Powering Ambition,

Shaping a Sustainable Future

Annual Report 2022

Sime Darby

Delivering Sustainable Futures

››

16th 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

Tuesday,
15 November 2022
at 10.00am

Contents

The Sime Darby Art Collection

The artworks featured in this report are the digital versions from our art collection that are being displayed at our headquarters, Menara Sime Darby. Collectively, they showcase the legacy and foundation that we aspire to build on as we progress further.

We are committed to delivering sustainable futures for societies through innovation, partnerships, strong governance and an unwavering commitment to environmental stewardship. We balance our ambitions for success with a strong sense of responsibility towards the prosperity of our people and the protection of our planet.

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

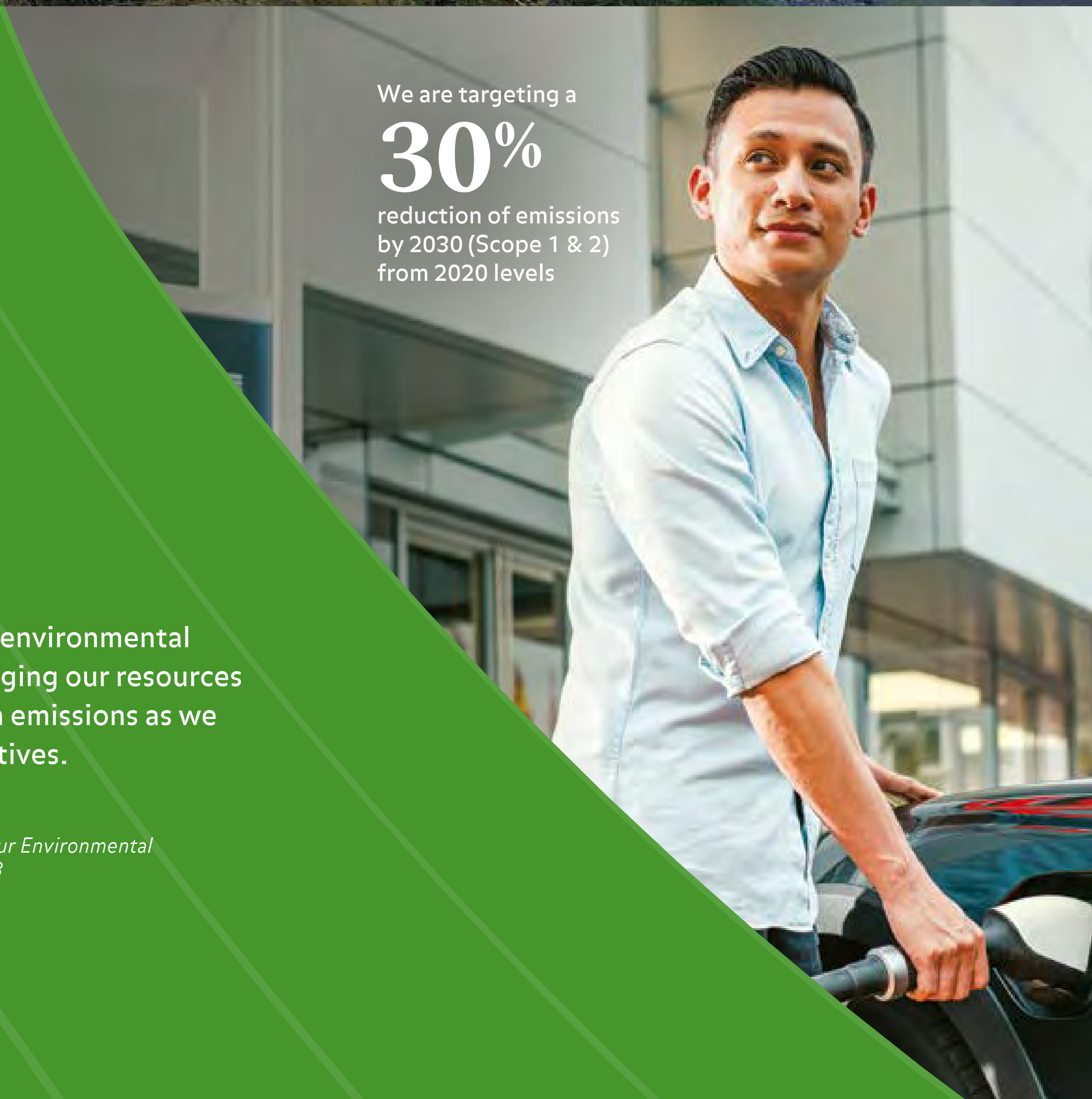
Seek and seize opportunities with speed and agility, challenging set boundaries.

Sustainable Footprint

All of Terra Cat's facilities in New Zealand are

100%

renewables powered



We are targeting a

30%

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

We focus on reducing our environmental and social impact by managing our resources and minimising our carbon emissions as we pursue our financial objectives.

Read more about Optimising Our Environmental and Social Footprint on page 98

Total solar power generated in FY2022

987,000kWh

Total solar power generated across all assets since installation

2,672,000kWh

We continue to look for more opportunities to reduce our carbon footprint by using renewable energy to power our facilities:

Our car assembly facility at Inokom features a

1.2MW

solar PV installation.

Total installation of

1.8MW

across Sime Darby Berhad.

Sustainable Partnerships

We establish strategic partnerships across the value chain to deliver energy-efficient and sustainable products to our customers. The synergies we attain from our partnerships not only drive our growth but also enable us to support the global energy transition.

Read more about Engaging in Sustainable Partnerships on page 112

We have partnered with Wallbox and established a Memorandum of Understanding with Tenaga Nasional Berhad to accelerate Electric Vehicle (EV) adoption in Malaysia.

We are targeting

>50%

of products in our portfolio by 2025 to be more energy efficient than our 2020 product portfolio.

We have expanded our portfolio of EV brands to include BYD, Nio, smart and Li Auto. In partnership with our principals, we now offer a comprehensive lineup of mass market to premium and luxury EVs.

Sustainable Organisations

Our Human Resources Transformation Strategy focuses on providing leading employee experience to enable our employees to be the best they can be.

Roselaini Faiz
Group Chief Human Resources Officer

Through governance, talent development and an inclusive culture, we empower our employees to be drivers of change for a more sustainable future.

Read more about Inspiring Our Employees to Deliver Meaningful Change on page 106

100%

of staff at our assembly facility for Porsche at Inokom are locals, which supports the creation of jobs to empower the local community.

In FY2022 we rolled out the newly developed Leadership Coaching Programme at Sime Darby Industrial and Sime Darby Motors. The programme is designed to help emerging leaders hone their leadership skills.

Sustainable Innovation

We have adopted advanced infrastructure and data-driven solutions that will improve our agility and allow us to deliver long-term value to our stakeholders.

Read more about Driving Sustainable Innovation and Technology on page 118

Predictive maintenance at Sime Darby Industrial helps customers save cost and resources for heavy machinery repairs.

We are targeting a minimum of

RM250m

in investments in ESG innovation by 2025

About This Report

The Sime Darby Annual Report (SDAR) covers the financial and non-financial performance of Sime Darby Berhad for the financial year 2022 (FY2022). 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.

Sime Darby Berhad is headquartered in Menara Sime Darby, Selangor, Malaysia.

Reporting Philosophy and Principles

The SDAR details the Group's key achievements, initiatives and results in FY2022. 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

In this report, we have applied the principles of Integrated Reporting <IR> and provided information against content elements. We are aware that there is an ongoing consolidation of the reporting landscape in response to demand for a global set of standards. Among these developments is a proposed convergence of the <IR> framework and Sustainability Accounting Standards Board (SASB) and the Task Force for Climate-related Financial Disclosures (TCFD) Recommendations. We welcome a more coherent and streamlined corporate reporting system in due course. Meanwhile, as much as possible, this SDAR continues to adopt the <IR> framework as part of our integrated thinking journey. 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 Malaysian Financial Reporting Standards (MFRS) and the International Financial Reporting Standards (IFRS).

Reporting Scope and Boundaries

The SDAR presents the performance of Sime Darby's value-creating activities during the period 1 July 2021 to 30 June 2022. Material events up to the date of approval have been included. 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 including all its 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 Group's business performance, based on our materiality assessment.

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 pertaining 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 presentation 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.

