	–	–	–	(75)	(75)
Performance-based employee share scheme		–	8	–	8	–	8
Issuance of shares under the performance-based employee share scheme		2	(2)	–	–	–	–
Transactions with owners:							
– acquisition of non-controlling interests	38	–	–	(46)	(46)	(32)	(78)
– dividends paid by way of cash	17	–	–	(952)	(952)	(36)	(988)
– dividends payable		–	–	–	–	(15)	(15)
At 30 June 2021		9,302	1,002	5,579	15,883	377	16,260

[1] An analysis of the movements in each category within reserves is disclosed in Note 37.

[2] Reclassification from retained profits to legal and capital reserves to reflect the restricted nature of the reserves at subsidiaries.

Group 2020	Note	Share capital	Reserves[1]	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total Equity
At 1 July 2019		9,299	380	5,034	14,713	405	15,118
Profit for the financial year		–	–	820	820	53	873
Other comprehensive income/(loss) for the financial year	18	–	137	(3)	134	1	135
Total comprehensive income for the financial year		–	137	817	954	54	1,008
Transfer between reserves[2]		–	14	(14)	–	–	–
Acquisition of a non-wholly owned subsidiary		–	–	–	–	3	3
Performance-based employee share scheme		–	10	–	10	–	10
Issuance of shares under the performance-based employee share scheme		1	(1)	–	–	–	–
Transactions with owners:							
– acquisition of non-controlling interests		–	–	–	–	(1)	(1)
– capital repayment by a non-wholly owned subsidiary		–	–	–	–	(8)	(8)
– dividends paid by way of cash	17	–	–	(680)	(680)	(27)	(707)
– dividends payable		–	–	–	–	(10)	(10)
At 30 June 2020		9,300	540	5,157	14,997	416	15,413

1 An analysis of the movements in each category within reserves is disclosed in Note 37.

2 Reclassification from retained profits to legal and capital reserves to reflect the restricted nature of the reserves at subsidiaries.

Statements of Changes in Equity

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

Company	Note	Share capital	Share grant reserve	Retained profits	Total equity attributable to owners of the Company
2021					
At 1 July 2020		**9,300**	**15**	**670**	**9,985**
Profit for the financial year		**–**	**–**	**1,094**	**1,094**
Performance-based employee share scheme		**–**	**8**	**–**	**8**
Issuance of shares under the performance-based employee share scheme		**2**	**(2)**	**–**	**–**
Transaction with owners:					
– dividends paid by way of cash	17	**–**	**–**	**(952)**	**(952)**
At 30 June 2021		**9,302**	**21**	**812**	**10,135**
2020					
At 1 July 2019		9,299	6	633	9,938
Profit for the financial year		–	–	717	717
Performance-based employee share scheme		–	10	–	10
Issuance of shares under the performance-based employee share scheme		1	(1)	–	–
Transaction with owners:					
– dividends paid by way of cash	17	–	–	(680)	(680)
At 30 June 2020		9,300	15	670	9,985

The notes on pages 193 to 302 form an integral part of these financial statements.

Statements of Cash Flows

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

	Group		Company	
	2021	2020	2021	2020
Cash flow from operating activities				
Profit for the financial year	**1,530**	873	**1,094**	717
Adjustments for:				
– dividend from subsidiaries	**–**	–	**(1,169)**	(766)
– dividend income from financial assets	**(113)**	(120)	**–**	–
– share of results of joint ventures and associates	**(14)**	106	**–**	–
– finance income	**(46)**	(51)	**–**[1]	–[1]
– finance costs	**122**	183	**–**[1]	–[1]
– taxation	**575**	402	**–**[1]	–[1]
– gain on disposals and compensation (net)	**(331)**	(43)	**–**	–
– impairment losses on receivables and loans to joint venture (net)	**1**	72	**–**	–
– impairment losses on non-financial assets (net)	**104**	20	**–**	–
– depreciation and amortisation	**1,155**	1,053	**–**[1]	–[1]
– inventory write-down and provision (net)	**44**	242	**–**	–
– fair value (gain)/loss on financial assets at fair value through profit or loss	**(1)**	72	**–**	–
– other non-cash items	**–**	21	**–**	–
	3,026	2,830	**(75)**	(49)
Changes in working capital:				
– inventories	**738**	947	**–**	–
– rental assets	**(783)**	(677)	**–**	–
– receivables and other assets	**(286)**	465	**–**	1
– payables and other liabilities	**467**	(524)	**–**	–
Cash generated from/(used in) operations	**3,162**	3,041	**(75)**	(48)
Tax (paid)/refunded (net)	**(616)**	(269)	**–**	1
Dividends received from:				
– subsidiaries	**–**	–	**1,257**	828
– joint ventures and associates	**125**	120	**–**	–
– financial assets	**113**	120	**–**	–
Net cash flow from operating activities	**2,784**	3,012	**1,182**	781

[1] Less than RM1 million

Statements of Cash Flows

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

		Group		Company	
	Note	2021	2020	2021	2020
Cash flow from investing activities					
Finance income received		**29**	36	**–**	–
Proceeds from sale of:					
– property, plant and equipment		**151**	62	**–**	–
– other non-financial assets		**31**	23	**–**	–
Net cash inflow from disposal of subsidiaries	44	**19**	1	**–**	–
Proceeds from sale of associates	44	**387**	–	**–**	–
Purchase of:					
– property, plant and equipment	19(d)	**(522)**	(526)	**–**	–
– other non-financial assets		**(13)**	(30)	**–**	–
Additions to financial assets at fair value through profit or loss		**(2)**	(8)	**–**	–
Acquisition of subsidiaries and businesses	44	**(26)**	(990)	**–**	–
Subscription of shares in an associate and a joint venture		**(1)**	(2)	**–**	–
Advances to subsidiaries (net)		**–**	–	**(221)**	(126)
Repayment of loans by joint ventures		**65**	3	**–**	–
Loans to joint ventures		**(64)**	(20)	**–**	–
Capital repayment by an associate		**–**	24	**–**	–
Net cash flow from/(used in) investing activities		**54**	(1,427)	**(221)**	(126)

	Note	Group 2021	Group 2020	Company 2021	Company 2020
Cash flow from financing activities					
Proceeds from performance-based employee share scheme		**–**	–	**11**	5
Purchase of additional interest in subsidiaries	38	**(78)**	(1)	**–**	–
Capital repayment by a subsidiary		**–**	(8)	**–**	–
Finance costs paid		**(45)**	(116)	**–**	–
Long term borrowings raised		**378**	19	**–**	–
Long term borrowings repaid		**(159)**	(72)	**–**	–
Short term loans raised		**–**	887	**–**	–
Short term loans repaid		**(739)**	(206)	**–**	–
Short term Islamic financing and other short term borrowings raised/(repaid) (net)		**43**	(943)	**–**	–
Repayment of lease liabilities		**(500)**	(447)	**–**	–
Dividends paid to shareholders		**(952)**	(680)	**(952)**	(680)
Dividends paid to non-controlling interests		**(46)**[1]	(27)	**–**	–
Net cash used in financing activities		**(2,098)**	(1,594)	**(941)**	(675)
Net increase/(decrease) in cash and cash equivalents		**740**	(9)	**20**	(20)
Foreign exchange differences		**27**	30	**–**	–
Cash and cash equivalents at beginning of the financial year		**1,650**	1,629	**130**	150
Cash and cash equivalents at end of the financial year [note (a)]		**2,417**	1,650	**150**	130
a. Cash and cash equivalents at end of the financial year:					
Bank balances, deposits and cash	33	**2,473**	1,694	**150**	130
Bank overdrafts	39	**(56)**	(44)	**–**	–
Cash and cash equivalents		**2,417**	1,650	**150**	130

[1] Includes RM10 million declared in the previous financial year.

Statements of Cash Flows

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

b. Reconciliation of liabilities arising from financing activities of the Group

	2021		2020	
	Borrowings	Lease liabilities	Borrowings	Lease liabilities
At 1 July	**2,231**	**1,814**	2,572	1,776
Long term borrowings raised	**378**	**–**	19	–
Long term borrowings repaid	**(159)**	**–**	(72)	–
Short term loans raised	**–**	**–**	887	–
Short term loans repaid	**(739)**	**–**	(206)	–
Short term Islamic financing and other short term borrowings raised/(repaid) (net)	**43**	**–**	(943)	–
Repayment of lease liabilities	**–**	**(500)**	–	(447)
Overdraft raised/(repaid) disclosed as cash and cash equivalents (net)	**10**	**–**	(65)	–
Acquisition of subsidiaries and businesses	**–**	**–**	18	160
Addition/modification/termination of leases (net)	**–**	**430**	–	216
Finance costs [Note 15]	**35**	**78**	100	72
Finance costs paid	**(38)**	**–**	(97)	–
Exchange differences	**66**	**85**	18	37
At 30 June	**1,827**	**1,907**	2,231	1,814

Breakdown of finance costs paid:

	2021	2020
Borrowings	**38**	97
Payables and others	**7**	19
	45	116

The notes on pages 193 to 302 form an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

1 General Information

The Company is principally an investment holding company. There has been no significant change in the principal activity of the Company during the financial year.

The Group's subsidiaries, joint ventures and associates are primarily involved in the trading (industrial and motors), logistics and healthcare businesses. The principal activities and details of the subsidiaries, joint ventures and associates are disclosed in Note 52.

2 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies in Note 3.

The preparation of financial statements in conformity with MFRS, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's and to the Company's financial statements are disclosed in Note 4.

During the financial year, the Group has considered the new accounting pronouncements in the preparation of the financial statements.

a. Standards and amendments to published standards that are applicable to the Group and the Company

The Group and the Company have applied the following new standards, amendments to published standards and IC interpretations for the first time for the financial year beginning 1 July 2020:

- Conceptual Framework for Financial Reporting: The Reporting Entity and corresponding amendments to references in the relevant standards
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'

The adoption of these amendments to published standards and interpretation to existing standards listed above did not have a material impact in the current period or prior periods and is not likely to materially affect future periods.

b. Amendments to published standards that has been early adopted by the Group

The Group has early adopted Amendments to MFRS 16 'COVID-19 related rent concessions beyond 30 June 2021' during the financial year ended 30 June 2021. This amendment extends the applicable period of the practical expedient by one year to cover rent concessions that reduce lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The adoption of this amendment had no material impact in the current period.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

2 Basis of Preparation (continued)

c. Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

i. Amendments to published standards and interpretations that are effective for the financial year beginning on or after 1 July 2021, where their adoption are not expected to result in any significant changes to the Group's and Company's results or financial position, are as follows:

Effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform – Phase 2'

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17 – Insurance Contracts and amendments to MFRS 17

ii. Amendments to published standards and interpretations that are effective for the financial year beginning on or after 1 July 2021, where the Group and Company are still assessing their impact to the Group's and Company's financial statements in the year of initial application:

Effective for annual periods beginning on or after 1 January 2022

- Annual improvements to MFRS standards 2018 – 2020:
  - Amendments to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' and Illustrative examples accompanying MFRS 16 'Lease incentives'
- Amendments to MFRS 3 'Reference to Conceptual Framework'
- Amendments to MFRS 116 'Proceeds before intended use'
- Amendments to MFRS 137 'Onerous contracts – cost of fulfilling a contract'

Effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current'
- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to MFRS 108 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

d. The effective date for the following amendment has been deferred to a date to be determined by Malaysian Accounting Standards Board

Amendments to MFRS 10 'Consolidated Financial Statements' and MFRS 128 'Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'.

3 Significant Accounting Policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial years presented, unless otherwise stated.

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

i. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

Contingent consideration is recorded at fair value as a component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

Existing equity interests in the acquiree are re-measured to fair value at the date of business combination with any resulting gain or loss taken to the profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in profit or loss.

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated only to the extent of the cost of the asset that can be recovered, and the balance is recognised in the profit or loss as reduction in net realisable value or as impairment loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statement of changes in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

3 Significant Accounting Policies (continued)

a. Basis of consolidation (continued)

ii. Business combinations under common control

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying amount of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction costs for the combination are recognised in profit or loss.

A similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

iii. Joint ventures

Joint ventures are separate vehicles in which the Group has rights to its net assets and where their strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Joint ventures are accounted using the equity method. Equity method is a method of accounting whereby the investment is recorded at cost inclusive of goodwill and adjusted thereafter for the Group's share of the post-acquisition results and other changes in the net assets of the joint ventures based on their latest audited financial statements or management accounts. Where necessary, adjustments are made to the financial statements of joint ventures used by the Group in applying the equity method to ensure consistency of accounting policies with those of the Group.

After application of the equity method, the carrying amount of the joint ventures will be assessed for impairment. When the Group's share of losses in joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless the Group has incurred legal or constructive obligations in respect of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the assets transferred is recognised in profit or loss.

When joint control ceases, the disposal proceeds and the fair value of any retained investment are compared to the carrying amount of the joint venture. The difference together with the cumulative exchange reserve that relate to the joint venture is recognised as gain or loss on disposal. In the case of partial disposal without losing joint control, the difference between the proceeds and the carrying amount disposed, and the proportionate exchange reserve is recognised as gain or loss on disposal.

iv. Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investments in associates are accounted for using the equity method, similar to Note 3(a)(iii) above.

3 Significant Accounting Policies (continued)

b. Foreign currencies

i. Presentation and functional currencies

Ringgit Malaysia is the presentation currency of the Group and of the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

ii. Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in profit or loss.

Foreign exchange differences arising from the translation of a monetary item designated as a hedge of net investment in a foreign operation are recognised in other comprehensive income in the consolidated financial statements until the net investment is disposed.

iii. Translation of foreign currency financial statements

For consolidation purposes, the foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the net investment in the subsidiary. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised in profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of an asset.

The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to the profit or loss.

Freehold land is not depreciated as it has indefinite life. Other property, plant and equipment are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are as follows:

Buildings	2% to 20%
Plant and machinery	4% to 20%
Rental assets	10% to 33%
Vehicles, equipment and fixtures	5% to 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

3 Significant Accounting Policies (continued)

c. Property, plant and equipment (continued)

Rental assets will be transferred to inventories at their carrying amounts when they cease to be rented and are held for sale.

d. Leases

Group as a lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate the lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in the lease term results in a remeasurement of lease liabilities. See accounting policy in Note 3(d)(ii) on reassessment of lease liabilities.

i. ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and accumulated impairment loss. In addition, the ROU assets are adjusted for certain remeasurement of lease liabilities. ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life.

The principal annual depreciation rates are as follows:

Leasehold land and sea-use rights	Up to 99 years
Buildings	5% to 50%
Vehicles, equipment, fixtures and rental assets	4% to 50%

3 Significant Accounting Policies (continued)

d. Leases (continued)

Group as a lessee (continued)

ii. Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to purchase an asset of similar value to the ROU in a similar economic environment with a similar term, security and conditions.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss.

i. Reassessment of lease liabilities

The Group is also exposed to potential future increase in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liabilities are remeasured and adjusted against the ROU assets.

A change in lease payments (including rent concession, except for COVID-19-related rent concessions), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

The Group applies practical expedient to account for a COVID-19-related rent concession that meets all of the conditions set out in MFRS 16 in the same way as they would if they were not a lease modification. The Group accounts for COVID-19-related rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs. The rent concessions are included in other operating income.

ii. Short term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Significant Accounting Policies (continued)

d. Leases (continued)

Group as a lessor

i. Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease.

ii. Operating leases

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

e. Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation which are not significantly occupied or intended to be occupied for use by, or in the operations of the Group.

Right-of-use assets that meet the definition of investment property in accordance with MFRS 140 are presented in the statement of financial position as investment property. Subsequent measurement of the right-of-use asset is consistent with those investment properties owned by the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are as follows:

Leasehold land	over the lease period of 62 years
Buildings	2% to 5%, or over the lease term if shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

f. Investments in subsidiaries

Investments in subsidiaries and contribution to subsidiaries are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

g. Intangible assets

i. Goodwill

Goodwill represents the excess of the consideration and the fair value of previously held interests over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill on acquisition of joint ventures and associates is included as part of the cost of investments in joint ventures and associates. Such goodwill is tested for impairment as part of the overall net investment in each joint venture and associate.

3 Significant Accounting Policies (continued)

g. Intangible assets (continued)

ii. Distribution and dealership rights

Distribution and dealership rights with no predetermined service period are stated at cost less accumulated impairment losses, if any, and are not amortised.

iii. Other intangible assets

Other intangible assets include computer software, trademarks, customer relationships and development costs. Research costs are charged to the profit or loss in the financial year in which the expenditure is incurred whilst development costs which fulfill commercial and technical feasibility criteria are capitalised at cost.

These intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line basis over their estimated useful lives and commences from the date of commercial production of the product to which the development costs relate or when the intangible assets are ready for use.

The principal annual amortisation rates are as follows:

Computer software	10% to 33%
Trademarks	5% to 20%
Customer relationships	10%
Development costs	over the period of the expected benefit, not exceeding a period of 5 years

h. Assets held for sale

Non-current assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Similarly, liabilities directly associated with the disposal groups are also presented separately from other liabilities in the statement of financial position.

Depreciation ceases when an asset is classified as an asset held for sale. Assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

i. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined principally by the following methods:

Equipment and motor vehicles	Specific identification basis
Spare parts and accessories	Weighted average basis

The cost of raw materials, consumable stores, replacement parts and trading inventories represents cost of purchase plus incidental costs, and in the case of other inventories, includes cost of materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less cost to completion and selling expenses.

Demonstration vehicles are classified as inventories as they are readily available for sale and are generally sold within a year.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

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3 Significant Accounting Policies (continued)

j. Financial assets

The Group classifies its financial assets in the following measurement categories:

i. Financial assets at amortised cost – Debt instruments

The Group classifies its financial assets at amortised cost when the asset is held within a business model with the objective to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets of the Group which fall under this category are trade and other receivables, amounts due from subsidiaries, bank balances, deposits and cash.

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with the related foreign exchange gains and losses. Impairment losses are presented as a separate line item in the notes to the statement of profit or loss.

ii. Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. Derivatives, including separated embedded derivatives, are also measured at FVTPL unless they are designated as effective hedging instruments. The accounting policy for derivatives designated as a hedge is disclosed in Note 3(k).

At initial recognition, the Group measures this financial asset at its fair value. Transaction costs attributable to financial assets carried at FVTPL are expensed in profit or loss. Net changes in the fair value of financial assets at FVTPL are subsequently recognised in other gains and losses in profit or loss. Purchases and sales of financial assets are recognised at trade date, the date at which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified as current assets for those having maturity dates of not more than 12 months after the end of the reporting period, and the balance is classified as non-current. See Note 3(m)(iii) on impairment of financial assets.

k. Derivatives and hedging activities

Derivatives are measured at fair value. A derivative that is neither designated nor an effective hedging instrument is categorised under fair value through profit or loss and changes in its fair value are recognised in profit or loss. In the case of a derivative that qualifies for cash flow hedge and borrowings that are used as hedge instruments against receivables or net investments, the changes in the derivative's fair value and the exchange differences arising from the translation of the borrowings are recognised in other comprehensive income.

The gain or loss is removed from equity and included in profit or loss in the same period or periods during which the hedged item affects profit or loss. In the case of a hedge of a forecast transaction which results in the recognition of a non-financial asset or a non-financial liability, the gain or loss is removed from equity and included in the carrying amount of the asset or liability. The gain or loss is also removed from equity and included in profit or loss when the derivative expires, no longer meets the criteria for hedge accounting, or the forecasted transaction is no longer expected to occur.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are classified as current asset or current liability for those having maturity dates of not more than 12 months after the end of the reporting period, and the balance is classified as non-current.

At the inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transaction.

3 Significant Accounting Policies (continued)

l. Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of engineering contracts, contract asset is the excess of cumulative revenue earned over the billings to-date. See Note 3(m)(iii) on impairment of contract assets.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of engineering contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

m. Impairment

Goodwill and other intangible assets that have an indefinite useful life or are not yet available for use are tested annually for impairment. Other non-financial assets are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets, it is based on expected credit loss.

This exercise is performed annually or whenever events or circumstances occur indicating that impairment may exist.

The recognition and measurement of impairment are as follows:

i. Non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. Impairment loss on non-financial assets is charged to profit or loss.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in profit or loss. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

ii. Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment, including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss and reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

iii. Impairment of financial assets and contract assets

The Group recognises an allowance for expected credit loss ("ECL") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss is immaterial.

ECLs are measured based on a general 3-stage approach and a simplified approach.

3 Significant Accounting Policies (continued)

m. Impairment (continued)

iii. Impairment of financial assets and contract assets (continued)

General 3-stage approach for other receivables and amounts due from subsidiaries

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Simplified approach for trade receivables, contract assets and finance lease receivables

For trade receivables, contract assets and finance lease receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information such as:

- internal credit rating/assessment
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor (where available)
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor

The Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off to profit or loss when there is no reasonable expectation of recovering the contractual cash flows.

Grouping of instruments for ECL measured on collective basis

Collective assessment

To measure ECL, trade receivables and contract assets are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group considers the expected loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

Individual assessment

Trade receivables, contract assets, other receivables and amounts due from subsidiaries which are in default or credit-impaired are assessed individually.

3 Significant Accounting Policies (continued)

n. Share capital

Proceeds from ordinary shares issued are accounted for as share capital in equity. Cost directly attributable to the issuance of new shares are deducted from equity.

Dividends to owners of the Company and non-controlling interests are recognised in the statement of changes in equity in the period in which they are declared.

o. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provision due to the passage of time is recognised as finance cost.

p. Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Grants are carried in the statement of financial position and allocated to profit or loss over the useful lives of the related assets or over the period of the operating expenditure to which the grants are intended to compensate. Grants relating to costs are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate.

q. Employee costs

i. Employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.

ii. Defined contribution pension plans

A defined contribution pension plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has various defined contribution pension plans in accordance with local conditions and practices in the countries in which it operates. The Group's contributions to defined contribution pension plans are charged to profit or loss in the financial year in which they relate to.

iii. Defined benefit pension plans

Defined benefit pension plans typically define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group's defined benefit pension plans are determined based on a periodic actuarial valuation by external consultants where the amount of the benefits that eligible employees have earned in return for their services in the current and prior years are estimated.

The liabilities in respect of the defined benefit pension plans are the present values of the defined benefit obligations at the end of the reporting period, adjusted for actuarial gains and losses and past service costs, and reduced by the fair value of the plan assets. The defined benefit obligations, calculated using the Projected Unit Credit Method, are determined by independent actuaries, considering the estimated future cash outflows.

Actuarial gains or losses arising from market adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

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3 Significant Accounting Policies (continued)

q. Employee costs (continued)

iv. Termination benefits

Termination benefits are payable whenever an employee's employment is terminated in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of a proposal to encourage voluntary redundancy.

v. Share-based compensation

The Company operates an equity-settled, share-based compensation plan for the Group's employees. Employee services received in exchange for the grant of the Company's shares are recognised as an expense in the profit or loss over the vesting period of the grant, with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

Non-market vesting conditions are included in the assumptions to arrive at the number of shares that are expected to vest. At the end of the reporting period, the Group and the Company revise their estimates of the number of shares that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the profit or loss, with a corresponding adjustment to equity.

The fair value of shares granted to employees of subsidiaries is recharged by the Company to the relevant subsidiaries.

r. Financial liabilities

The Group's financial liabilities are classified into the following categories and the accounting policies for each of these categories are as follows:

i. Financial liabilities at fair value through profit or loss

Derivatives not designated as hedges are classified as fair value through profit or loss. These financial liabilities are measured at fair value. Any gain or loss arising from changes in fair value and transaction costs is recognised in profit or loss.

ii. Financial liabilities at amortised cost

Payables, amounts due to subsidiaries and borrowings are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

iii. Derivatives used for hedging activities

The accounting policy for derivatives used for hedging activities is disclosed in Note 3(k).

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the reporting date, and the balance is classified as non-current.

s. Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks, net of bank overdrafts.

3 Significant Accounting Policies (continued)

t. Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Performance obligations by segment are as follows:

i. Industrial

Industrial segment revenue consists of sale and installation of equipment, sale of parts, provision of after-sales services and engineering services.

(a) Sale and installation of equipment, parts and provision of after-sales maintenance

Revenue from sale of equipment and after-sales maintenance are recognised respectively in the period in which the customer accepts the delivery of the goods and services rendered.

Contracts that bundle the sale of equipment, after-sales maintenance, provision of parts credit and extended warranty are recognised as four distinct performance obligations for revenue recognition purposes. Parts credit represents prepaid amounts for equipment parts which customers will redeem in the future. Credit is given together with the sale of machine based on negotiated terms with the customer. Revenue from parts credit is recognised upon utilisation of credit for parts exchange.

Contracts that bundle the sale and installation of generator sets are recognised as a single performance obligation as the installation includes a significant integration service. Revenue is recognised progressively based on the percentage of completion determined by reference to the completion of the physical proportion of contract work to-date.

There is no significant financing component in the revenue arising from sale and installation of equipment, parts and provision of after-sales maintenance as almost all sales are made on the normal credit terms not exceeding 12 months.

(b) Extended warranty programme

The Group operates an extended warranty programme where customers are given additional 12-month warranty in addition to the standard warranty. Revenue for the extended warranty is recognised in the period in which the warranty services are rendered. No element of financing is deemed present as the sales are made on normal credit terms. Obligations to repair or replace faulty products under standard warranty terms is recognised as a provision.

(c) Construction of equipment

Contracts for construction of equipment comprise multiple deliverables which include a significant integration service and are therefore recognised as a single performance obligation. Revenue is recognised progressively based on the percentage of completion determined by reference to the completion of the physical proportion of contract work to-date.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

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3 Significant Accounting Policies (continued)

t. Revenue recognition (continued)

Performance obligations by segment are as follows: (continued)

i. Industrial (continued)

(d) Sale and leaseback arrangements

Sales of equipment arising from sale and leaseback arrangements are recognised when the Group transfers control of the equipment to the customer, being when the customer accepts delivery of the equipment. If it is clear that the sale and leaseback transaction is established at fair value, the Group recognises immediately any profit or loss relating to the rights transferred to buyer-lessor and ROU assets arising from the leaseback at the proportion of the previous carrying amount of the assets retained. If the sale price is below fair value, the Group recognises immediately any profit or loss and a prepayment of the lease payments. If the sale price is above fair value, the Group accounts it as additional financing by the buyer-lessor.

(e) Sales with a right of return

For certain parts sales, the customer has an option to sell the used products back to the Group within an agreed timeframe after the date of sale. Therefore, a refund liability (with corresponding adjustment to revenue) is recognised using the most likely method for the products expected to be returned.

(f) Engineering services

Engineering contracts involving engineering services comprise multiple deliverables which are highly integrated, and are therefore recognised as a single performance obligation. Revenue is recognised progressively based on the percentage of completion determined by reference to the completion of the physical proportion of contract work to-date.

ii. Motors

The Group is the authorised distributor of vehicles and parts and also operates a network of dealerships selling vehicles and parts and offering after-sales services. Motors segment revenue consists of sales of vehicles and parts, after-sales services, assembly of vehicles and handling and commission income.

(a) Sale of vehicles and parts

Revenue from sale of vehicles and parts is recognised when the Group sells the vehicle to customers and control of the vehicle and parts has transferred, being when the vehicles and parts are delivered to the customer. The retail sale of parts normally occurs during performance of after-sales services. Therefore, revenue from sale of parts is reported with the performance of after-sales services.

The vehicles and parts are often sold with volume based discounts and incentives based on aggregate sales over an agreed period. Accumulated experience is used to estimate and provide for the discounts and incentives, using expected value or most likely methods depending on the type of discounts and incentives. Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for the expected discounts and incentives payable to customers in relation to sales made.

Consistent with market practice, the Group collects deposits from customers for the sale of vehicles. A contract liability is recognised for the customer deposits as the Group has an obligation to transfer vehicle to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon sale of the vehicle to the customer.

No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice. The Group's obligation to provide warranty for the vehicles and parts under the standard warranty terms is recognised as a provision (see Note 43).

3 Significant Accounting Policies (continued)

t. Revenue recognition (continued)

Performance obligations by segment are as follows: (continued)

ii. Motors (continued)

(b) After-sales services

The Group provides after-sales services or routine vehicle maintenance services within and/or outside of the warranty period in relation to the vehicle brands that the Group sells. The performance of maintenance services is often accompanied with the sale of parts. Revenue from after-sales services is recognised over the period of performance of services to customers.

The sale of vehicle to the customer may be bundled together with extended warranties and/or free services. The extended warranty provides assurance to the customer that the vehicle parts comply with agreed-upon specifications beyond the general standard warranty period. The extended warranties and free services are separate performance obligations and the transaction price is allocated to the service obligations based on its relative standalone selling prices. The extended warranties and free services are deferred and recognised over the period covered by the extended warranties and when the free services are performed respectively.

There is no significant financing component in the sale of extended warranties and/or free services as the sales are made on normal credit terms not exceeding 12 months. Where consideration is collected from customers in advance of services being performed, a contract liability is recognised. The contract liability would be recognised as revenue when the related services are rendered.

(c) Assembly of vehicles

The Group manufactures and assembles light commercial and passenger vehicles, and are contract assemblers of motor vehicles. Revenue arising from the assembly of vehicles is either recognised upon completion of the assembly service or over the period when assembly services are rendered based on the contractual terms with the customers.

Revenue recognised upon completion of assembly service

Revenue is recognised for certain assembly customers when control of vehicles has transferred, being when the vehicles are delivered to the customer, the customer has full discretion over the channel and price to sell the vehicle and there is no unfulfilled obligation that could affect the customers' acceptance of the vehicles. Delivery occurs when the vehicles have been accepted by the customers upon completion of the assembly service.

Revenue from these services is recognised based on the fixed price specified in the contract and the variable expenses recoverable from the customers, based on the aggregate service provided over an agreed period. Accumulated experience is used to estimate and provide for the variable expenses recoverable, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. There is no significant financing component in the revenue arising from assembly of vehicles as the sales are made on the normal credit terms not exceeding 12 months.

3 Significant Accounting Policies (continued)

t. Revenue recognition (continued)

Performance obligations by segment are as follows: (continued)

ii. Motors (continued)

(c) Assembly of vehicles (continued)

Revenue recognised over the assembly period

Revenue is recognised over the assembly period for certain assembly customers if the vehicles being assembled do not have any alternative use and when the Group is able to enforce payment for performance completed to date during the assembly period.

Revenue is recognised based on the actual costs incurred at the end of the reporting period plus a proportion of the expected profit margin with the customer. This method represents a faithful depiction of the service as the actual costs incurred represents the percentage of service rendered.

Estimates of revenues or expected profit margin are revised if circumstances change. Any resulting increases or decreases in estimated revenues are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. The Group's obligation to provide warranty for the vehicles under the standard warranty terms is recognised as a provision.

(d) Handling and commission income

Revenue arising from rendering services, handling income and commission income is recognised when the relevant services are completed.

iii. Logistics

(a) Revenue from terminal handling and related services

Revenue from providing services is recognised in the period in which the services are rendered. The price of handling contracts is usually defined as fixed charge rate per tonne or container box, hence revenue is recognised based on the actual tonnage or number of container boxes handled multiplied by the contracted charge rates. Some handling contracts include multiple deliverables, such as the cargo storage services. Generally, the storage service is charged by fixed price per day and has no relationship with the handling charges. It is therefore accounted for as a separate performance obligation and revenue is recognised based on the unit price multiplied by days of storage.

iv. Other revenue

Revenue from other sources are recognised as follows:

(a) dividend income is recognised when the right to receive payment is established; and
(b) rental income is generally recognised on a straight-line basis over the tenure of the lease.

u. Finance income

Finance income is recognised on an accrual basis using the effective interest method.

Finance income from financial assets at FVTPL is recognised as part of net gains or net losses on these financial instruments.

Finance income on financial assets at amortised cost is calculated using the effective interest method and is recognised in profit or loss.

Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 Significant Accounting Policies (continued)

v. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of those assets until the assets are substantially ready for their intended use or sale.

w. Taxation

Taxation comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the applicable tax rates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, including those arising from business combinations. Deferred tax is not recognised on goodwill and those arising from initial recognition of an asset or liability which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

x. Contingent liabilities

The Group does not recognise contingent liabilities but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose crystallisation will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably.

y. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance.

Segment revenue, profit, assets and liabilities are those reported by the segment and also include consolidation adjustments directly attributable to the segment. Inter-segment sales and purchases are generally based on similar terms as those available to external parties.

3 Significant Accounting Policies (continued)

z. Fair value estimation

Fair values shown in the financial statements are categorised into three different levels to increase consistency and comparability in fair value measurements. The levels of hierarchy are based on the input used to measure the fair value of an asset or a liability. The hierarchy based on highest to the lowest priority is as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities

Level 2 – valuation inputs (other than Level 1 input) that are observable for the asset or liability, either directly or indirectly

Level 3 – valuation inputs that are not based on observable market data

4 Critical Accounting Estimates and Judgement in Applying Accounting Policies

The preparation of financial statements in compliance with MFRS requires the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a. Impairment of non-financial assets

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment. The key assumptions used to determine the recoverable amount of the property, plant and equipment, right-of-use assets and intangible assets are set out in Notes 19, 20 and 22 to the financial statements respectively.

During the financial year, impairment of non-financial assets totalling RM105 million (2020: RM52 million) was charged and RM1 million (2020: RM32 million) was reversed to profit or loss, as disclosed in Note 11.

b. Taxation

The Group has recognised certain tax recoverable for which the Group believes that there is a reasonable basis for recognition. Where the final tax outcome of this matter is different from the amount that was initially recorded, such difference may cause a material adjustment to the carrying amount of the tax recoverable balance recorded in the period in which such determination is made. As at 30 June 2021, the tax recoverable of the Group in relation to withholding taxes recoverable from the Indian tax authorities was RM41 million (2020: RM46 million). The realisation of this tax recoverable is dependent on the decision of the Indian tax authorities which may take a significant amount of time before the Group fully receives the tax refunds.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or unutilised tax losses and tax credits can be utilised. This involves judgement regarding future taxable profits of a particular entity in which the deferred tax asset has been recognised.

4 Critical Accounting Estimates and Judgement in Applying Accounting Policies (continued)

c. Impairment of investments in associates and joint ventures (including share of impairment of non-financial assets of associates and joint ventures)

The Group assesses the recoverability of its investments in associates and joint ventures for indication of impairment at the end of each reporting period.

During the financial year ended 30 June 2021, the Group assessed the recoverability of joint ventures, Weifang Sime Darby Liquid Terminal Co., Limited ("WSDLT") and Weifang Sime Darby West Port Co., Limited ("WSDWP"). As a result of the impairment assessment, the Group recognised an impairment loss of RM69 million (2020: RM22 million) on its investment in WSDLT. No impairment was required for WSDWP. The key assumptions used in the assessment are set out in Note 12(a) to the financial statements.

d. Fair valuation of Financial Assets at FVTPL

The fair valuation of Financial Assets at FVTPL under Level 3 fair valuation methods require significant estimates and judgements. During the financial year, the Group fully impaired the additional shareholder's loan to Mine Energy Solutions Pty Limited ("MES") of RM2 million (2020: fair value loss of RM72 million) and the carrying value of the loan is Nil (2020: Nil). The key assumptions used in the fair valuation are set out in Note 25 to the financial statements.

e. Revenue recognition on maintenance income, extended warranties and parts credit

Revenue from customers include revenue derived from bundled contracts. The Group employs judgement in identifying separate performance obligations within these contracts. The Group regards the maintenance income (which is inclusive of free services), extended warranties and parts credit as separate performance obligations as the customers are able to benefit from each of the performance obligations on its own and they are distinct from each other. Revenue is allocated to the service obligations based on its relative stand-alone selling prices upon a sale of equipment or vehicle. These maintenance income and extended warranties are deferred and recognised over the period covered in the contracts or upon rendering of the services. Revenue from parts credit are recognised upon utilisation of credit for exchange of parts. Management estimates the stand-alone selling prices of the maintenance income, extended warranties and parts credit based on observable prices of the type of services likely to be provided and the services rendered in similar circumstances to customers. Where the stand-alone selling price of the distinct goods or services is not directly observable, they are estimated based on expected cost-plus margin.

Management estimates the related contract liabilities for future warranty claims based on historical extended warranty and services claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs and availability.

f. Extension options for leases

In determining the lease term of a lease, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended. The assessment is reviewed if a significant event or a significant change in circumstances occur which affects this assessment and that is within the control of the lessee. Details of such extension option are disclosed on Note 40.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

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5 Financial Risk and Capital Management Policies

a. Financial Risk Management

The Group's operations expose it to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity and cash flow risk. The Group's overall financial risk management policies seek to manage and minimise the potential adverse effects of these risks on the financial performance of the Group.

The Group's exposure to these financial risks are managed through risk reviews, internal control systems, insurance/takaful programmes and adherence to Group Policies and Authorities which are implemented on a group-wide basis. The Board regularly reviews these risks and approves the policies covering the management of these risks.

The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge the Group's exposure to financial risk.

Whilst all derivatives entered into provide economic hedges to the Group, hedge accounting is not always applied. Where there are open positions, these are managed in accordance with the Group's policies. The notional amounts and fair values of derivative financial instruments as at 30 June are disclosed in Note 28.

i. Foreign exchange risk

The Group's foreign exchange risk refers to adverse exchange rate movements on foreign currency positions originating primarily from financial assets or liabilities denominated in currencies which are not in the functional currency of the respective subsidiaries and from net assets in foreign operations where the functional currencies are not in Ringgit Malaysia.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollar, Chinese Renminbi, European Union Euro and Australian Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and investments in foreign operations.

The Group applies natural hedging, to the extent possible, by matching foreign currency assets or income against foreign currency liabilities or costs. Net foreign currency exposures and forecasted foreign currency cash flows are hedged via forward foreign exchange contracts.

Details of the Group's foreign currency exposure and the currency profile of monetary financial assets and financial liabilities are disclosed in Note 48(a).

ii. Interest rate risk

The Group's interest rate risk arises from its borrowings. Changes in market interest rates will be re-priced into the floating rate borrowings. The Group manages its interest rate risk on its long-term borrowings by targeting a mix of fixed and floating rate debt by using derivatives such as interest rate swaps. There are no outstanding interest rate swaps as at 30 June 2021.

As at 30 June 2021, the Group's percentage of fixed rate borrowings to the total borrowings was 1.8% (2020: 1.8%). The relatively low percentage of fixed rate borrowings is because most of the Group's borrowings are for short term working capital funding. Details of the percentages of fixed rate borrowings over total borrowings are disclosed in Note 48(b).

5 Financial Risk and Capital Management Policies (continued)

a. Financial Risk Management (continued)

iii. Credit risk

Credit risk is the risk of a financial loss to the Group due to counterparties defaulting on their commitments.

Credit risk arises on sales made on credit terms, derivatives with positive fair value, deposits with banks, guarantees and performance guarantees given on behalf of others and risk sharing arrangements.

The Group seeks to control credit risk by dealing with counterparties with appropriate credit histories and deposit with banks and financial institutions with good credit ratings. Credit risk is also managed through credit assessment and approval, credit limit and monitoring procedures. Where appropriate, guarantees or securities are obtained to limit credit risk.

The credit risk concentration profile of the Group's net trade receivables analysed by location where the Group operates and by reportable segment are as follows:

	Industrial	Motors	Logistics	Others	Total
2021					
Malaysia	**196**	**296**	**–**	**47**	**539**
China[1]	**409**	**168**	**19**	**1**	**597**
Other countries in Asia	**100**	**221**	**–**	**2**	**323**
Australasia[2]	**857**	**336**	**–**	**–**	**1,193**
	1,562	**1,021**	**19**	**50**	**2,652**
2020					
Malaysia	170	368	–	70	608
China[1]	409	134	22	1	566
Other countries in Asia	76	90	–	4	170
Australasia[2]	825	286	–	–	1,111
	1,480	878	22	75	2,455

The Group has no significant concentration of credit risk.

The Company has no significant concentration of credit risk except for loans to its subsidiaries where the risk of default has been assessed to be low.

1 China consists of China, Hong Kong, Macau and Taiwan.

2 Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

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5 Financial Risk and Capital Management Policies (continued)

a. Financial Risk Management (continued)

iii. Credit risk (continued)

A summary of the assumptions underpinning the Group's expected credit loss ("ECL") is as follows:

Trade receivables using the simplified approach

The ECL for trade receivables is generally calculated based on the net flow rate method and is calculated at the operating unit level. The factors considered in arriving at the calculation include:

- Appropriately grouping trade receivables if historical (or forecast) credit loss experience shows significantly different loss patterns for different customer segments
- Adjusting historical credit loss experience to incorporate relevant, current and more forward-looking information that is reasonable and supportable, and available without undue cost or effort
- Determining different loss rates for the different past due brackets of trade receivables

In arriving at the net flow rate model, the operating units have used debtor past due information over a 12-36 month period. No significant changes to estimation techniques or assumptions were made during the reporting period.

The gross carrying amount of trade receivables also represents the maximum exposure to credit risk on these assets. The expected credit loss rate is the weighted average rate applied for the respective groups of trade receivables. Impairment for specific debtors in default or credit impaired is assessed individually, where applicable.

	30 June 2021			
	Gross trade receivables	Expected credit loss rate (%)	Impairment	Net carrying amount
Industrial Division				
Current	1,128	0.7	(8)	1,120
Past due by				
– 1 to 30 days	254	2.6	(7)	247
– 31 to 60 days	86	5.9	(5)	81
– 61 to 90 days	54	8.3	(5)	49
– 91 to 180 days	58	26.5	(15)	43
– more than 181 days	70	68.7	(48)	22
Individually assessed	10	100.0	(10)	–
Total	1,660		(98)	1,562
Motors Division				
Current	482	0.0	–	482
Past due by				
– 1 to 30 days	378	0.3	(1)	377
– 31 to 60 days	108	0.6	(1)	107
– 61 to 90 days	33	0.7	–[1]	33
– 91 to 180 days	20	2.9	(1)	19
– more than 181 days	18	86.6	(15)	3
Individually assessed	1	92.3	(1)	–[1]
Total	1,040		(19)	1,021

[1] Less than RM1 million

5 Financial Risk and Capital Management Policies (continued)

a. Financial Risk Management (continued)

iii. Credit risk (continued)

Trade receivables using the simplified approach (continued)

	30 June 2020			
	Gross trade receivables	Expected credit loss rate (%)	Impairment	Net carrying amount
Industrial Division				
Current	1,042	0.3	(3)	1,039
Past due by				
– 1 to 30 days	185	3.3	(6)	179
– 31 to 60 days	59	6.6	(4)	55
– 61 to 90 days	87	7.1	(6)	81
– 91 to 180 days	123	15.9	(20)	103
– more than 181 days	74	68.8	(51)	23
Individually assessed	11	99.5	(11)	–[1]
Total	1,581		(101)	1,480
Motors Division				
Current	458	0.0	–	458
Past due by				
– 1 to 30 days	289	0.4	(1)	288
– 31 to 60 days	94	1.5	(1)	93
– 61 to 90 days	18	2.8	(1)	17
– 91 to 180 days	12	4.0	(1)	11
– more than 181 days	25	58.7	(14)	11
Individually assessed	1	70.6	(1)	–[1]
Total	897		(19)	878

[1] Less than RM1 million

The remaining net trade receivables of RM69 million (2020: RM97 million) relates to the Logistics and Other businesses and the total impairment for these receivables is RM2 million (2020: RM1 million).

The impairment of finance lease receivables has been assessed to be immaterial as at 30 June 2021 and 30 June 2020.

The impairment of contract assets of the Industrial Division (carrying value of RM93 million (2020: RM54 million)) has been assessed to be immaterial.

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5 Financial Risk and Capital Management Policies (continued)

a. Financial Risk Management (continued)

iii. Credit risk (continued)

The ECL for other receivables and amounts due from subsidiaries, joint ventures and associates is calculated based on the 3-stage approach.

Category	Definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Underperforming	Debtors for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.	Lifetime ECL
Non-performing	There is evidence indicating the asset is credit-impaired.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of the debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off

Based on the above, loss allowance is measured on either 12-month ECL or lifetime ECL, by considering the likelihood that the debtor would not be able to repay during the contractual period, the percentage of contractual cash flows that will not be collected if default happens and the outstanding amount that is exposed to default risk.

The main categories of other receivables of the Group are as follows:

- Amounts due from joint ventures and associates – this includes loans and interest receivable from joint ventures (see also Note 29). The amount due from a joint venture, Weifang Port Services Co Limited, of RM26 million has been fully impaired as it was categorised as non performing. The remaining balances due from joint ventures and associates were largely categorised as performing taking into consideration the credit risks of the joint ventures and associates.
- Rebates from principals – these are amounts receivable based on rates or amounts agreed by the principals. These amounts are mostly categorised as performing as they are assessed to have low credit risk except for certain instances where there are disagreements. The impairment losses as at 30 June 2021 was immaterial (2020: RM3 million).
- Assembly purchases and expenses recoverable – these are goods purchased or expenses incurred in relation to the assembly business that can be recovered from customers. These amounts are categorised as performing as they are assessed to have low credit risk. The impairment loss is considered immaterial.
- Warranty and parts claims and amount due from principal are transactions involving principals. They are categorised as performing as they are assessed to have low credit risk. The impairment loss is considered immaterial.
- Deposits consist mainly of rental, utilities and tender deposits as well as deposits with authorities and principals. These amounts are mostly categorised as performing as they are assessed to have low credit risk. The impairment loss is considered immaterial.

An impairment of RM79 million (2020: RM77 million) has been provided for other receivables, including an impairment of RM65.5 million (2020: RM65.5 million) for advances for a groundwater development project that was fully impaired in the financial year ended 30 June 2011. Management has assessed and determined that the majority of the other receivables were fully recoverable and adequate loss allowance has been recognised.

5 Financial Risk and Capital Management Policies (continued)

a. Financial Risk Management (continued)

iii. Credit risk (continued)

Company

The Company provides unsecured advances to its subsidiary, Sime Darby Holdings Berhad ("SDHB"). The outstanding balance as at 30 June 2021 was RM1,093 million (2020: RM872 million). No impairment was provided for this balance as SDHB is in a net asset position and can settle the outstanding balance by transferring its cash and other assets to the Company.

The other amounts due from subsidiaries are primarily PBESS charges receivable. Management is of the view that the impairment loss is considered immaterial based on the financial position and performance of these subsidiaries.

Reconciliation of impairment for trade and other receivables of the Group is as follows:

	2021				
	Trade receivables	Amounts due from joint ventures	Rebates from principals	Other receivables	Total
As at 1 July 2020	**121**	**24**	**3**	**77**	**225**
Impairment losses	**72**	**–**	**9**	**5**	**86**
Reversal of impairment losses	**(70)**	**–**	**(12)**	**(3)**	**(85)**
Write offs	**(7)**	**–**	**–**	**–**	**(7)**
Exchange differences	**3**	**2**	**–**	**–**	**5**
At 30 June 2021	**119**	**26**	**–**	**79**	**224**

	2020				
	Trade receivables	Amounts due from joint ventures	Rebates from principals	Other receivables	Total
As at 1 July 2019	86	2	1	77	166
Impairment losses	57	24	3	–	84
Reversal of impairment losses	(11)	(2)	–	–	(13)
Write offs	(12)	–	–	–	(12)
Exchange differences	1	–	(1)	–	–
At 30 June 2020	121	24	3	77	225

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

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5 Financial Risk and Capital Management Policies (continued)

a. Financial Risk Management (continued)

iii. Credit risk (continued)

Reconciliation of impairment of loans to joint venture:

	2021	2020
As at 1 July	**1**	–
Impairment losses	**–**	1
At 30 June	**1**	1

Details of the credit risk exposure are disclosed in Note 48(c).

The Group also has a risk sharing arrangement with a third party leasing company which is a member of our principal vendor, in connection with the sale of its equipment. Details of the arrangement are disclosed in Note 49(a). An amount of RM30 million (2020: RM37 million) has been provided for based on a percentage of risk sharing ratio over the total outstanding lease portfolio (see Note 43).

iv. Liquidity and cash flow risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations when they fall due.

The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources, and keeping an adequate amount of credit facilities to provide ample liquidity cushion.

As at 30 June 2021, the Group's total cash and cash equivalents was RM2,417 million (2020: RM1,650 million) which included cash in hand and deposits held at call with banks, net of bank overdrafts. As at 30 June 2021, the Company had total cash and cash equivalents of RM150 million (2020: RM130 million).

The Group believes that its contractual obligations, including those disclosed in commitments and contingencies in Notes 48(d) and 49 respectively, can be met from existing cash and investments, operating cash flows, credit lines available and other financing that the Group reasonably expects to be able to secure should the need arise.

5 Financial Risk and Capital Management Policies (continued)

b. Capital Management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholders' value. The Group is committed towards optimising its capital structure and ensuring competitive cost of capital. Implementation of an optimal capital structure includes balancing between debt and equity by putting in place appropriate dividend and financing policies which influence the level of debt and equity. The appropriate debt level is subject to the composition of the Group's businesses, business cycle and economic conditions.

i. Gearing ratios

The gearing ratios used to assess the appropriateness of the Group's debt level are set out below.

Ratio 1 is calculated as Total Debt divided by Total Equity.

	2021	2020
Borrowings	**1,827**	2,231
Lease liabilities	**1,907**	1,814
Total Debt	**3,734**	4,045
Total Equity	**16,260**	15,413
Total Debt/Equity ratio	**0.23**	0.26

Ratio 2 is calculated as Total Debt divided by Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA").

	2021	2020
Total Debt	**3,734**	4,045
Operating profit	**2,167**	1,513
Add : Depreciation and amortisation	**1,155**	1,053
(Less)/add : Other gains and losses	**(236)**	60
Adjusted EBITDA	**3,086**	2,626
Debt/Adjusted EBITDA ratio	**1.21**	1.54

The debt/equity ratio of the Group of 0.23 provides the Group with the flexibility to raise borrowings to fund the Group's expansion.

ii. Externally imposed capital requirements

The Group maintains a debt to equity ratio that complies with the applicable debt covenants as at the reporting date.

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6 Revenue

Revenue comprise the following:

	Group		Company	
	2021	2020	2021	2020
Revenue from contracts with customers	43,678	36,195	–	–
Revenue from other sources				
– rental income	805	739	–	–
– dividend income from subsidiaries	–	–	1,169	766
	44,483	36,934	1,169	766

Analysis of the Group's revenue from contracts with customers:

2021	Industrial	Motors	Logistics	Others	Total
Major goods and services					
Sale of equipment and vehicles	8,382	23,485	–	–	31,867
Sale of parts, assembly charges and provision of after-sales services	6,742	4,082	–	–	10,824
Engineering services	304	–	–	–	304
Port and related charges	–	–	181	–	181
Commission, handling fees and others	–	458	–	44	502
	15,428	28,025	181	44	43,678
Geographical market					
Malaysia	904	4,057	–	37	4,998
China[1]	4,632	14,053	181	2	18,868
Other countries in Asia	626	5,252	–	5	5,883
Australasia[2]	9,266	4,663	–	–	13,929
	15,428	28,025	181	44	43,678
Timing of revenue recognition					
– at a point in time	12,459	24,109	–	29	36,597
– over time	2,969	3,916	181	15	7,081
	15,428	28,025	181	44	43,678

1 China consists of China, Hong Kong, Macau and Taiwan.

2 Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands.

6 Revenue (continued)

Analysis of the Group's revenue from contracts with customers: (continued)

2020	Industrial	Motors	Logistics	Others	Total
Major goods and services					
Sale of equipment and vehicles	8,104	17,039	–	–	25,143
Sale of parts, assembly charges and provision of after-sales services	6,842	3,275	–	–	10,117
Engineering services	327	–	–	15	342
Port and related charges	–	–	219	–	219
Commission, handling fees and others	–	335	–	39	374
	15,273	20,649	219	54	36,195
Geographical market					
Malaysia	871	3,156	–	45	4,072
China[1]	4,095	10,307	219	2	14,623
Other countries in Asia	704	3,843	–	7	4,554
Australasia[2]	9,603	3,343	–	–	12,946
	15,273	20,649	219	54	36,195
Timing of revenue recognition					
– at a point in time	12,354	17,944	–	25	30,323
– over time	2,919	2,705	219	29	5,872
	15,273	20,649	219	54	36,195

1 China consists of China, Hong Kong, Macau and Taiwan.
2 Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands.

Revenue from contracts with customer of the Group includes RM1,765 million (2020: RM1,871 million) that was included in contract liabilities at the beginning of the reporting period.

The Group generates rental revenue mainly from leasing of equipment and motor vehicles. It also receives rental income from the leasing of certain properties. The following table sets out the maturity analysis of lease payments of the Group, showing the undiscounted lease payments to be received after the reporting date and includes rental income recognised as other income (Note 10):

	2021	2020
Within 1 year	**294**	399
Between 1-2 years	**140**	198
Between 2-3 years	**77**	123
Between 3-4 years	**53**	67
Between 4-5 years	**26**	20
After 5 years	**103**	68
Total undiscounted lease payments	**693**	875

Included in revenue is RM254 million (2020: RM243 million) arising from subleasing of right-of-use assets.

Notes to the Financial Statements

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7 Operating Expenses

	Group		Company	
	2021	**2020**	**2021**	**2020**
Direct costs				
Finished goods, work in progress and other direct overheads	**36,551**	29,850	**–**	–
Inventory writedown and provision (net)	**44**	242	**–**	–
Raw materials and consumables	**319**	293	**–**	–
Engineering contract costs	**105**	122	**–**	–
	37,019	30,507	**–**	–
Director and employee costs				
Salaries, fees, allowances, overtime and bonus	**3,248**	2,810	**4**	4
Defined contribution pension plans	**234**	201	**–**	–
Termination benefits	**15**	11	**–**	–
Performance-based employee share scheme [Note 36]	**8**	10	**–**	–
Training, insurance and other benefits	**765**	577	**–**	–
	4,270	3,609	**4**	4
Depreciation and amortisation				
Amortisation:				
– intangible assets	**79**	70	**–**	–
Depreciation:				
– property, plant and equipment	**608**	546	**–**	–
– right-of-use assets	**462**	430	**–**[1]	–[1]
– investment properties	**6**	7	**–**	–
	1,155	1,053	**–**[1]	–[1]
Receivables and loans to joint venture				
– Impairment of receivables	**86**	84	**–**	–
– Impairment of loans to joint venture	**–**	1	**–**	–
– Reversal of impairment of receivables	**(85)**	(13)	**–**	–
	1	72	**–**	–

1 Less than RM1 million

7 Operating Expenses (continued)

	Group		Company	
	2021	2020	2021	2020
Leases				
Short-term leases	**67**	85	**–**	–
Lease of low-value assets	**6**	8	**–**	–
	73	93	**–**	–
General expenses				
Auditors' remuneration [Note 9]	**22**	20	**1**	1
Management fee charged by a subsidiary	**–**	–	**69**	43
Other expenses	**359**	349	**1**	1
	381	369	**71**	45
	42,899	35,703	**75**	49

8 Directors' Remuneration

	Group		Company	
	2021	2020	2021	2020
Executive Director				
Emoluments and benefits	**5**	4	**–**	–
Defined contribution pension plans	**1**	–[1]	**–**	–
Performance-based employee share scheme	**1**	1	**–**	–
	7	5	**–**	–
Non-Executive Directors				
Fees and benefits	**4**	4	**4**	4
	11	9	**4**	4

1 Less than RM1 million

Estimated monetary value of benefits-in-kind of the Executive Director amounted to RM0.04 million (2020: RM0.03 million) for the Group. Estimated monetary value of benefits-in-kind of Non-Executive Directors amounted to RM0.01 million (2020: RM0.04 million).

During the financial year, the Group sold vehicles to the Directors and their close family members for RM1.5 million (2020: RM0.06 million) at prices not lower than that offered to employees.

Other than as disclosed above, there were no compensation to Directors for loss of office, no loans, quasi-loans and other dealings in favour of Directors and no material contracts subsisting as at 30 June 2021 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors.

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9 Auditors' Remuneration

	Group		Company	
	2021	2020	2021	2020
Fees for statutory audits				
PricewaterhouseCoopers PLT Malaysia	**3**	3	**1**	1
Member firms of PricewaterhouseCoopers International Limited	**15**	14	**–**	–
Other audit firms	**–[1]**	–[1]	**–**	–
	18	17	**1**	1
Fees for assurance related services				
PricewaterhouseCoopers PLT Malaysia	**1**	1	**–[1]**	–[1]
Member firms of PricewaterhouseCoopers International Limited	**–[1]**	–[1]	**–**	–
	1	1	**–[1]**	–[1]
Fees for non-audit services				
PricewaterhouseCoopers PLT Malaysia	**–[1]**	–[1]	**–**	–
Member firms of PricewaterhouseCoopers International Limited	**3**	2	**–**	–
	3	2	**–**	–
	22	20	**1**	1

1 Less than RM1 million

Non-audit services provided by the Company's auditors and its member firms comprise tax related services and other advisory services. Non-audit services can be offered by the external auditors if there are efficiency and value added benefits to the Group, without compromising auditor independence.

10 Other Operating Income

	Group	
	2021	2020
Dividend income from financial assets	**113**	120
Hire of plant and machinery	**3**	3
Operating lease income[1]	**38**	46
Government grant income[2]	**96**	90
Sales of scrap	**21**	22
Forfeiture of customer deposits	**20**	16
Recoveries and other miscellaneous income	**56**	45
	347	342

1 The operating lease income is primarily from the leasing of properties by operations where their principal activity is not property leasing. The maturity analysis for operating lease income is included in Note 6.

2 Includes government wage subsidies in several countries relating to COVID-19.

11 Other Gains and (Losses)

	Group	
	2021	2020
Net foreign currency exchange gain/(loss):		
– realised foreign exchange (loss)/gain arising from settlement of intercompany loans	**(13)**	7
– other foreign exchange gain/(loss)	**21**	(15)
Fair value gain/(loss):		
– forward foreign currency exchange contracts	**–**	(3)
– financial assets at FVTPL	**1**	(72)
Gain on disposal of:		
– property, plant and equipment	**12**	10
– associate	**294**	–
– ROU assets	**31**	10
– others	**–**	2
Loss on disposal of:		
– property, plant and equipment	**(3)**	(11)
– subsidiaries	**(2)**	–
– associate	**(1)**	–
Reversal of impairment of:		
– property, plant and equipment	**1**	–
– intangible assets	**–**	28
– ROU assets	**–**	4
Impairment of:		
– property, plant and equipment	**(16)**	(11)
– ROU assets	**(89)**	(41)
Compensation income for fixed assets	**–**[1]	32
Net loss on lease modifications/terminations	**(2)**	–
Gain on bargain purchase	**2**	–
	236	(60)

1 Less than RM1 million

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12 Joint Ventures – Group

The Group's interest in joint ventures as at 30 June, their respective principal activities and countries of incorporation are disclosed in Note 52.

The Group's interest in joint ventures are as follows:

	2021			2020		
	Material joint ventures	Others	Total	Material joint ventures	Others	Total
Share of results[1]	**(51)**	**7**	**(44)**	(66)	4	(62)
Share of other comprehensive income/(loss)	**9**	**3**	**12**	1	(1)	–
Share of total comprehensive (loss)/income	**(42)**	**10**	**(32)**	(65)	3	(62)
Unquoted shares, at costs	**762**	**303**	**1,065**	988	77	1,065
Loans to joint venture	**93**	**–**	**93**	87	–	87
Impairment of loans to joint venture	**(1)**	**–**	**(1)**	(1)	–	(1)
Share of post-acquisition reserves	**74**	**(96)**	**(22)**	(88)	43	(45)
Unrealised profit on transactions with joint ventures	**–**	**(17)**	**(17)**	(11)	(6)	(17)
Impairment losses	**(91)**	**(74)**	**(165)**	(96)	–	(96)
	837	**116**	**953**	879	114	993

[1] Includes impairment losses of RM69 million (2020: RM96 million).

The loans to joint venture bear fixed interest rates ranging from 6.0% to 6.4% (2020: 6.0% to 6.4%) per annum.

a. Material joint ventures

In the opinion of the Directors, the joint ventures that are material to the Group are as follows:

Name of joint venture	Description
Ramsay Sime Darby Health Care Sdn Bhd group ("RSDH")	RSDH was formed following the merger of Sime Darby Healthcare Sdn Bhd and Affinity Health Care Holdings Pty Ltd, a subsidiary of Ramsay Health Care Ltd, to build a quality portfolio of hospitals throughout Asia. The principal activities of RSDH are management of hospitals and provision of related healthcare services.
Weifang Sime Darby Liquid Terminal Co., Ltd. ("WSDLT")	WSDLT was previously a subsidiary of the Group and became a joint venture of the Group since 23 May 2016. WSDLT provides terminal handling services relating to the liquid cargo.

Weifang Port Service Co., Ltd. ("WPS") is no longer considered a material joint venture in the financial year ended 30 June 2021 as it has been fully impaired in the previous financial year.

12 Joint Ventures – Group (continued)

a. Material joint ventures (continued)

Summarised financial information

The summarised statements of comprehensive income of the material joint ventures are as follows:

	2021		2020		
	RSDH	WSDLT	RSDH	WPS	WSDLT
Revenue	**1,055**	**80**	951	6	85
Depreciation and amortisation	**(104)**	**(26)**	(96)	(18)	(25)
Profit/(loss) before interest and tax	**122**	**24**	91	(10)	35
Interest income	**1**	**–**	3	–	–
Interest expense	**(6)**	**(28)**	(4)	(23)	(28)
Profit/(loss) before tax	**117**	**(4)**	90	(33)	7
Taxation	**(83)**	**11**	(11)	–	(1)
Profit/(loss) for the financial year	**34**	**7**	79	(33)	6
Non-controlling interests	**(4)**	**–**	(2)	–	–
Profit/(loss) attributable to joint venturers	**30**	**7**	77	(33)	6
Other comprehensive (loss)/income	**(10)**	**16**	3	(5)	1
Total comprehensive income/(loss)	**20**	**23**	80	(38)	7

	2021			2020			
	RSDH	WSDLT	Total	RSDH	WPS	WSDLT	Total
Share of results, excluding impairment losses	**15**	**3**	**18**	39	(12)	3	30
Impairment	**–**	**(69)**	**(69)**	–	(74)	(22)	(96)
Share of results	**15**	**(66)**	**(51)**	39	(86)	(19)	(66)
Share of other comprehensive (loss)/income	**(5)**	**14**[2]	**9**	1	(2)	2[2]	1
Share of total comprehensive income/(loss)	**10**	**(52)**	**(42)**	40	(88)	(17)	(65)
Dividend received	**75**[1]	**–**	**75**	100	–	–	100

1 The RM75 million received was declared in the financial year ended 30 June 2020. The dividend receivable was included under amounts due from joint ventures as at 30 June 2020 (Note 29).

2 Includes foreign exchange differences arising from translation of the loans to joint venture.

Amounts in RM million unless otherwise stated

12 Joint Ventures – Group (continued)

a. Material joint ventures (continued)

Summarised financial information (continued)

The summarised statements of financial position of the material joint ventures are as follows:

	2021		2020		
	RSDH	WSDLT	RSDH	WPS	WSDLT
Non-current assets	**1,609**	**821**	1,258	804	843
Current assets					
Cash and cash equivalents	**62**	**69**	71	5	38
Other current assets	**242**	**80**	181	22	42
	304	**149**	252	27	80
Non-current liabilities					
Financial liabilities[1]	**(453)**	**(252)**	(42)	–	(432)
Other non-current liabilities	**(160)**	**–**	(101)	–	–
	(613)	**(252)**	(143)	–	(432)
Current liabilities					
Financial liabilities[1]	**(3)**	**(277)**	–	(68)	(88)
Other current liabilities	**(225)**	**(87)**	(311)	(560)[2]	(72)
	(228)	**(364)**	(311)	(628)	(160)
Non-controlling interests	**(18)**	**–**	(22)	–	–
Net assets	**1,054**	**354**	1,034	203	331

[1] Financial liabilities consist of borrowings and shareholders' loan.

[2] Includes RMB741 million owed to CCCC Tianjin Dredging Co Ltd and accruals for associated costs relating to the material litigation (refer to Note 50).

The summarised statements of financial position reflect the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures, fair value adjustments at date of acquisition and unrealised profit adjustments.

12 Joint Ventures – Group (continued)

a. Material joint ventures (continued)

Reconciliation

Reconciliation of the summarised financial information presented to the carrying amounts of the Group's interest in the material joint ventures are as follows:

	2021			2020			
	RSDH	**WSDLT**	**Total**	**RSDH**	**WPS**	**WSDLT**	**Total**
Net assets							
At 1 July	**1,034**	**331**		1,304	241	324	
Total comprehensive income/(loss)	**20**	**23**		80	(38)	7	
Dividend paid	**–**	**–**		(200)	–	–	
Dividend payable	**–**	**–**		(150)	–	–	
At 30 June	**1,054**	**354**		1,034	203	331	
Group's interest (%)	**50.0**	**50.0**		50.0	36.6	50.0	
Interest in joint ventures	**527**	**177**	**704**	517	74	166	757
Loans to joint venture (net)	**–**	**92**	**92**	–	–	86	86
Goodwill	**132[1]**	**–**	**132**	132[1]	–	–	132
Impairment	**–**	**(91)**	**(91)**	–	(74)	(22)	(96)
Carrying amount at end of the financial year	**659**	**178**	**837**	649	–	230	879

[1] Goodwill relates to the Group's retained interest in RSDH following the disposal of the Group's healthcare business in June 2013.

During the financial year ended 30 June 2021, the Group undertook an impairment assessment on WSDLT and Weifang Sime Darby West Port Co., Ltd. ("WSDWP") in the Logistics segment.

In view of the net current liability position of WSDLT as at 30 June 2021, management performed an impairment assessment on the recoverability of the investment in WSDLT. The impairment assessment was based on the fair value less costs to sell ("FVLCS") model using the discounted cash flow projections that were approved by the Board of Directors ("Board").

The key assumptions in the FVLCS calculation are:

- Projection period of 8 years (2020: 8 years);
- Post-tax discount rate of 13.0% (2020: 12.1%);
- Average annual revenue growth rate of 7% (2020: 6%) in the projection period;
- Average annual port operating and overhead costs growth rate of 6% (2020: 8%) in the projection period; and
- Long-term annual growth rates for revenue and port operating and overhead costs of 3% (2020: 3%) until 2062, being the end of the useful life of the key non-current assets.

If the discount rate is increased by 0.5 percentage point, the additional impairment is approximately RM13 million (2020: RM16 million). If the revenue growth rate is reduced by 1 percentage point, the additional impairment is approximately RM5 million (2020: RM17 million).

Management performed an impairment assessment on the recoverability of the investment in WSDWP in view of the net current liability position of WSDWP as at 30 June 2021. The impairment assessment was based on the FVLCS model using the discounted cash flow projections that were approved by the Board. The assessment indicated that no impairment was required.

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12 Joint Ventures – Group (continued)

a. Material joint ventures (continued)

The key assumptions in the FVLCS calculation are:

- Projection period of 5 years;
- Post-tax discount rate of 12.8%;
- Average annual revenue growth rate of 18% in the projection period;
- Average annual port operating and overhead costs growth rate of 17% in the projection period; and
- Long-term annual growth rates for revenue and port operating and overhead costs of 3% until 2063, being the end of the useful life of the key non-current assets.

If the discount rate is increased by 0.5 percentage point, the impairment loss on the investment in WSDWP would be approximately RM11 million. If the long-term revenue growth rate is reduced by 1 percentage point, the impairment loss would be approximately RM8 million.

b. Commitments and contingent liabilities

The Group has a commitment to inject capital of approximately RM1 million in a joint venture.

Please refer to Note 50 for the update on the litigation involving WPS.