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

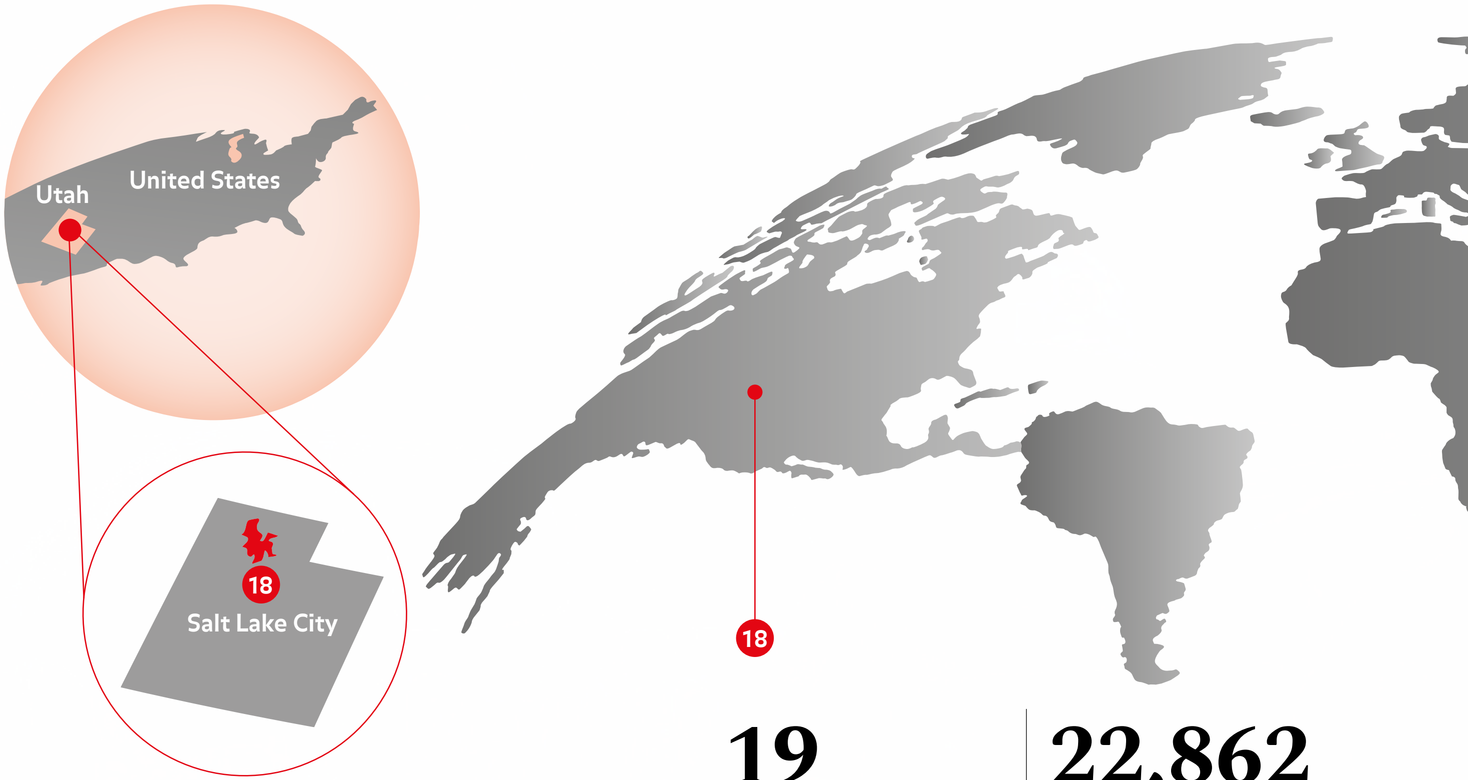
investor.relations@simedarby.com

Glossary

ABMS	Anti-Bribery Management System
AGM	Annual General Meeting
Act/CA 2016	Companies Act 2016
BCM	Business Continuity Management
BEA	Board Effectiveness Assessment
Bursa Securities	Bursa Malaysia Securities Berhad
CAT	Caterpillar
COBC	Code of Business Conduct
CSR	Corporate Social Responsibility
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
FY	Financial Year
GAC	Governance & Audit Committee
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
GHD	Gifts, Hospitality and Donations
GHO	Group Head Office
GPA	Group Policies & Authorities
GPPA	Group Procurement Policies and Authorities
IIRC	International Integrated Reporting Council
IR	Integrated Report
JV	Joint Venture
KPI	Key Performance Indicator
KRI	Key Risk Indicators
Listing Requirements/ MMLR	The Main Market Listing Requirements of Bursa Securities Berhad and any amendment made thereto from time to time and any Practice Notes issued in relation thereto
M&A	Mergers and Acquisitions
Major Shareholder(s)	Shall have the same meaning as in Paragraph 1.01, Chapter 1 of the MMLR
MCCG	Malaysian Code on Corporate Governance 2021
NGOs	Non-governmental Organisations
NRC	Nomination & Remuneration Committee
OEM	Original Equipment Manufacturer
PATAMI	Profit After Tax and Minority Interests
PBIT	Profit Before Interest and Tax
PDPA	Personal Data Protection Act
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
RSDH	Ramsay Sime Darby Health Care
SELF	Safe, Engage, Lead, Focus
Sime Darby Group or the Group	Sime Darby Berhad and its subsidiary companies, collectively
Sime Darby or the Company	Sime Darby Berhad
VCP	Value Creation Plan
YoY	Year-on-Year

Group Overview

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



19
Countries and territories[1]

22,862
Employees[2]

Staff Strength

Industrial
9,814

Motors
12,371

Group Head Office
148

Others Businesses[3]
529

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 2022. Includes Group Head Office, Sime Darby Industrial, Sime Darby Motors and other businesses (which includes employees of Sime Darby Logistics). Excludes employees of Ramsay Sime Darby Health Care.

3 Includes employees of Sime Darby Logistics and excludes Ramsay Sime Darby Health Care.

Industrial

Motors

Healthcare

		Industrial	Motors	Healthcare
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	●		

Geographically Diversified

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 Partnerships with Premium Brands

We are a 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.

Strong Financial Profile

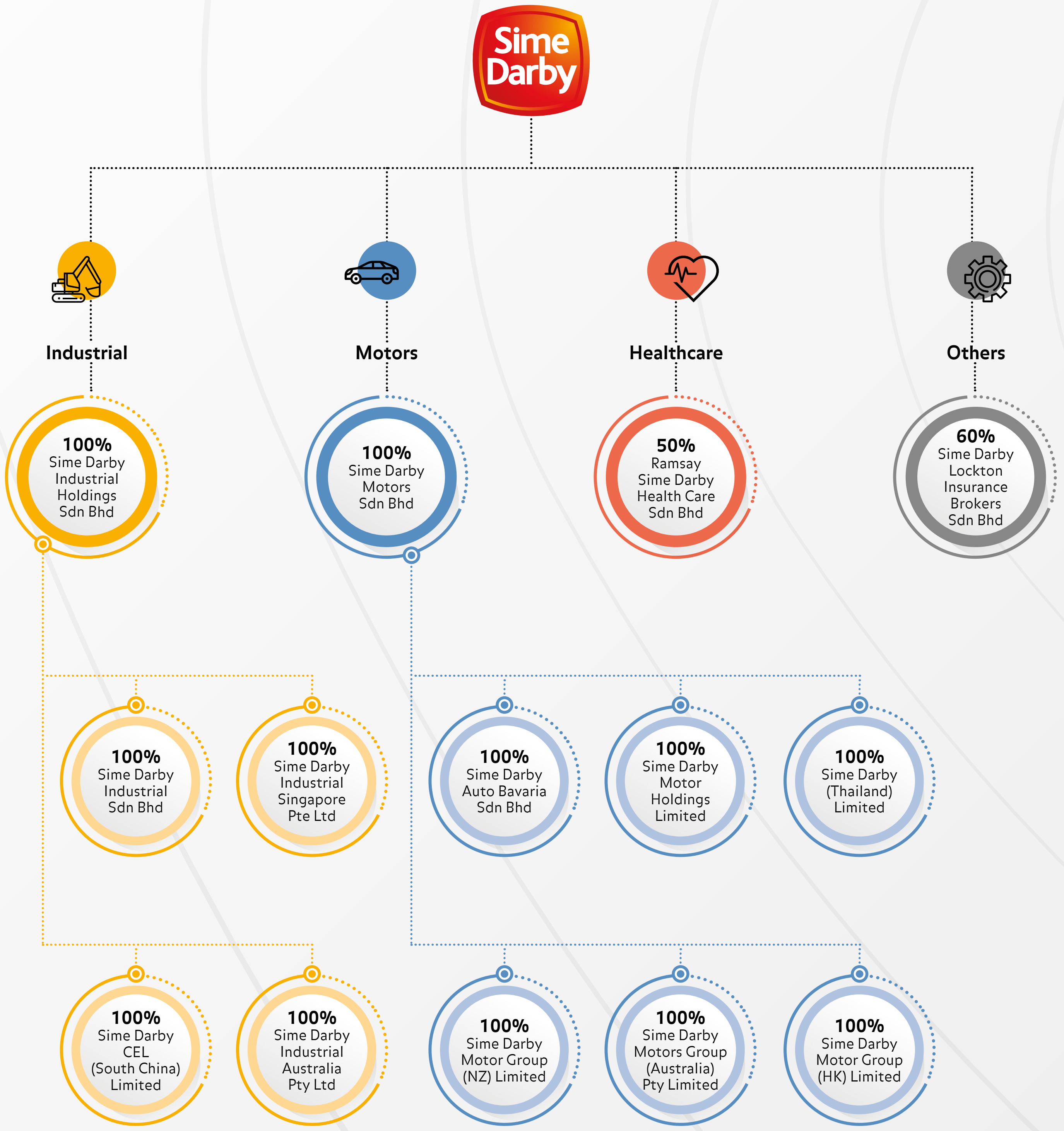
Our strong financial position and low gearing allows us to capitalise on growth opportunities to enhance shareholder value.