Other than the above, there are no commitments or contingent liabilities relating to the Group's interest in the joint ventures.

13 Associates – Group

The Group's interest in the associates as at 30 June, their respective principal activities and countries of incorporation are disclosed in Note 52.

The Group's interest in associates are as follows:

	2021			2020		
	Material associate	**Others**	**Total**	**Material associate**	**Others**	**Total**
Share of results	**34**	**24**	**58**	(58)	14	(44)
Share of other comprehensive income	**–**[1]	**6**	**6**	–[1]	5	5
Share of total comprehensive income/(loss)	**34**	**30**	**64**	(58)	19	(39)
Quoted shares in Malaysia, at costs	**–**	**–**	**–**	292	–	292
Unquoted shares, at costs	**–**	**167**	**167**	–	166	166
Share of post-acquisition reserves	**–**	**119**	**119**	47	127	174
Unrealised profit on transactions with associates	**–**	**(2)**	**(2)**	(8)	(2)	(10)
Impairment losses	**–**	**(1)**	**(1)**	(270)	(1)	(271)
	–	**283**	**283**	61	290	351

[1] Less than RM1 million

13 Associates – Group (continued)

a. Material associate

In the opinion of the Directors, the associate that is material to the Group is as follows:

Name of associate	Description
Eastern & Oriental Berhad group ("E&O")	E&O is listed on the Main Market of Bursa Malaysia Securities Berhad with presence in the property development and hospitality sectors, primarily in Greater Kuala Lumpur, Penang and Johor.

The Group disposed of its entire equity interest in E&O in the financial year ended 30 June 2021 (Note 44).

Summarised financial information

The summarised statement of comprehensive income and dividends received from the material associate are as follows:

	2021 E&O	2020 E&O
Revenue	**166**	487
Depreciation and amortisation	**(17)**	(23)
Profit before interest and tax	**42**	2
Interest income	**5**	25
Interest expense	**(25)**	(62)
Profit/(loss) before tax	**22**	(35)
Taxation	**(20)**	(37)
Profit/(loss) for the financial year	**2**	(72)
Non-controlling interests	**–**[1]	(4)
Profit/(loss) attributable to owners of the associate	**2**	(76)
Other comprehensive loss	**(3)**	(1)
Total comprehensive (loss)	**(1)**	(77)
Share of results	**–**[1]	(9)
Reversal of impairment/(impairment)	**34**	(49)
Share of total comprehensive income/(loss)	**34**	(58)
Dividends received	**2**	4

[1] Less than RM1 million

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13 Associates – Group (continued)

a. Material associate (continued)

Summarised financial information (continued)

The summarised statement of financial position of the material associate is as follows:

	2020 E&O
Non-current assets	3,576
Current assets	
Cash and cash equivalents	296
Other current assets	758
	1,054
Non-current liabilities	
Financial liabilities[1]	(743)
Other non-current liabilities	(117)
	(860)
Current liabilities	
Financial liabilities[1]	(302)
Other current liabilities	(412)
	(714)
Non-controlling interests	(45)
Net assets	3,011

[1] Financial liabilities consist of borrowings.

The summarised statement of financial position reflects the amounts presented in the financial statement of the associate adjusted for differences in accounting policies between the Group and the associate, fair value adjustments at the acquisition date and unrealised profit adjustments.

The most recent available financial statement of the associate is used in applying equity method of accounting with appropriate adjustments made for significant transactions occurring between that date and 30 June.

13 Associates – Group (continued)

a. Material associate (continued)

Reconciliation

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material associate is as follows:

	2020 E&O
Net assets	
At 1 July	3,131
Total comprehensive income	(77)
Dividend paid	(43)
At 30 June	3,011
Group's interest (%)	10.9
Interest in associates	328
Goodwill	3
Impairment losses	(270)
Carrying amount at end of the financial year	61

b. Commitments and contingent liabilities

There are no commitments nor contingent liabilities relating to the Group's interest in the associates.

14 Finance Income

	Group	
	2021	2020
Interest income from:		
– banks and other financial institutions	**14**	14
– joint ventures	**9**	8
– other interest income	**3**	9
Islamic profit distribution	**10**	9
	36	40
Accretion of discount on receivables	**10**	11
	46	51

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15 Finance Costs

	Group	
	2021	2020
Interest expense payable to banks and other financial institutions	**33**	78
Islamic financing distribution payment	**2**	22
Interest on borrowings	**35**	100
Interest expense on leases	**78**	72
Interest on payables and others	**9**	23
Total finance costs	**122**	195
Interest capitalised in:		
– property, plant and equipment	**–**	(12)
Net finance costs	**122**	183

The Company's finance costs in the current financial year arose from leases and the amount is less than RM1 million.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised in the financial year ended 30 June 2020 was 3.34%.

16 Taxation

	Group		Company	
	2021	2020	2021	2020
Income tax:				
In respect of current year				
– Malaysian income tax	**75**	33	**–**[1]	–[1]
– foreign income tax	**492**	409	**–**	–
In respect of prior years				
– Malaysian income tax	**2**	(5)	**–**	–
– foreign income tax	**12**	8	**–**	–
Total income tax	**581**	445	**–**[1]	–[1]
Deferred tax:				
– origination and reversal of temporary differences	**2**	(3)	**–**	–
– effects of recognition of previously unrecognised temporary differences and temporary differences not recognised	**(8)**	(40)	**–**	–
Total deferred tax	**(6)**	(43)	**–**	–
Total tax expense	**575**	402	**–**[1]	–[1]

[1] Less than RM1 million

16 Taxation (continued)

Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense is as follows:

	Group		Company	
	2021	2020	2021	2020
Profit before tax	**2,105**	1,275	**1,094**	717
Less: Share of results of joint ventures	**44**	62	**–**	–
Share of results of associates	**(58)**	44	**–**	–
	2,091	1,381	**1,094**	717
Applicable tax	**539**	365	**263**	172
Withholding tax on foreign income	**29**	28	**–**	–
Effects of tax incentives and non-taxable income:				
– non-taxable dividends	**(27)**	(29)	**(281)**	(184)
– tax incentives and other income	**(22)**	(14)	**–**	–
Effects of non-deductible expenses	**90**	89	**18**	12
Effects of income subject to different tax rates	**(40)**	–	**–**	–
Effects of deferred tax assets not recognised and previously unrecognised deferred taxes	**(8)**	(40)	**–**	–
Under provision in prior years	**14**	3	**–**	–
Tax expense for the financial year	**575**	402	**–**[1]	–[1]
Applicable tax rate (%)	**25.8**	26.4	**24.0**	24.0
Effective tax rate (%)	**27.5**	29.1	**–**[2]	–[2]

1 Less than RM1 million
2 Less than 0.1%

The Group's higher effective tax rate of 27.5% for the financial year ended 30 June 2021 was mainly due to the effects of non-deductible impairments and expenses, partly offset by non-taxable income and lower Real Property Gains Tax rate applicable on gain on disposal of properties in Malaysia and Tesco Stores (Malaysia) Sdn Bhd.

The Group's higher effective tax rate of 29.1% for the financial year ended 30 June 2020 was mainly due to non-deductible expenses in certain subsidiaries and withholding taxes.

17 Dividends paid in cash

	Group/Company	
	2021	2020
Second interim dividend of 7.0 sen per share for the financial year ended 30 June 2020, paid on 30 October 2020 (2019: 7.0 sen per share, paid on 31 October 2019)	**476**	476
Special interim dividend of 1.0 sen per share for the financial year ended 30 June 2020, paid on 30 October 2020 (2019: 1.0 sen per share, paid on 31 October 2019)	**68**	68
First interim dividend of 2.0 sen per share for the financial year ended 30 June 2021, paid on 11 May 2021 (2020: 2.0 sen per share, paid on 12 May 2020)	**136**	136
Special interim dividend of 4.0 sen per share for the financial year ended 30 June 2021, paid on 11 May 2021	**272**	–
	952	680

The Board of Directors has declared a second interim dividend of 8.0 sen per ordinary share (amounting to RM544 million) and a special dividend of 1.0 sen per ordinary share (amounting to RM68 million) in respect of the financial year ended 30 June 2021. The dividends will be paid on 30 September 2021.

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18 Other Comprehensive Income/(Loss) – Group

Other comprehensive income/(loss) and the tax effects are analysed as follows:

	Attributable to owners of the Company							
2021	Hedging reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total	Tax effects	Net of tax
Currency translation differences	–	419	–	419	14	433	–	433
Net change in fair value of cash flow hedges	5	–	–	5	–	5	(2)	3
Share of other comprehensive income of joint ventures and associates	(1)	17	–	16	–	16	–	16
Reclassified to profit or loss:								
– currency translation differences on repayment of net investments and disposal of subsidiaries and associate	–	10	–	10	–	10	–	10
– changes in fair value of cash flow hedges as adjustment to other gains and losses	3	–	–	3	–	3	–	3
Reclassification of changes in fair value of cash flow hedges to inventories	(19)	–	–	(19)	–	(19)	6	(13)
Actuarial gain on defined benefit pension plans	–	–	11	11	–	11	–	11
Share of actuarial gain on defined benefit pension plans of a joint venture	–	–	2	2	–	2	–	2
Other comprehensive (loss)/income before tax	(12)	446	13	447	14	461	4	465
Taxation	4	–	–	4	–	4		
Total other comprehensive (loss)/income after tax	(8)	446	13	451	14	465		

18 Other Comprehensive Income/(Loss) – Group (continued)

Other comprehensive income/(loss) and the tax effects are analysed as follows: (continued)

	Attributable to owners of the Company							
2020	Hedging reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total	Tax effects	Net of tax
Currency translation differences	–	132	–	132	1	133	–	133
Net change in fair value of cash flow hedges	19	–	–	19	–	19	(5)	14
Share of other comprehensive income of joint ventures and associates	1	3	–	4	–	4	–	4
Reclassified to profit or loss:								
– currency translation differences on repayment of net investments and disposal/ liquidation of subsidiaries	–	(7)	–	(7)	–	(7)	–	(7)
– changes in fair value of cash flow hedges as adjustment to other gains and losses	(1)	–	–	(1)	–	(1)	–	(1)
Reclassification of changes in fair value of cash flow hedges to inventories	(7)	–	–	(7)	–	(7)	2	(5)
Actuarial loss on defined benefit pension plans	–	–	(4)	(4)	–	(4)	–	(4)
Share of actuarial gain on defined benefit pension plans of a joint venture	–	–	1	1	–	1	–	1
Other comprehensive income/(loss) before tax	12	128	(3)	137	1	138	(3)	135
Taxation	(3)	–	–	(3)	–	(3)		
Total other comprehensive income/ (loss) after tax	9	128	(3)	134	1	135		

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Amounts in RM million unless otherwise stated

19 Property, Plant and Equipment – Group

2021	Freehold land	Buildings	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
At 1 July 2020	489	3,173	378	1,205	623	142	6,010
Acquisition of businesses	–	5	–	–	1	–	6
Disposal of subsidiaries	–	(162)	(37)	–	(3)	(6)	(208)
Additions	–	111	68	783	178	137	1,277
Disposals	(3)	(4)	(3)	–	(8)	–	(18)
(Impairment losses)/reversal of impairment losses	–	(16)	–	–	1	–	(15)
Reclassification	–	49	16	6	17	(88)	–
Depreciation	–	(114)	(73)	(268)	(153)	–	(608)
Exchange differences	13	141	17	39	11	1	222
Transferred (to)/from:							
– inventories	–	–	–	(463)	(1)	–	(464)
– finance lease receivables	–	–	–	–	(3)	(3)	(6)
– investment properties[1]	–	16	–	–	–	–	16
– right-of-use assets[2]	13	–	–	–	–	–	13
At 30 June 2021	512	3,199	366	1,302	663	183	6,225
Cost	512	4,389	1,100	1,830	1,711	183	9,725
Accumulated depreciation	–	(1,135)	(726)	(524)	(1,044)	–	(3,429)
Accumulated impairment losses	–	(55)	(8)	(4)	(4)	–	(71)
Carrying amount at end of the financial year	512	3,199	366	1,302	663	183	6,225

1 Transfer due to change in use of the asset

2 Conversion of leasehold land to freehold land

19 Property, Plant and Equipment – Group (continued)

2020	Freehold land	Buildings	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
At 1 July 2019	399	2,472	363	1,003	471	621	5,329
Acquisition of subsidiaries and businesses	18	281	28	97	16	1	441
Additions	–	30	65	677	229	206	1,207
Disposals	–	(11)	(5)	–	(19)	(10)	(45)
Impairment losses	–	(8)	–	(3)	–	–	(11)
Reclassification	68	473	16	62	47	(666)	–
Depreciation	–	(96)	(75)	(248)	(127)	–	(546)
Exchange differences	4	33	2	14	6	(1)	58
Transferred to:							
– inventories	–	–	–	(397)	–	–	(397)
– finance lease receivables	–	–	(16)	–	–	(9)	(25)
– assets held for sale	–	(1)	–	–	–	–	(1)
At 30 June 2020	489	3,173	378	1,205	623	142	6,010
Cost	489	4,266	1,073	1,668	1,568	142	9,206
Accumulated depreciation	–	(1,047)	(687)	(459)	(941)	–	(3,134)
Accumulated impairment losses	–	(46)	(8)	(4)	(4)	–	(62)
Carrying amount at end of the financial year	489	3,173	378	1,205	623	142	6,010

At 1 July 2019	Freehold land	Buildings	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
Cost	399	3,458	1,041	1,435	1,403	621	8,357
Accumulated depreciation	–	(944)	(666)	(432)	(928)	–	(2,970)
Accumulated impairment losses	–	(42)	(12)	–	(4)	–	(58)
Carrying amount	399	2,472	363	1,003	471	621	5,329

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19 Property, Plant and Equipment – Group (continued)

a. Capital work in progress

No interest expense was capitalised during the financial year ended 30 June 2021 (2020: RM12 million).

b. Assets pledged as security

Property, plant and equipment with a total carrying amount of RM67 million (2020: RM69 million) were pledged as security for borrowings (see Note 39).

c. Impairment losses and reversal of impairment losses

During the financial year, certain subsidiaries carried out a review of the recoverable amount of their property, plant and equipment. The review led to the recognition of an impairment of RM16 million (2020: RM11 million) and reversal of impairment losses of RM1 million (2020: Nil).

The impairment recognised for the financial year ended 30 June 2021 of RM16 million relates to Weifang Sime Darby Port Co., Limited ("WSDP") in the Logistics segment. The impairment assessment was undertaken as a result of the deterioration in its financial performance and undertaken together with Weifang Sime Darby General Terminal Co., Limited ("WSDGT") as one cash generating unit ("CGU"). WSDP and WSDGT are assessed as one CGU as their operations are similar and are managed by the same management team. The assessment was based on the FVLCS model using discounted cash flow projections that were approved by the Board of Directors.

The key assumptions in the FVLCS calculation are:

- Projection period of 8 years;
- Post-tax discount rate of 12.8%;
- Average annual revenue growth rate of 9% in the projection period;
- Average annual port operating and overhead costs growth rate of 10% in the projection period; and
- Long-term annual growth rates for revenue and port operating and overhead costs of 3% until 2057, being the end of the useful life of the key non-current assets.

If the discount rate is increased by 0.2 percentage point, the additional impairment is approximately RM17 million and if the revenue growth rate is reduced by 1 percentage point, the additional impairment is approximately RM20 million.

The total carrying value of the property, plant and equipment in WSDP and WSDGT as at 30 June 2021 was RM967 million.

d. Reconciliation to the statement of cash flows

Reconciliation to the cash flow for purchase of property, plant and equipment is as follows:

	2021	2020
Additions for the financial year	**1,277**	1,207
Add/(less):		
Net changes in payables for purchase of property, plant and equipment	**(6)**	8
Prepayment for purchase of property, plant and equipment	**34**	–
Additions to rental assets, included as changes in working capital in the statements of cash flows	**(783)**	(677)
Interest expense capitalised in capital work in progress	**–**	(12)
Total cash payments during the financial year	**522**	526

20 Right-of-use assets – Group

2021	Leasehold land and sea-use rights	Buildings	Vehicles, equipment and fixtures	Rental assets	Total
At 1 July 2020	**836**	**1,100**	**126**	**333**	**2,395**
Additions	**24**	**258**	**20**	**76**	**378**
Disposals	**–**[1]	**–**	**–**	**–**	**–**[1]
Disposal of subsidiaries	**(123)**	**–**	**–**	**–**	**(123)**
Terminations/modifications	**–**	**–**	**(2)**	**(134)**	**(136)**
Impairment losses	**(89)**	**–**	**–**	**–**	**(89)**
Depreciation	**(48)**	**(204)**	**(52)**	**(158)**	**(462)**
Reclassification to property, plant and equipment[2]	**(13)**	**–**	**–**	**–**	**(13)**
Exchange differences	**12**	**46**	**4**	**26**	**88**
At 30 June 2021	**599**	**1,200**	**96**	**143**	**2,038**
Cost	**969**	**1,570**	**190**	**293**	**3,022**
Accumulated depreciation	**(240)**	**(370)**	**(94)**	**(150)**	**(854)**
Accumulated impairment losses	**(130)**	**–**	**–**	**–**	**(130)**
Carrying amount at end of the financial year	**599**	**1,200**	**96**	**143**	**2,038**

1 Less than RM1 million
2 Conversion of leasehold land to freehold land

2020	Leasehold land and sea-use rights	Buildings	Vehicles, equipment and fixtures	Rental assets	Total
At 1 July 2019	873	1,001	105	471	2,450
Acquisition of subsidiaries and businesses	–	137	22	–	159
Additions	36	132	41	24	233
Disposals	(12)	–	–	–	(12)
Terminations	–	(7)	–	–	(7)
Sublease arrangement	–	–	–	(6)	(6)
Impairment losses (net)[1]	(37)	–	–	–	(37)
Depreciation	(40)	(179)	(47)	(164)	(430)
Exchange differences	16	16	5	8	45
At 30 June 2020	836	1,100	126	333	2,395
Cost	1,099	1,285	174	481	3,039
Accumulated depreciation	(222)	(185)	(48)	(148)	(603)
Accumulated impairment losses	(41)	–	–	–	(41)
Carrying amount at end of the financial year	836	1,100	126	333	2,395

1 Includes an impairment of RM41 million relating to a compulsory land acquisition at below carrying value in the Motors segment. The impairment assessment was based on the FVLCS model taking into account the compensation receivable from the government for the compulsory land acquisition. The fair value is categorised as Level 2 in the fair value hierarchy as the FVLCS was determined based on an observable input. The amount also includes a reversal of impairment of RM4 million relating to the impairment assessment of the Industrial segment's Papua New Guinea assets (Note 22).

The Company's ROU assets comprise of vehicles leased from a subsidiary. The carrying value of these assets is less than RM1 million as at 30 June 2021 (2020: less than RM1 million).

Amounts in RM million unless otherwise stated

20 Right-of-use assets – Group (continued)

a. Impairment losses

The impairment loss during the financial year was due to the change in intended use of the land in a Motors subsidiary in Hong Kong amidst restrictions on development of the land. The recoverable amount was determined by an independent professional valuer on the basis of investment value using the residual method for commercial land (value-in-use approach).

The key assumptions used in the value-in-use calculations are as follows:

- The development parameters have been approved by relevant government authorities (including the successful conversion of the land subsequent to the payment of land premium charges) and that sites can be developed strictly in accordance with the plans and specifications provided without any revisions and amendments. Changes to the land premium charges will affect the recoverable amount of the commercial land;
- Capitalisation rates which represent the market yield were estimated based on the risk profiles of the commercial land being valued. The higher the capitalisation rates, the lower the recoverable amount;
- Prevailing market rents or rates were estimated based on recent lettings and market demand, within other comparable transactions. The lower the rents or market rates, the lower the recoverable amount; and
- The development costs, developer's profit and risk margins required were estimated based on market conditions as at 30 June 2021. The higher the costs and the margins, the lower the recoverable amount.

Arising from the assessment an impairment loss of RM89 million was recognised for the financial year ended 30 June 2021 and the carrying value/recoverable amount as at 30 June 2021 was RM88 million.

Apart from the above, there are no reasonably possible changes in any of the key assumptions that will result in significant change in the recoverable amount.

21 Investment Properties – Group

	Freehold land	Leasehold land	Buildings	Total
2021				
At 1 July 2020	**45**	**27**	**224**	**296**
Depreciation	**–**	**(1)**	**(5)**	**(6)**
Transfer to property, plant and equipment[1]	**–**	**–**	**(16)**	**(16)**
Exchange differences	**–**	**–**	**1**	**1**
At 30 June 2021	**45**	**26**	**204**	**275**
Cost	**45**	**38**	**254**	**337**
Accumulated depreciation	**–**	**(12)**	**(49)**	**(61)**
Accumulated impairment losses	**–**	**–**	**(1)**	**(1)**
Carrying amount at end of the financial year	**45**	**26**	**204**	**275**

[1] Transfer due to the change in use of the asset.

21 Investment Properties – Group (continued)

	Freehold land	Leasehold land	Buildings	Total
2020				
At 1 July 2019	45	28	213	286
Additions	–	–	17	17
Depreciation	–	(1)	(6)	(7)
Exchange differences	–	–	–[2]	–[2]
At 30 June 2020	45	27	224	296
Cost	45	38	270	353
Accumulated depreciation	–	(11)	(45)	(56)
Accumulated impairment losses	–	–	(1)	(1)
Carrying amount at end of the financial year	45	27	224	296
At 1 July 2019				
Cost	45	38	256	339
Accumulated depreciation	–	(10)	(39)	(49)
Accumulated impairment losses	–	–	(4)	(4)
Carrying amount	45	28	213	286

2 Less than RM1 million

The fair value of investment properties as at 30 June 2021 was RM2,921 million (2020: RM2,970 million). The fair value was arrived at after taking into consideration the valuation performed by external professional firms. The fair value is categorised as Level 3 in the fair value hierarchy. The most significant input in the approach adopted by the valuer is price per square foot.

Rental income generated from and direct operating expenses incurred on income generating investment properties are as follows:

	2021	2020
Rental income	**19**	15
Direct operating expenses	**(4)**	(4)

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22 Intangible Assets – Group

	Acquired						
	Goodwill	Distribution/ dealership rights	Computer software	Trademarks and others	Total	Internally generated assets[1]	Total intangible assets
2021							
At 1 July 2020	**252**	**869**	**55**	**46**	**1,222**	**374**	**1,596**
Acquisition of businesses	**1**	**9**	**–**	**–**	**10**	**–**	**10**
Disposal of subsidiaries	**–**	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Additions	**–**	**–**	**10**	**–**	**10**	**–**	**10**
Amortisation	**–**	**–**	**(15)**	**(5)**	**(20)**	**(59)**	**(79)**
Exchange differences	**14**	**50**	**5**	**3**	**72**	**21**	**93**
At 30 June 2021	**267**	**928**	**54**	**44**	**1,293**	**336**	**1,629**
Cost	**441**	**928**	**104**	**65**	**1,538**	**589**	**2,127**
Accumulated amortisation	**–**	**–**	**(50)**	**(20)**	**(70)**	**(253)**	**(323)**
Accumulated impairment losses	**(174)**	**–**	**–**	**(1)**	**(175)**	**–**	**(175)**
Carrying amount at end of the financial year	**267**	**928**	**54**	**44**	**1,293**	**336**	**1,629**
2020							
At 1 July 2019	225	769	13	54	1,061	423	1,484
Acquisition of subsidiaries and businesses	23	57	43	–	123	–	123
Additions	–	–	9	–	9	–	9
Reversal of impairment losses	–	28	–	–	28	–	28
Amortisation	–	–	(11)	(6)	(17)	(53)	(70)
Exchange differences	4	15	1	(2)	18	4	22
At 30 June 2020	252	869	55	46	1,222	374	1,596
Cost	416	869	90	62	1,437	568	2,005
Accumulated amortisation	–	–	(35)	(15)	(50)	(194)	(244)
Accumulated impairment losses	(164)	–	–	(1)	(165)	–	(165)
Carrying amount at end of the financial year	252	869	55	46	1,222	374	1,596
At 1 July 2019							
Cost	387	797	62	64	1,310	563	1,873
Accumulated amortisation	–	–	(49)	(9)	(58)	(140)	(198)
Accumulated impairment losses	(162)	(28)	–	(1)	(191)	–	(191)
Carrying amount	225	769	13	54	1,061	423	1,484

1 Internally generated assets consist of computer software and development costs.

22 Intangible Assets – Group (continued)

a. Material intangible assets

In the opinion of the Directors, intangible assets and their carrying amounts which are material to the Group are as follows:

			Carrying amount	
Segment	Investment	Intangible asset	2021	2020
Industrial	Heavy equipment business	Goodwill	**43**	40
		Distribution rights	**747**	708
	Chroming business	Goodwill	**107**	101
	New enterprise resource planning system	Computer software	**336**	374
Motors	Australia	Goodwill	**50**	47
		Dealership rights	**159**	150

Goodwill, distribution rights and dealership rights

The goodwill and the distribution rights for the heavy equipment business arose from the acquisition of the Bucyrus distribution business in the Industrial division's dealerships.

The chroming business goodwill arose from the acquisition of the Heavy Maintenance group in the Industrial segment.

The goodwill and dealership rights for the Motors segment are in respect of the dealership rights in Brisbane and Sydney, Australia.

Computer software

The internally generated computer software is in relation to the new enterprise resource planning system which was developed for the Industrial division and has been rolled out to all its dealerships in the different regions. The annual amortisation rate is 10%.

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22 Intangible Assets – Group (continued)

b. Intangible assets with indefinite useful lives

Goodwill and distribution/dealership rights are intangible assets with indefinite useful lives. These assets are not amortised as they are not confined to a predetermined service period and they are expected to contribute to net cash inflows indefinitely, but are tested for impairment annually, either individually or at the cash-generating unit ("CGU") level.

The remaining goodwill allocated to other CGUs amounted to RM67 million (2020: RM64 million). Based on impairment assessment performed by management, no impairment was required for the current and previous financial year.

Heavy equipment goodwill and distribution rights

The recoverable amounts of the CGUs were determined based on the CGUs' value-in-use ("VIU") model, determined using the discounted cash flow projections based on the five year budget projections for the heavy equipment business of the Industrial operations in Australasia that were included in the Group Budget approved by the Board of Directors ("Board"). Most of the distribution rights and goodwill have been allocated to Australia. The key assumptions used in the impairment assessment for Australia are as follows:

	2021	2020
Discount rates (%) per annum	**9.0**	9.0
Range of forecast growth rates (%):		
– revenue	**(2) – 3**	(15) – 4
– earnings before interest, tax, depreciation and amortisation ("EBITDA")	**(20) – 7**	(15) – 9
– terminal	**2.5**	2.5

Based on management's assessment, no impairment charge is required on the carrying value of the goodwill and distribution rights for the heavy equipment business of the Industrial operations in Australasia in the current and previous financial years. Management believes that there is no reasonable possible change in any key assumption that would cause the carrying amounts of the CGUs to materially exceed the recoverable amounts in the current and previous financial years.

In the previous financial year ended 30 June 2020, the Group reversed the impairment for distribution rights of RM28 million and right-of-use assets of RM4 million due to the reversal of the impairment indicator following the improvement of the mining operations in Papua New Guinea.

Chroming business goodwill

The recoverable amount of the CGU is determined based on the CGU's VIU model, determined using the discounted cash flow projections based on the five year budget projections for the chroming business of the Industrial operations in Australia that were included in the Group Budget approved by the Board. The key assumptions used in the impairment assessment for the chroming business in Australia are as follows:

	2021	2020
Discount rates (%) per annum	**9.0**	9.0
Range of forecast growth rates (%):		
– revenue	**5 – 13**	0 – 11
– EBITDA	**5 – 109**[1]	0 – 17
– terminal	**2.5**	2.5

[1] The EBITDA growth for Year 1 is 109% due to the low EBITDA base in Year 0. Excluding this, the EBITDA growth would have ranged from 5-20%.

22 Intangible Assets – Group (continued)

b. Intangible assets with indefinite useful lives (continued)

Chroming business goodwill (continued)

Based on management's assessment, no impairment charge is required on the carrying value of the goodwill of the chroming business of the Industrial operations in Australia. Management believes that there is no reasonable possible change in any key assumption that would cause the carrying amount of the CGU to materially exceed the recoverable amount.

Australia Motors goodwill and dealership rights – Brisbane operations

The recoverable amounts of the Brisbane operations are determined based on the VIU model, using five year budget projections that were included in the Group Budget approved by the Board. The key assumptions used for the impairment testing are as follows:

	2021	2020
Discount rates (%) per annum	**9.9**	9.9
Range of forecast growth rates (%):		
– revenue	**2 – 7**	(13) – 17
– terminal	**2.4**	2.0

Based on management's assessment, no impairment charge is required on the carrying value of the goodwill and dealership rights of the Brisbane operations in the current and prior financial years. Management believes that there is no reasonable possible change in any key assumption that would cause the carrying amount of the CGU to materially exceed the recoverable amounts in the current and previous financial years.

Australia Motors goodwill and dealership rights – Sydney operations

The recoverable amounts of the Sydney operations are determined based on the VIU model, using five year budget projections that were included in the Group Budget approved by the Board. The key assumptions used for the impairment testing are as follows:

	2021	2020
Discount rates (%) per annum	**9.9**	9.9
Range of forecast growth rates (%):		
– revenue	**2 – 6**	(15) – 57
– terminal	**2.4**	2.0

Based on management's assessment, no impairment charge is required on the carrying value of the goodwill and dealership rights of the Sydney operations in the current and prior financial years. Management believes that there is no reasonable possible change in any key assumption that would cause the carrying amount of the CGU to materially exceed the recoverable amounts in the current financial year.

c. Intangible assets with finite useful lives

Intangible assets with finite useful lives are amortised over their useful lives. The amortisation charge for the financial year of RM79 million (2020: RM70 million) was recorded in profit or loss.

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23 Subsidiaries – Company

The Company's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are disclosed in Note 52.

	2021	2020
Unquoted shares at cost	**8,000**	8,000
Contribution to a subsidiary	**887**	887
	8,887	8,887

Contribution to a subsidiary refers to amounts for which the Company does not expect repayment in the foreseeable future and is considered as part of the Company's investment in the subsidiary.

24 Amounts Due from Subsidiaries – Company

	2021	2020
Current	**1,100**	969

The amounts due from subsidiaries are unsecured, non-interest bearing and mainly consist of advances to Sime Darby Holdings Berhad ("SDHB"). The advances to SDHB of RM1,093 million (2020: RM872 million) are classified as current as these amounts are short term advances which are expected to be settled in the next financial year.

25 Financial Assets at Fair Value Through Profit or Loss

	Loan to a joint venture	Unquoted shares	Others	Total
2021				
At 1 July 2020	**–**	**21**	**1**	**22**
Additions	**2**	**–**	**–**	**2**
Subscription of shares using proceeds from disposal of subsidiaries[1]	**–**	**118**	**–**	**118**
Changes in fair value	**(2)**	**3**	**–**	**1**
Exchange differences	**–**	**3**	**–**	**3**
At 30 June 2021	**–**	**145**	**1**	**146**
2020				
At 1 July 2019	65	21	1	87
Additions	8	–	–	8
Changes in fair value	(72)	–	–	(72)
Exchange differences	(1)	–	–	(1)
At 30 June 2020	–	21	1	22

[1] Subscription of shares in Jining Port and Shipping Port Services Co Ltd ("JPSPS") arising from the disposal of the Jining subsidiaries (Note 44).

25 Financial Assets at Fair Value Through Profit or Loss (continued)

The loan to a joint venture (Mine Energy Solutions Pty Ltd ("MES")) has no fixed and determinable payment terms and bears interest at 15% (2020: 15%) per annum. The fair value of the loan was based on the probability weighted discounted cash flows calculated under several scenarios. A discount rate of 15% (2020: 15%) is used.

During the financial year ended 30 June 2021, the carrying value of the loan remained fully impaired due to the continuing uncertainties on the eventual commercialisation and the net cash flows derived thereon for the projects in MES. As a result, a fair value loss of RM2 million (2020: RM72 million) was recognised in profit or loss during the financial year.

The fair value of JPSPS is based on present value of the proceeds expected from the divestment in the next 3 years. The carrying value as at 30 June 2021 was RM124 million.

The financial assets at fair value through profit or loss is categorised as follows:

	Group	
	2021	2020
Non-current	**130**	22
Current	**16**	–
	146	22

26 Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group	
	2021	2020
Deferred tax assets	**590**	613
Deferred tax liabilities	**(307)**	(331)
	283	282
Deferred taxes expected to be realised within 12 months	**265**	310
Deferred taxes expected to be realised after 12 months	**18**	(28)
	283	282
Tax losses for which the tax effects have not been recognised in the financial statements		
– Expiring within 10 years	**1,611**	1,753
– With no expiry period	**381**	379
	1,992	2,132

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the unutilised tax losses in Malaysia will be imposed with a time limit of utilisation of 7 years. Any accumulated tax losses from year of assessment 2018 can be carried forward for another 7 years of assessment.

Deferred tax is not recognised on the unremitted earnings of foreign subsidiaries where the Group is able to control the timing of the remittance and it is probable that there will be no remittance in the foreseeable future. If these earnings were remitted, tax of RM229 million (2020: RM226 million) would be payable.