Empowered and Engaged People

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

Corporate Structure

As at 30 June 2022



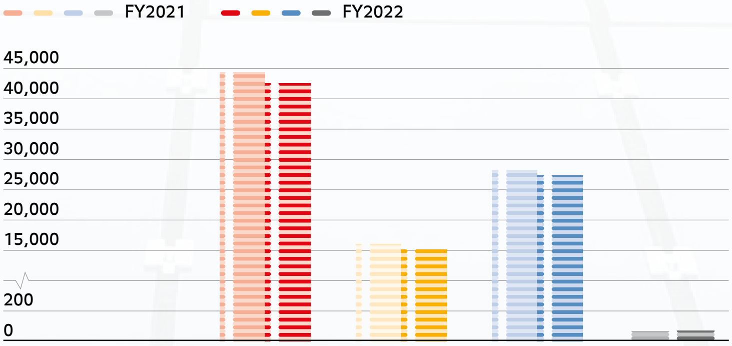
Note:
Excluding Logistics Division as it is classified as discontinuing operations.
Please refer to pages 280 to 294 for the list of companies in Sime Darby Berhad.

Highlights

Financial

Revenue* (RM million)

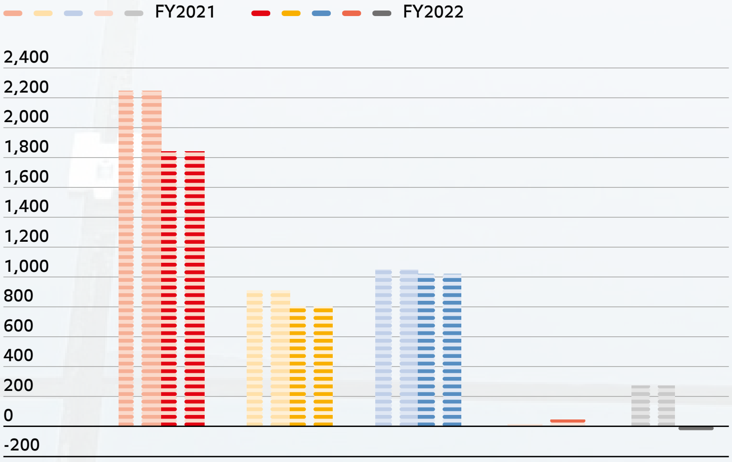
42,502
(44,302 in FY2021)



	Group	Industrial	Motors	Others
FY2021	44,302	16,004	28,235	63
FY2022	**42,502**	**15,099**	**27,337**	**66**

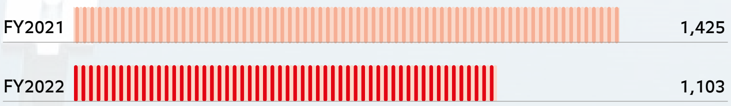
Profit Before Interest and Tax* (RM million)

1,841
(2,245 in FY2021)



	Group	Industrial	Motors	Healthcare	Others & Corporate
FY2021	2,245	909	1,050	15	271
FY2022	**1,841**	**803**	**1,020**	**45**	**(27)**

Net Profit (RM million)



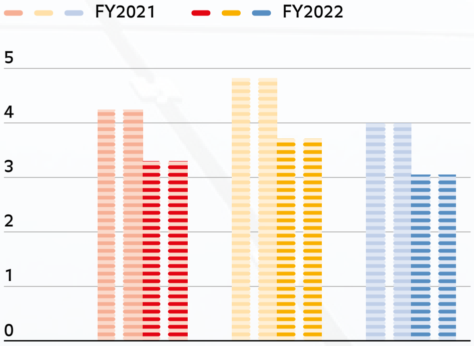
* Continuing operations

** Group data includes Sime Darby Logistics

Non-Financial

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

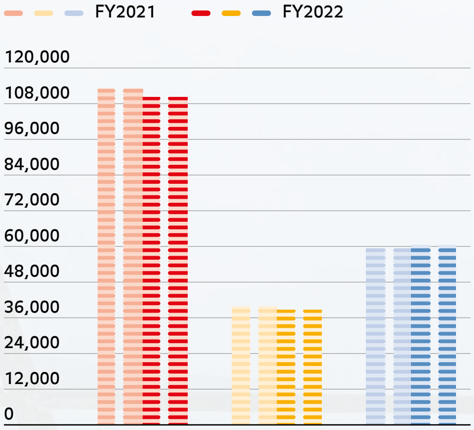
3.30
(4.24 in FY2021)



	Group**	Industrial	Motors
FY2021	4.24	4.82	3.99
FY2022	**3.30**	**3.71**	**3.05**

Environmental Performance
Emissions (Scope 1 & 2 only)(CO_2-e tonnes)

110,260
(113,051 in FY2021)



	Group**	Industrial	Motors
FY2021	113,051	39,818	59,330
FY2022	**110,260**	**38,593**	**60,501**

Note: Emission data has not been assured by a third party

Employee Training and Development in FY2022

480,000
hours of training

Chairman's Statement

> "Our Value Creation Plan remained our guide through this period, ensuring we stayed on track in growing our core businesses, in enhancing revenue and optimising costs and in rationalising our non-core assets."

Dear Valued Shareholders,

FY2022 was a year fraught with challenges with slowdown in key markets, inventory shortages and COVID-19 related disruptions. These are also the same reasons why I would say how proud I am of my colleagues at Sime Darby Berhad who have worked hard to overcome these adversities to deliver over a billion ringgit in profits!

Our Value Creation Plan (VCP) remained our guide through this period, ensuring we stayed on track in growing our core businesses, in optimising costs and in rationalising our non-core assets. We have had to be resilient and agile to respond to the tough market conditions. And tough it was!

COVID-19-related disruptions in the form of lockdowns, significantly affected our Motors business in China. Supply chain disruptions resulted in a global shortage of cars, equipment and parts. We incurred additional costs arising from the unavailability of labour and a consequent increase in overtime payments. Our Industrial business in China was affected by the severe slowdown in the construction industry there.

Nevertheless, overall, our Motors business still performed well. Malaysia, which benefitted from the sales tax exemption, delivered a standout performance for the year. Our biggest market, China, started the year very strongly, but lockdowns in the fourth quarter affected their results. I was pleased however to see that our Motors businesses in Australia and New Zealand have both reported strong profits.

The Industrial Division was impacted by the slowdown in the China construction industry. But our operations in Australia benefitted from record metallurgical and thermal coal prices.

I am heartened to note the strong positive contributions from our recently acquired operating units. The New Zealand Caterpillar dealership Terra Cat, the motor dealerships in Parramatta, Sydney and our most recent acquisition, Salmon Earthmoving Holdings Pty Ltd (Salmon Australia), have all contributed positively.

Financial Performance

The Group reported net profits of RM1.1 billion for the year in review. Last year, the Group reported net profits of RM1.4 billion, which included a one-off gain of RM272 million on the divestment of the Group's stake in Tesco Malaysia. Adjusted for this, core net profit declined by 4.3%.

Revenue for the year was relatively lower at RM42.5 billion compared with RM44.3 billion in FY2021, largely due to the impact from supply constraints.

The Motors Division did not have an easy year, with the China operations delivering lower profits due to inventory shortages and COVID-19 lockdowns in parts of China, including Shanghai. This was compounded by lower dividend income received from BMW Malaysia. However, the situation was partly mitigated by improved profits from Malaysia, in particular from our BMW and Porsche businesses.