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26 Deferred Tax (continued)

The components and movements of the Group's net deferred taxes are as follows:

2021	Property, plant and equipment and investment properties	Intangible assets	Receivable impairment and provisions	Tax losses and unabsorbed capital allowances	Others	Total
At 1 July 2020	216	(365)	344	69	18	282
(Charged)/credited to profit or loss	(61)	18	(1)	26	24	6
Charged to other comprehensive income	–	–	–	–	4	4
Acquisition of businesses	–	(2)	–	–	–	(2)
Disposal of subsidiaries	–	–	–	(1)	(4)	(5)
Exchange differences	2	(22)	15	–	3	(2)
At 30 June 2021	157	(371)	358	94	45	283
Deferred tax assets (before offsetting)	283	–	358	94	62	797
Deferred tax liabilities (before offsetting)	(126)	(371)	–	–	(17)	(514)
Net deferred tax assets/(liabilities)	157	(371)	358	94	45	283

	Deferred tax before offsetting	Offsetting	Deferred tax after offsetting
Deferred tax assets	797	(207)	590
Deferred tax liabilities	(514)	207	(307)
Net deferred tax assets	283	–	283

2020	Property, plant and equipment and investment properties	Intangible assets	Receivable impairment and provisions	Tax losses and unabsorbed capital allowances	Others	Total
At 1 July 2019	205	(339)	261	85	41	253
(Charged)/credited to profit or loss	(3)	1	83	(21)	(17)	43
Charged to other comprehensive income	–	–	–	–	(3)	(3)
Acquisition of subsidiaries and businesses	13	(22)	(2)	5	(2)	(8)
Exchange differences	1	(5)	2	–	(1)	(3)
At 30 June 2020	216	(365)	344	69	18	282
Deferred tax assets (before offsetting)	326	–	344	69	33	772
Deferred tax liabilities (before offsetting)	(110)	(365)	–	–	(15)	(490)
Net deferred tax assets/(liabilities)	216	(365)	344	69	18	282

	Deferred tax before offsetting	Offsetting	Deferred tax after offsetting
Deferred tax assets	772	(159)	613
Deferred tax liabilities	(490)	159	(331)
Net deferred tax assets	282	–	282

27 Tax Recoverable

	Group	
	2021	**2020**
Non-current	**41**	46
Current	**48**	56
	89	102

The non-current tax recoverable includes additional tax assessments paid and withholding taxes, which would normally take more than a year to resolve with the relevant tax authorities. These taxes are recognised as recoverable as the Group has reasonable grounds to believe that the additional tax assessments were incorrectly issued and the withholding taxes will be refunded once the Group complies with the claim procedure and documentation requirements.

28 Derivative Assets/Liabilities – Group

The Group's derivative assets and liabilities are as follows:

	2021			2020		
	Derivative assets	**Derivative liabilities**	**Net**	**Derivative assets**	**Derivative liabilities**	**Net**
Current						
Derivatives not designated as hedges:						
– forward foreign exchange contracts [note (a)]	**1**	**(1)**	**–**	–	(2)	(2)
Cash flow hedges:						
– forward foreign exchange contracts [note (a)]	**3**	**(10)**	**(7)**	3	(4)	(1)
	4	**(11)**	**(7)**	3	(6)	(3)
Total	**4**	**(11)**	**(7)**	3	(6)	(3)

These derivatives are entered into to hedge foreign currency risks as described in Note 5. Whilst all derivatives entered provide economic hedges to the Group, derivatives not designated as hedges are instruments that either do not qualify for the application of hedge accounting or where certain subsidiaries have chosen not to apply hedge accounting.

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28 Derivative Assets/Liabilities – Group (continued)

a. Forward foreign exchange contracts

Forward foreign exchange contracts have been entered into with the following notional amounts and maturities:

	2021 Maturities	2020 Maturities
	Less than 1 year	**Less than 1 year**
Forward contracts used to hedge anticipated sales denominated in:		
– United States Dollar	**953**	55
– other currencies	**59**	21
	1,012	76
Forward contracts used to hedge receivables denominated in:		
– United States Dollar	**136**	54
– European Union Euro	**6**	4
– other currencies	**13**	16
	155	74
Forward contracts used to hedge intercompany balances denominated in:		
– Chinese Renminbi	**33**	15
– Australian Dollar	**–**	59
– New Zealand Dollar	**3**	27
– European Union Euro	**49**	–
	85	101
Forward contracts used to hedge anticipated purchases denominated in:		
– United States Dollar	**989**	308
– European Union Euro	**104**	24
– Australian Dollar	**381**	50
– other currencies	**95**	45
	1,569	427
Forward contracts used to hedge payables denominated in:		
– United States Dollar	**309**	190
– European Union Euro	**58**	85
– Australian Dollar	**113**	–
– other currencies	**23**	18
	503	293
Forward contracts used to hedge borrowings denominated in:		
– United States Dollar	**–**	47
Total notional amount	**3,324**	1,018
Net fair value (liabilities)/assets	**(7)**	(3)

29 Receivables and other assets

	Group		Company	
	2021	2020	2021	2020
Non-current				
Trade receivables[1]	**5**	3	**–**	–
Amounts due from joint ventures [note (a)]	**59**	56	**–**	–
Finance lease receivables [note (a)]	**152**	82	**–**	–
Other receivables	**50**	18	**–**	–
Total receivables	**266**	159	**–**	–
Prepayments	**88**	63	**–**	–
Pension assets [note (b)]	**19**	8	**–**	–
Total receivables and other assets	**373**	230	**–**	–
Current				
Trade receivables[1]	**2,766**	2,573	**–**	–
Amounts due from joint ventures	**100**	168	**–**	–
Amounts due from associates	**3**	5	**–**	–
Finance lease receivables [note (a)]	**123**	70	**–**	–
Other receivables:				
– rebates from principals	**506**	385	**–**	–
– assembly purchases and expenses recoverable	**565**	447	**–**	–
– warranty and parts claims	**99**	128	**–**	–
– amount due from principal	**–**	120	**–**	–
– others	**177**	198	**–**[2]	1
Deposits	**67**	78	**–**	–
	4,406	4,172	**–**[2]	1
Accumulated impairment losses:				
– trade receivables	**(119)**	(121)	**–**	–
– rebates from principals	**–**	(3)	**–**	–
– amounts due from joint ventures	**(26)**	(24)	**–**	–
– other receivables	**(79)**	(77)	**–**	–
Total receivables	**4,182**	3,947	**–**[2]	1
Indirect taxes recoverable	**141**	86	**–**	–
Government grant receivable	**–**	9	**–**	–
Total receivables and other assets	**4,323**	4,042	**–**[2]	1
Total non-current and current receivables (financial assets)	**4,448**	4,106	**–**[2]	1

1 Mainly relates to Revenue from Contracts with Customers
2 Less than RM1 million

The Group's credit risk management objectives and policies are described in Note 5.

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29 Receivables and other assets (continued)

a. Non-current receivables

i. Amounts due from joint ventures

The amounts due from joint ventures represent unsecured long-term loans advanced to Weifang Sime Darby Liquid Terminal Co Ltd ("WSDLT") and Weifang Sime Darby West Port Co Ltd ("WSDWP").

As at 30 June 2021, the loans to WSDLT and WSDWP amounted to approximately RMB33 million and RMB59.5 million (approximately RM21 million and RM38 million) (2020: RMB33 million and RMB59.5 million (approximately RM20 million and RM36 million)) respectively. Long-term loans to joint ventures bear fixed interest rates of 6.0% per annum (2020: 6.0% per annum).

ii. Finance lease receivables

Finance lease receivables consists mainly of specific assets acquired for contract assembly projects and rental equipment lease receivables. The finance lease receivables are discounted at the effective discount rates ranging from 1.3% to 11.0% (2020: 1.3% to 10.7%).

Movement in finance lease receivables is as follows:

	2021	2020
At 1 July	**152**	116
Additions	**–**	37
Acquisition of subsidiaries	**–**	2
Lease payments received during the financial year	**(60)**	(40)
Finance income	**9**	11
Transfer from property, plant and equipment	**6**	25
Reclassification from right-of-use assets arising from lease modification	**177**	–
Remeasurement/derecognition	**(7)**	–
Exchange differences	**(2)**	1
At 30 June	**275**	152

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2021	2020
Within 1 year	**131**	77
Between 1-2 years	**111**	54
Between 2-3 years	**35**	25
Between 3-4 years	**7**	3
Between 4-5 years	**2**	2
After 5 years	**1**	2
Total undiscounted lease payments	**287**	163
Unearned finance income	**(12)**	(11)
Net investment in the lease	**275**	152

b. Pension assets

Certain subsidiaries in Hong Kong operate funded defined benefit plans. The defined benefit plans are determined based on an annual actuarial valuation as at 30 June by external consultants where the amount of the benefits that eligible employees have earned in return for their services in the current and prior financial years are estimated. The pension assets presented is net of present value of obligations of RM27 million (2020: RM28 million).

30 Inventories – Group

	2021	2020
Raw material and consumables	**58**	27
Work in progress	**437**	384
Trading inventories		
– equipment	**2,913**	2,815
– motor vehicles	**2,987**	3,152
– parts and accessories	**1,919**	1,948
– others	**6**	20
	8,320	8,346

Inventories are written down where the net realisable value is expected to be below the carrying amount. During the financial year, the Group wrote down and provided an amount of RM44 million (2020: RM242 million). The carrying amount of trading inventories stated at net realisable value was RM1,508 million (2020: RM1,906 million).

Inventories with a total carrying amount of RM9 million (2020: RM20 million) were pledged as security for borrowings (see Note 39).

31 Contract Assets and Liabilities – Group

	2021	2020
Contract assets		
Current		
Engineering contracts [note (a)]	**93**	54
	93	54
Contract liabilities		
Non-current		
Deferred income:		
– maintenance income and extended warranties	**164**	147
	164	147
Current		
Engineering contracts [note (a) and (b)]	**13**	15
Deferred income:		
– maintenance income and extended warranties [note (b)]	**359**	343
– others	**8**	2
Customer deposits [note (c)]	**1,546**	1,740
Incentives payable and others	**35**	28
	1,961	2,128
	2,125	2,275

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31 Contract Assets and Liabilities – Group (continued)

a. Engineering contracts

The engineering contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect the physical completion of the contracts.

b. Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date, are as follows:

	2022	2023	After 2023	Total
Deferred income	368	50	115	533
Engineering contracts	93	79	–	172
	461	129	115	705

c. Customer deposits

Customer deposits relate to deposits made by customers for the purchases of equipment and vehicles which were partially delivered or have yet to be delivered by the Group at the reporting date. The Group applies the practical expedient in MFRS 15 "Revenue from Contracts with Customers" on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

Customer deposits decreased 11% mainly due to lower customer deposits at the Industrial Australia operations.

32 Prepayments – Group

	2021	2020
Prepaid inventories	**480**	263
Other prepayments	**193**	160
	673	423

33 Bank Balances, Deposits and Cash

	Group		Company	
	2021	2020	2021	2020
Deposits				
– Islamic	**937**	245	**150**	130
– conventional	**412**	343	**–**	–
	1,349	588	**150**	130
Cash at bank and in hand	**1,124**	1,106	**–**[1]	–[1]
Total bank balances, deposits and cash	**2,473**	1,694	**150**	130
Effective profit/interest rates per annum on deposits with licensed banks/financial institutions				
	%	%	%	%
– Islamic	**2.07**	1.95	**1.80**	1.95
– conventional	**1.79**	1.52	**–**	–

[1] Less than RM1 million

34 Assets Held for Sale

The assets held for sale as at 30 June 2020 consist primarily of a property in Australia under the Industrial segment. The sale has been completed in the financial year ended 30 June 2021.

35 Share Capital

	Group/Company			
	Number of shares (million)		Share capital	
	2021	2020	2021	2020
Issued and fully paid up:				
Ordinary shares with no par value				
At 1 July	**6,801**	6,801	**9,300**	9,299
Issuance of shares under performance-based employee share scheme	**2**	–[1]	**2**	1
At 30 June	**6,803**	6,801	**9,302**	9,300

[1] Less than RM1 million

36 Performance-Based Employee Share Scheme

The Company's Performance-Based Employee Share Scheme ("PBESS") is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 8 November 2012 and was effected on 15 January 2013. Under the PBESS, ordinary shares in the Company ("Sime Darby Shares") are granted to eligible employees and executive directors of the Group.

The salient features of the PBESS are as follows:

a. Eligible employees are those executives (including executive director) of the Group (other than dormant subsidiaries) who have attained the age of 18 years; entered into a full-time or fixed-term contract of employment with and are on the payroll of a company within the Group; have not served notice of resignation or received notice of termination on the date of the offer; whose service/employment have been confirmed in writing; and have fulfilled other eligibility criteria which have been determined by the Nomination & Remuneration Committee ("NRC") at its sole and absolute discretion from time to time.

b. The total number of Sime Darby Shares to be allocated to an employee shall not be more than 10% of the Sime Darby Shares made available under the PBESS if the employee either singly or collectively through persons connected with the said employee, holds 20% or more of the Company's issued and paid up share capital.

c. The maximum number of Sime Darby Shares to be allotted and issued under the PBESS shall not be more than in aggregate 10% of the issued and paid-up ordinary share capital of the Company at any point in time during the duration of the PBESS.

d. The PBESS shall be in force for a period of 10 years commencing from the effective date of implementation.

e. The new Sime Darby Shares to be allotted and issued pursuant to the PBESS shall, upon allotment and issuance, rank pari passu in all respects with the then existing issued Sime Darby Shares and shall be entitled to any rights, dividends, allotments and/or distributions attached thereto and/or which may be declared, made or paid to the Company's shareholders, provided that the relevant allotment date of such new shares is before the record date (as defined in the PBESS By-Laws) for any right, allotment or distribution.

f. If the NRC so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the duration of the PBESS, such corresponding alterations (if any) may be made in the number of unvested Sime Darby Shares and/or the method and/or manner in the vesting of the Sime Darby Shares comprised in a grant.

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36 Performance-Based Employee Share Scheme (continued)

The shares granted will be vested only upon fulfilment of vesting conditions which include achievement of service period and performance targets as follows:

	Grant date: 15 January 2019 (third grant offer), 15 January 2020 (fourth grant offer)	
	Type of grant	
	Performance Shares ("PS")	Restricted Shares ("RS")
Vesting conditions	3-year cliff vesting, i.e. over a period of the 3 financial years from 1 July 2018 (third grant offer) or 1 July 2019 (fourth grant offer) Vesting of the shares is subject to meeting certain performance targets. Depending on the employee, the performance targets consist of relative Total Shareholder Returns ("TSR") and/or financial performance targets. Depending on the level of achievement of the performance targets as determined by the NRC, the total amount of shares which will vest may be lower or higher than the total number of shares offered.	Total RS divided into 3 tranches with each tranche vesting at the end of each financial year over 3 financial years from 1 July 2018 (third grant offer) or 1 July 2019 (fourth grant offer)

An eligible employee must remain in employment and shall not have served a notice of resignation or received a notice of termination as at the Vesting Date. The Vesting Date is expected to be in November of the applicable vesting year.

36 Performance-Based Employee Share Scheme (continued)

The movements in the number of Sime Darby Shares granted under the PBESS to the Group's eligible employees are as follows:

Third Grant

	Fair value at grant date (RM)	At 1 July 2020 '000	Forfeited '000	Vested '000	At 30 June 2021 '000
Group					
PS – Relative TSR target	2.52	799	–	–	799
PS – Financial targets	2.11	6,051	(240)	–	5,811
RS – Year 2 vesting	2.20	567	(7)	(560)	–
RS – Year 3 vesting	2.11	575	(20)	–	555

	Fair value at grant date (RM)	At 1 July 2019 '000	Reallocated[1] '000	Forfeited '000	Vested '000	At 30 June 2020 '000
Group						
PS – Relative TSR target	2.52	971	–	(172)	–	799
PS – Financial targets	2.11	6,686	–	(635)	–	6,051
RS – Year 1 vesting	2.29	637	(3)	(26)	(608)	–
RS – Year 2 vesting	2.20	637	(3)	(67)	–	567
RS – Year 3 vesting	2.11	636	6	(67)	–	575

[1] In the financial year ended 30 June 2020, the RS grants for Grant 3 were reallocated so that each of the three tranches do not result in odd lots when the shares are vested

Fourth Grant

	Fair value at grant date (RM)	At 1 July 2020 '000	Forfeited '000	Vested '000	At 30 June 2021 '000
Group					
PS – Relative TSR target	2.28	1,087	–	–	1,087
PS – Financial targets	1.95	5,403	(306)	–	5,097
RS – Year 1 vesting	2.15	537	(7)	(530)	–
RS – Year 2 vesting	2.05	537	(26)	–	511
RS – Year 3 vesting	1.95	545	(25)	–	520

	Fair value at grant date (RM)	At 1 July 2019 '000	Granted '000	At 30 June 2020 '000
Group				
PS – Relative TSR target	2.28	–	1,087	1,087
PS – Financial targets	1.95	–	5,403	5,403
RS – Year 1 vesting	2.15	–	537	537
RS – Year 2 vesting	2.05	–	537	537
RS – Year 3 vesting	1.95	–	545	545

There are no eligible employees under the Company for both the third and fourth grants.

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36 Performance-Based Employee Share Scheme (continued)

The fair value of the Sime Darby Shares granted is determined using the Monte Carlo Simulation model, taking into account the terms and conditions on which the shares were granted.

The significant inputs in the model for the third and fourth grants are as follows:

Grant date	Third Grant 15 January 2019		Fourth Grant 15 January 2020	
	PS	RS	PS	RS
Closing market price at grant date (RM)	RM2.36		**RM2.23**	
Expected volatility (%)	30%		**30%**	
Expected dividend yield (%)	3.73%	3.4%-4.0%	**4.70%**	**4.4%-4.9%**
Risk free rate (%)	3.58%	3.56%-3.58%	**3.10%**	**3.02%-3.10%**

The expected dividend yield used was based on future estimates, which may not necessarily be the actual outcome. Volatility is based on average historical volatility over 1 to 3 years on a weekly basis.

37 Reserves

The Group's reserves comprise:

Nature	Description
Capital reserve	Arising from non-distributable reserves
Legal reserve	Arising from statutory requirements of countries where the Group operates. Subsidiaries established in China are required to maintain certain statutory reserves by transferring from their profit after taxation in accordance with the relevant laws and regulations and, if applicable, the articles of association of subsidiaries in China, before any dividend is declared and paid
Hedging reserve	Arising from changes in fair value of hedge instruments under cash flow hedges
Share grant reserve	Arising from the PBESS, as disclosed in Note 36
Exchange reserve	Arising from exchange differences on retranslation of the net investments in foreign operations

37 Reserves (continued)

Group	Share grant reserve	Capital reserve	Legal reserve	Hedging reserve	Exchange reserve	Total
2021						
At 1 July 2020	**15**	**233**	**111**	**3**	**178**	**540**
Other comprehensive income [Note 18]	**–**	**–**	**–**	**(8)**	**446**	**438**
Transfer (to)/from retained profits	**–**	**10**	**8**	**–**	**–**	**18**
PBESS expenses	**8**	**–**	**–**	**–**	**–**	**8**
Issuance of shares under the PBESS	**(2)**	**–**	**–**	**–**	**–**	**(2)**
At 30 June 2021	**21**	**243**	**119**	**(5)**	**624**	**1,002**
2020						
At 1 July 2019	6	231	99	(6)	50	380
Other comprehensive income [Note 18]	–	–	–	9	128	137
Transfer from retained profits	–	2	12	–	–	14
PBESS expenses	10	–	–	–	–	10
Issuance of shares under the PBESS	(1)	–	–	–	–	(1)
At 30 June 2020	15	233	111	3	178	540

Company

The reserves of the Company relates to the share grant reserve as disclosed in the statement of changes in equity.

38 Non-Controlling Interests – Group

The profit, comprehensive income and net assets attributable to owners of non-controlling interests are as follows:

	2021	2020
Profit for the financial year	**105**	53
Other comprehensive income/(loss)	**14**	1
Total comprehensive income	**119**	54
Net assets	**377**	416

The Group had no non-controlling interests which were material as at 30 June 2021.

On 25 December 2020, the Group completed the acquisition of the remaining 35% equity interest in Guangdong Deda Bow Ma Motor Service Co Ltd ("GDDD") for a consideration of RMB126 million (approximately RM78 million), resulting in GDDD becoming a wholly-owned subsidiary of the Group.

Details of net cash outflow on acquisition of non-controlling interest by the Group during the financial year ended 30 June 2021 are as follows:

Non-controlling interest acquired	32
Premium on acquisition	46
Net cash outflow on acquisition of non-controlling interest	78

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39 Borrowings

	2021			2020		
Group	Secured	Unsecured	Total	Secured	Unsecured	Total
Non-current						
Term loans	**24**	**349**	**373**	32	–	32
Islamic financing	**–**	**–**	**–**	–	78	78
	24	**349**	**373**	32	78	110
Current						
Term loans due within one year	**9**	**29**	**38**	9	–	9
Islamic financing due within one year	**–**	**–**	**–**	–	73	73
Short term loans[1]	**–**	**–**	**–**	–	715	715
Bank overdrafts	**–**	**56**	**56**	–	44	44
Short term Islamic financing	**–**	**–**	**–**	–	204	204
Revolving credits, trade facilities and other short-term borrowings	**–**	**1,360**	**1,360**	–	1,076	1,076
	9	**1,445**	**1,454**	9	2,112	2,121
Total borrowings	**33**	**1,794**	**1,827**	41	2,190	2,231

[1] Short term loans consists of borrowings raised to finance the acquisition of Gough Group Limited and the Sydney dealerships. These loans have been repaid or refinanced during the financial year ended 30 June 2021.

a. Other information on borrowings

i. Effective interest rates

The average effective interest rates of borrowings per annum are as follows:

	Group	
	2021 %	2020 %
Term loans and Islamic financing	**1.75**	3.03
Other borrowings	**2.36**	2.31

The Group's floating rate term loans and Islamic financing that are subject to contractual interest rates repricing within 1 year amounted to RM378 million (2020: RM151 million).

ii. Secured financing

As at 30 June 2021, borrowings amounting to RM33 million (2020: RM41 million) are secured by property, plant and equipment with a carrying value of RM67 million (2020: RM69 million) and inventories with a carrying value of RM9 million (2020: RM20 million).

40 Lease liabilities

	Group 2021	Group 2020
Non-current	**1,506**	1,438
Current	**401**	376
	1,907	1,814

a. Undiscounted contractual cash flows

	2021	2020
Future minimum lease payments:		
– within 1 year	**459**	422
– between 1 to 2 years	**366**	354
– between 2 to 5 years	**599**	607
– above 5 years	**924**	855
	2,348	2,238
Less: unexpired finance charges	**(441)**	(424)
	1,907	1,814

b. Currency profile

All lease liabilities are denominated in the functional currency of the respective subsidiaries.

c. Lease commitments

As at 30 June 2021, commitments for short term leases and low value leases amounted to RM6 million (2020: RM6 million) and RM9 million (2020: RM15 million) respectively.

d. Other information on lease liabilities

The lease terms range from 2 to 40 years.

The average effective interest rates of lease liabilities range from 1.3% to 9.6% (2020: 1.8% to 8.0%) per annum.

e. Extension options

The Group did not include potential lease payments from extension options that it is not reasonably certain to exercise. Most of these leases involve land and/or building leases. The undiscounted potential future lease payments not recognised as lease liabilities as at 30 June 2021 was RM1,023 million (2020: RM 974 million) and range between 2-20 years (2020: 2-20 years).

f. Cash outflows during the financial year

The total cash outflows for leases that were disclosed in the statement of cash flows comprise of:

- repayment of lease liabilities as disclosed in the reconciliation of liabilities arising from financing activities
- payments for short term leases and low value leases, which approximate the amount expensed to the statement of profit or loss as disclosed in Note 7

The Company's lease liabilities were not material (less than RM1 million).

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41 Payables and other liabilities

	Group		Company	
	2021	2020	2021	2020
Non-current				
Employee benefits	12	9	–	–
Others	8	12	–	–
Payables and other liabilities	20	21	–	–
Current				
Trade payables	3,252	2,642	–	–
Vehicle financing [note (a)]	300	276	–	–
Accruals and other payables [note (b)]	730	623	2	2
Amounts due to joint ventures	38	40	–[1]	–
Amounts due to associates	–[1]	6	–	–
Payables	4,320	3,587	2	2
Employee benefits	829	614	–	–
Indirect taxes payable	132	101	–	–
Government grant [Note 42]	4	15	–	–
Payables and other liabilities	5,285	4,317	2	2
Non-current and current payables (financial liabilities)	4,328	3,599	2	2

[1] Less than RM1 million

a. Vehicle financing

In certain markets, the Group finances the purchase of vehicles using vehicle financing arrangements. The Group is normally required to repay the outstanding amounts within 2 days of the sale of the associated vehicle inventories. These arrangements carry interest rates ranging from 2.2% to 5.9% (2020: 2.2% to 5.9%) per annum.

b. Accruals and other payables

Included in accruals and other payables are amounts payable for the purchase of property, plant and equipment of RM26 million (2020: RM22 million).

42 Government Grants – Group

Government grants received were mainly in relation to the construction of the port infrastructure and other facilities in China. During the financial year, government grant relating to port infrastructure and facilities of RM4 million (2020: RM7 million) has been amortised to profit or loss.

The Group had also received government grants relating to COVID-19 wage subsidies. To comply with conditions of the government grants received, the Group is required to keep the affected employees in employment for the period stipulated by the government grant received. The grants received have largely been recognised in profit or loss.

43 Provisions – Group

	Warranties	Risk sharing	Disputes	Others	Total
2021					
At 1 July 2020	**171**	**37**	**204**	**27**	**439**
Additions	**201**	**2**	**–**	**4**	**207**
Reversals	**(59)**	**(10)**	**–**	**(8)**	**(77)**
Translation differences	**–**	**–**	**(6)**	**–**	**(6)**
Charged to profit or loss	**142**	**(8)**	**(6)**	**(4)**	**124**
Utilised	**(130)**	**(1)**	**–**	**(3)**	**(134)**
Provision for reinstatement costs capitalised to right-of-use assets	**–**	**–**	**–**	**5**	**5**
Exchange differences	**8**	**2**	**–**	**–[1]**	**10**
At 30 June 2021	**191**	**30**	**198**	**25**	**444**
2020					
At 1 July 2019	184	19	197	17	417
Additions	220	37	–	25	282
Reversals	(60)	(19)	–	–	(79)
Translation differences	–	–	7	–	7
Charged to profit or loss	160	18	7	25	210
Utilised	(200)	–	–	(15)	(215)
Acquisition of subsidiaries	23	–	–	–	23
Exchange differences	4	–[1]	–	–[1]	4
At 30 June 2020	171	37	204	27	439

[1] Less than RM1 million

The provisions are subject to the following maturity periods:

	2021	2020
Non-current		
Due later than one year	**24**	22
Current		
Due no later than one year	**420**	417
	444	439

a. **Warranties**

Provision is recognised on warranties provided for the sales of machinery, vehicles and other products that are not covered by manufacturers' warranties. The provision was estimated based on historical claims experience, as well as recent trends which are indicative of future claims.

b. **Risk sharing**

Provision is recognised for possible future losses arising from customer defaults pursuant to the risk sharing arrangements entered into by the Group with Caterpillar (China) Financial Leasing Co., Ltd.

Amounts in RM million unless otherwise stated

44 Acquisition of businesses and disposal of subsidiaries and associates

Acquisition of businesses by the Group during the financial year ended 30 June 2021 were as follows:

a. On 1 July 2020, the Group acquired a BMW 4S dealership in Tebrau, Johor for a cash consideration of RM19 million.

b. On 30 November 2020, the Group acquired a BMW dealership in Wellington for a cash consideration of approximately RM7 million.

The following table summarises the fair value of assets acquired and all liabilities assumed on the acquisition dates for the acquired businesses.

Property, plant and equipment	6
Intangible assets excluding goodwill	9
Inventories	14
Other net assets	(2)
Fair value of net assets acquired	27
Goodwill on acquisition	1
Gain on bargain purchase	(2)
Purchase consideration	26

The acquired businesses contributed revenue of RM180 million and and profit before interest and taxation of RM5 million (including RM2 million gain on bargain purchase) to the Group's results in the financial year ended 30 June 2021. It is not practical to disclose the financial impact if the acquisitions had completed on 1 July 2020 as the businesses acquired constitute part of the business of the sellers and there are no separate financial statements that are specific to the business acquired prior to the acquisitions.

Subsidiaries disposed by the Group during the financial year ended 30 June 2021 were as follows:

a. On 15 December 2020, the Group completed the disposal of its entire 70% equity interest in Jining Sime Darby Port Co., Ltd, Jining Sime Darby Longgong Port Co., Ltd and Jining Sime Darby Taiping Port Co., Ltd for a total consideration of RMB293.9 million (approximately RM183 million). Part of the consideration was subsequently used to subscribe to 49% equity interest in Jining Port and Shipping Port Services Co Ltd ("JPSPS"). As the transactions are inter-conditional, they are reported as one transaction. The equity interest in JPSPS is recognised as a financial asset at fair value through profit or loss ("FVTPL") as the Group does not have significant influence in JPSPS. JPSPS would be divested over 3 years for a total consideration of RMB213.7 million (approximately RM132 million).

Details of net assets and net cash inflow arising from the disposal of the subsidiaries are as follows:

Property, plant and equipment	208
Right-of-use assets	123
Intangibles assets	1
Net deferred tax assets	5
Net current liabilities	(87)
Net assets	250
Non-controlling interests	(75)
Total share of net assets disposed	175
Loss on disposal of subsidiaries	(2)
Less: net exchange gain included in the loss on disposal	(4)
Proceeds from disposal, net of transaction costs	169
Less: reinvestment of proceeds in financial assets at FVTPL	(118)
Less: balance consideration receivable after 3 years	(23)
Less: cash and cash equivalents of subsidiaries disposed	(9)
Net cash inflow from disposal of subsidiaries	19

44 Acquisition of businesses and disposal of subsidiaries and associates (continued)

Associates disposed by the Group during the financial year ended 30 June 2021 were as follows:

a. On 18 December 2020, the Group completed the disposal of its entire 30% equity interest in Tesco Stores (Malaysia) Sdn Bhd ("Tesco Malaysia") for a total cash consideration of RM300 million. The gain on disposal before and after tax, after including transaction costs, amounted to RM294 million and RM272 million respectively.

b. On 26 March 2021, the Group completed the disposal of its entire 10.89% equity interest in Eastern & Oriental Berhad ("E&O"), for a total cash consideration of RM93.5 million. The Group recognised share of results (including reversal of impairment) of RM34 million and a loss on disposal (arising from reclassification of exchange loss in exchange reserves to profit or loss) of RM1 million.

45 Segment Information – Group

The Group's main businesses comprise Industrial, Motors, Logistics and Healthcare. The Industrial, Motors, Logistics and Healthcare divisions offer different products and services, and are each headed by a Divisional Managing Director. The healthcare segment consists of the Ramsay-Sime Darby Health Care joint venture. The Group Chief Executive Officer reviews the internal management reports on a monthly basis and conducts performance dialogues with the business units on a regular basis.

Segments comprise:

Industrial	Sales, rental and servicing of equipment and engineering services
Motors	Assembly, sale and rental of vehicles and the provision of after-sales services
Logistics	Management of port facilities
Healthcare	Investment in the Ramsay Sime Darby Health Care Group, providers of healthcare services
Others	Insurance broking and other general investments

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

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45 Segment Information – Group (continued)

a. Segment results

2021	Industrial	Motors	Logistics	Healthcare	Others	Corporate and intra-group adjustments	Total
Segment revenue:							
External	16,004	28,235	181	–	63	–	44,483
Inter-segment	2	13	–	–	4	(19)	–
	16,006	28,248	181	–	67	(19)	44,483
Segment results:							
Operating profit/(loss)	888	1,038	4	–	323	(86)	2,167
Share of results of joint ventures and associates	21	12	(68)	15	34	–	14
Profit/(loss) before interest and tax	909	1,050	(64)	15	357	(86)	2,181
Included in operating profit/(loss)							
Depreciation and amortisation	(621)	(465)	(54)	–	(5)	(10)	(1,155)
(Impairment losses)/reversal of impairment (net):							
– non-current assets	–	(88)	(16)	–	–	–	(104)
– receivables	(2)	1	–	–	–	–	(1)
Fair value (loss)/gain on financial assets at FVTPL	(2)	–	3	–	–	–	1
(Loss)/gain on disposals (net)	(1)	39	–	–	293	–	331
Reversal of inventory write-down and provision/(inventory write-down and provision) (net)	10	(54)	–	–	–	–	(44)

45 Segment Information – Group (continued)

a. Segment results (continued)

2020	Industrial	Motors	Logistics	Healthcare	Others	Corporate and intra-group adjustments	Total
Segment revenue:							
External	15,794	20,852	219	–	69	–	36,934
Inter-segment	8	33	–	–	4	(45)	–
	15,802	20,885	219	–	73	(45)	36,934
Segment results:							
Operating profit/(loss)	948	571	15	–	22	(43)	1,513
Share of results of joint ventures and associates	19	3	(109)	39	(58)	–	(106)
Profit/(loss) before interest and tax	967	574	(94)	39	(36)	(43)	1,407
Included in operating profit/(loss)							
Depreciation and amortisation	(587)	(389)	(60)	–	(4)	(13)	(1,053)
Reversal of impairment/ (impairment losses) (net):							
– non-current assets	29	(41)	(8)	–	–	–	(20)
– receivables and loans to joint venture	(25)	(24)	(23)	–	(1)	1	(72)
Fair value loss on financial assets at FVTPL	(72)	–	–	–	–	–	(72)
Gain on disposals (net) and compensation income for fixed assets	–	23	19	–	1	–	43
Inventory write-down and provision (net)	(103)	(139)	–	–	–	–	(242)

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45 Segment Information – Group (continued)

b. Segment assets and liabilities and additions to non-current assets

	Industrial	Motors	Logistics	Healthcare	Others	Corporate and intra-group adjustments	Total
2021							
Segment assets	**11,973**	**11,792**	**1,893**	**659**	**154**	**1,337**	**27,808**
Segment liabilities	**(2,981)**	**(4,450)**	**(149)**	**–**	**(355)**	**(19)**	**(7,954)**
Segment invested capital	**8,992**	**7,342**	**1,744**	**659**	**(201)**	**1,318**	**19,854**
Net tax assets							**140**
Borrowings and lease liabilities							**(3,734)**
Total equity							**16,260**
Associates and joint ventures included in segment assets	**260**	**84**	**232**	**659**	**1**	**–**	**1,236**
Additions to non-current assets are as follows:							
Capital expenditure	**879**	**753**	**31**	**–**	**–**	**2**	**1,665**
Addition to financial assets at FVTPL	**2**	**–**	**–**	**–**	**–**	**–**	**2**
Addition to interest in associates	**1**	**–**		**–**	**–**	**–**	**1**
	882	**753**	**31**	**–**	**–**	**2**	**1,668**
2020							
Segment assets	11,956	10,850	2,096	649	261	746	26,558
Segment liabilities	(3,338)	(3,210)	(264)	–	(384)	(15)	(7,211)
Segment invested capital	8,618	7,640	1,832	649	(123)	731	19,347
Net tax assets							111
Borrowings and lease liabilities							(4,045)
Total equity							15,413
Associates and joint ventures included in segment assets	276	75	282	649	62	–	1,344
Additions to non-current assets are as follows:							
Capital expenditure	738	667	41	–	1	19	1,466
Addition to financial assets at FVTPL	8	–	–	–	–	–	8
Addition to interest in joint ventures	2	–	–	–	–	–	2
	748	667	41	–	1	19	1,476

45 Segment Information – Group (continued)

b. Segment assets and liabilities and additions to non-current assets (continued)

Capital expenditure consists of the following:

	2021	2020
Property, plant and equipment	**1,277**	1,207
Right-of-use assets	**378**	233
Investment properties	**–**	17
Intangible assets other than goodwill	**10**	9
	1,665	1,466

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Assets		Liabilities	
	2021	2020	2021	2020
Segment total	**27,808**	26,558	**7,954**	7,211
Tax assets/liabilities	**679**	715	**539**	604
Borrowings	**–**	–	**1,827**	2,231
Lease liabilities	**–**	–	**1,907**	1,814
	28,487	27,273	**12,227**	11,860

c. Segment by geography

Revenue, profit before interest and tax ("PBIT") and non-current assets, other than financial instruments and tax assets, by location of the Group's operations are analysed as follows:

	Revenue		PBIT		Non-current assets	
	2021	2020	2021	2020	2021	2020
Malaysia	**5,130**	4,230	**621**	180	**2,541**	2,595
China[1]	**19,050**	14,784	**552**	370	**3,402**	3,576
Other countries in Asia	**5,930**	4,603	**138**	87	**655**	712
Australasia[2]	**14,373**	13,317	**870**	770	**4,912**	4,829
	44,483	36,934	**2,181**	1,407	**11,510**	11,712

1 China consists of China, Hong Kong, Macau and Taiwan.
2 Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands.

Revenue by location of customers is not materially different from that of revenue by location of operations.

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45 Segment Information – Group (continued)

c. Segment by geography (continued)

Reconciliation of non-current assets, other than financial assets and tax assets to the total non-current assets are as follows:

	2021	2020
Non-current assets other than financial instruments and tax assets	**11,510**	11,712
Financial assets at FVTPL	**130**	22
Deferred tax assets	**590**	613
Tax recoverable	**41**	46
Receivables	**266**	159
	12,537	12,552

The Group's operations are diverse in terms of the range of products and services it offers and the geographical coverage. There was no single customer that contributed 10% or more to the Group's revenue.

46 Related Parties

Significant related party transactions and balances other than as disclosed in Notes 6, 8, 14, 23, 24, 25, 29 and 41 are as follows:

Group	2021	2020
a. Transactions with joint ventures and associates		
Purchase of products and services from Sitech Construction Systems Pty Ltd	**19**	9
Contribution paid to Yayasan Sime Darby	**10**	20
Purchase of goods from Terberg Tractors Group	**15**	3
Loans to Weifang Sime Darby West Port Co Ltd[1]	**36**	–
Loans repaid by Weifang Sime Darby West Port Co Ltd[1]	**36**	–
Loans to Weifang Sime Darby Liquid Terminal Co Ltd	**28**	20
Loans repaid by Weifang Sime Darby Liquid Terminal Co Ltd	**29**	3
Purchase of non-financial assets from Weifang Sime Darby Liquid Terminal Co Ltd	**62**[2]	–

1 Relates to exercise to effect change in the lending entity

2 The purchase has yet to be completed as at 30 June 2021. Includes prepayment of RM25 million.

46 Related Parties (continued)

Significant related party transactions and balances other than as disclosed in Notes 6, 8, 14, 23, 24, 25, 29 and 41 are as follows: (continued)

Group		2021	2020
b.	**Transactions between subsidiaries and significant owners of non-controlling interests**		
	Contract assembly service provided by Inokom Corporation Sdn Bhd ("ICSB") to Mazda Malaysia Sdn Bhd	**99**	96
	Rental income received by ICSB from Mazda Malaysia Sdn Bhd	**2**	2
	Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd to Sisma Auto Sdn Bhd	**23**	30
c.	**Transactions with Directors and key management personnel and their close family members**		
	Sale of motor vehicles by the Group	**2**	–[1]

		Group		Company	
		2021	2020	2021	2020
d.	**Remuneration of Directors and key management personnel ("KMP")**				
	Salaries, other emoluments and benefits	**35**	29	**4**	4
	Defined contribution pension plan	**3**	2	**–**	–
	Performance-based employee share scheme	**4**	3	**–**	–
	Estimated monetary value of benefits-in-kind	**–[1]**	–[1]	**–[1]**	–[1]

[1] Less than RM1 million

Key management personnel are employees who have authority and responsibility over key activities of the Group and are direct reports of the Group Chief Executive Officer.

e. Performance-based employee share scheme ("PBESS")

The movement in the number of ordinary shares of the Company granted under the PBESS to the Executive Director and key management personnel of the Group is as follows:

	Fair value at grant date (RM)	At 1 July 2020 '000	Changes in KMP '000	Vested '000	At 30 June 2021 '000
Third grant					
PS – Relative TSR target	2.52	646	–	–	646
PS – Financial targets	2.11	1,325	85	–	1,410
RS2 – Year 2 vesting	2.20	164	7	(171)	–
RS3 – Year 3 vesting	2.11	165	7	–	172
Fourth grant					
PS – Relative TSR target	2.28	810	58	–	868
PS – Financial targets	1.95	1,005	58	–	1,063
RS1 – Year 1 vesting	2.15	151	10	(161)	–
RS2 – Year 2 vesting	2.05	151	10	–	161
RS3 – Year 3 vesting	1.95	152	10	–	162

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46 Related Parties (continued)

Significant related party transactions and balances other than as disclosed in Notes 6, 8, 14, 23, 24, 25, 29 and 41 are as follows: (continued)

f. Transactions with shareholders and the Government

As at 30 June 2021, Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together owned approximately 51.7% (2020: 53.1%) of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra ("YPB"). The Group regards YPB as the ultimate holding company. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government-related entities) are related parties of the Group and of the Company.

Transactions entered into during the financial year with government-related entities include the sales and purchases of goods and services. These related party transactions were entered into in the ordinary course of business.

Significant related party transactions with the Sime Darby Plantation Berhad group are as follows:

	2021	2020
Sales, servicing and leasing of equipment and vehicles	**30**	20
Royalty income charged	**2**	2
Rental income	**11**	7
Foreign currency payment arrangement	**54**	117

g. Outstanding balances with related parties

The significant outstanding balances between the Group and related parties are as follows:

		2021	2020
i.	Amounts due from/(to) joint ventures		
	Weifang Sime Darby Liquid Terminal Co Ltd	**174**	158
	Weifang Sime Darby West Port Co Ltd	**44**	40
	Malaysia – China Hydro Joint Venture	**(23)**	(23)
	Ramsay Sime Darby Health Care Sdn Bhd	**1**	77
ii.	Amount due from YPB group companies		
	Sime Darby Plantation Berhad group	**7**	31

All outstanding balances are unsecured and repayable in accordance with agreed terms.

Other than as disclosed above, there were no material contracts subsisting as at 30 June 2021 or if not then subsisting, entered into since the end of the financial year by the Company or its subsidiaries which involved the interests of substantial shareholders.

47 Financial Instruments

a. Financial instruments measured at fair value

The measurement and categorisation of the financial instruments carried at fair value are as follows:

Financial assets at FVTPL

The fair values of these assets are based on valuation techniques with significant unobservable inputs (Level 3) as quoted market prices in active markets (Level 1) or valuation techniques using market observable inputs (Level 2) are not available.

Derivatives

The fair values of derivatives are based on price quotes for similar instruments or valuation techniques based on market observable inputs (Level 2) as quoted prices of identical instruments from an active market (Level 1) are not available. The fair value of forward foreign exchange contracts are calculated using observable forward exchange rates at the end of the reporting period, with the resulting value discounted to present value.

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June into three different levels as defined above:

Group	Level 1	Level 2	Level 3	Total
2021				
Financial assets				
Financial assets at FVTPL	–	–	146	146
Derivative assets				
– forward foreign exchange contracts	–	4	–	4
	–	4	146	150
Financial liabilities				
Derivative liabilities				
– forward foreign exchange contracts	–	11	–	11
2020				
Financial assets				
Financial assets at FVTPL	–	–	22	22
Derivative assets				
– forward foreign exchange contracts	–	3	–	3
	–	3	22	25
Financial liabilities				
Derivative liabilities				
– forward foreign exchange contracts	–	6	–	6

The financial assets categorised as Level 3 in the fair value hierarchy are non-traded equity investments or debt instruments which are valued at their recoverable amounts.

The Company did not have any financial assets and liabilities measured at fair value as at 30 June 2021 (2020: Nil).

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47 Financial Instruments (continued)

b. Financial instruments measured at amortised cost

The carrying amounts and fair values of long-term financial assets and liabilities measured at amortised cost as at 30 June 2021 and 30 June 2020 approximated its fair values.

The Company did not have any long-term financial assets and liabilities measured at amortised cost as at 30 June 2021 and 30 June 2020.

48 Financial Risk Management

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The policies on financial risk management is described in Note 5.

Details of each financial risk are as follows:

a. Foreign exchange risk

The currency profile of monetary financial assets and financial liabilities are as follows:

	Denominated in currencies other than functional currencies						
Group	United States Dollar	Chinese Renminbi	European Union Euro	Australian Dollar	Others	Denominated in functional currencies	Total
2021							
Financial assets at FVTPL	**–**	**124**	**–**	**–**	**–**	**22**	**146**
Loans to joint venture	**–**	**92**	**–**	**–**	**–**	**–**	**92**
Receivables (net)	**212**	**58**	**2**	**–**	**36**	**4,140**	**4,448**
Bank balances, deposits and cash	**29**	**47**	**1**	**4**	**10**	**2,382**	**2,473**
Borrowings	**(45)**	**–**	**–**	**–**	**–**	**(1,782)**	**(1,827)**
Payables	**(438)**	**–**	**(96)**	**(135)**	**(63)**	**(3,596)**	**(4,328)**
	(242)	**321**	**(93)**	**(131)**	**(17)**	**1,166**	**1,004**
2020							
Financial assets at FVTPL	–	–	–	–	–	22	22
Loans to joint venture	–	86	–	–	–	–	86
Receivables (net)	202	62	31	–	53	3,758	4,106
Bank balances, deposits and cash	131	5	1	–	5	1,552	1,694
Borrowings	(341)	–	–	–	–	(1,890)	(2,231)
Payables	(148)	–	(87)	(43)	(36)	(3,285)	(3,599)
	(156)	153	(55)	(43)	22	157	78

The Company did not have any significant (less than RM1 million) financial assets or liabilities denominated in foreign currency as at 30 June 2021 and 30 June 2020.

48 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

a. Foreign exchange risk (continued)

Foreign exchange risk which impacts the statements of profit or loss arises where monetary assets/liabilities that are not denominated in the functional currency of the respective subsidiaries are not hedged.

i. Borrowings

Borrowings denominated in US Dollar of RM45 million were designated as a hedge for US Dollar receivables (2020: US Dollar borrowings of RM47 million were hedged using derivatives and RM294 million were used to hedge receivables and anticipated sales).

ii. Bank balances

Bank balances denominated in non-functional currencies are not hedged. However, they are generally held for a short period and would either be converted to the functional currency or used to hedge or settle payables in the same currency. As such, foreign exchange risk for unhedged bank balances is generally limited.

iii. Receivables and payables

Receivables and payables in non-functional currencies are generally hedged using derivatives or borrowings or exposed for a short period (pending settlement or hedging), with limited foreign exchange risk. The US Dollar, Euro and Australian Dollar payables have largely been hedged with derivatives. However, certain material balances in non functional currencies have not been hedged due to the uncertainty in the timing of the receipt/settlement.

The Group is also exposed to currency translation risk arising from intercompany balances within the Group of approximately RM378 million (2020: RM406 million) that are not denominated in the functional currency of at least one of the counterparties. These balances consists mainly of current accounts and dividend payable and are denominated in various currencies such as Chinese Renminbi and Papua New Guinea Kina. Most of these balances are not hedged. The intercompany balances hedged are disclosed in Note 28.

The following table illustrates the effect of changes in exchange rate on the translation of the material unhedged financial assets or liabilities against the functional currency at 30 June based on a 5% movement in rates, which is a reasonable assumption based on recent volatility of the exchange rates.

Group	Functional currency	Foreign currency	Amount in RM million	Foreign currency scenario	Impact on profit after tax
2021					
Financial assets at FVTPL, Receivables and bank balances	HKD	RMB	229	(5%)	(11)
2020					
Receivables and bank balances	HKD	RMB	67	(5%)	(3)

Foreign currency translation for loans to joint venture is taken to exchange reserves as it forms part of the net investment in the joint venture.

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48 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

b. Interest rate risk

The percentages of fixed rate borrowings held by the Group, to the total borrowings are as follows:

	Group	
	2021	2020
Total borrowings	**1,827**	2,231
Fixed rate borrowings	**33**	41
Percentage of fixed rate borrowings over total borrowings	**1.8**	1.8

The Group does not have any interest rate swap ("IRS") contract as at 30 June 2021 and 30 June 2020. The borrowings on floating rates that have not been swapped as they consist mainly of short term borrowings used for working capital purposes at the Industrial and Motors divisions.

As at 30 June 2021, the Group's floating rate borrowings not swapped to fixed stood at RM1,794 million (2020: RM2,190 million). The following table demonstrates the effect of changes in interest rates of floating rate borrowings. If the interest rate for all borrowings increased by 1 percentage point, the Group's profit after tax will be lower by:

	Impact
2021	
Profit after tax	**(13)**
2020	
Profit after tax	(16)

A 1% decrease in interest rates would have an equal but opposite effect.

c. Credit risk

The maximum exposure and collateral and credit enhancements are as follows:

	Group		Company	
	2021	2020	2021	2020
Maximum exposure				
Amounts due from subsidiaries	**–**	–	**1,100**	969
Loans to joint venture	**92**	86	**–**	–
Receivables	**4,448**	4,106	**–**[1]	–
Derivative assets	**4**	3	**–**	–
Bank balances, deposits and cash	**2,473**	1,694	**150**	130
	7,017	5,889	**1,250**	1,099
Collateral and credit enhancement				
Receivables	**1,228**	883	**–**	–

[1] Less than RM1 million

The collateral are mainly in the form of end-financing arrangements, letter of credits, guarantees from reputable banks and deposits of cash from customers, some of which are taken into consideration in assessing the expected credit loss.

48 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

d. Liquidity and cash flow risk

The undiscounted contractual cash flows of the financial liabilities are as follows:

Group	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
2021						
Borrowings						
– principal	**1,451**	**183**	**189**	**1**	**1,824**	**1,824**
– interest	**11**	**6**	**4**		**21**	**3**
Derivative liabilities	**11**	**–**	**–**	**–**	**11**	**11**
Payables	**4,320**	**8**	**–**	**–**	**4,328**	**4,328**
Guarantees granted to joint ventures	**110**	**20**	**43**	**24**	**197**	**–**
	5,903	**217**	**236**	**25**	**6,381**	**6,166**
2020						
Borrowings						
– principal	2,115	86	18	6	2,225	2,225
– interest	16	1	3	1	21	6
Derivative liabilities	6	–	–	–	6	6
Payables	3,587	12	–	–	3,599	3,599
Guarantees granted to joint ventures	24	114	42	32	212	–
	5,748	213	63	39	6,063	5,836

Company	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
2021						
Payables	**2**	**–**	**–**	**–**	**2**	**2**
2020						
Payables	2	–	–	–	2	2

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

49 Guarantees, Claims and Commitments

Guarantees, claims and commitments are as follows:

a. Guarantees

In the ordinary course of business, the Group may obtain surety bonds and letters of credit, which the Group provides to customers to secure advance payment, performance under contracts or in lieu of retention being withheld on contracts. A liability would only arise in the event the Group fails to fulfill its contractual obligations.

The Company has also provided a performance guarantee to a customer of a subsidiary to secure performance under contracts or in lieu of retention withheld on contracts.

The outstanding guarantees as at 30 June are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
Performance and advance payment guarantees to customers of:				
– subsidiaries	**–**	–	**1,582**	1,582
– the Group	**2,228**	2,100	**–**	–
Guarantees in respect of credit facilities granted to:				
– certain joint ventures	**197**	212	**–**	–
	2,425	2,312	**1,582**	1,582

In addition, the Group guarantees the payment from its customers under a risk sharing arrangement with a third party leasing company in connection with the sale of its equipment up to a pre-determined amount. As at 30 June 2021, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM431 million (2020: RM324 million).

b. Claims

As at 30 June 2021, claims not taken up in the statement of financial position are as follows:

Group	2021	2020
Potential claims	**18**	15

These claims include disputed amounts for the supply of goods and services.

There were no claims against the Company as at 30 June 2021 (2020: Nil).

c. Capital commitments

Contracted capital expenditure not provided for in the financial statements:

Group	2021	2020
Property, plant and equipment	**342**	150
Other capital expenditure	**6**	2
	348	152

The Company did not have any capital commitments as at 30 June 2021 (2020: Nil).

50 Material Litigation

The material litigations outstanding are as follows:

a. Qatar Petroleum Project ("QP Project"), Maersk Oil Qatar Project ("MOQ Project") and the Marine Project Civil Suit ("Oil & Gas Suit")

On 23 December 2010, Sime Darby Berhad and four subsidiaries (collectively, "the Plaintiffs") filed a civil suit against Dato' Seri Ahmad Zubair @ Ahmad Zubir Hj Murshid, Dato' Mohamad Shukri Baharom, Abdul Rahim Ismail, Abdul Kadir Alias and Mohd Zaki Othman (collectively, "the Defendants") for damages arising from the Defendants' negligence and breaches of duty relating to the QP Project, the MOQ Project and the project relating to the construction of a derrick lay barge for an aggregate amount of RM93 million and USD79 million (approximately RM328 million) together with general and aggravated damages and other relief.

On 13 June 2014, all the Defendants consented to an Interlocutory Judgement being recorded on the Defendants' liability with damages to be assessed by the Court. The Plaintiffs shall be permitted to enforce any final judgement entered after the assessment of damages, upon recovering all claims from the QP and MOQ projects and proceeds from the sale of the derrick lay barge, or after the expiry of 3 years from the date of final judgement, whichever is earlier.

The Plaintiffs have filed a Notice of Application for directions to assess damages.

After several postponements, the Court fixed the hearing for the assessment of damages on 2, 3, 4, 17 and 18 February 2021. In view of the Movement Control Order declared by the Government being extended until 18 February 2021, the court hearing dates on 2, 3, 4, 17 and 18 February 2021 have been postponed to 20 – 22 October 2021.

b. Bakun Hydroelectric Project ("Bakun Project") and the Indemnity Agreement Civil Suit ("Bakun Suit")

On 24 December 2010, Sime Darby Berhad and three subsidiaries (collectively, "the Plaintiffs") filed a civil suit against Dato' Seri Ahmad Zubair @ Ahmad Zubir Hj Murshid, Dato' Mohamad Shukri Baharom ("DMS") and Abdul Rahim Ismail (collectively, "the Defendants") for damages in connection with the Defendants' negligence and breaches of duty relating to the Package CW2-Main Civil Works for the Bakun Project and in respect of the Receipt, Discharge and Indemnity Agreement dated 12 January 2010 given to DMS for an aggregate amount of RM91 million together with general and aggravated damages to be assessed and other relief.

On 13 June 2014, all the Defendants consented to an Interlocutory Judgement being recorded on the Defendants' liability and for damages to be assessed by the Court. The Plaintiffs shall be permitted to enforce any final judgement entered after the assessment of damages, upon the Malaysia-China Hydro Joint Venture receiving full settlement from Sarawak Hidro Sdn Bhd or the Ministry of Finance in relation to the Bakun Project, or after the expiry of 3 years from the date of final judgement, whichever is earlier.

The Plaintiffs have filed a Notice of Application for directions to assess damages. The Registrar directed that the Plaintiffs' application for assessment of damages for the Oil & Gas Suit and the Bakun Suit be heard separately and that the assessment of damages for the Oil & Gas Suit will be heard first before the Bakun Suit.

c. Claim against Qatar Petroleum ("QP")

Sime Darby Engineering Sdn Bhd ("SDE") filed a suit against QP and won the case. The judgement sum of QAR12.9 million (approximately RM14 million) was received on 5 October 2020 and this case is now closed.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

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50 Material Litigation (continued)

The material litigations outstanding are as follows: (continued)

d. B-193 Process Platform Project ("PP Project")

Sime Darby Engineering Sdn Bhd ("SDE") and Swiber Offshore Construction Pte Ltd ("SOC") entered into a Consortium Agreement to govern their relationship as a consortium ("the Consortium") to undertake works relating to the PP Project awarded by Oil and Natural Gas Corporation Ltd ("ONGC"). A contract dated 3 July 2010 was executed for a total contract price of USD618 million (approximately RM2.6 billion).

Disputes have arisen between the Consortium and ONGC and on 1 June 2016, the Consortium initiated arbitration proceedings against ONGC. SDE's portion of the Consortium's claim is circa USD76 million (approximately RM316 million).

On 22 March 2018, the tribunal ordered ONGC to pay the Consortium a net sum of USD5.12 million (approximately RM21 million) as full and final settlement of all claims. On 27 March 2018, ONGC filed an application at the High Court in Mumbai, India to set aside the arbitration award.

On 16 October 2020, SDE and Swiber filed an execution application against ONGC to seek recovery of the arbitration award. The warrant of attachment for movable properties was issued by the Court and the Court's bailiff executed the warrant on 5 April 2021. On 19 April 2021, ONGC deposited a sum of INR 447 million (approximately RM25 million), which includes costs and interest, to the Court and the Consortium's warrant of attachment against ONGC has been stayed until the Court hears ONGC's application to set aside the arbitration award, the date of which has yet to be fixed.

e. CCCC Tianjin Dredging Co., Ltd. v Weifang Port Services Co., Ltd. and Weifang Port Group Co., Ltd.

Weifang Port Services Co., Ltd. ("WPS") is a joint venture company between Weifang Port Group Co., Ltd. ("WPG") (38%), Weifang Sime Darby Port Co., Ltd ("WSDP") (37%) and Shandong Hi-Speed Transport & Logistics Investment Co., Ltd (25%). WSDP is an indirect 99%-owned subsidiary of Sime Darby Berhad.

CCCC Tianjin Dredging Co., Ltd. ("Tianjin Dredging") was engaged to construct a 35,000 deadweight tonne ("DWT") main channel in Weifang, Shandong Province, People's Republic of China (the "Project") which was completed in November 2016 at total cost of approximately RMB1.17 billion (RM752 million), of which approximately RMB711 million (RM457 million) was outstanding. Under the terms of engagement, both WPG and WPS are jointly liable for any payments due to Tianjin Dredging.

On 31 July 2018, Tianjin Dredging (the "Plaintiff") filed a lawsuit against WPS ("First Defendant") and WPG ("Second Defendant") claiming the outstanding sum plus interests. On 20 December 2019, the Court ruled in favour of the Plaintiff.

On 11 September 2020, a settlement ("Original Settlement Agreement") was entered into between the Plaintiff, WPS, WPG, Weifang Binhai Seaport Economic Zone Development Service Co., Ltd. ("WBD") and Weifang Binhai Tourism Group Co., Ltd. ("WBT") of which the parties agreed that the total sum payable to the Plaintiff was RMB728 million (RM468 million) ("Settlement Sum") comprising the outstanding sum, interests and legal costs (which was to be paid in three instalments). The final instalment was to be paid before 10 December 2020. Under the Original Settlement Agreement, the Plaintiff also agreed to waive the remaining late payment interest of RMB158 million (RM102 million) which had accrued on the condition that the instalments were paid on time.

50 Material Litigation (continued)

The material litigations outstanding are as follows: (continued)

e. CCCC Tianjin Dredging Co., Ltd. v Weifang Port Services Co., Ltd. and Weifang Port Group Co., Ltd. (continued)

WBD and WBT, wholly-owned subsidiaries of the Weifang Binhai Government, had assumed joint and several liability and had provided a guarantee under the Original Settlement Agreement. If the parties default in paying the instalments, the Plaintiff would have the right to apply to the court to resume enforcement proceedings against WPS, WBD and WBT. In addition, the waived interests of RMB158 million (RM102 million) and any interest incurred after 1 August 2020 would also need to be paid.

Pursuant to the Original Settlement Agreement, WBD had paid, on behalf of WPS, the first and second instalments (RMB400 million in total) on time. WBD further paid RMB130 million on 31 December 2020 and the remaining RMB198 million on 15 April 2021, upon which the Settlement Sum has been paid in full.

However, as the final instalment was only made after the agreed date of 10 December 2020, the Plaintiff is now claiming the previously waived interest of RMB158 million (RM102 million) and the interest incurred after 1 August 2020 (collectively, the "Additional Interests"). The total Additional Interests is approximately RMB187 million (RM120 million).

On 15 April 2021, the Plaintiff, WPS, WBD and WBT entered into a new settlement agreement ("New Settlement Agreement"). Pursuant to the New Settlement Agreement, WPS, WBD and WBT agreed to settle the Additional Interests before 20 November 2021. If the parties default in paying the Additional Interests, the Plaintiff has the right to apply to the Court to resume enforcement proceedings against WPS, WBD and WBT.

On 13 August 2021, WPS received from the Qingdao Maritime Court a Case Closing Notice ("Closing Notice") dated 6 July 2021 issued by the Qingdao Maritime Court.

Pursuant to the Closing Notice, the Plaintiff confirmed that WPS, WBD and WBT had fulfilled their obligations under the Original Settlement Agreement and the New Settlement Agreement. Therefore, the Judgement obtained by the Plaintiff against WPS, WBD and WBT has been fulfilled and WPS, WBD and WBT are not required to pay the Additional Interests. This case is now closed.

51 Holding Companies

The Directors regard Permodalan Nasional Berhad as the Group's immediate holding company and Yayasan Pelaburan Bumiputra as the ultimate holding company. Both companies are incorporated in Malaysia.

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52 List of Subsidiaries, Joint Ventures and Associates

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows:

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Industrial – Subsidiaries					
Chubb Malaysia Sendirian Berhad	Malaysia	**100.0**	100.0	1	Marketing, installation, rental and servicing of security products
Mecomb Malaysia Sdn Berhad	Malaysia	**100.0**	100.0	1	Systems integration, marketing and installation of advanced electronic and electro-mechanical equipment, instruments and systems
Shandong Equipment Malaysia Sdn Bhd	Malaysia	**100.0**	100.0	1	Sales and service support for Shandong Engineering machinery
Sime Darby Electropack Sdn Bhd	Malaysia	**100.0**	100.0	1	Manufacturing and general assembly of agricultural and industrial machinery
Sime Darby Energy Solutions Sdn Bhd	Malaysia	**100.0**	100.0	1	Presales, sales, installation, commissioning and post-sales support of engineering and technology solutions for oil and gas, cogeneration and renewable energy industries
Sime Darby Industrial Academy Sdn Bhd	Malaysia	**100.0**	100.0	1	Conducting vocational programmes and activities
Sime Darby Industrial Holdings Sdn Bhd	Malaysia	**100.0**	100.0	1	Investment holding
Sime Darby Industrial Power Sdn Bhd	Malaysia	**91.2**	91.2	1	Trading of heavy machinery and spare parts
Sime Darby Industrial Sdn Bhd	Malaysia	**100.0**	100.0	1	Sale of equipment and spare parts and service support for Caterpillar business, other material handling equipment and industrial cleaners, and supply and installation of co-generation systems
Sime Darby Joy Industries Sdn Bhd	Malaysia	**55.0**	55.0	1	Designing and manufacturing of heat exchangers, radiators, process equipment modules, filters and separators and investment holding
Sime Darby Material Handling Sdn Bhd	Malaysia	**100.0**	100.0	1	Sale and distribution of lift trucks and spare parts, and the rental and servicing of other material handling equipment
Sime Darby TMR Sdn Bhd	Malaysia	**100.0**	100.0	1	Reconditioning of used equipment and machinery
Sime Surveillance Sdn Bhd	Malaysia	**100.0**	100.0	1	Provision of security services
Site Technology Asia Pacific Sdn Bhd	Malaysia	**100.0**	100.0	1	Supplying Global Positioning Systems for digital work site positioning and machine control for heavy and highway construction applications under the SITECH brand

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Industrial – Subsidiaries (continued)					
Tractors Petroleum Services Sdn Bhd	Malaysia	**100.0**	100.0	1	Supply, rental, repair and maintenance of Caterpillar engines and other equipment for the oil and gas industry
Tractors Singapore (Maldives) Private Limited	Maldives	**100.0**	100.0	2	Sale and rental of engines, power systems, assembly and product support for industrial machinery and parts and other incidental businesses
Mecomb Singapore Limited	Singapore	**100.0**	100.0	2	Manufacture and installation of industrial equipment and the import and sale of technical, nautical and scientific instruments and mechanical, electrical and electronic equipment
Sime Darby Eastern Investments Private Limited	Singapore	**100.0**	100.0	2	Investment holding
Sime Darby Eastern Limited	Singapore	**100.0**	100.0	2	Investment holding
Sime Darby Energy Pte Ltd	Singapore	**100.0**	100.0	2	Investment holding
Sime Darby Industrial Singapore Pte Ltd	Singapore	**100.0**	100.0	2	Investment holding
Tractors Machinery International Pte Ltd	Singapore	**100.0**	100.0	2	Sale, installation and service of marine and other equipment and parts
Tractors Singapore Limited	Singapore	**100.0**	100.0	2	Sale, rental, service and assembly of Caterpillar equipment and spare parts and service support
Foshan Sime Darby Elco Power Equipment Limited	China	**100.0**	100.0	2	Distribution of Perkins engine products, spare parts and provision of after-sales services
Guangzhou Sime Darby SITECH Dealers Company Limited	China	**100.0**	100.0	3	Sale, hire and servicing survey equipment and sale of equipment and spare parts and service support for Perkins and FGW business
Sime Darby CEL Machinery (Guangdong) Company Limited	China	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the Caterpillar business
Sime Darby CEL Machinery (Guangxi) Company Limited	China	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the Caterpillar business

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52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Industrial – Subsidiaries (continued)					
Sime Darby CEL Machinery (Hunan) Company Limited	China	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the Caterpillar business
Sime Darby CEL Machinery (Jiangxi) Company Limited	China	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the Caterpillar business
Sime Darby CEL Machinery (Xinjiang) Company Limited	China	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the Caterpillar business
Sime Darby Joy (Shanghai) Co Ltd	China	**55.0**	55.0	2	Supply of process equipment and heat exchangers
Sime Darby SEM Dealer (Fujian) Limited	China	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the SEM business
Xiamen Sime Darby CEL Machinery Co Ltd	China	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the Caterpillar business
Sime Darby CEL (South China) Limited	Hong Kong	**100.0**	100.0	2	Investment holding
Sime Darby Elco Power Systems Limited	Hong Kong	**100.0**	100.0	2	Distribution of Perkins engine products and spare parts and provision of after-sales services
The China Engineers Limited	Hong Kong	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the Caterpillar business
Austchrome Pty Ltd	Australia	**100.0**	100.0	2	Chroming and hydraulic repairs
Hastings Deering (Australia) Limited	Australia	**100.0**	100.0	2	Sale, rental and servicing for Caterpillar products, hardchroming and hydraulic repair
Hastings Deering Property Services Pty Ltd	Australia	**100.0**	100.0	4	Leasing entity and effective lessee for Hastings Deering (Australia) Limited's core industrial property assets
Haynes Mechanical Pty Ltd	Australia	**100.0**	100.0	2	Labour hire/contracting, sale of mining machinery parts, service and repair and crane hire
Heavy Maintenance Group Pty Ltd	Australia	**100.0**	100.0	2	Investment holding
HMG Hardchrome Pty Ltd	Australia	**100.0**	100.0	2	Manufacture, refurbishment and surface finishing of equipment used in the heavy industrial sector
Sime Darby Allied Operations Pty Ltd	Australia	**100.0**	100.0	4	Investment holding
Sime Darby Industrial Australia Pty Ltd	Australia	**100.0**	100.0	2	Investment holding

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Industrial – Subsidiaries (continued)					
TFP Engineering Pty Ltd	Australia	**100.0**	100.0	2	Labour hire/contracting, services and repair of mining machinery parts, as well as the crane hire business
Sime Darby Industrial (B) Sdn Bhd	Brunei	**70.0**	70.0	3	Sale of equipment, parts and service support for the Caterpillar business, assembly and marketing of agricultural and industrial equipment and implementation and distribution of quarrying and road construction equipment
CICA Limited	Channel Islands	**100.0**	100.0	3	Supply of industrial equipment, machinery, spare parts and after-sales services, including maintenance and repair services
Sime Darby Elco Power Japan Limited	Japan	**100.0**	–	4	Sale, rental, assembly, maintenance, repair and technical support of engines and power systems and related services.
Caltrac SAS	New Caledonia	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the Caterpillar business
SCI Sime Darby Invest NC	New Caledonia	**100.0**	100.0	4	Property investment
Sime Darby (NZ) Holdings Limited	New Zealand	**100.0**	100.0	2	Investment holding
Gough Group Limited	New Zealand	**100.0**	100.0	2	Investment holding
Sime Darby Industrial (NZ) Holdings Limited	New Zealand	**100.0**	100.0	2	Investment holding
Sitech Construction NZ Limited	New Zealand	**66.0**	66.0	2	Sale and servicing of Trimble Technology technical construction products
Terra Industrial Finance Limited	New Zealand	**100.0**	100.0	2	Whitelabel financing for the Caterpillar dealership business
Terra Industrial New Zealand Limited	New Zealand	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the Caterpillar business
Hastings Deering (PNG) Limited	Papua New Guinea	**100.0**	100.0	2	Sale of equipment and spare parts and service support for the Caterpillar business
Hastings Deering (Solomon Islands) Limited	Solomon Islands	**100.0**	100.0	3	Sale of equipment and spare parts and service support for the Caterpillar business