The Industrial Division's PBIT for the year in review decreased by 12% to RM803 million. This was mainly due to a decline in contribution from the China operations as a result of the significant contraction in industry size. The Chinese excavator market has shrunk by about 50% from its peak. Fortunately, the Industrial Division's Australian operations performed relatively well on the back of strong equipment

Untitled (Abstract Form)
The artwork featured here in the backdrop is by Malaysian artist, the late Datuk Ibrahim Hussein. It is part of a collection of paintings from the renowned painter on display at Menara Sime Darby.

Tan Sri Samsudin Osman
Chairman

Chairman's Statement

deliveries. However, the after-sales business was impacted by a parts price reduction exercise and deferral of major maintenance work by mining customers.

These results demonstrate the resilience of our two core businesses of Industrial and Motors, and how our geographical spread provides us with the ability to withstand shocks. We aim to strengthen our two core divisions through further acquisitions or expansion along the value chain to deliver more value-added products and solutions to our customers, and to meet with changing market demands.

Dividend and Share Price

The Group's policy is to distribute a dividend of not less than 50% of the full year's net profit. For the last four financial years following the demerger, we have declared more than 70% of our net profit as dividends to our shareholders.

For FY2022, we have declared total dividend of 11.5 sen per share, including the first interim dividend of 4 sen per share paid in May 2022. This brings the total dividend for the year to RM783 million, equivalent to 71% of our net profit for the year.

Our share price opened at RM2.18 per share at the start of the financial year and closed at RM2.13 per share. In FY2022, with the dividend declared, our Total Shareholder Return (TSR) at 3% outperformed the KLCI by 5.5 percentage points.

Powering Ambition, Shaping a Sustainable Future

FY2022 was a year of continuing our ambition to be focused on the growth of our core businesses of Motors and Industrial, and the strengthening of our commitment towards the highest standards on environmental sustainability, social responsibility and corporate governance.

Despite headwinds experienced over the year, the Group has been successful in implementing the strategies laid down in our VCP, and in delivering value to shareholders.

The inventory shortages experienced during the year has been offset by an increase in margins in a supply-constrained marketplace. Nevertheless, our Returns on Average Invested Capital (ROAIC) declined from 11.1% in FY2021 to 8.8% in FY2022, due partly to the gain from the divestment of our stake in Tesco Malaysia in FY2021, and overall challenging market conditions in FY2022.

Part of the VCP involves continuous reviews of our operations to ensure we optimise every resource. We will continue to place emphasis on enhancing our ROAIC, through various initiatives such as working capital enhancement, cost optimisation and productivity improvement to extract greater value from our operations.

With more than 22,000 employees across 19 countries and territories, we are cognisant of how important the roles our people play in the Group's success. One of my learnings during the past two years of the pandemic is how capable and committed our local management teams have been. Despite all the difficulties that the pandemic and supply constraints have thrown out, they have continued to

Revenue
RM42.5b

Net profit
RM1.1b

2

Togetherness
This painting, by Malaysian artist, the late Datuk Ibrahim Hussein, is one in a series of three entitled Togetherness. It reflects the way in which all members of the Sime Darby family interact and work with one another, to deliver results and ensure sustainable value and futures for our stakeholders. This painting is displayed at Menara Sime Darby, where a collection of paintings from the renowned painter, is on display.

1. Sime Darby is a leading dealer of Rolls-Royce Motor Cars in China.
2. We are one of the largest BMW dealers globally.
3. Sime Darby Motors' subsidiary, BMW Concessionaires (HK) Ltd., debuted Hong Kong's first BMW iSpace showroom in June 2022, which houses the entire BMW i Series range and the all-new MINI Electric.
4. The Cat® 796 AC electric drive truck offers more flexibility than any other truck in its size class – delivering optimised performance and better productivity.
5. Sime Darby Industrial continues to operate in a lean structure, focusing on technology to deliver world-class services to our customers.

We aim to strengthen our two core divisions through further acquisitions along the value chain to deliver more value-added products and solutions to our customers, and to meet with changing market demands.

focus on their operations and have been able to consistently produce very commendable results for the Group.

Besides ensuring operational excellence, we have also continued to expand our various businesses. Our Motors business in China successfully executed its aggressive greenfield expansion plans during the year. Today, our footprint in China continues to expand with new outlets in cities like Jiangmen (BMW), Foshan (BMW), Changsha (MINI), Guangzhou (MINI & Li Auto), Shenzhen (BMW) and Zhuzhou (Tesla).

We also recognise growing trends in alternative mobility, and have made investments in start-ups such as Carro and SOCAR. And we have invested in GLy's New Mobility Fund to stay abreast with the latest developments in the space with a view to future-readying our Motors business.

In preparation for the electric vehicle (EV) revolution, and to capitalise on the opportunities that will follow, we have set up a new business unit, KINETA which supplies and installs EV chargers and EV charging solutions in Malaysia and Hong Kong. KINETA represents renowned brands such as Wallbox, Starcharge and Tritrium, and aims to fulfil every EV charging need, be it in commercial or residential environments.

Management continues to divest non-core assets. To-date, we have disposed of our stakes in Tesco Malaysia, in Eastern & Oriental Berhad as well as three river ports in Jining, our water management business in Weifang and our global shared services centre. We have also recently signed agreements for the sale of the Weifang port companies, which are expected to be completed by the end of 2022 and will see our exit from the Logistics business in Shandong Province, China.

Chairman's Statement

In preparation for the electric vehicle (EV) revolution, and to capitalise on the opportunities that will follow, we have set up a new business unit, KINETA.

These divestments essentially mean that we will move forward with two core divisions; Industrial and Motors.

We also have a valuable business in Healthcare, via a 50:50 joint venture with Ramsay Health Care. With increased demand for healthcare and growing affluence in the region, we believe Ramsay Sime Darby Health Care has much inherent value and bright prospects, and we will continue to manage this business and to seek out opportunities to maximise returns for our shareholders.

As we strive to deliver value to our shareholders, we remain cognisant of our responsibility as a corporate citizen and the impact we have on our environment and the surrounding communities. We operate responsibly by balancing our economic aspirations with our environmental, social and governance obligations.

The Group's governance structure remains robust. The Board and management are fully aware of the need to protect the environment and to ensure we behave responsibly in the communities we operate in. This has been ingrained in Sime Darby's culture for many, many years. We have further strengthened our commitment, and have put in place a new holistic Sustainability Blueprint, which we introduced in FY2021.

The Blueprint is fundamental to how we want to do business to create long term value to our stakeholders and to strengthen our commitment to the highest standards of corporate governance, environmental sustainability and social responsibility.

FY2022 saw the functionality of the Sustainability Blueprint really start to take shape through the creation and integration of the seven Flagship Initiatives. These Initiatives are an essential aspect of the Blueprint as they provide guidance to our operations in aligning their projects to the greater sustainability agenda. They support a robust internal reporting framework that enables us to quantify our sustainability-based initiatives.

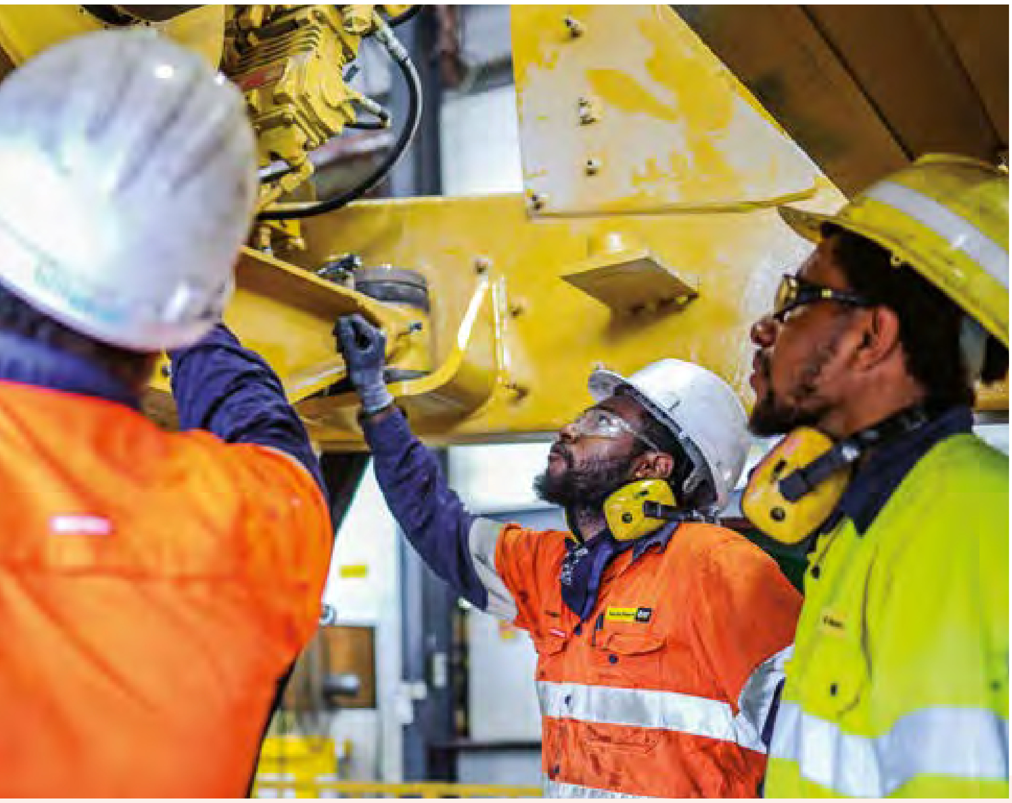
We believe that our focus on sustainability not only strengthens our social licence to operate, but also enhances our ability to run our businesses efficiently, competitively and generatively into the future. Sime Darby Berhad is committed to Delivering Sustainable Futures.