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52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2021	2020		
Industrial – Subsidiaries (continued)					
Sime Darby Elco Power Korea Limited	South Korea	**100.0**	100.0	4	Sale, rental, assembly and servicing of engines and power systems and other incidental businesses
Mecomb (Thailand) Limited	Thailand	**100.0**	100.0	2	Sale of electrical and mechanical equipment components and instruments, including services
Haynes Group (USA) Holdings Inc.	United States of America	**100.0**	100.0	4	Investment holding
Haynes Group (USA) Holdings LLC.	United States of America	**100.0**	100.0	4	Provision of a patented hydraulic jacking system for the maintenance of slew bearing in electric rope and hydraulic mining shovels
CICA Vietnam Company Limited	Vietnam	**100.0**	100.0	3	Supply of industrial equipment, machinery, spare parts and after-sales services
Industrial – Joint ventures					
Terberg Tractors Malaysia Sdn Bhd group	Malaysia	**50.0**	50.0	1	Marketing, distributing and servicing of Terberg terminal tractors
Mine Energy Holdings Pty Ltd group	Australia	**50.0**	50.0	4	Service provider for end-to-end energy solution to the mobile mining industry
Industrial – Associates					
Kubota Malaysia Sdn Bhd	Malaysia	**40.0**	40.0	1	Distribution, rental and provision of support services of a wide range of light equipment and related spares for use in the agricultural, construction and industrial sectors
Gas Malaysia Synergy Drive Sdn Bhd	Malaysia	**30.0**	30.0	1	Sale and supply of electricity, steam, chilled water, hot water, hot air and/or other utilities to customers
APac Energy Rental Pte Ltd	Singapore	**30.0**	30.0	3	Rental of industrial machines and equipment
Chubb Singapore Private Limited group	Singapore	**30.0**	30.0	2	Assembly and sale of security and fire protection products and provision of related security services
FG Wilson Asia Pte Ltd	Singapore	**50.0**	50.0	2	Sale of industrial machinery and equipment; rental, servicing and assembly of industrial machinery and equipment

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Industrial – Associates (continued)					
Energy Power Systems Australia Pty Ltd	Australia	**20.0**	20.0	2	Distribution and rental of Caterpillar engine and associated products
Sitech Construction Systems Pty Ltd	Australia	**30.6**	30.6	3	Sale and servicing of Trimble Technology construction products
Ultimate Positioning Group Pty Ltd	Australia	**29.4**	29.4	3	Sale, hire and servicing of Trimble surveying equipment
Buildingpoint New Zealand Limited	New Zealand	**49.0**	49.0	2	Sale of Trimble hardware and software for the building and construction industry
Geosystems New Zealand Limited	New Zealand	**49.0**	49.0	2	Sale, hire and servicing of Trimble surveying equipment
Motors – Subsidiaries					
Auto Bavaria Sdn Bhd	Malaysia	**100.0**	100.0	1)	Investment holding
Ford Malaysia Sdn Bhd	Malaysia	**51.0**	51.0	1)	
Hyundai-Sime Darby Motors Sdn Bhd	Malaysia	**100.0**	100.0	1	Sale and distribution of passenger and light commercial vehicles and spare parts and renting of properties
Inokom Corporation Sdn Bhd	Malaysia	**53.5**	53.5	1	Manufacture and assembly of light commercial and passenger vehicles, and contract assembly of motor vehicles
Jaguar Land Rover (Malaysia) Sdn Bhd	Malaysia	**60.0**	60.0	1	Importation and distribution of motor vehicles and spare parts
Sime Darby Auto Assembly Sdn Bhd	Malaysia	**100.0**	100.0	1	Manufacturing and assembly of auto components for motor vehicles
Sime Darby Auto Bavaria Sdn Bhd	Malaysia	**100.0**	100.0	1	Provision of management services to related companies, retail of motor vehicles and spare parts, provision of after-sales services and importer of Completely Knocked-Down packs
Sime Darby Auto ConneXion Sdn Bhd	Malaysia	**100.0**	100.0	1	Distribution of Ford motor vehicles, spare parts and accessories, retail of Ford, Land Rover and Jaguar motor vehicles and spare parts, and provision of after-sales services

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52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Sime Darby Auto Engineering Sdn Bhd	Malaysia	**100.0**	100.0	1	Assembly of internal combustion engine and other modular assembly for motor vehicles
Sime Darby Auto Hyundai Sdn Bhd	Malaysia	**51.0**	51.0	1	Retail of motor vehicles, spare parts and accessories, and provision of after-sales services
Sime Darby Auto Imports Sdn Bhd	Malaysia	**100.0**	100.0	1	Importation of motor vehicles and spare parts
Sime Darby Auto Performance Sdn Bhd	Malaysia	**70.0**	70.0	1	Distribution and retail of motor vehicles, spare parts and accessories and provision of after-sales services
Sime Darby Auto Selection Sdn Bhd	Malaysia	**100.0**	100.0	1	Retail of used motor vehicles, spare parts and accessories and provision of after-sales services
Sime Darby Auto Stuttgart Sdn. Bhd.	Malaysia	**100.0**	100.0	1	Manufacturing and assembly of auto components for motor vehicles
Sime Darby Hyundai Integrated Sdn Bhd	Malaysia	**51.0**	51.0	1	Distribution of motor vehicles
Sime Darby Hyundai Sdn Bhd	Malaysia	**51.0**	51.0	1	Importation of vehicles and investment holding
Sime Darby Motors Overseas Holdings Sdn Bhd	Malaysia	**100.0**	100.0	1	) Investment holding
Sime Darby Motors Sdn Bhd	Malaysia	**100.0**	100.0	1	)
Sime Darby Rent-A-Car Sdn Bhd	Malaysia	**100.0**	100.0	1	Vehicle rental
Sime Darby Swedish Auto Sdn Bhd	Malaysia	**100.0**	100.0	1	Retail of motor vehicles, spare parts and accessories and provision of after-sales services
Europe Automobiles Corporation Holdings Pte Ltd	Singapore	**100.0**	100.0	2	Investment holding
Performance Motors Limited	Singapore	**100.0**	100.0	2	Motor vehicles dealership
Performance Munich Autos Pte Ltd	Singapore	**60.0**	60.0	2	Motor vehicles dealership
Performance Premium Selection Limited	Singapore	**60.0**	60.0	2	Retailer, wholesaler and exporter of used cars
Sime Darby Motor Holdings Limited	Singapore	**100.0**	100.0	2	Investment holding and provision of corporate services to group entities
Sime Darby Services Private Limited	Singapore	**100.0**	100.0	2	Rental of motor vehicles
Sime Darby Singapore Limited	Singapore	**100.0**	100.0	2	General insurance agency business
Sime Singapore Limited	Singapore	**100.0**	100.0	2	Investment holding

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Vantage Automotive Limited	Singapore	**100.0**	100.0	2	Motor vehicles dealership
Changsha Bow Yue Vehicle Services Co Ltd	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Changsha Chuang Yue Motors Sales and Services Company Limited	China	**100.0**	–	2	Retail of motor vehicles and spare parts and provision of after-sales services
Changsha Sime Darby Motor Sales and Services Company Limited	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Changsha Yue Zhi Bow Motor Sales and Services Co. Ltd. (formerly known as Changsha Yue Zhi Bow Motor Service Co. Ltd.)	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Chengdu Bow Chuang Vehicle Sales & Service Company Limited	China	**100.0**	–	2	Retail of motor vehicles and spare parts and provision of after-sales services. The company has yet to commence operations as at year end
Chengdu Bow Yue Used Cars Centre Co Ltd	China	**100.0**	100.0	2	Retail of used cars and provision of related services
Chengdu Bow Yue Vehicle Co Ltd	China	**100.0**	100.0	2	Investment holding, retail of motor vehicles and spare parts and provision of after-sales services
Chongqing Bow Chuang Motor Sales & Services Co Ltd	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Chongqing Sime Darby Motor Sales and Services Company Limited	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Dongguan Chuang Yi Motor Sales and Services Limited Company	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Guangdong Deda Bow Ma Motor Service Co Ltd	China	**100.0**	65.0	2	Retail of spare parts and provision of after-sales services
Guangzhou Bow Yue Vehicle Trading Co Ltd	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts
Guangzhou Sime Darby Fu Yue Motors Sales and Services Company Limited	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services. The company has yet to commence operations as at year end

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Hainan Bow Yue Vehicles Trading and Services Ltd	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Hangzhou Sime Darby Trading Co Ltd	China	**60.0**	60.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Kunming Bow Chuang Motor Sales and Services Co Ltd	China	**65.0**	65.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Kunming Sime Darby Fu Yue Motors Sales and Services Company Limited	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Nanjing Sime Darby Motors Sales & Services Co Ltd	China	**60.0**	60.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Qujing Bow Kai Motors Sales & Services Company Limited	China	**65.0**	65.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Shanghai Sime Darby Motor Commerce Co Ltd	China	**60.0**	60.0	2	Investment holding and retail of motor vehicles
Shanghai Sime Darby Motor Sales and Services Co Ltd	China	**60.0**	60.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Shanghai Sime Darby Motor Trading Co., Ltd	China	**60.0**	60.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Shanghai Sime Darby Motor Enterprises Co., Ltd	China	**60.0**	60.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Shanghai Yue Zhi Bow Motors Sales and Services Company Limited	China	**100.0**	–	2	Retail of motor vehicles and spare parts and provision of after-sales services. The company has yet to commence operations as at year end
Shantou Bow Yue Dehong Motors Services Co Ltd	China	**60.0**	60.0	2	Retail of spare parts and provision of after-sales services for motor vehicles
Shantou Bow Yue Vehicle Trading Co Ltd	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts
Shenzhen Bow Chuang Vehicle Trading Co Ltd	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts
Shenzhen Sime Darby Motor Enterprises Co Ltd	China	**100.0**	100.0	2	Retail of spare parts and provision of after-sales services for motor vehicles
Shenzhen Sime Darby New Energy Vehicles Sales and Services Company Limited	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Shenzhen Sime Darby Fu Yue Motors Sales and Services Company Limited	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Yunnan Bow Yue Vehicle Trading Co Ltd	China	**65.0**	65.0	2	Investment holding, retail of motor vehicles and spare parts and provision of after-sales services
Yunnan Dekai Bow Ma Motors Technology & Service Co Ltd	China	**65.0**	65.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
BMW Concessionaires (HK) Limited	Hong Kong	**100.0**	100.0	2	Investment holding, distribution and retail of motor vehicles, provision of after-sales services and leasing motor vehicles
Bow Ma Motors (South China) Limited	Hong Kong	**100.0**	100.0	2	Investment holding
Goodwood Motors Limited	Hong Kong	**100.0**	100.0	2)	Distribution and retail of motor vehicles and spare parts and provision of after-sales services
Island Motors Limited	Hong Kong	**100.0**	100.0	2)	
Marksworth Limited	Hong Kong	**100.0**	100.0	2	Investment holding
Sime Darby Hongkong Finance Limited	Hong Kong	**100.0**	100.0	2	Provision of intra-group financial services
Sime Darby Managing Agency (Hong Kong) Limited	Hong Kong	**100.0**	100.0	2	Insurance agency
Sime Darby Motor Group (HK) Limited	Hong Kong	**100.0**	100.0	2)	Investment holding
Sime Darby Motor Group (PRC) Limited	Hong Kong	**100.0**	100.0	2)	
Sime Darby Motor Services Limited	Hong Kong	**100.0**	100.0	2	Investment holding, distribution and retail of motor vehicles and spare parts, after-sales services, management services and property investment
Universal Automobile Company Limited	Hong Kong	**100.0**	100.0	2	Distribution and retail of motor vehicles and spare parts and provision of after-sales services and leasing of motor vehicles
Universal Cars (Importers) Limited	Hong Kong	**100.0**	100.0	2	Investment holding
Universal Cars Limited	Hong Kong	**100.0**	100.0	2	Distribution and retail of motor vehicles and spare parts and provision of after-sales services
Wallace Harper & Company Limited	Hong Kong	**100.0**	100.0	2	Holder of car testing licence
Wallace Harper Motors Company Limited	Hong Kong	**100.0**	100.0	2	Distribution, retail of motor vehicles and spare parts and provision of after-sales services and leasing of motor vehicles

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Warwick Motors Limited	Hong Kong	**100.0**	100.0	2	Investment holding
BMW Concessionaires (Macau) Limited	Macau	**100.0**	100.0	2	Retail of motor vehicles and spare parts, provision of after-sales services and investment holding
Harper Engineering (Macau) Limited	Macau	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Brisbane BMW Bodyshop Pty Ltd	Australia	**100.0**	100.0	2	Operates the business of BMW parts, panels and accessories
Brisbane BMW Unit Trust	Australia	**100.0**	100.0	2	Owns BMW, MINI, Volvo, Ferrari and Rolls-Royce motor dealerships
LMM Holdings Pty Ltd	Australia	**100.0**	100.0	2	Operates Brisbane BMW Unit Trust's BMW, MINI, Volvo, Ferrari and Rolls Royce motor dealerships
Sime Darby Automobiles Pty Ltd	Australia	**100.0**	100.0	2	Investment holding in retail dealership property
Sime Darby Fleet Services Pty Ltd	Australia	**100.0**	100.0	2	Vehicle rental and related mechanical services
Sime Darby Motors Group (Australia) Pty Limited	Australia	**100.0**	100.0	2	Investment holding and provision of management services
Sime Darby Motors Retail Australia Pty Limited	Australia	**100.0**	100.0	2	Retail of motor vehicles and provision of after-sales services
Sime Darby Motors Wholesale Australia Pty Limited	Australia	**100.0**	100.0	2	Investment holding and vehicle rental services
Sime Darby Transport Holdings Australia Pty Ltd	Australia	**100.0**	100.0	2	Investment holding
Transport Engineering Solutions Pty Limited	Australia	**100.0**	100.0	2	Design, supply and installation of transportation and related equipment
Continental Car Services Limited	New Zealand	**100.0**	100.0	2	Retail of new and used passenger cars and light commercial vehicles, spare parts and accessories and provision of after-sales services
Hino Distributors (NZ) Limited	New Zealand	**100.0**	100.0	2	Distribution and retail of trucks
Motor Truck Distributors (NZ) Limited	New Zealand	**100.0**	100.0	2	Distribution and retail of trucks and buses

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Motors – Subsidiaries (continued)					
North Shore Motor Holdings Limited	New Zealand	**100.0**	100.0	2	Retail of new and used passenger cars, spare parts and accessories and provision of related services
Sime Darby Property (NZ) Limited	New Zealand	**100.0**	100.0	2	Property holding
Sime Darby Commercial (NZ) Limited	New Zealand	**100.0**	100.0	2	Investment holding
Sime Darby Fleet Services (NZ) Limited	New Zealand	**100.0**	–	2	Vehicle rental and related mechanical services
Sime Darby Motor Group (NZ) Limited	New Zealand	**100.0**	100.0	2	) Investment holding
Sime Darby Transport Limited	New Zealand	**100.0**	100.0	2	)
Sime Darby Transport (NZ) Limited	New Zealand	**100.0**	100.0	2	Design, supply and installation of transportation and related equipment
Truck Stops (NZ) Limited	New Zealand	**100.0**	100.0	2	Provision of spare parts and services for trucks
UD Truck Distributors (NZ) Limited	New Zealand	**100.0**	100.0	2	Distribution and retail of trucks, spare parts and accessories and provision of after-sales services
Performance Motors (Thailand) Limited	Thailand	**100.0**	100.0	2	) Retail of motor vehicles and spare parts and provision of after-sales services
Performance Motors Don Mueang (Thailand) Limited (formerly known as SD Motors Company Limited)	Thailand	**100.0**	100.0	2	)
Sime Darby (Thailand) Limited	Thailand	**100.0**	100.0	2	Investment holding and provision of management services
Sime Darby Auto Services Limited	Thailand	**100.0**	100.0	2	Retail of used motor vehicles
Sime Darby Mazda (Thailand) Limited	Thailand	**100.0**	100.0	2	) Retail of motor vehicles and spare parts and provision of after-sales services
Sime Darby Vantage (Thailand) Limited	Thailand	**100.0**	100.0	2	)
Sime Darby Auto Kia Co., Ltd	Taiwan	**100.0**	100.0	2	Wholesale and retail of vehicles, spare parts and accessories and repairs and maintenance of vehicles

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	Group's effective interest (%) 2020	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Sime Darby Kia Taiwan Co Ltd	Taiwan	**100.0**	100.0	2	Manufacture and sale of vehicles, spare parts and accessories and repairs and maintenance of vehicles and other automotive services
Motors – Associates					
BMW Malaysia Sdn Bhd	Malaysia	**49.0***	49.0*	3	Sale and distribution of motor vehicles and motorcycles
Sime Kansai Paints Sdn Bhd	Malaysia	**40.0**	40.0	3	Manufacturing, selling and marketing of automotive and industrial paints
BMW Financial Services Hong Kong Limited	Hong Kong	**49.0**	49.0	3	Provision of instalment finance and hire purchase facilities
Logistics – Subsidiaries					
Sime Darby Logistics Sdn Bhd	Malaysia	**100.0**	100.0	1	Investment holding
Jining Sime Darby Longgong Port Co Ltd	China	**–**	70.0	2	) Port operations
Jining Sime Darby Port Co Ltd	China	**–**	70.0	2	) Port operations
Jining Sime Darby Taiping Port Co Ltd	China	**–**	70.0	2	Port and warehousing operations
Weifang Sime Darby General Terminal Co Ltd	China	**99.9**	99.9	2	Port construction, management and operation
Weifang Sime Darby Logistics Services Co. Ltd	China	**100.0**	100.0	3	Logistics information consultation services, warehousing services, management of warehousing facilities and related consultation services
Weifang Sime Darby Port Co Ltd	China	**99.0**	99.0	2	Port operations
Weifang Wei Gang Tugboat Services Co Ltd	China	**99.5**	99.5	3	Tugboat pilot and related services
Sime Darby Overseas (HK) Limited	Hong Kong	**100.0**	100.0	2	Investment holding
Logistics – Joint ventures					
Weifang Port Services Co Ltd group	China	**36.6**	36.6	3	Construction, management and maintenance of sea channel, anchorage and port infrastructure
Weifang Senda Container Service Provider Co Ltd	China	**50.0**	50.0	3	Operation of container services and general warehousing

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors	Principal activities
Logistics – Joint ventures (continued)					
Weifang Sime Darby Liquid Terminal Co Ltd	China	**50.0**	50.0	2	Construction, management and operation of liquid terminal and storage services
Weifang Sime Darby West Port Co Ltd	China	**50.0**	50.0	2	Port construction, management and operation
Logistics – Associates					
Jining Port and Shipping Port Services Co Ltd	China	**49.0***	–	4	Port tallying services, sale of equipment for water transportation of coal, building materials, agricultural and sideline products, loading and unloading, storage of general goods and investment activities
Weifang Ocean Shipping Tally Co Ltd	China	**39.6**	39.6	3	Shipping tally services for cargo and containers
Others – Subsidiaries					
Kumpulan Sime Darby Berhad	Malaysia	**100.0**	100.0	1	Property investment
Sime Darby Allied Products Berhad	Malaysia	**100.0**	100.0	1)	Investment holding
Sime Darby Energy Sdn Bhd	Malaysia	**100.0**	100.0	1)	
Sime Darby Engineering Sdn Bhd	Malaysia	**100.0**	100.0	1	Engineering, procurement, construction, installation, hook-up and commissioning services relating to the oil and gas industry
Sime Darby Holdings Berhad	Malaysia	**100.0**	100.0	1	Investment holding, property investment and provision of management services to group companies
Sime Darby Holiday Homes Sdn Bhd	Malaysia	**100.0**	100.0	1	Property management services and childcare services to employees
Sime Darby Insurance Pte Ltd	Malaysia	**100.0**	100.0	1	Underwriting of onshore and offshore captive insurance business
Sime Darby Lockton Insurance Brokers Sdn Bhd	Malaysia	**60.0**	60.0	1	Insurance and reinsurance broking, insurance advisory and consultancy services
Sime Darby Malaysia Berhad	Malaysia	**100.0**	100.0	1	Holding of trademarks

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2021 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors		Principal activities
Others – Subsidiaries (continued)						
Sime Darby Nominees Sendirian Berhad	Malaysia	**100.0**	100.0	1	)	
Sime Darby Ventures Sdn Bhd	Malaysia	**100.0**	100.0	1	)	Investment holding
Sime Darby Eastern International Limited	Singapore	**100.0**	100.0	2	)	
Sime Darby Insurance Brokers (Singapore) Pte Ltd	Singapore	**100.0**	100.0	2		Insurance brokers and consultants
Sime Darby (China) Enterprise Management Co Ltd	China	**100.0**	100.0	4		Provision of services, including human resource management, corporate management, economic consultancy and investment consultancy services to domestic companies established by the Group; Undertaking outsourced services from overseas companies
Sime Darby Far East (1991) Limited	Hong Kong	**100.0**	100.0	2	)	Investment holding
Sime Darby Hong Kong Limited	Hong Kong	**100.0**	100.0	2	)	
Sime Darby Insurance Brokers (Hong Kong) Limited	Hong Kong	**100.0**	100.0	2		Insurance brokers
Others – Joint ventures						
Malaysia–China Hydro Joint Venture	Malaysia	**48.9**	48.9	1		Engineering, procurement and construction work
Ramsay Sime Darby Health Care Sdn Bhd group	Malaysia	**50.0**	50.0	1		Operation of healthcare facilities and related healthcare services
Others – Associates						
Eastern & Oriental Berhad group	Malaysia	**–**	10.9	3		Investment holding, hotel ownership and management, property investment and development
Tesco Stores (Malaysia) Sdn Bhd	Malaysia	**–**	30.0	3		Operation of hypermarkets
Yayasan Sime Darby	Malaysia	@	@	1		Administration of scholarship awards and educational loans and undertake sports, environmental conservation and sustainability projects

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint venture and associates which are dormant/inactive as at 30 June 2021 are as follows:

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors
Industrial – Subsidiaries				
Associated Tractors Sendirian Berhad	Malaysia	**100.0**	100.0	1
Sime Darby Yangon Limited	Myanmar	**100.0**	100.0	4
Industrial – Joint venture				
Sime Darby Gas Malaysia BioCNG Sdn Bhd	Malaysia	**51.0+**	51.0+	1
Motors – Subsidiaries				
Associated Motor Industries Malaysia Sendirian Berhad	Malaysia	**51.0**	51.0	1
Hyundai-Sime Darby Berhad	Malaysia	**100.0**	99.9	1
Sime Darby Auto Britannia Sdn Bhd	Malaysia	**100.0**	75.0	1
Palfinger Australia Pty Limited	Australia	**100.0**	100.0	2
Sime Darby Hong Kong Group Company Limited	Bermuda	**100.0**	100.0	4
Hangzhou Sime Darby Motors Sales and Services Company Limited	China	**60.0**	60.0	2
Tianjin Sime Winner Motors Trading Co., Ltd	China	**60.0**	60.0	2
AutoFrance China Limited	Hong Kong	**100.0**	100.0	2
Sime Darby Management Services Limited	Hong Kong	**100.0**	100.0	2
Sime Winner Holdings Limited	Hong Kong	**60.0**	60.0	2
SimeWinner Nissan Autocrafts Limited	Hong Kong	**60.0**	60.0	2
Continental Cars Limited	New Zealand	**100.0**	100.0	2
Others – Subsidiaries				
Golden Hope Plantations Berhad	Malaysia	**100.0**	100.0	1
Highlands & Lowlands Berhad	Malaysia	**100.0**	100.0	1
Kumpulan Guthrie Berhad	Malaysia	**100.0**	100.0	1
Sime Darby Marine Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Water Resources Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime Darby Water Resources (Perak) Sdn Bhd	Malaysia	**75.0**	75.0	1
Sime Engineering Sdn Bhd	Malaysia	**100.0**	100.0	1
Sime UEP Properties Berhad	Malaysia	**100.0**	100.0	1
Sime Darby Marine (Hong Kong) Private Limited	Hong Kong	**100.0**	100.0	2
Sime Darby Investment (BVI) Limited	British Virgin Islands	**100.0**	100.0	4
Others – Associate				
Sime Darby Almana WLL	Qatar	**49.0**	49.0	4

Notes to the Financial Statements

For the Financial Year Ended 30 June 2021

Amounts in RM million unless otherwise stated

52 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries and associate placed under members' voluntary liquidation/deregistered/amalgamated during the financial year are as follows:

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2021	2020	Auditors
Motors – Subsidiaries				
Hainan Bow Yue Vehicle Trading Co., Ltd	China	**–**	100.0	2
Infinity Automotive Limited^	New Zealand	**–**	100.0	2
Europe Automobiles Company Limited	Vietnam	**100.0#**	100.0	2
Performance Motors Vietnam Company Limited	Vietnam	**100.0#**	100.0	2
Others – Associate				
Union Sime Darby (Thailand) Ltd	Thailand	**49.0#**	49.0	2

Notes:

1 – audited by PricewaterhouseCoopers PLT Malaysia

2 – audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT Malaysia

3 – audited by firms other than member firms of PricewaterhouseCoopers International Limited

4 – no legal requirement to appoint auditors

\+ – notwithstanding the Group holds more than 50% equity interest in this company, the investment is classified as a joint venture (and not a subsidiary) as significant decisions require unanimous consent from all its shareholders

* – notwithstanding the Group holds more than 20% equity interest in these companies, the investment is classified as a financial asset at fair value through profit or loss (and not associate or joint venture) due to the Group's restricted influence pursuant to the shareholders' agreement

@ – Yayasan Sime Darby is a company without share capital, limited by guarantee

^ – amalgamated with Continental Car Services Limited on 30 November 2020 and ceased to be a legal entity

\# – liquidation in progress

53 Material Events After The Reporting Period

Proposed acquisition of 100% equity interest in Salmon Earthmoving Holdings Pty Ltd

On 3 July 2021, the Group entered into an agreement to acquire the entire equity interest of Salmon Earthmoving Holdings Pty Ltd for a purchase consideration of AUD104 million (approximately RM325 million). Salmon Earthmoving is a leading provider of rental and maintenance services in Australia servicing the civil construction, agricultural and mining sectors. The proposed acquisition is expected to be completed in October 2021.

54 Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 September 2021.

Corporate Information

As at 10 September 2021

Board of Directors

Tan Sri Samsudin Osman
(Non-Independent Non-Executive Chairman)

Tan Sri Ahmad Badri Mohd Zahir
(Non-Independent Non-Executive Director)

Datuk Wan Selamah Wan Sulaiman
(Independent Non-Executive Director)

Dato' Sri Abdul Hamidy Abdul Hafiz
(Independent Non-Executive Director)

Dato' Ahmad Pardas Senin
(Senior Independent Non-Executive Director)

Thayaparan Sangarapillai
(Independent Non-Executive Director)

Dato' Lee Cheow Hock Lawrence
(Non-Independent Non-Executive Director)

Moy Pui Yee
(Independent Non-Executive Director)

Mohamad Idros Mosin
(Non-Independent Non-Executive Director)

Dato' Dr. Nirmala Menon
(Independent Non-Executive Director)

Dato' Jeffri Salim Davidson
(Executive Director)

Group Chief Executive Officer

Dato' Jeffri Salim Davidson

Group Secretary

Noor Zita Hassan
(MIA 15073)
(SSM PC No. 202008002513)

Registered Office

Level 9, Menara Sime Darby
Oasis Corporate Park
Jalan PJU 1A/2, Ara Damansara
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone : +(603) 7623 2000
Facsimile : +(603) 7623 2100
Email : communications@simedarby.com
Website : www.simedarby.com

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))

Office:
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
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59200 Kuala Lumpur, Malaysia

Telephone : +(603) 2783 9299
Facsimile : +(603) 2783 9222
Email : is.enquiry@my.tricorglobal.com

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Auditors

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia

Telephone : +(603) 2173 1188
Facsimile : +(603) 2173 1288

Form of Legal Entity

Incorporated on 7 November 2006 as a private company limited by shares under the Companies Act, 1965 and deemed registered under the Companies Act 2016. Converted into a public company limited by shares on 5 April 2007

Stock Exchange Listing

Listed on the Main Market of Bursa Malaysia Securities Berhad since 30 November 2007

Stock Code : 4197
Stock Name : SIME

Place of Incorporation and Domicile

Malaysia

Analysis of Shareholdings

As at 10 September 2021

Number of Issued Shares : 6,802,537,377 ordinary shares
Voting Right : One vote per ordinary share in the case of a poll and one vote per person on a show of hands

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	2,746	9.14	69,779	0.00[1]
100 to 1,000	7,433	24.75	4,534,149	0.07
1,001 to 10,000	14,778	49.19	52,154,975	0.77
10,001 to 100,000	3,821	12.72	105,862,285	1.56
100,001 to less than 5% of issued capital	1,259	4.19	2,472,373,156	36.34
5% and above of issued capital	4	0.01	4,167,543,033	61.26
Total	**30,041**	**100.00**	**6,802,537,377**	**100.00**

Note:
1 less than 0.01%

Classification of Shareholders	No. of Shareholders	%	No. of Shares Held	%
Individuals	24,109	80.25	151,702,923	2.23
Banks/Finance Companies	57	0.19	4,107,013,791	60.37
Investment Trusts/Foundations/Charities	17	0.05	618,856	0.01
Industrial and Commercial Companies	594	1.98	86,730,298	1.28
Government Agencies/Institutions	2	0.01	1,365,652	0.02
Nominees	5,260	17.51	2,455,000,582	36.09
Others	2	0.01	105,275	0.00[1]
Trustee	0	0.00	0	0.00
Total	**30,041**	**100.00**	**6,802,537,377**	**100.00**

Note:
1 less than 0.01%

Directors' Direct and Indirect Interests in the Company and its Related Corporations

Save as disclosed in the Directors' Report of the Financial Statements as set out on pages 170 to 174, none of the Directors of the Company has any interest, direct or indirect, in the Company and its related corporations.

30 Largest Shareholders as per the Record of Depositors

No.	Name of Shareholder	No. of Shares Held	%
1.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	2,818,521,800	41.43
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	477,399,610	7.02
3.	Kumpulan Wang Persaraan (Diperbadankan)	454,541,249	6.68
4.	Permodalan Nasional Berhad	417,080,374	6.13
5.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	119,108,325	1.75
6.	AmanahRaya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	88,975,300	1.31
7.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (NOMURA)	72,954,600	1.07
8.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	67,619,327	0.99
9.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	60,000,000	0.88
10.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	55,044,649	0.81
11.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	52,250,028	0.77
12.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	51,080,036	0.75
13.	AmanahRaya Trustees Berhad Amanah Saham Malaysia 3	47,800,000	0.70
14.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	46,578,074	0.68
15.	Lembaga Tabung Haji	39,700,000	0.58
16.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	34,448,899	0.51
17.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	32,064,100	0.47
18.	Pertubuhan Keselamatan Sosial	31,125,265	0.46
19.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	22,246,202	0.33
20.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	21,184,100	0.31

Analysis of Shareholdings

As at 10 September 2021

30 Largest Shareholders as per the Record of Depositors (continued)

No.	Name of Shareholder	No. of Shares Held	%
21.	AmanahRaya Trustees Berhad Public Islamic Dividend Fund	19,536,563	0.29
22.	Hong Leong Assurance Berhad As Beneficial Owner (LIFE PAR)	19,422,731	0.29
23.	AmanahRaya Trustees Berhad Public Islamic Equity Fund	18,952,529	0.28
24.	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities Plc	18,835,917	0.28
25.	DB (Malaysia) Nominee (Asing) Sdn Bhd BNYM SA/NV for People's Bank of China (SICL Asia EM)	18,644,748	0.27
26.	HSBC Nominees (Asing) Sdn Bhd NTGS Lux for Andra AP-Fonden	18,408,500	0.27
27.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	18,276,600	0.27
28.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	16,836,392	0.25
29.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Norges Bank (FI 17)	16,560,684	0.24
30.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Blackrock Institutional Trust Company, N.A. Investment Funds for Employee Benefit Trusts	16,081,000	0.24

Substantial Shareholders as per the Register of Substantial Shareholders

No.	Name of Substantial Shareholder	No. of Shares Held (Direct Interest)	%	No. of Shares Held (Indirect/Deemed Interest)	%
1.	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	2,818,521,800	41.43	–	–
2.	Employees Provident Fund Board	473,661,810	6.96	147,122,466	2.16
3.	Kumpulan Wang Persaraan (Diperbadankan)	454,541,249	6.68	33,463,675	0.49
4.	Permodalan Nasional Berhad	417,080,374	6.13	–	–
5.	Yayasan Pelaburan Bumiputra[1]	–	–	417,080,374	6.13

Note:

[1] Deemed interest by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 8(4) of the Companies Act 2016.