Governance

We have always believed that strong corporate governance is fundamental in enabling our businesses to operate sustainably and to bring about stable shareholder returns. Sime Darby Berhad's governance framework is constructed on the highest principles of transparency and accountability, and these same values have been guiding the execution of our strategies and in our engagement with stakeholders at every level. Our team works to ensure that our standards are on par with international best practice standards, which are important in our dealings across our region-wide operations.

During the year, the Board of Sime Darby Berhad approved revisions aimed at empowering the management team to operate more efficiently, following a review of the Group Policies and Authorities (GPA).

In following through with the requirements of Section 17A of the Malaysia Anti-Corruption Commission Act 2009, we looked at ways in which we could enhance our standards of practices in anti-bribery across our operations. One of our key initiatives during the year was the development of our own Gifts, Hospitality and Donation (GHD) registry. Named *yourTrust*, the application enables employees to register the gifts, hospitality and donations they give out and receive. *yourTrust* was developed to improve the transparency and



1. With the first all-electric Taycan sports car, Porsche entered a new era in 2019 and, since then, has consistently expanded its product range in the field of electric mobility. Sime Darby Motors currently represents Porsche in Malaysia, Australia and in New Zealand.
2. Sime Darby Motors is committed to providing customers with first-class service for their BMWs.
3. Fitters and apprentices from Hastings Deering checking the engine installation for a 785D Truck from the Lihir New Crest Gold Mine, which is undergoing a rebuild process at Hasting Deering Papua New Guinea, Port Moresby Business Centre.

accountability of the various customs and practices surrounding gift exchanges across the 19 countries and territories where we operate, some of where these practices are deeply rooted.

Outlook

Sime Darby Berhad, having been a trading partner to some of the world's most admired brands since the 1920s, is often perceived as a long-term proxy to Asia Pacific. Our partners rely on our deep knowledge and understanding of the different cultures and demands of the region, to better market their products and to represent their brand to consumers. We are very proud of the relationships and trust that we have built with some of our long-term partners such as Caterpillar, BMW, Ford, Jaguar, Land Rover and Porsche, among others.

We will continue to focus on expansion in China, which we view to be the engine of growth for Asia Pacific. Demand for luxury items from the growing urban middle class is expected to remain robust while economic activity will drive demand for commodities such as metallurgical coal.

In planning for the future of Sime Darby, we are cognisant of the growing demands for greater commitment from businesses and the society at large to improve commitment and actions towards reducing carbon emissions. This will impact our traditional business profit pools. For example, with the rapid rise in popularity of EVs, replacing traditional internal combustion engine cars in the last few years, the Group has been readying itself in several areas; technical capabilities in servicing and retailing, as well as leveraging on the surging demand for charging equipment and infrastructure.

In the mining industry, we believe that there are significant opportunities for the Group. Although global demand for thermal coal is predicted to decline, there will remain a "long tail" demand from coal-fired power plants around the world. Australian thermal coal mines are the most efficient mines in the world, producing some of the highest quality coal. We believe metallurgical coal mining will remain as there is no viable substitute for it for steelmaking. We see the energy transition from fossil fuels to renewables resulting in a huge demand for minerals such as copper, nickel, lithium and cobalt, all of which are necessary in the production of electronics and electrical products and which will have to be mined.

Acknowledgements

On behalf of the Group, I would like to express our sincere appreciation and gratitude to Dato' Ahmad Pardas Senin and Dato' Sri Abdul Hamidy Abdul Hafiz for their invaluable service to the Group. Both Directors have expressed their intention to retire at the forthcoming Annual General Meeting. Dato' Ahmad Pardas will retire as Senior Independent Non-Executive Director, while Dato' Sri Abdul Hamidy will retire as an Independent Non-Executive Director.

I am pleased to welcome Tan Sri Muhammad Shahrul Ikram Yaakob, who was appointed as an Independent Non-Executive Director on 8 June 2022, to the Board.

Finally, I would like to express our gratitude and thanks to our valued shareholders for their faith and support all these years. My appreciation goes to my fellow Board members, management team and all employees of Sime Darby Berhad for their commitment, hard work and loyalty.

Tan Sri Samsudin Osman
Chairman

Group Chief Executive Officer's Q&A

"Although there will likely be challenges in the next few years, we expect demand to be sustained. The Group has a clear plan which the management team is executing upon. And the Group's balance sheet remains strong."

Togetherness
This painting, by Malaysian artist, the late Datuk Ibrahim Hussein, is one in a series of three entitled Togetherness. It reflects the way in which all members of the Sime Darby family interact and work with one another, to deliver results and ensure sustainable value and futures for our stakeholders. This painting is displayed at Menara Sime Darby, where a collection of paintings from the renowned painter, is on display.

Q FY2022 was a challenging year for the automotive industry. Nevertheless, Sime Darby's Motors Division did well with a PBIT of over RM1 billion. How did you overcome the multiple disruptions like the supply chain issues and COVID-19 lockdowns?

FY2022 was indeed a challenging year for the Motors Division. Whilst demand for cars remained relatively strong in all our markets throughout the year, the number of new vehicles sold dropped by 10%, from 103,417 units in FY2021 to 92,594 units in FY2022. Our operations were severely affected by supply constraints and numerous COVID-19-related lockdowns, especially in our biggest market, China.

The global shortage of semiconductor chips and other components affected the entire industry. And in the months of April and May of 2022, we were saddled with lockdowns in China, for example in Shanghai and Shenzhen, which caused severe disruptions to our businesses and further exacerbating already troublesome logistical issues in China and the rest of the world.

But revenue declined by only 3% to RM27.3 billion. With solid customer demand in an environment of supply shortages, we were able to improve margins. Due to better margins, PBIT dropped only marginally from RM1,050 million to RM1,020 million.

China remains our biggest contributor, and we would have performed significantly better if not for the lockdowns in the latter part of our financial year.

Our Malaysian operations, which benefitted from the extended sales tax exemption, had an outstanding year. The new Parramatta businesses in Sydney performed well and contributed positively to the Australian results, despite the lockdowns in the city at the beginning of our financial year. The economic recovery in New Zealand created strong demand for our commercial trucks, equipment and parts businesses. The only soft spot was in Singapore, where the all-time high Certificate of Entitlement costs resulted in lower margins.

But overall, I was pleased with the performance of the Motors Division in what were trying conditions.

Q The Industrial Division in FY2022 saw a similarly muted performance as the previous year. What is affecting performance and when can we expect to see an improvement?

The heavy equipment business in China was badly affected by the slowdown. Our profits there declined by around 45%, as many infrastructure projects have been put on hold. The excavator market contracted by about 50%.

But commodity prices, including both metallurgical and thermal coal, have been very strong, resulting in robust demand for new equipment from our mining customers. However, we did see many customers deferring maintenance and equipment rebuilds to concentrate on production which affected our after-sales business. Results were also impacted by a parts price reduction exercise and additional manpower costs, due to enforced absenteeism as a result of COVID-19.

Nevertheless, our order book remains strong. And we do expect for the backlog of maintenance work to come in during FY2023. So, I am optimistic of an improved performance in FY2023.

Q The Group has been actively divesting assets in the last few years. Can you shed some light on the reasons for these divestments? What other assets are planned for divestments? And what are the Group's plans for the proceeds?

After the demerger, we spent time thinking about what the "new" Sime Darby should look like. Our vision was to become the leading automotive and industrial equipment trading company in the Asia Pacific region. We then reviewed our asset and business portfolio and it became very clear what businesses and assets were core. And what were non-core.

But it is not easy to divest assets quickly and at the right price. We didn't want a "fire-sale" and so had to be patient and to wait for the right time. It has taken us almost four years, but this divestment exercise is now largely completed.

Sime Darby Industrial continues to invest in people through training and development in its continued efforts to deliver win-win outcomes across employee and customer experience.

Dato' Jeffri Salim Davidson
Group Chief Executive Officer

Group Chief Executive Officer's Q&A

We still have some land in Labu, which is part of the Malaysian Vision Valley, where we will continue to look at opportunities to divest at the right price. And we have a few smaller businesses and assets which are also considered non-core, but these are profitable and there is no need to rush any further divestment.

We have received over RM600 million from the sale of assets like our investments in Eastern & Oriental and in Tesco Malaysia, as well as Weifang Water and Jining Ports. Some of the proceeds were given back to shareholders in the form of special dividends. More importantly, some of

1. Parramatta Jaguar Land Rover has been recognised as Australia's top-performing dealership for 2021/2022.
2. China Engineers Limited (CEL) is the sole distributor of Cat equipment across seven provinces in China, namely Guangdong, Guangxi, Hainan, Fujian, Jiangxi, Hunan, and Xinjiang.
3. The Definition CE 04 concept electric scooter, BMW Motorrad's first all-electric motorcycle is on display at Hong Kong's first BMW iSpace showroom in Wan Chai.
4. Sime Darby Motors is the official automotive dealer of BYD vehicles in Singapore, and the distributor of BYD vehicles in Malaysia.

We have grown steadily since those pioneering days, and today, China is our largest market.

it have been re-invested in our existing businesses; into new dealerships, in the continual upgrading of our facilities, in operational assets and in acquisitions to grow and strengthen our businesses. In the last couple of years, we have spent a total of approximately RM1.6 billion in the acquisition of motor dealerships in Parramatta, Sydney, a Caterpillar dealership in New Zealand, a chroming business in Australia and an equipment rental business in Australia. I daresay that future cash generated will be used in a similar way.

Q You have recently announced that the discussions around the proposed divestment of RSDH was terminated. So, going forward, what is the plan for the Group's investment in the healthcare business?

I had mentioned earlier that our vision was to become the leading automotive and industrial equipment trading company in the Asia Pacific region. And so, the question was this, "where did our wonderful healthcare asset, in the form of our 50:50 joint-venture in Ramsay Sime Darby Health Care (RSDH), fit in to the "new" Sime Darby?".

On one hand the healthcare business is non-core. There is very little synergy between a healthcare business and our trading business. Whilst profitable, it is still relatively small, making up less than 5% of the Group's profit. And although we did successfully acquire the Manipal Hospital in Klang, it is not easy to grow the healthcare business to become a more regional player, and to achieve a more meaningful size, due to the steep valuation of assets in this sector.

On the other hand, it is a great asset. It is profitable, and we have very good partners in Ramsay Health Care. Subang Jaya Medical Centre is arguably the best private hospital in the country. And we have other well-established hospitals in Kuala Lumpur, Jakarta and Surabaya. We work with a bunch of incredibly long-serving, loyal and dedicated doctors, nurses, support and management staff. And of course, the healthcare sector is an exciting and fast-growing one.

When we received an unsolicited offer in March 2022 to acquire this asset, we had to make a very difficult decision. The offer price was relatively attractive, and the Board ultimately felt that the proceeds generated would be better invested in new opportunities in the automotive and industrial equipment sector.

However, the transaction didn't materialise. Going forward, management and the Board will need to think through on what the Group's position is on RSDH.

Q China's economic growth forecast has been downgraded this year to 3.3% by the IMF, the lowest in four decades. With China being one of the Group's key markets, how do you see the situation in China?

China is indeed a very important market for us. We must thank the previous CEOs of Sime Darby who had the foresight in the 1980s and 1990s to make, at that time, what must have been some bold decisions to invest in the heavy equipment and car distribution business there.

We have grown steadily since those pioneering days, and today, China is our largest market. Our China operations contribute around 40% of our revenue, spans 120 locations across 14 provinces, and employs over 6,000 people. And we will continue to invest in China. Over the past two to three years, we have almost doubled the number of auto dealerships in China. The most recent one to open was our first BMW dealership in Shanghai.

And yes, China is going through a bit of a slowdown. As mentioned earlier, the construction industry has been affected. The economy appears to be suffering from the effects of the global supply chain disruption and COVID-19-related shutdowns. Consumer optimism has, perhaps, dampened a little and there was some impact of the slowdown on our results for FY2022.

But we see this as no more than a short term "blip". China will recover quickly and will remain the engine for growth for Asia Pacific. It will continue to develop and urbanise. Its middle class will continue to expand. It is already

Group Chief Executive Officer's Q&A

1. Sime Darby Berhad, through KINETA, aims to position itself as one of the preferred AC charging solutions providers in Malaysia. KINETA supplies, installs and maintains your EV supply equipment journey.
2. Hastings Deering Papua New Guinea (PNG) supports the development of the resources, infrastructure, and energy industries in PNG.
3. Sime Darby Motors City is the largest technologically-advanced automotive complex in South-east Asia. It houses six flagship centres, featuring 10 brands.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the world's largest luxury market, and we believe that demand for premium products will become even stronger over the longer term.

To give some context, the United States has a car penetration ratio of 871 cars per 1,000 population. Malaysia has 433. China has 203. So, I am optimistic that there is still enormous opportunities for growth in China.

Q The world is fraught with rising geopolitical tensions leading to economic uncertainties, and for some, continuing COVID-19 related disruptions. Based on this year's results, Sime Darby was not spared. How does the Group ensure it continues to deliver value amidst such conditions?

Since the demerger almost five years ago, FY2022 has probably been the most difficult of times that we have faced. The twin impact of the Russia-Ukraine conflict and COVID-19 has caused severe disruption to the world's economies. Our OEM factories and our operations were not spared. There has been a severe shortage of components while COVID-19 lockdowns have caused showrooms and service facilities to have to be periodically shut. We have had to incur additional staffing and overhead costs during this time.

Having said that, demand for the Group's products has remained relatively strong. We were still able to deliver a pretty strong set of results. This I think, has been due to the advantages of having geographical diversity and highly capable and experienced management teams.

There is a "flip" side too. The energy crisis has resulted in record prices for commodities such as thermal coal, which in turn has driven demand for new equipment from our coal mining customers. Our Industrial operations in Australia has seen robust activity as miners replace fleets and this has strengthened our order books.

We are, of course, beginning to experience rising inflation and increased cost of borrowings. The full impact on economies and our businesses in the next year or so remains to be seen.

Although there will likely be challenges in the next few years, we expect demand to be sustained. The Group has a clear plan which the management team is executing upon. And the Group's balance sheet remains strong.

Q **Companies are facing increased pressure to act on environmental, social, and governance issues. Investors, regulators, communities, customers, employees, and other stakeholders are paying closer attention than ever before. Can you give insights as to what Sime Darby is doing to address this?**

There certainly has been an increased awareness and emphasis on sustainability from various stakeholders over the past few years. And at Sime Darby, we too have increased our focus. We launched our Sustainability Blueprint last year with the one major aim to reduce our Scope 1 and Scope 2 carbon emissions by 30% by 2030. Supporting this are numerous flagship initiatives that are progressively being rolled out.

From a Governance perspective, I believe that Sime Darby is in a reasonably good position. We have, over the many years, put into place strong governance and internal control processes which are overseen by the Board and supported by the Governance & Audit Committee.

From a Social perspective, we have focused on two major areas.

3

One is around our employees and, in particular, around improving the safety culture throughout the organisation. Our recent safety record and safety culture is something that we take great pride in. It is an area where we continue to grow our capacity through continuous training, monitoring programmes and culture-building. Our "Safe, Engage, Lead, Focus" (SELF) safety culture programme, which was an initiative successfully implemented a few years ago in our Industrial operations in Australia, is being progressively rolled out throughout the Group. It is the foundation to which we create awareness on safety and the importance of making safe personal choices.

The other area is around supporting the communities where we operate. In Malaysia, the three Sime Darby companies continue to make significant important contributions, totalling RM80 million a year, to Yayasan Sime Darby to support its CSR programmes on education, community and health, environment, sports and arts and culture. In addition, across all countries of operation, we support the communities we operate within through varying CSR activities.

But the major focus over the next few years is really around the environment. Clearly, the planet is being severely impacted by increasing carbon dioxide emissions resulting in global warming and climate change. Sime Darby has a duty to play its part to reduce the impact on our environment.