Properties of the Group

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INDUSTRIAL DIVISION						
Malaysia						
Jalan Lahat, Bukit Merah, Ipoh	Leasehold expiring 2036-2056	3	1982-1996	25 - 41	Single-storey office building, factory, workshop and warehouse	1
Semambu Industrial Estate, Kuantan	Leasehold expiring 2041	3	1982	41	2 blocks of single-storey office building with detached factory, workshop and warehouse	2
Kompleks Kejuruteraan, Jalan Puchong, Taman Perindustrian Puchong Utama, Puchong	Freehold	14	1993	23	Land, 5-storey commercial office, training centre, workshop and warehouse	46
Tuaran Road, Kota Kinabalu	Leasehold expiring 2025	1	1982	41	2-storey office building, training centres, workshop and warehouse	^
Jalan Piasau, Miri, Kidurong Light Industrial Estate, Bintulu, Lorong Then Kung Suk, Sibu	Leasehold expiring 2028-2060	4	1982-1986	21-41	Office buildings with detached factory, workshop and warehouse	4
Singapore						
Benoi Sector, Jurong Pier	Leasehold expiring 2025-2032	9	1978-2004	13-50	Office building, warehouse and workshop	1
Brunei						
Beribi Industrial Estate, Bandar Seri Begawan	Leasehold expiring 2029	*	2003	18	Office, service centre and warehouse	^
China						
Changsha Economic Technological Development Area, Changsha, Hunan	Leasehold expiring 2063	4	2013-2016	5	Industrial land, 2-storey office buildings, warehouse and workshop	41
Ji Mei District, Xiamen, Fujian	Leasehold expiring 2062	1	2012-2015	7	3-storey office buildings, warehouse and workshop	14

Properties of the Group

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INDUSTRIAL DIVISION (continued)						
China (continued)						
Xiao Lan Industrial Park, Nanchang, Jiangxi	Leasehold expiring 2059	1	2009-2011	10	3-storey office building, warehouse and workshop	5
Nanning, Guangxi	Leasehold expiring 2064	3	2014-2019	2	Industrial land, 3-storey office building with carpark, warehouse and workshop	36
Shunjiang Juweihui Industrial Park, Shunde, Foshan, Guangdong	Leasehold expiring 2045	2	1996-2011	10-24	Land, 2 blocks of 4-storey and 2-storey buildings, warehouse and workshops	10
Yifu Garden, Dongguan, Guangdong	Leasehold expiring 2072	–	2014	8	Staff quarters	^
Urumqi, Xinjiang	Leasehold expiring 2061	4	2010-2012	9	Land, office building, warehouse and workshop	24
Hong Kong						
Yuen Long Industrial Estate, Yuen Long District	Leasehold expiring 2047	2	1993	–	Land for 2-storey office building, warehouse and workshop	7
Australia						
Alice Springs, Darwin and Gove Facilities	Freehold	6	1992-2011	15-54	Single-storey office buildings, warehouse and workshops	22
Archerfield Facility, Kerry Road, Archerfield, Bellrick Street, Beaudesert Road, Acacia Ridge, Brisbane	Freehold	19	1992-2012	11-75	Single-storey and 2-storey commercial offices, warehouses and workshops	91
Boundary Road, Richlands, Brisbane	Freehold	1	2010	11	2 blocks of 2-storey and single-storey office buildings, warehouse and workshop	18
Cairns Facility, Kenny Street, Comport St, Portsmith, Cairns	Freehold	1	1992-2008	41	Single-storey commercial office, workshop and warehouse	17

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INDUSTRIAL DIVISION (continued)						
Australia (continued)						
Emerald, Biloela, Moranbah, Weipa	Freehold	13	1992-1996	24-47	Single-storey commercial offices, workshops and staff hostels	10
Mackay Facility, Farrellys Lane, Connors Road, Broadsound Road, Commercial Avenue, Mackay	Freehold	51	1992-2013	7-39	2-storey commercial offices, training facilities, workshops and warehouses	366
Mt Isa Facility, Kolongo Crescent Kalkadoon, Mt Isa	Freehold	2	1992-2011	43	Single-storey commercial office, workshop and warehouse	24
Rockhampton Facility, Port Curtis Road, Richardson Road, Rockhampton	Freehold	35	1992	6-47	13 blocks of single-storey commercial office, workshop, warehouse and training facility	116
Toowoomba Facility, Carrington Road, Torrington	Freehold	4	1992-2012	21-49	Single-storey commercial offices, workshop and warehouse	49
Townsville Facility, Corner Woolcock Street and Blakey Street, Garbutt, Townsville	Freehold	2	1992	47	2-storey commercial offices, workshop and warehouse	25
New Zealand						
276 & 280 Te Ngae Road, Rotorua	Freehold	1	2019	42	Commercial office, workshop and warehouse	14
24 Branston Street, Hornby, Christchurch	Freehold	*	2019	9	Commercial office, workshop and warehouse	25
New Caledonia						
Canala, Kouaoua	Freehold	–	2000-2004	27	Commercial office, workshop and warehouse and residential dwelling	1
Lot 1 & 2 Lotissement ZICO II, Paita	Freehold	2	2010	7	Office building, workshop, warehouse and operational bay	67

Properties of the Group

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INDUSTRIAL DIVISION (continued)						
Papua New Guinea						
Port Moresby Facility, Spring Garden Road, Moresby, Lae Facility, Corner Milford Street & Malaita Street, Lae, Tabubil Facility, Batch Street	Leasehold expiring 2094	16	1992-2017	25-69	Land, 2-storey and single- storey office buildings, sales service and parts facility, and staff hostels	45
Solomon Islands						
Honiara Facility, Guadalcanal Island, Panatina Village, Honiara	Leasehold expiring 2091	3	1992	37	Office, industrial building, warehouse and 2-storey staff hostels	^
Total Industrial Division						**1,081**
MOTORS DIVISION						
Malaysia						
Padang Meha, Kulim	Freehold	78	2004	24	Assembly plant	77
Sime Darby Motors City, Ara Damansara	Freehold	9	2014-2017	2	Office buildings, showrooms and workshops	465
Bandar Bukit Raja, Kapar, Klang	Freehold	10	2008	–	Land held for development of a pre-delivery inspection centre	9
193-195, Jalan Klang Lama	Leasehold expiring 2026	*	2015	7	2-storey office building, showroom and workshop	4
362, Jalan Tun Razak	Freehold	*	2010	11	4-storey 4S service centre and workshop	48
Lot 48493, Johor Bahru	Leasehold expiring 2039	*	2021	–	Building under construction	10
Persiaran Desa Tebrau, Tebrau	Leasehold expiring 2027	1	2020	1	Showroom, aftersales service & workshop	4
Kajang, Balakong	Freehold	*	2018	–	Land for development of a 4S centre	50
Singapore						
303 & 305 Alexandra Road	Leasehold expiring 2047-2057	9	2002-2005	13-15	6-storey 4S showroom, service centre and workshop	211
Kampung Arang Road	Leasehold expiring 2034	*	1982	52	2-storey service centre and workshop	9

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
MOTORS DIVISION (continued)						
Thailand						
Paradise Road, Bangkok	Freehold	*	2013-2016	5-8	Land, showrooms, workshops and offices	46
Branches in Bangkok and Samutprakarn	Leasehold expiring 2023-2049	5	2002-2019	6-21	3S showrooms, workshops and offices	34
China						
Jinkai Avenue, Chongqing	Leasehold expiring 2031	2	2016	6	5-storey 5S centre	33
Liaobuduan, Dongguan City, Guangdong	Leasehold Expiring 2028	1	2020	18	1-storey 4S centre	2
Yingbin Road, Panyu, Daguang Nan Road, Tianhe, Guangzhou, Guangdong	Leasehold expiring 2023-2032	3	1999-2015	6-23	2-storey and 4-storey 4S centre	18
Tianshan Road, Shantou, Guangdong	Leasehold expiring 2022	*	2002	17	2-storey 4S centre	2
Shen Nan Road, Yue Liang Wan Road, Nanshan District, Shenzhen, Guangdong	Leasehold expiring 2042	1	1994-2004	17-26	2-storey and 8-storey 4S centres	14
Hai Yu Zhong Xian Road, Nanhai Road, Haikou District, Hainan	Leasehold expiring 2059-2070	2	2000-2004	15-26	2-storey 4S centre	24
Hongqiao land, East 3rd Ring, Yunnan	Leasehold expiring 2027	2	2010	11	3-storey 4S centre	10
Qilin Central Business District, Qujing, Yunnan	Leasehold expiring 2038	*	2019	10	6-storey BMW 4S centre	19
Gaodian Road West Section, Pidu District, Chengdu, Sichuan	Leasehold expiring 2059	2	2021	6	2 storey and 5 storey 4S centres	59
Jinke Nan Road, Jin Niu District, Chengdu, Sichuan	Leasehold expiring 2052	1	2008-2011	10-13	7-storey 4S showrooms, service centres and workshops	81
West of Houzishi Bridge, Yue Lu District, Changsha, Hunan	Leasehold expiring 2028	1	2011	10	2-storey 4S centre	9
North Jinxing Road, Changsha , Hunan	Leasehold expiring 2052	*	2019	6	2-storey 4S centre	41

Properties of the Group

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
MOTORS DIVISION (continued)						
Hong Kong and Macau						
2-4 Floor, Kailey Industrial Centre, Fung Yip Street, Chai Wan	Leasehold expiring 2047	–	1989	30	3 floors of a 20-storey office building and service centre	20
Matauwei Road, Tokwawan, Kowloon	Leasehold expiring 2035	*	1978	58	11-storey service centre, showroom and petrol filling station	12
Castle Peak Road, Tsuen Wan, New Territories	Leasehold expiring 2047	*	1972	49	6-storey 4S service centre	8
Fanling, New Territories	Leasehold expiring 2047	*	2015	–	Land held for development	88
3 & 4 Floor, Topsail Plaza, 11 on Sum Street, Shatin	Leasehold expiring 2047	–	1992	26	2 floors of a 16-storey office building and service centre	49
3719D, 3719E, 3719F6, 3719I & 3723F, Yuen Long District	Leasehold expiring 2047	4	1984	115	4 separate plots of land for pre-delivery inspection/ commercial repair/storage	1
120-158 Rua dos Pescadores, Macau	Leasehold expiring 2026	*	1977	45	5-storey industrial building with BMW showroom and service centre	^
Australia						
Church Street, Granville, New South Wales	Freehold	*	2015 - 2019	22	Offices, showrooms and workshops	317
Mangrove Rd, Ferry Rd Sandgate, New South Wales	Freehold	*	2019	56	Land and building	8
Littlefield St, Fortitude Valley, Monier Road, Queensland	Freehold	1	2014	13-41	Single-storey and two-storey offices, showrooms and workshops	178
New Zealand						
Great South Road, Manukau Road, Maranui Avenue, Silverfield Street, Auckland	Freehold Leasehold expiring 2022-2029	2 9	1998-2017	5-56	Offices, workshops, and warehouses	29
12 Crowley Place, Albany	Leasehold expiring 2025	*	2019	4	Workshop	6
Malden Street, Palmerston North	Freehold	3	2005	18-52	Workshop, office and central parts warehouse	16
Wairau Road, Wairau Valley, Auckland	Freehold	1	2014	1	3S service centre	103
Total Motors Division						**2,114**

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
LOGISTICS DIVISION						
China						
Weifang Port, Shandong	Leasehold expiring 2048-2067	651	2005-2020	5-51	Port, warehouse and other buildings	987
Total Logistics Division						**987**
OTHERS						
Malaysia						
Labu, Negeri Sembilan	Freehold	3,518	1978-1991	–	Malaysia Vision Valley land	9
Ara Damansara, Selangor	Freehold	2	2017-2018	3-4	Office towers	284
Jalan Tandang, Petaling Jaya	Leasehold expiring 2065-2066	15	1985-1994	28-58	Industrial land and building	41
Apartments and holiday bungalows in Malaysia	Freehold Leasehold expiring 2026	* 1	1982-1999	30-92	Apartments/holiday bungalows	1
Total Others						**335**
TOTAL GROUP PROPERTIES						**4,517**

Note – The list excludes capitalised lease payments

* Less than one hectare

^ Less than RM1 million

Notice to Shareholders

Under the Personal Data Protection Act 2010

The Personal Data Protection Act 2010 (the "**Act**"), which regulates the processing of personal data in commercial transactions, applies to Sime Darby Berhad ("**Sime Darby**", "**our**", "**us**" or "**we**"). For the purpose of this written notice ("**Notice**"), the terms "personal data" and "processing" shall have the same meaning as prescribed in the Act.

1. This Notice serves to inform you that your personal data is being processed by us or on our behalf and you hereby give your consent to the processing of your personal data.

2. Your personal data includes, but is not limited to your name, date of birth, age, Malaysian Identification Card number, passport number, other personal identification number and/or copies of any identification card, nationality, designation, gender, e-mail address, address, facsimile number, contact number, photographs, voice recording, CCTV images and footages, bank account/payment details, results of background/credit checks (if any) and all other personal data we again collect from you on any subsequent occasion.

3. Your personal data is being or is to be collected and further processed for:

   (a) internal record keeping including but not limited to the registration and management of your shareholding in Sime Darby;

   (b) payment of dividends and issuance of securities;

   (c) providing you with annual reports, circulars, proxy forms and other relevant documents in your capacity as a shareholder;

   (d) sending notices of the Annual General Meeting ("**AGM**") and/or other general meeting(s);

   (e) verification of attendance of shareholders and/or proxies at the AGM and/or other general meeting(s);

   (f) verification and counting of Sime Darby votes during polling exercise held at AGM and/or other general meeting(s) of holder of class of shares of Sime Darby;

   (g) preparation of meeting minutes from the AGM and/or other general meeting(s);

   (h) appointment of proxies;

   (i) allowing you to exercise your rights as a shareholder;

   (j) our corporate governance;

   (k) internal investigations, audit, security and fraud prevention purposes;

   (l) if relevant, preparing guest invitations, registration and/or sign-up for any related events ("**Events**");

   (m) where relevant, granting you access to any relevant premises/facilities, including without limitation the premises/facilities owned, operated or managed by us or on our behalf ("**Our Premises**") subject to any relevant terms and conditions;

   (n) if necessary, to verify your financial standing through credit reference/reporting check and conducting background checks;

   (o) where relevant, verifying and carrying out financial transactions in relation to payments made by or to you and administering and processing any payments related to products and/or services requested or provided by you;

   (p) to administer and give effect to the commercial transactions with you and obtaining professional advice;

   (q) communicating with you;

   (r) responding to your inquiries;

   (s) conducting internal activities;

   (t) market surveys and trend analysis;

   (u) providing you with information on our products and services and those of our related corporations and our business partners;

(v) legitimate business activities;

(w) contemplated or actual corporate restructuring or corporate transaction involving us including without limitation any joint venture, merger, acquisition, restructuring and/or reorganisation and/or acquisition, disposition, sale, assignment and/or transfer of any or all portion of our business, rights, obligations, assets or stock ("**Corporate Transaction**");

(x) complying with any legal, statutory and/or regulatory requirements including but not limited to the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and/or

(y) such other purposes directly related to the foregoing.

(collectively, the "**Purposes**").

4. Your personal data is being or is to be collected from a variety of sources, including but without limitation:

(a) from the information directly provided by you or on your behalf to us;

(b) from our share registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**");

(c) through Bursa Malaysia Berhad and its subsidiaries and related companies;

(d) through any third parties including but not limited to, your stockbrokers, agents, remisiers, trustee through which you trade in;

(e) photographs and recordings which may be captured during AGM and/or other general meetings of which you may attend;

(f) when you visit Our Premises in person;

(g) via any Sime Darby websites and/or the cookies;

(h) from any information or document submitted or provided by you to us for any of the Purposes;

(i) when you inquire about, register for or participate in any Events;

(j) when you contact us through various methods such as telephone calls, emails and/or the Platform;

(k) from CCTV;

(l) through any third parties (including without limitation your friends and family members, credit reference bodies, background check agencies, regulatory and law enforcement authorities and other third party sources); and/or

(m) all other communications between you and us and all other information that you may provide to us from time to time.

5. You have the right to request access to and to request correction of your personal data and to contact us with any inquiries or complaints in respect of your personal data (including the possible choices and means for limiting the processing of your personal data or to cease or not begin processing your personal data for purposes of direct marketing) from our share registrar, Tricor, as follows:

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Attention: Ms Lim Lay Kiow, Senior Manager
Telephone: +(603) 2783 9299
Facsimile: +(603) 2783 9222
Email: is.enquiry@my.tricorglobal.com

6. Subject to provisions of the Act:
    (a) you may, upon payment of a prescribed fee, make a data access request in writing to us; and
    (b) we may refuse to comply with a data access request or a data correction request and shall, by notice in writing, inform you of our refusal and the reasons of our refusal.
7. We disclose or may disclose your personal data for the Purposes to the following:
    (a) our related corporations, subsidiaries, affiliates and/or our group companies;
    (b) our share registrar;
    (c) our professional service providers such as accountants and legal advisors;
    (d) our business partners, contractors and service providers, including without limitation our payment provider who will manage dividend payments, data centre service providers, storage facility and records management service providers, cloud service providers, telecommunications and information technology service providers and/or data analytics and marketing agencies;
    (e) fraud prevention agencies, credit reporting agencies, background check agencies and/or our financial and other professional advisors (where relevant);
    (f) banks, insurance companies, payment verification providers and payment processors (where relevant);
    (g) governmental departments and/or agencies, regulatory and/or statutory bodies and law enforcement officer;
    (h) such third party as requested for or authorised by you;
    (i) safety and security personnel;
    (j) our actual or potential assignee, assignor, transferee, transferor, acquirer or acquiree in respect of our rights, interests and/or properties;
    (k) third parties due to any actual or potential Corporate Transaction; and/or
    (l) other third parties for any of the Purposes.
8. We may require your assistance if the personal data relating to other persons is required to process your personal data for the Purposes and you hereby agree to use your best endeavors to assist us when required.
9. It is obligatory that you supply us the information marked or specified as compulsory in our forms (collectively, "**compulsory personal data**"). If you fail to supply us the compulsory personal data, we may refuse to process your personal data for any of the Purposes. If we refuse to comply with such a request, we will inform you of our refusal and the reason for our refusal.
10. We may transfer your personal data to a place outside Malaysia and you hereby give your consent to the transfer.
11. You are responsible for ensuring that the information you provide us is accurate, complete, not misleading and is kept up to date.
12. In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

Notis Kepada Pemegang Saham

Di Bawah Akta Perlindungan Data Peribadi 2010

Akta Perlindungan Data Peribadi 2010 ("**Akta**" tersebut) yang mengawal selia pemprosesan data peribadi dalam transaksi komersial, terpakai kepada Sime Darby Berhad ("**kami**"). Untuk tujuan notis bertulis ini ("**Notis**"), terma-terma "data peribadi" dan "pemprosesan" mempunyai maksud yang sama seperti yang ditakrif dalam Akta tersebut.

1. Notis ini bertujuan untuk memaklumkan kepada anda bahawa data peribadi anda sedang diproses oleh atau bagi pihak kami dan anda dengan ini memberikan persetujuan anda bagi pemprosesan data peribadi anda.

2. Data peribadi anda termasuk tetapi tidak terhad kepada nama, tarikh lahir, umur, nombor Kad Pengenalan Malaysia, nombor pasport, nombor pengenalan peribadi lain dan/atau salinan kad pengenalan, kewarganegaraan, jawatan, jantina, alamat e-mel, alamat, nombor faks, nombor telefon, gambar, rakaman suara, imej dan rakaman CCTV, maklumat akaun bank/bayaran, hasil pemeriksaan latar belakang/kredit (jika ada), data peribadi lain yang dihantar atau dikemukakan oleh anda kepada kami dari semasa ke semasa dan semua data peribadi lain kami sekali lagi kumpul daripada anda pada bila-bila masa kemudiannya.

3. Data peribadi anda sedang atau akan dikumpulkan dan diproses selanjutnya untuk:

   (a) penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pendaftaran dan pengurusan pegangan saham anda di Sime Darby;

   (b) membuat pembayaran dividen dan penerbitan sekuriti;

   (c) untuk membekalkan anda dengan laporan-laporan tahunan, pekeliling, borang proksi dan dokumen-dokumen lain yang berkenaan dalam kapasiti anda sebagai pemegang saham;

   (d) mengirimkan notis untuk Mesyuarat Agung Tahunan ("**AGM**") dan/atau mesyuarat agung lain;

   (e) pengesahan kehadiran pemegang saham dan/atau proksi di AGM dan/atau mesyuarat agung lain;

   (f) pengesahan dan pengiraan undi semasa latihan mengundi diadakan di AGM dan/atau mesyuarat agung lain pemegang kelas saham Sime Darby;

   (g) penyediaan minit mesyuarat dari perjumpaan AGM dan/atau mesyuarat agung lain;

   (h) perlantikan proksi;

   (i) membenarkan anda melaksanakan hak-hak anda sebagai pemegang saham;

   (j) tadbir urus korporat kami;

   (k) siasatan dalaman, audit, keselamatan dan tujuan-tujuan keselamatan dan pencegahan penipuan;

   (l) jika relevan, menyediakan jemputan tetamu, pendaftaran dan/atau penyertaan untuk acara-acara kami ("**Acara**");

   (m) jika relevan, memberikan anda akses kepada mana-mana premis/kemudahan berkaitan, termasuk tetapi tidak terhad kepada premis/kemudahan yang dimiliki, dikendalikan atau diuruskan oleh atau bagi pihak kami ("**Premis Kami**"), tertakluk kepada apa-apa terma dan syarat yang berkaitan;

   (n) jika perlu, untuk mengesahkan kedudukan kewangan anda melalui semakan rujukan/laporan kredit dan menjalankan pemeriksaan latar belakang;

   (o) jika relevan, mengesahkan dan melaksanakan transaksi kewangan berkenaan dengan bayaran yang dibuat oleh atau kepada anda dan mentadbir dan memproses apa-apa bayaran berkaitan dengan produk dan/atau perkhidmatan yang diminta atau dibekalkan oleh anda;

   (p) untuk mentadbir dan melaksanakan transaksi komersial dengan anda dan mendapatkan nasihat profesional;

   (q) berhubung dengan anda;

   (r) menjawab pertanyaan anda;

   (s) melaksanakan kegiatan dalaman;

   (t) tinjauan pasaran dan analisis kecenderungan;

   (u) memberi anda maklumat tentang produk dan perkhidmatan kami dan syarikat-syarikat berkaitan kami dan rakan-rakan perniagaan kami;

(v) kegiatan-kegiatan perniagaan sah;

(w) penstrukturan semula atau transaksi korporat sebenar atau yang dijangkakan yang melibatkan kami termasuk tetapi tidak terhad kepada sebarang usahasama, penggabungan, pengambilalihan, penstrukturan semula dan/atau penyusunan semula dan/atau pemerolehan, pelupusan, penjualan, penyerahan dan/atau pemindahan mana-mana atau semua bahagian perniagaan, hak, obligasi, aset atau stok kami ("**Transaksi Korporat**");

(x) memenuhi apa-apa kehendak undang-undang, statut dan/atau pengawalseliaan termasuk tetapi tidak terhad Akta Syarikat Malaysia 2016 dan Keperluan Penyenaraian Bursa Malaysia Securities Berhad; dan/atau

(y) maksud-maksud lain yang berhubungan secara langsung dengan yang tersebut di atas.

(secara kolektif, "**Maksud-maksud**" tersebut).

4. Data peribadi anda sedang atau akan dikumpulkan dari pelbagai sumber, termasuk tanpa had:

(a) dari maklumat yang dikemukakan/dihantar secara langusung oleh anda atau bagi pihak anda kepada kami;

(b) dari pendaftar saham kami, Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**");

(c) melalui Bursa Malaysia Berhad dan subsidiari-subsidiari dan syarikat-syarikat berkaitan;

(d) melalui mana-mana pihak ketiga termasuk tetapi tidak terhad kepada, broker saham, ejen, remisier anda, pemegang amanah di mana anda berdagang;

(e) gambar dan rakaman yang mungkin diambil semasa AGM dan/atau mesyuarat agung lain yang dihadiri oleh anda;

(f) apabila anda melawat Premis Kami;

(g) melalui laman web Sime Darby ("**Platform**") dan/atau dari cookies;

(h) dari mana-mana maklumat atau dokument yang dikemukakan, dihantar atau diberikan oleh anda kepada kami untuk mana-mana Maksud-maksud tersebut;

(i) apabila anda bertanya tentang, mendaftar untuk atau menyertai mana-mana Acara;

(j) apabila anda menghubungi kami melalui pelbagai kaedah seperti panggilan telefon, e-mel dan/atau Platform;

(k) dari CCTV;

(l) melalui mana-mana pihak ketiga (termasuk tetapi tidak terhad kepada rakan dan ahli keluarga anda, badan rujukan kredit, agensi semakan latarbelakang, pihak pengawalseliaan berkuasa dan penguatkuasaan undang-undang dan sumber pihak ketiga yang lain); dan/atau

(m) dari semua komunikasi lain antara anda dan kami dan dari semua maklumat lain yang anda mungkin berikan kepada kami dari masa ke semasa.

5. Anda berhak untuk meminta akses kepada dan meminta pembetulan terhadap data peribadi anda dan untuk menghubungi kami tentang apa-apa pertanyaan atau aduan berkenaan dengan data peribadi anda (termasuk pilihan-pilihan dan cara-cara yang mungkin untuk mengehadkan pemprosesan data peribadi anda atau untuk memberhentikan atau tidak memulakan pemprosesan data peribadi anda bagi maksud pemasaran langsung) daripada pendaftar saham kami, Tricor, seperti berikut:

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Untuk Perhatian: Cik Lim Lay Kiow, Pengurus Kanan
No. Telefon: +(603) 2783 9299
No. Fax: +(603) 2783 9222
Alamat E-mel: is.enquiry@my.tricorglobal.com

6. Tertakluk kepada peruntukan-peruntukan Akta tersebut:

   (a) anda boleh, setelah membayar fi yang ditetapkan, membuat suatu permintaan mengakses data secara bertulis kepada kami; dan

   (b) kami boleh enggan mematuhi permintaan mengakses data atau permintaan pembetulan data dan kami akan memaklumkan kepada anda, melalui notis bertulis, mengenai keengganan tersebut dan sebab-sebab bagi keengganan tersebut.

7. Kami mendedahkan atau boleh mendedahkan data peribadi untuk Maksud-maksud tersebut kepada pihak berikut (yang mungkin berada di dalam atau di luar Malaysia):

   (a) perbadanan-perbadanan berkaitan kami dan/atau syarikat-syarikat subsidiari, bersekutu dan/atau kumpulan kami;

   (b) pendaftar saham kami;

   (c) pembekal perkhidmatan profesional kami, seperti akauntan dan penasihat undang-undang;

   (d) rakan-rakan perniagaan, kontraktor dan pembekal perkhidmatan kami, termasuk tetapi tidak terhad kepada pembekal perkhidmatan pembayaran yang akan menguruskan pembayaran dividen, pembekal perkhidmatan pusat data kami, pembekal kemudahan penyimpanan dan pengurusan rekod, pembekal perkhidmatan awan, pembekal perkhidmatan telekomunikasi dan teknologi maklumat dan/atau penganalisis data dan agensi pemasaran;

   (e) agensi pencegahan penipuan, agensi pelaporan kredit dan agensi semakan latarbelakang dan/atau penasihat kewangan atau profesional kami (jika relevan);

   (f) bank, syarikat insurans, pembekal perkhidmatan pengesahan pembayaran dan pemproses pembayaran (jika relevan);

   (g) jabatan dan/atau agensi kerajaan dan pihak berkuasa pengawalseliaan dan/atau badan berkanun dan pegawai penguatkuasa undang-undang;

   (h) mana-mana pihak ketiga yang diminta atau dibenarkan oleh anda;

   (i) kakitangan keselamatan dan sekuriti;

   (j) pihak ketiga yang kepadanya hak, kepentingan dan/atau harta kami dipindahkan/diserahkan, pihak ketiga yang memindahkan/menyerahkan haknya, kepentingannya dan/atau hartanya kepada kami, pihak ketiga yang memperolehi hak, kepentingan dan/atau harta kami atau pihak ketiga yang haknya, kepentingannya dan/atau hartanya kami memperolehi (sebenar atau yang dijangkakan);

   (k) pihak ketiga disebabkan oleh Transaksi Korporat yang sebenar atau yang dijangkakan; dan/atau

   (l) pihak ketiga lain untuk mana-mana Maksud-maksud tersebut.

8. Kami mungkin memerlukan bantuan anda jika data peribadi yang berhubungan dengan orang lain dikehendaki untuk memproses data peribadi anda untuk Maksud-maksud tersebut dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk membantu kami bila dikehendaki.

9. Ia adalah wajib untuk anda memberikan kepada kami butir-butir yang ditandakan atau dinyatakan sebagai wajib dalam borang kami (secara kolektif, "**data peribadi wajib**"). Jika anda gagal untuk memberikan kami data peribadi wajib tersebut, kami boleh enggan untuk memproses data peribadi anda untuk mana-mana Maksud-maksud tersebut. Kami akan memaklumkan kepada anda tentang keengganan kami berserta alasan-alasan kami.

10. Kami boleh memindahkan data peribadi anda ke sesuatu tempat di luar Malaysia dan anda dengan ini memberikan persetujuan anda terhadap pemindahan tersebut.

11. Anda bertanggungjawab untuk memastikan bahawa maklumat yang anda berikan kami adalah tepat, lengkap, tidak mengelirukan dan terkini.

12. Sekiranya terdapat apa-apa konflik antara versi Bahasa Inggeris dan versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan mengatasi versi Bahasa Malaysia.

Notice to Proxies

Under the Personal Data Protection Act 2010

The Personal Data Protection Act 2010 (the "**Act**"), which regulates the processing of personal data in commercial transactions, applies to Sime Darby Berhad ("**Sime Darby**", "**our**", "**us**" or "**we**"). For the purpose of this written notice ("**Notice**"), the terms "personal data" and "processing" shall have the same meaning as prescribed in the Act.

1. This Notice serves to inform you that your personal data is being processed by us or on our behalf and you hereby give your consent to the processing of your personal data.

2. Your personal data includes but is not limited to your name, date of birth, age, Malaysian Identification Card number, passport number, other personal identification number and/or copies of any identification card, nationality, designation, gender, e-mail address, address, facsimile number, contact number, photographs, voice recording, CCTV images and footages, and all other personal data we again collect from you on any subsequent occasion.

3. Your personal data is being or is to be collected and further processed for:

   (a) internal record keeping including but not limited to the verification of attendance of shareholders and/or proxies at the AGM and/or other general meeting(s);

   (b) providing you with annual reports, circulars, proxy forms and other relevant documents in your capacity as a proxy to the shareholder;

   (c) sending notices of the Annual General Meeting ("**AGM**") and/or other general meeting(s);

   (d) verification and counting of votes during polling exercise held at AGM and/or other general meeting(s) of holder of class of shares of Sime Darby;

   (e) preparation of meeting minutes from the AGM and/or other general meeting(s);

   (f) your appointment as a proxy;

   (g) allowing you to exercise your rights as a proxy of a shareholder of Sime Darby;

   (h) our corporate governance;

   (i) internal investigations, audit, security and fraud prevention purposes;

   (j) if relevant, preparing guest invitations, registration and/or sign-up for any related events ("Events");

   (k) where relevant, granting you access to any relevant premises/facilities, including without limitation the premises/facilities owned, operated or managed by us or on our behalf ("Our Premises") subject to any relevant terms and conditions;

   (l) communicating with you;

   (m) responding to your inquiries;

   (n) conducting internal activities;

   (o) market surveys and trend analysis;

   (p) providing you with information on our products and services and those of our and our related corporations and our business partners;

   (q) legitimate business activities;

   (r) contemplated or actual corporate restructuring or corporate transaction involving us including without limitation any joint venture, merger, acquisition, restructuring and/or reorganisation and/or acquisition, disposition, sale, assignment and/or transfer of any or all portion of our business, rights, obligations, assets or stock ("**Corporate Transaction**");

   (s) complying with any legal, statutory and/or regulatory requirements including but not limited to the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and/or

   (t) such other purposes directly related to the foregoing.

   (collectively, the "**Purposes**").

4. Your personal data is being or is to be collected from a variety of sources, including but without limitation:

   (a) from any instrument and/or submission in regard to the appointment of proxy including but not limited to proxy form and power of attorney;

   (b) from the information directly provided by you or on your behalf to us;

   (c) from our share registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**");

   (d) through Bursa Malaysia Berhad and its subsidiaries and related companies;

   (e) through any third parties including but not limited to, the shareholders' (to whom you are a proxy to) stockbrokers, agents, remisiers, trustee through which the shareholder trade in;

   (f) photographs and recordings which may be captured during AGM and/or other general meetings of which you may attend;

   (g) when you visit Our Premises in person;

   (h) via any Sime Darby websites and/or the cookies;

   (i) from any information or document submitted or provided by you to us for any of the Purposes;

   (j) when you inquire about, register for or participate in any Events;

   (k) when you contact us through various methods such as telephone calls, emails and/or the Platform;

   (l) from CCTV; and/or

   (m) all other communications between you and us and all other information that you may provide to us from time to time.

5. You have the right to request access to and to request correction of your personal data and to contact us with any inquiries or complaints in respect of your personal data (including the possible choices and means for limiting the processing of your personal data or to cease or not begin processing your personal data for purposes of direct marketing) from our share registrar, Tricor, as follows:

   Tricor Investor & Issuing House Services Sdn Bhd
   Unit 32-01, Level 32, Tower A
   Vertical Business Suite
   Avenue 3, Bangsar South
   No. 8, Jalan Kerinchi
   59200 Kuala Lumpur
   Attention: Ms Lim Lay Kiow, Senior Manager
   Telephone: +(603) 2783 9299
   Facsimile: +(603) 2783 9222
   Email: is.enquiry@my.tricorglobal.com

Notice to Proxies

Under the Personal Data Protection Act 2010

6. Subject to provisions of the Act:

    (a) you may, upon payment of a prescribed fee, make a data access request in writing to us; and

    (b) we may refuse to comply with a data access request or a data correction request and shall, by notice in writing, inform you of our refusal and the reasons of our refusal.