Sime Darby continues to play a major part, working with our OEMs to transition the automotive industry from internal combustion engine cars to more energy-efficient, cleaner electric vehicles. Over the next few years, we will see quite a quick shift to EVs in our Asia Pacific markets. We are already participating in the development of EV charging stations in Malaysia, Singapore and Hong Kong.

Internally, numerous programmes have been rolled out to all operating units around reducing electricity consumption. We have plans to install solar photovoltaic (PV) systems across more of our facilities. All new facilities are designed to be "greener".

Group Chief Executive Officer's Q&A

In terms of EVs, we are really going "all in". Being the dealer for over 30 marques across Asia Pacific, we are fortunate to have a wide array of EV offerings from our incumbent OEMs giving us an immediate entry into the EV space.

To ensure understanding and alignment among employees and to drive accountability for delivery upon our material matters, we have cascaded our initiatives through an ESG Programme Management Framework designed to build engagement, foster individual ownership and provide a platform to report upon our progress.

We do believe we can achieve our overall purpose of "Delivering Sustainable Futures".

Q In last year's annual report, you talked about the disruptive trends affecting the automotive, including the agency model and the shift from internal combustion engine vehicles to electric vehicles. One year on, how is Sime Darby coping with these trends?

We are seeing major automotive disruptions including the emergence of the agency model, the rise of EVs and the growth of online used car platforms. The trends have really accelerated in recent years – we sold almost zero EVs in 2020, but they now make up 3% of unit sales volume. And EVs will continue to grow.

The agency model is gaining traction and will likely disrupt the traditional dealership model. It is being steadily rolled-out in Europe and we foresee the same happening to Asia. However, while we are keenly aware of the disruption the agency model could bring to traditional automotive dealerships like ours, we mainly serve the premium and luxury automotive sector where more personalised customer experience is expected, and where "high touch" is a prerequisite. We believe we will be less susceptible to the impact of the agency model. Nevertheless, we are building up other profit pools such as our after-sales and used car businesses, both of which are higher margin segments. Our broad portfolio of brands and geographical footprint also provides a buffer, as the shift will not happen everywhere, all at once.

Overall, we believe that large dealer groups such as Sime Darby will continue to play a strategic role as a partner of choice to OEMs in the region, by leveraging on our scale, financial strength, professionalism and local knowledge.

Moving forward, we believe the customer journey will alternate between physical and digital formats. Hence, we are developing an integrated and seamless omnichannel experience combining online and offline touchpoints, such as digital showrooms and mobile servicing.

In terms of EVs, we are really going "all in". Being the dealer for over 30 marques across Asia Pacific, we are fortunate to have a wide array of EV offerings from our incumbent OEMs giving us an immediate entry into the EV space. We are also targeting new Chinese EV brands to broaden our EV offerings. Our China operations is an important component in our strategy as it gives us a "front-row" seat to follow developments in the most sophisticated EV market globally and to transfer these learnings to our other markets.

We have made venture capital investments in mobility start-ups such as Carro and SOCAR to enhance learnings in this space and to reap synergy benefits with our traditional auto business.

Our assembly operations in Inokom which assemble BMW, MINI, Hyundai, Porsche and Mazda is another strategic component that allows us to play higher up the value chain in a segment that is insulated from the agency model.

As you can see, we are well positioned to be the strategic partner for OEMs in the region due to our scale and track record, but we are continuing to enhance our offerings and to move with the times.

Q Sime Darby is one of Caterpillar's largest mining dealers supplying equipment and services to the mining industry, especially in Australia. With calls for action against climate change growing stronger, and the move towards renewable and more sustainable energy sources, is Sime Darby's business going to be affected in the medium and longer term?

Sime Darby is the second largest Caterpillar dealer worldwide and Australia is a key market.

1. Our partnership with Porsche began in 1998 when Sime Darby Berhad acquired Continental Car Services Ltd, a multi-franchise dealership based in Auckland, New Zealand.
2. The all-new MINI electric on display at Sime Darby Motors Hong Kong's first BMW iSpace showroom in Wan Chai.
3. Caterpillar offers best-in-class equipment and is well positioned to support our customers' equipment needs into the future.
4. Coupled with decades of experience, our service teams adopt the latest technology to provide the highest of quality workmanship for our customers.

Our Industrial business in Australia is significantly exposed to metallurgical, or met coal, which is an essential component for steelmaking. Australian met coal is known to be of the highest grade in the world and will continue to be in high demand. High quality steel will continue to be needed as governments worldwide invest in infrastructure development. And so, we expect a long runway for met coal.

We also have exposure to thermal coal, but to a lesser extent. Although thermal coal is considered "less clean", it will continue to form the baseload in the energy mix. New coal fired power plants are still being commissioned, which provides a 20- to 30-year lifespan of demand for thermal coal. In this regard, Australian thermal coal has the highest calorific content in the world and burns most efficiently, which means that it will likely to be the last to be phased out.

On a broader note, mining will continue to play a pivotal role in the energy transition towards renewables like wind and solar. There will be fresh demand for minerals such as lithium, nickel, cobalt, copper and aluminium to support the accelerated energy transition. Energy experts forecast that an additional US$1 trillion investment in capacity is required by 2035. Caterpillar offers the best-in-class equipment and is well positioned to support our customers' equipment needs into the future.

Besides mining, our Industrial business has a sizeable exposure to the construction and infrastructure sector. It is estimated that infrastructure investment in Asia is expected to exceed RM7.6 trillion per year until 2030, fuelled by population growth and increasing wealth. The Australian government has also rolled out a RM370 billion infrastructure pipeline that should be positive for equipment spend.

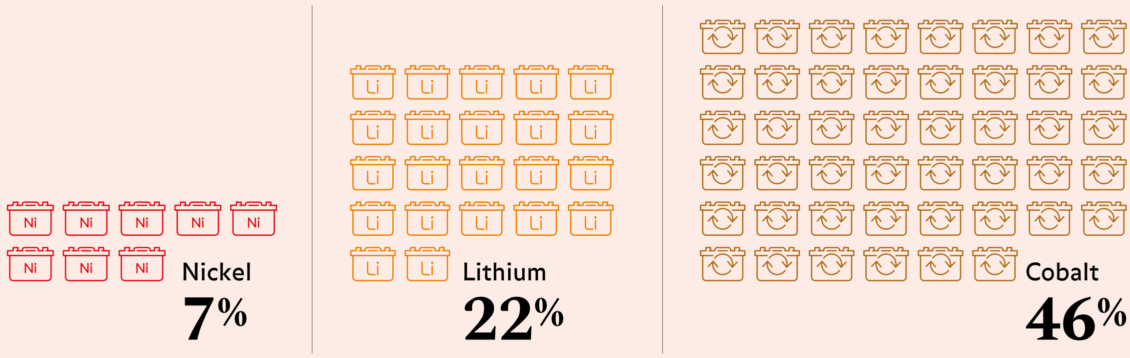
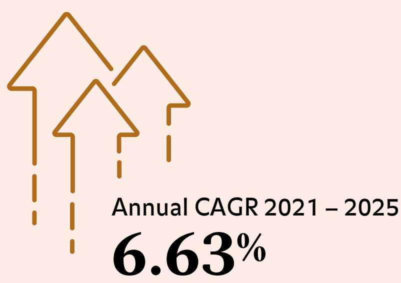
Business Environment

Our performance is impacted by key macrotrends that shape the world, as well as the geopolitical and economic climate of the countries we operate in. To ensure the Group's long-term success, we strive to stay ahead of the curve by identifying key trends affecting our business, now and in the future.