7. We disclose or may disclose your personal data for the Purposes to the following:

    (a) our related corporations, subsidiaries, affiliates and/or our group companies;

    (b) our share registrar;

    (c) our professional service providers such as accountants and legal advisors;

    (d) our business partners, contractors and service providers, including without limitation our payment provider who will manage dividend payments, data centre service providers, storage facility and records management service providers, cloud service providers, telecommunications and information technology service providers and/or data analytics and marketing agencies;

    (e) fraud prevention agencies, credit reporting agencies, background check agencies and/or our financial and other professional advisors (where relevant);

    (f) banks, insurance companies, payment verification providers and payment processors (where relevant);

    (g) governmental departments and/or agencies, regulatory and/or statutory bodies and law enforcement officer;

    (h) such third party as requested for or authorised by you;

    (i) safety and security personnel;

    (j) our actual or potential assignee, assignor, transferee, transferor, acquirer or acquiree in respect of our rights, interests and/or properties;

    (k) third parties due to any actual or potential Corporate Transaction; and/or

    (l) other third parties for any of the Purposes.

8. We may require your assistance if the personal data relating to other persons is required to process your personal data for the Purposes and you hereby agree to use your best endeavors to assist us when required.

9. It is obligatory that you supply us the information marked or specified as compulsory in our forms (collectively, "**compulsory personal data**"). If you fail to supply us the compulsory personal data, we may refuse to process your personal data for any of the Purposes. If we refuse to comply with such a request, we will inform you of our refusal and the reason for our refusal.

10. We may transfer your personal data to a place outside Malaysia and you hereby give your consent to the transfer.

11. You are responsible for ensuring that the information you provide us is accurate, complete, not misleading and is kept up to date.

12. In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail over the Bahasa Malaysia version.

Notis Kepada Proksi

Di Bawah Akta Perlindungan Data Peribadi 2010

Akta Perlindungan Data Peribadi 2010 ("**Akta**" tersebut) yang mengawal selia pemprosesan data peribadi dalam transaksi komersial, terpakai kepada Sime Darby Berhad ("**kami**"). Untuk tujuan notis bertulis ini ("Notis"), terma-terma "data peribadi" dan "pemprosesan" mempunyai maksud yang sama seperti yang ditakrif dalam Akta tersebut.

1. Notis ini bertujuan untuk memaklumkan kepada anda bahawa data peribadi anda sedang diproses oleh atau bagi pihak kami dan anda dengan ini memberikan persetujuan anda bagi pemprosesan data peribadi anda.

2. Data peribadi anda termasuk tetapi tidak terhad kepada nama, tarikh lahir, umur, nombor Kad Pengenalan Malaysia, nombor pasport, nombor pengenalan peribadi lain dan/atau salinan kad pengenalan, kewarganegaraan, jawatan, jantina, alamat e-mel, alamat, nombor faks, nombor telefon, gambar, rakaman suara, imej dan rakaman CCTV, data peribadi lain yang dihantar atau dikemukakan oleh anda kepada kami dari semasa ke semasa dan semua data peribadi lain kami sekali lagi kumpul daripada anda pada bila-bila masa kemudiannya.

3. Data peribadi anda sedang atau akan dikumpulkan dan diproses selanjutnya untuk:

    (a) penyimpanan rekod dalaman termasuk tetapi tidak terhad kepada pengesahan kehadiran pemegang saham dan/atau proksi di AGM dan/atau mesyuarat agung lain;

    (b) membekalkan anda dengan laporan-laporan tahunan, pekeliling, borang proksi dan dokumen-dokumen lain yang berkenaan dalam kapasiti anda sebagai proksi kepada pemegang saham;

    (c) mengirimkan notis untuk Mesyuarat Agung Tahunan ("**AGM**") dan/atau mesyuarat agung lain;

    (d) pengesahan dan pengiraan undi semasa latihan mengundi diadakan di AGM dan/atau mesyuarat agung lain pemegang kelas saham Sime Darby;

    (e) penyediaan minit mesyuarat dari perjumpaan AGM dan/atau mesyuarat agung lain;

    (f) perlantikan anda sebagai proksi;

    (g) membenarkan anda melaksanakan hak-hak anda sebagai proksi pemegang saham Sime Darby;

    (h) tadbir urus korporat kami;

    (i) untuk siasatan dalaman, audit, keselamatan dan pencegahan penipuan;

    (j) jika relevan, menyediakan jemputan tetamu, pendaftaran dan/atau penyertaan untuk acara-acara kami ("**Acara**");

    (k) jika relevan, memberikan anda akses kepada mana-mana premis/kemudahan berkaitan, termasuk tetapi tidak terhad kepada premis/kemudahan yang dimiliki, dikendalikan atau diuruskan oleh, atau bagi pihak, kami ("**Premis Kami**") tertakluk kepada apa-apa terma dan syarat yang berkaitan;

    (l) berhubung dengan anda;

    (m) menjawab pertanyaan anda;

    (n) melaksanakan kegiatan dalaman;

    (o) tinjauan pasaran dan analisis kecenderungan;

    (p) memberi anda maklumat tentang produk dan perkhidmatan kami dan syarikat-syarikat berkaitan kami dan rakan-rakan perniagaan kami;

    (q) kegiatan-kegiatan perniagaan sah;

    (r) penstrukturan semula atau transaksi korporat sebenar atau yang dijangkakan yang melibatkan kami termasuk tetapi tidak terhad kepada sebarang usahasama, penggabungan, pengambilalihan, penstrukturan semula dan/atau penyusunan semula dan/atau pemerolehan, pelupusan, penjualan, penyerahan dan/atau pemindahan mana-mana atau semua bahagian perniagaan, hak, obligasi, aset atau stok kami ("**Transaksi Korporat**");

    (s) memenuhi apa-apa kehendak undang-undang, statut dan/atau pengawalseliaan termasuk tetapi tidak terhad Akta Syarikat Malaysia 2016 dan Keperluan Penyenaraian Bursa Malaysia Securities Berhad; dan/atau

    (t) maksud-maksud lain yang berhubungan secara langsung dengan yang tersebut di atas.

    (secara kolektif, "**Maksud-maksud**" tersebut).

Notis Kepada Proksi

Di Bawah Akta Perlindungan Data Peribadi 2010

4. Data peribadi anda sedang atau akan dikumpulkan dari pelbagai sumber, termasuk tanpa had:

   (a) dari sebarang instrumen dan/atau dokumen yang dikemukakan berkenaan dengan pelantikan proksi termasuk tetapi tidak terhad kepada borang proksi dan surat kuasa wakil;

   (b) dari maklumat yang dikemukakan/dihantar secara langusung oleh anda atau bagi pihak anda kepada kami;

   (c) dari pendaftar saham kami, Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**");

   (d) melalui Bursa Malaysia Berhad dan subsidiari-subsidiari dan syarikat-syarikat berkaitan;

   (e) melalui mana-mana pihak ketiga termasuk tetapi tidak terhad kepada, broker saham pemegang saham (kepada siapa anda mejadi proksi), ejen, remisier, pemegang amanah di mana pemegang saham berdagang;

   (f) gambar dan rakaman yang mungkin diambil semasa AGM dan/atau mesyuarat agung lain yang dihadiri oleh anda;

   (g) apabila anda melawat Premis Kami;

   (h) melalui laman web Sime Darby ("**Platform**") dan/atau dari cookies;

   (i) dari mana-mana maklumat atau dokument yang dikemukakan, dihantar atau diberikan oleh anda kepada kami untuk mana-mana Maksud-maksud tersebut;

   (j) apabila anda bertanya tentang, mendaftar untuk atau menyertai mana-mana Acara;

   (k) apabila anda menghubungi kami melalui pelbagai kaedah seperti panggilan telefon, e-mel dan/atau Platform;

   (l) dari CCTV; dan/atau

   (m) dari semua komunikasi lain antara anda dan kami dan dari semua maklumat lain yang anda mungkin berikan kepada kami dari masa ke semasa.

5. Anda berhak untuk meminta akses kepada dan meminta pembetulan terhadap data peribadi anda dan untuk menghubungi kami tentang apa-apa pertanyaan atau aduan berkenaan dengan data peribadi anda (termasuk pilihan-pilihan dan cara-cara yang mungkin untuk mengehadkan pemprosesan data peribadi anda atau untuk memberhentikan atau tidak memulakan pemprosesan data peribadi anda bagi maksud pemasaran langsung) daripada pendaftar saham kami, Tricor, seperti berikut:

   Tricor Investor & Issuing House Services Sdn Bhd
   Unit 32-01, Level 32, Tower A
   Vertical Business Suite
   Avenue 3, Bangsar South
   No. 8, Jalan Kerinchi
   59200 Kuala Lumpur
   Untuk perhatian: Cik Lim Lay Kiow, Pengurus Kanan
   No. Telefon: +(603) 2783 9299
   No. Fax: +(603) 2783 9222
   Alamat E-mel: is.enquiry@my.tricorglobal.com

6. Tertakluk kepada peruntukan-peruntukan Akta tersebut:

   (a) anda boleh, setelah membayar fi yang ditetapkan, membuat suatu permintaan mengakses data secara bertulis kepada kami; dan

   (b) kami boleh enggan mematuhi permintaan mengakses data atau permintaan pembetulan data dan kami akan memaklumkan kepada anda, melalui notis bertulis, mengenai keengganan tersebut dan sebab-sebab bagi keengganan tersebut.

7. Kami mendedahkan atau boleh mendedahkan data peribadi anda untuk Maksud-maksud tersebut kepada pihak berikut (yang mungkin berada di dalam atau di luar Malaysia):

   (a) perbadanan-perbadanan berkaitan kami dan/atau syarikat-syarikat subsidiari, bersekutu dan/atau kumpulan kami;

   (b) pendaftar saham kami;

   (c) pembekal perkhidmatan profesional kami, seperti akauntan dan penasihat undang-undang;

   (d) rakan-rakan perniagaan, kontraktor dan pembekal perkhidmatan kami, termasuk tetapi tidak terhad kepada pembekal perkhidmatan pembayaran yang akan menguruskan pembayaran dividen, pembekal perkhidmatan pusat data kami, pembekal kemudahan penyimpanan dan pengurusan rekod, pembekal perkhidmatan awan, pembekal perkhidmatan telekomunikasi dan teknologi maklumat dan/atau penganalisis data dan agensi pemasaran;

   (e) agensi pencegahan penipuan, agensi pelaporan kredit dan agensi semakan latarbelakang dan/atau penasihat kewangan atau profesional kami (jika relevan);

   (f) bank, syarikat insurans, pembekal perkhidmatan pengesahan pembayaran dan pemproses pembayaran (jika relevan);

   (g) jabatan dan/atau agensi kerajaan dan pihak berkuasa pengawalseliaan dan/atau badan berkanun dan pegawai penguatkuasa undang-undang;

   (h) mana-mana pihak ketiga yang diminta atau dibenarkan oleh anda;

   (i) kakitangan keselamatan dan sekuriti;

   (j) pihak ketiga yang kepadanya hak, kepentingan dan/atau harta kami dipindahkan/diserahkan, pihak ketiga yang memindahkan/menyerahkan haknya, kepentingannya dan/atau hartanya kepada kami, pihak ketiga yang memperolehi hak, kepentingan dan/atau harta kami atau pihak ketiga yang haknya, kepentingannya dan/atau hartanya kami memperolehi (sebenar atau yang dijangkakan);

   (k) pihak ketiga disebabkan oleh Transaksi Korporat yang sebenar atau yang dijangkakan; dan/atau

   (l) pihak ketiga lain untuk mana-mana Maksud-maksud tersebut.

8. Kami mungkin memerlukan bantuan anda jika data peribadi yang berhubungan dengan orang lain dikehendaki untuk memproses data peribadi anda untuk Maksud-maksud tersebut dan anda dengan ini bersetuju untuk menggunakan usaha terbaik anda untuk membantu kami bila dikehendaki.

9. Ia adalah wajib untuk anda memberikan kepada kami butir-butir yang ditandakan atau dinyatakan sebagai wajib dalam borang kami (secara kolektif, "**data peribadi wajib**"). Jika anda gagal untuk memberikan kami data peribadi wajib tersebut, kami boleh enggan untuk memproses data peribadi anda untuk mana-mana Maksud-maksud tersebut. Kami akan memaklumkan kepada anda tentang keengganan kami berserta alasan-alasan kami.

10. Kami boleh memindahkan data peribadi anda ke sesuatu tempat di luar Malaysia dan anda dengan ini memberikan persetujuan anda terhadap pemindahan tersebut.

11. Anda bertanggungjawab untuk memastikan bahawa maklumat yang anda berikan kami adalah tepat, lengkap, tidak mengelirukan dan terkini.

12. Sekiranya terdapat apa-apa konflik antara versi Bahasa Inggeris dan versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan mengatasi versi Bahasa Malaysia.

Independent Assurance Report

Independent Assurance Report to Management of Sime Darby Holdings Berhad (2021)

We have been engaged by Sime Darby Holdings Berhad ("Sime Darby") to perform an independent limited assurance engagement on selected Sustainability Information (hereon after referred to as "Selected Information" comprising the information set out in the Subject Matter) as reported by Sime Darby Berhad ("SDB") in its Annual Report for financial year 2021 ("Sime Darby Annual Report 2021").

Management's Responsibility

Management of Sime Darby is responsible for the preparation of the Selected Information included in the Sime Darby Annual Report 2021 in accordance with Sime Darby's internal sustainability reporting guidelines and procedures.

This responsibility includes the selection and application of appropriate methods to prepare the Selected Information reported in the Sime Darby Annual Report 2021 as well as the design, implementation and maintenance of processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Sime Darby which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to provide a conclusion on the Subject Matter based on our limited assurance engagement performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy of the Selected Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

Our limited assurance report should therefore be read in connection with Sime Darby's sustainability reporting guidelines and procedures on the reporting of its sustainability performance. In a limited assurance engagement, the evidence -gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Subject Matter

The scope of our work was limited to assurance over the following Selected Information reported and marked with hash symbol (#) in Sime Darby Annual Report 2021:

1. Sime Darby's Total Recordable Injury Frequency Rate (TRIFR) for the financial year ended 30 June 2021.

Criteria

The selected subject matter needs to be read and understood together with the Reporting Criteria, which Sime Darby is solely responsible for selecting and applying.

The Reporting Criteria used for the reporting of the Selected Information are the definitions and approaches disclosed within the *About This Report* and *Creating Sustainable Value* sections of the Sime Darby Annual Report 2021 and as set out below:

"Total Recordable Injuries (TRI) includes Lost Time Injuries (LTI), occupational injuries, illnesses or fatalities that cause the injured worker to be unable to work for any planned full work shift, subsequent to the shift during which the injury occurred; Restricted Work Injuries (RWI), where the worker has some capacity for work; and Medical Treatment Injuries (MTI), where the worker has received medical treatment beyond first aid, and continues to work.

A TRI is registered as a safety statistic when the injury is confirmed as work-related compensable case and/or is confirmed by a medical practitioner, as deemed appropriate by the jurisdictional regulatory authority, as a work-related injury. For a LTI this includes any full scheduled work day a worker was unable to work, excluding the day of injury; for an RWI the restriction must affect a significant part of the employee's routine job function and for an MTI it is treatment beyond first aid, not including medical observation, preventive or investigative treatment or counselling, by a registered medical practitioner in the jurisdiction of injury."

"The Total Recordable Injury Frequency Rate is calculated per million total hours worked by permanent and contract employees."

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box. 10192, 50706 Kuala Lumpur, Malaysia

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Criteria (continued)

First aid treatment, as referred to within the aforementioned definition, is further defined within Sime Darby's Safety and Sustainability Performance Reporting Standard and as set out below:

"First aid treatment covers using non-prescription medication at non-prescription strength, administration of immunisations, cleaning, flushing or soaking of wounds on the surface if the skin, use of wound covers such as bandages, band-aids, gauze pads, butterfly bandages and steri-strips, use of hot or cold therapy, use of non-rigid supports, use of temporary immobilisation devices when transporting an injured person, removal of foreign bodies from the eye via irrigation or cotton swab, removal of splinters or foreign material from areas other than the eye by irrigation, tweezers, cotton swabs or other simple means, drilling a fingernail or toenail to relieve pressure or draining fluid from a blister, use of finger guards, massage, drinking fluids for relief of heat stress and one-time administration of oxygen therapy. Treatment by a physiotherapist or chiropractor as early intervention or preventative treatment provided on three or less occasions and not as a result of a medical restriction issued by a medical practitioner is considered first aid treatment."

Main Assurance Procedures

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for the Selected Information reported in Sime Darby Annual Report 2021 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquiries of personnel responsible for data collection at the corporate, division and operation unit level for the Selected Information;
- Inspection on a sample basis of internal documents, contracts, reports, data capture forms and invoices to support the Selected Information for accuracy including observation of management's controls over the processes;
- Inquiries of personnel on the collation and reporting of the Selected Information at the corporate and operation unit level; and
- Checking the formulas, proxies and default values used in the Selected Information against Sime Darby's sustainability reporting guidelines and procedures.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on our limited assurance engagement, in all material aspects, nothing has come to our attention that causes us to believe that the Selected Information in the Subject Matter has not been fairly stated in accordance with Sime Darby's internal sustainability reporting guidelines.

Restriction on use

This report, including our conclusions, has been prepared solely for the Board of Directors of Sime Darby in accordance with the agreement between us, in connection with the performance of an independent limited assurance on the Selected Information in the Subject Matter as reported by SDB in its Sime Darby Annual Report 2021. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Sime Darby Annual Report 2021 and to be disclosed online at www.simedarby.com, in respect of the 2021 financial year, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

PriceWaterhouseCoopers PLT

PRICEWATERHOUSECOOPERS PLT
LLP0014401- LCA & AF 1146
Chartered Accountants
Kuala Lumpur
4 October 2021

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting ("**AGM**") of Sime Darby Berhad ("Sime Darby" or "Company") will be held virtually through live streaming from the broadcast venue at Function Room, Ground Floor, Menara Sime Darby, Oasis Corporate Park, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 18 November 2021 at 10.00 a.m. for the following businesses:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and the Auditors thereon.

   Refer to Explanatory Note 1

2. To approve the payment of fees to the Non-Executive Directors up to an amount of RM4,400,000 from the Fifteenth AGM until the next AGM of the Company. **(Resolution 1)**

   Refer to Explanatory Note 2

3. To approve the payment of benefits to the Non-Executive Directors up to an amount of RM1,500,000 from the Fifteenth AGM until the next AGM of the Company. **(Resolution 2)**

   Refer to Explanatory Note 3

4. To re-elect the following Directors who retire pursuant to Rule 103 of the Constitution of the Company and who being eligible, offer themselves for re-election:

   (i) Tan Sri Samsudin Osman **(Resolution 3)**

   (ii) Dato' Lee Cheow Hock Lawrence **(Resolution 4)**

   (iii) Ms Moy Pui Yee **(Resolution 5)**

   (iv) Encik Mohamad Idros Mosin **(Resolution 6)**

   Refer to Explanatory Note 4

5. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 30 June 2022 and to authorise the Directors to determine their remuneration. **(Resolution 7)**

   Refer to Explanatory Note 5

AS SPECIAL BUSINESS

6. To consider and, if thought fit, pass the following Ordinary Resolutions:

   (i) **Proposed Renewal of Share Buy-Back Authority for the Company to Purchase its Own Shares of up to Ten Percent (10%) of the Total Number of Issued Shares of the Company ("Proposed Share Buy-Back")**

   "THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations that may be in force from time to time, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

   (a) the aggregate number of shares purchased (which are to be treated as treasury shares) does not exceed ten per cent (10%) of the total number of issued shares of the Company; and

   (b) the funds allocated for the purchase of shares shall not exceed its retained profits.

   THAT the Directors be and are hereby authorised, at their absolute discretion, to deal with the treasury shares which may be distributed as dividends, resold, transferred, cancelled and/or in any other manners as may be permitted or prescribed by the Act, the Listing Requirements and any applicable laws, rules, regulations, guidelines, requirements and/or orders of any other relevant authorities for the time being in force.

THAT such authority shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM"); or

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities." **(Resolution 8)**

Refer to Explanatory Note 6

(ii) **Proposed Renewal of Existing Shareholders' Mandate for the Company and/or its Subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties Involving the Interest of AmanahRaya Trustees Berhad - Amanah Saham Bumiputera ("ASB")**

"THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act 2016 ("Act"), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with the related parties involving the interest of ASB, as set out in Section 2.3 of Part B, the Circular to Shareholders dated 20 October 2021, which are necessary for the day-to-day operations in the ordinary course of business of the Company and/or its subsidiary companies on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on arm's length basis, and are not detrimental to the minority shareholders of the Company ("Mandate");

THAT the Mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting whereby the Mandate is renewed; or

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(c) the Mandate is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate." **(Resolution 9)**

Refer to Explanatory Note 7

(iii) **Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for the Company and/or its Subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties Involving the Interest of Bermaz Auto Berhad ("Bermaz")**

"THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act 2016 ("Act"), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with the related parties involving the interest of Bermaz, as set out in Section 2.3 of Part B, the Circular to Shareholders dated 20 October 2021, which are necessary for the day-to-day operations in the ordinary course of business of the Company and/or its subsidiary companies on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on arm's length basis, and are not detrimental to the minority shareholders of the Company ("Mandate");

THAT the Mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting whereby the Mandate is renewed; or

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(c) the Mandate is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate." **(Resolution 10)**

Refer to Explanatory Note 7

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board

Noor Zita Hassan
Group Secretary
(MIA 15073)
(SSM PC No. 202008002513)

Selangor Darul Ehsan, Malaysia
20 October 2021

Notes:

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the AGM. Members and proxies are advised to participate and vote remotely at this AGM using the Remote Participation and Voting ("RPV") facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") through its TIIH Online website at https://tiih.online. Members are advised to read the Administrative Guide carefully and follow the procedures in the Administrative Guide for this AGM in order to participate remotely.
2. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 8 November 2021. Only a Member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint proxies to attend, participate, speak and vote on his/her behalf.
3. A Member entitled to attend and vote at this AGM is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote at this AGM on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member of the Company. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.
4. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), all resolutions set out in the Notice of the Fifteenth AGM of the Company shall be put to vote by way of a poll.
5. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
6. Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.
7. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. Any alteration to the instrument appointing a proxy must be initialled.
8. The Form of Proxy and power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority, must be deposited with Tricor not less than 24 hours before the time appointed for the taking of the poll or no later than Wednesday, 17 November 2021 at 12.00 p.m. The Form of Proxy can be submitted through either one of the following avenues:

(i)	Lodgement of Form of Proxy: in hard copy	To be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at Tricor's Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
(ii)	Electronic lodgement of Form: of Proxy	The Form of Proxy can be lodged electronically via Tricor's TIIH Online website at https://tiih.online. Please follow the procedures for electronic lodgement of Form of Proxy in the Administrative Guide for this AGM.

9. A Member who has appointed a proxy to participate in this AGM must request his/her proxy to register himself/herself for the RPV at Tricor's TIIH Online website at https://tiih.online. Please follow the procedures in the Administrative Guide for this AGM.
10. The Administrative Guide on the conduct of a virtual AGM of the Company is available at the Company's website at http://www.simedarby.com/investor/agmegm.

Explanatory Notes

1. **Audited Financial Statements for the Financial Year Ended 30 June 2021**

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only. The Audited Financial Statements do not require shareholders' approval and as such, will not be put forward for voting to be formally approved by the shareholders.

2. **Resolution 1 - Payment of Fees to the Non-Executive Directors up to an amount of RM4,400,000 from the Fifteenth AGM until the next AGM of the Company**

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of the Company will have to be approved by shareholders at a general meeting. The Company had, at its Fourteenth AGM held on 12 November 2020, obtained approval from the shareholders in respect of the payment of Directors' fees to the Non-Executive Directors ("NEDs") for the period from 12 November 2020 until the Fifteenth AGM.

In November 2020, the regulatory compliance oversight function of the Governance & Audit Committee ("GAC") was transferred to the Risk Management Committee ("RMC"). The Board had, at its meeting held on 28 September 2021, approved the recommendation of the Nomination & Remuneration Committee ("NRC") to review the fees payable to the RMC to reflect the additional responsibilities undertaken by the RMC as follows:

RMC	Current Fees (RM/Year)	Proposed Fees (RM/Year)
Chairman	60,000	80,000
Member	35,000	50,000

The shareholders' approval is hereby sought under Resolution 1 for the payment of NEDs' fees up to an amount of RM4,400,000 from the Fifteenth AGM until the next AGM of the Company in accordance with the revised remuneration structure as set out below:

	NED Fees (RM/Year)	
Board/Board Committee	Chairman	Member
Board	560,000	240,000[1] 380,000[2]
• GAC • RMC	80,000	50,000
Other Committees	60,000	35,000
Board of Subsidiaries	150,000	100,000

Notes:
1. Fee for Resident Director
2. Fee for Non-Resident Director

The resolution, if passed, will allow the Company and the subsidiaries to make the payment of fees to the NEDs on a monthly basis instead of in arrears after every AGM. The Board is of the view that it is just and equitable for the NEDs to be paid such payment on a monthly basis after they have discharged their responsibilities and rendered their services to the Company. The decision in respect of fees by the subsidiaries will be made by the shareholders of the subsidiaries in accordance with the laws applicable in their jurisdiction.

The fees of each NED for the financial year ended 30 June 2021 are set out on page 143 of the Company's Annual Report 2021.

3. **Resolution 2 - Payment of Benefits to the Non-Executive Directors up to an amount of RM1,500,000 from the Fifteenth AGM until the next AGM of the Company**

The benefits payable to the NEDs comprising the following:
- Company car, petrol and driver for the Non-Executive Chairman
- Telecommunication devices/facilities
- Club membership subscription
- Medical and insurance coverage
- Discount on purchases of Group/Company products on terms not more favourable than those given to the public/employees
- Other claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Directors

The payment of benefits to the NEDs will be made by the Company on a monthly basis and/or as and when incurred.

4. **Resolutions 3 to 6 – Re-election of Directors Pursuant to Rule 103 of the Constitution of the Company**

Rule 103 of the Constitution of the Company expressly states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office at each annual general meeting. A Director retiring at a meeting shall retain office until the conclusion of the meeting. In addition, Rule 104 of the Constitution of the Company states that all Directors shall retire from office at least once every three (3) years. A retiring Director shall be eligible for re-election.

Tan Sri Samsudin Osman, Dato' Lee Cheow Hock Lawrence, Ms Moy Pui Yee and Encik Mohamad Idros Mosin being eligible, have offered themselves for re-election at the Fifteenth AGM pursuant to Rule 104 of the Constitution of the Company.

For the purpose of determining the eligibility of the Directors to stand for re-election at the Fifteenth AGM, the Board through its NRC assessed each of the retiring Directors and the following were considered:

(i) The Director's performance and contribution based on the results of the Board Effectiveness Assessment ("BEA") for financial year ("FY") 2021;
(ii) The Director's level of contribution to the Board deliberations through his/her skills, experience and strength in qualities; and
(iii) The level of independence demonstrated by the Director, and his/her ability to act in the best interests of the Company in decision-making.

Based on the results of the BEA conducted for FY2021, the performance of each of the retiring Directors was found to be satisfactory and the Directors have met the Board's expectation in the discharge of their duties and responsibilities.

The Board endorsed the recommendation of the NRC on the re-election of the retiring Directors. The retiring Directors had abstained from deliberations and decisions on their re-election at the NRC and Board meetings.

5. **Resolution 7 - Re-appointment of Auditors**

The GAC at its meeting held on 23 September 2021 undertook the annual assessment of the suitability and effectiveness of the external audit process, and the performance, suitability and independence of the external auditors, PricewaterhouseCoopers PLT ("PwC"). The following factors were taken into consideration:

(i) Dissemination of information about policies and processes for maintaining independence, objectivity and the monitoring of PwC's compliance with professional ethical standards;
(ii) Communication of audit strategy and current developments in relation to accounting and auditing standards relevant to the Group's financial statements and the potential impact on the audit;
(iii) Timeliness and quality of communication with regard to significant audit, accounting, related risks and control weaknesses and recommendations as well as effective use of meetings with the GAC without management presence;
(iv) Competency in the coordination of resources and technical knowledge, and expertise in managing its engagement; and
(v) Reasonableness of the audit fees charged.

The GAC was satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources that the external audit team had provided to the Sime Darby Group as prescribed under Paragraph 15.21 of the Listing Requirements.

The Board at its meeting held on 28 September 2021 approved the GAC's recommendation that the shareholders' approval be sought at the Fifteenth AGM on the re-appointment of PwC as external auditors of the Company for the financial year ending 30 June 2022, under Resolution 7. The present external auditors, PwC, have indicated their willingness to continue their services for the next financial year.

Explanatory Notes on Special Business

6. **Resolution 8 - Proposed Share Buy-Back**

The proposed Resolution 8, if passed, will give authority to the Company to purchase its own shares through Bursa Malaysia Securities Berhad up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to Part A, the Share Buy-Back Statement dated 20 October 2021 for further information.

7. **Resolutions 9 and 10 - Proposed Shareholders' Mandate**

The proposed Resolutions 9 and 10, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on normal commercial terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Detailed information on the Proposed Shareholders' Mandate is set out in Section 2.3 of Part B, the Circular to Shareholders dated 20 October 2021.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profile of the Directors who are standing for re-election (as per Resolutions 3 to 6 as stated above) at the Fifteenth AGM of Sime Darby are set out in the "Board of Directors" section on pages 122 to 127 of the Company's Annual Report 2021.

The details of any interest in securities held by the said Directors are set out in the "Directors' Report" section on pages 170 to 174 of the Company's Annual Report 2021.

Form of Proxy

SIME DARBY BERHAD
(Registration No. 200601032645 (752404-U))
(Incorporated in Malaysia

Number of ordinary shares held	CDS Account No.
	– –

I/We ____
(FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport/Company No. ______________________) of ______________________
(ADDRESS)

____
(ADDRESS)

Tel. No. ______________________ being a member/members of SIME DARBY BERHAD hereby appoint

______________________ (NRIC/Passport No. ______________________)
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

of ____
(ADDRESS)

*and/or ______________________ (NRIC/Passport No. ______________________)
(FULL NAME OF PROXY AS PER NRIC/ PASSPORT IN CAPITAL LETTERS)

of ____
(ADDRESS)

**or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to participate and vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting ("AGM") of Sime Darby Berhad ("Company") to be held virtually through live streaming from the broadcast venue at Function Room, Ground Floor, Menara Sime Darby, Oasis Corporate Park, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 18 November 2021 at 10.00 a.m. and at any adjournment thereof.

No.	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and the Auditors thereon			
Ordinary Business		**Resolution**	**For**	**Against**
2.	To approve the payment of fees to the Non-Executive Directors up to an amount of RM4,400,000 from the Fifteenth AGM until the next AGM of the Company	1		
3.	To approve the payment of benefits to the Non-Executive Directors up to an amount of RM1,500,000 from the Fifteenth AGM until the next AGM of the Company	2		
4.(i)	To re-elect Tan Sri Samsudin Osman who retires in accordance with Rule 103 of the Constitution of the Company	3		
4.(ii)	To re-elect Dato' Lee Cheow Hock Lawrence who retires in accordance with Rule 103 of the Constitution of the Company	4		
4.(iii)	To re-elect Ms Moy Pui Yee who retires in accordance with Rule 103 of the Constitution of the Company	5		
4.(iv)	To re-elect Encik Mohamad Idros Mosin who retires in accordance with Rule 103 of the Constitution of the Company	6		
5.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to determine their remuneration	7		
Special Business				
6.(i)	To approve the Share Buy-Back Authority for the Company to purchase its own shares	8		
6.(ii)	To approve the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties Involving the Interest of AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	9		
6.(iii)	To approve the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties Involving the Interest of Bermaz Auto Berhad	10		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies must be indicated below:	
	Percentage (%)
First proxy	
Second proxy	

IMPORTANT: Disclosure of Shareholder's and Proxy's Personal Data

Please refer to the Notice to Shareholders under the Personal Data Protection Act 2010 ("PDPA Notice") in the Annual Report 2021 concerning the Company's collection of your personal data for the purpose of the Company's general meeting(s).

You hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

In disclosing the proxy's personal data, you as a shareholder, warrant that the proxy(ies) has/have given his/her/their explicit consent for his/her/their personal data being disclosed and processed in accordance with the Notice to Proxies under the Personal Data Protection Act 2010 attached.

Dated this ______________ day of ______________ 2021

____
Signature/Common Seal of Member(s)

* Please delete as applicable.
** If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the blank space(s) provided.

Notes:

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the AGM. Members and proxies are advised to participate and vote remotely at this AGM using the Remote Participation and Voting ("RPV") facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") through its TIIH Online website at https://tiih.online. Members are advised to read the Administrative Guide carefully and follow the procedures in the Administrative Guide for this AGM in order to participate remotely.
2. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 8 November 2021. Only a Member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint proxies to attend, participate, speak and vote on his/her behalf.
3. A Member entitled to attend and vote at this AGM is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote at this AGM on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member of the Company. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.
4. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), all resolutions set out in the Notice of the Fifteenth AGM of the Company shall be put to vote by way of a poll.
5. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.
6. Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.
7. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. Any alteration to the instrument appointing a proxy must be initialled.
8. The Form of Proxy and power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority, must be deposited with Tricor not less than 24 hours before the time appointed for the taking of the poll or no later than Wednesday, 17 November 2021 at 12.00 p.m. The Form of Proxy can be submitted through either one of the following avenues:

(i)	Lodgement of Form of Proxy in hard copy	:	To be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at Tricor's Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
(ii)	Electronic lodgement of Form of Proxy	:	The Form of Proxy can be lodged electronically via Tricor's TIIH Online website at https://tiih.online. Please follow the procedures for electronic lodgement of Form of Proxy in the Administrative Guide for this AGM.

9. A Member who has appointed a proxy to participate in this AGM must request his/her proxy to register himself/herself for the RPV at Tricor's TIIH Online website at https://tiih.online. Please follow the procedures in the Administrative Guide for this AGM.
10. The Administrative Guide on the conduct of a virtual AGM of the Company is available at the Company's website at http://www.simedarby.com/investor/agmegm.

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Postage Stamp

THE SHARE REGISTRAR

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Company No. 200601032645 (752404-U)

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