Market Trend	Description
Rising Inflationary Pressures	Inflationary pressures are rising and are expected to dampen economic growth. Governments across the globe are fighting rising inflation by tightening fiscal policies. Nevertheless, global inflation is expected to remain elevated in the short term before the global economy eventually rebounds. The IMF now expects the world economy to decelerate to 2.9% growth in 2023 with looming recession concerns. This is due to tightening financial conditions arising from rising central bank interest rates in the US, exacerbated by supply chain dislocations and surging commodity prices as a result of the Russia-Ukraine conflict. China's economy is also expected to undergo a slowdown, following a series of lockdowns in major cities and production hubs. Overall, this has a knock-on effect on the region including the key markets we operate in. For our Industrial sector, inflationary pressures could impact production pricing and labour cost, while the weakening of consumer purchasing power could mean reduced demand for our Motors sector in the short run.
Record High Commodity Prices	The rapid reopening of the economy, supply chain disruptions and trade sanctions imposed on Russia following the Russia-Ukraine conflict have led to commodity prices hitting record highs. In July 2022, metallurgical coal prices touched US$240 per tonne, Newcastle thermal coal shot up to US$440 per tonne and Brent crude oil was US$108 per barrel[1]. The Bloomberg Commodity Spot Index rose to its highest ever level in June 2022. High resource prices have driven mining companies to ramp up production capacity to take advantage of current price levels. This, in turn, will drive demand for mining services and equipment in the near term. As supply chains reopen and normalise, we anticipate a slight softening of commodity prices but we believe they will still remain above breakeven points and thus stay profitable for mining companies. **Bulk commodities prices remain elevated** Coking Coal **US$240 per tonne** Newcastle Thermal Coal **US$440 per tonne** Brent Crude Oil **US$108 per barrel** 1 Source: Bloomberg IAC1 – Aus Premium Coking Coal Futures (as of July 2022)

Our Response	Industries Involved
Our Motors business focuses on premium and luxury products and services, for which demand is less price sensitive relative to mass market brands. On the Industrial side, inflationary pressures may drive higher commodity prices which have a positive impact on equipment sales. While we may be more resistant to inflationary pressures, we work hard to ensure that we remain resilient, and continue to sharpen our competitive strengths. These include our strong business fundamentals, our diversified geographical and sectoral footprint, and our strategic pursuit of operational excellence, productivity and business expansion.	Industrial Motors Healthcare
Our Industrial operations are well placed to capitalise on the opportunities presented by the current strong commodity prices as we provide equipment and maintenance necessary to support the mining sector and the rise in infrastructure projects. Furthermore, as commodity prices moderate, mining companies tend to undertake more equipment maintenance which is the high margin part of our business. We see operational excellence as a key enabler in maximising opportunities for our Industrial Division. We will continue to enhance the quality of our products and services and to provide value to clients through greater productivity and efficiency as well as data analytics. In addition, we currently operate mostly in the "load and haul" segment and have ambitions to expand along the value chain to become an integrated service provider for mining. This positioning would allow us to capture a greater "share of wallet" from our customers by providing the full suite of solutions, and further capitalise on the mining boom.	Industrial

Business Environment

Market Trend	Description
Global Energy Transition and its Impact on Mining	The global energy transition is well underway. In 2021, the renewable share of the world's total energy generation capacity stood at 38.3%. This transition has seen an unprecedented demand for minerals such as copper for solar photovoltaic (PV) panels, nickel and lithium for EV batteries and cobalt for rechargeable batteries. The World Bank estimates that production of such metals and minerals will have to increase by nearly 500% by 2050 to meet global demand, which will have to be achieved by increasing mining activity for new minerals. Nevertheless, in the immediate term, fossil fuels still remain relevant and will form the base of the energy mix. Indeed, surging natural gas prices exacerbated by the Russia-Ukraine conflict have meant that global coal consumption is expected to rise to an all-time high in 2022 of 8 billion tonnes, with further growth expected next year. **Exploration budgets have increased at a 5Y-CAGR**  Source: S&P Capital IQ Pro, EY Knowledge Analysis
The Continued Growth of the Chinese Luxury Market	China is currently the third largest luxury market after North America and Europe. It is projected that the Chinese luxury sector will accelerate at a CAGR rate of 6.63% from 2021 to 2025[1] and the country is on track to become the world's biggest luxury market by 2025. Fuelling this growth is China's expanding middle class which is increasingly affluent and sophisticated, and has an appetite for luxury products from handbags and watches to luxury vehicles. In 2021, Chinese consumers spent nearly RMB471 billion on luxury goods, a significant increase of 36% compared to 2020. **Projected growth of China's luxury goods market**  1 Source: https://jingdaily.com/5-things-slowing-china-luxury-growth/

Our Response	Industries Involved
The ongoing energy transition opens up vast opportunities for the Group. We believe that mining will continue to play a pivotal role in this trend as the push for renewable energy (wind, solar and battery storage) will spur demand for minerals such as lithium, nickel, cobalt, aluminium, etc. To support the accelerated energy transition, Wood Mackenzie, the energy consultancy, forecasts that an additional US$1 trillion investment in capacity is required by 2035. As an experienced provider of large mining equipment and solutions, we are well placed to capture opportunities to support the exploration of new minerals for the renewable energy space. We are also eager to develop interim solutions in cleaner fuel sources such as our investment in Mine Energy Solutions that provides high density compressed natural gas solutions for mining equipment.	Industrial
China's appetite for luxury goods augurs well for our Motors business, as the majority of our brands in China are in the premium and luxury segments such as BMW, MINI, Rolls Royce, Lamborghini and McLaren. Our strategy to capture a larger share of this booming market is to expand our presence in the country through a broader sales network while cementing our reputation as a leading provider of premium automotive marques to secure greenfield expansion opportunities from our principals.	Motors

Business Environment

Market Trend	Description

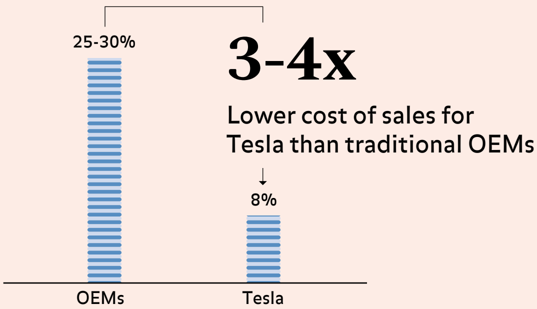
Introduction of the Agency Model by Car Manufacturers

The agency model is gaining traction and may impact the traditional dealership model in the automotive market. Under the model, customers will purchase their vehicles directly from car manufacturers through online channels, instead of going through a dealer. This means that dealers will essentially act as fulfilment agents and focus on a reduced scope of managing delivery, coordinating test drives and handling service appointments.

In Europe, the agency model is steadily being rolled out. We foresee the same happening to Asia in the coming years.

However, with this trend, large dealership groups may have an advantage due to their scale and resources, giving them the ability to provide "best-in-class" service and operate in various parts of the value chain (after-sales, used car, assembly) to broaden the profit base.

3-4x lower cost of sales for Tesla



Source: Bain & Company

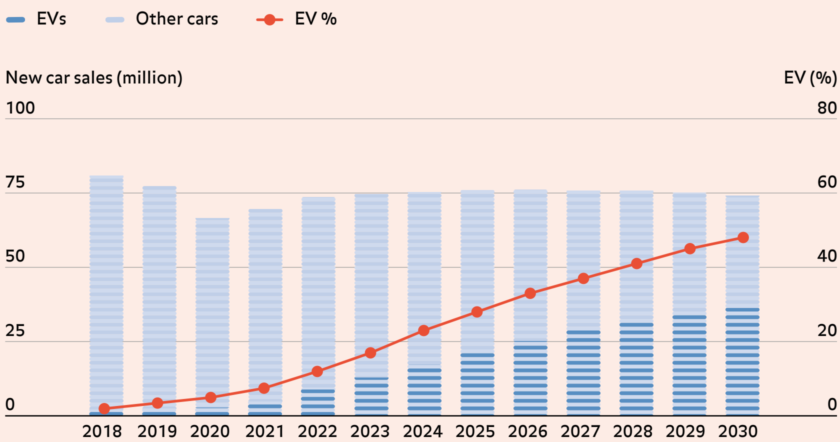
Accelerating EV Demand

EVs accounted for 9% of the global car market in 2021, with more than 6.6 million units sold worldwide, growing from 2.5% in 2019.

This demand continues to accelerate in 2022, spurred by newer and better EV models, rising fuel costs and government incentives driving sales.

China remains the dominant leader of the EV market. With 3.3 million EVs sold, China makes up more than half the global EV market and in 2021, the sales volume of EVs in China nearly tripled. China's impressive EV growth is the result of governmental efforts to accelerate decarbonisation through its 14th Five-Year Plan, which features subsidies, tax breaks and financial incentives to switch from internal combustion engine (ICE) vehicles to EVs.

Global passenger car sales excluding commercial vehicles



Source: Electric Vehicle Outlook: 2021 and beyond, Canalys

1 Global Electric Vehicle Outlook 2021 – Research and Markets

Our Response	Industries Involved
The Group mainly serves the premium and luxury automotive sector where "high touch" is a prerequisite of the customer journey. This entails close engagement that allows us to form relationships with our customers and provide excellent customer service, hopefully insulating us from the effects of the agency model. Also, we leverage on our scale, professionalism and local knowledge to play the role of strategic partner to OEMs in the region, entrenching ourselves in the value chain. That said, we are keenly aware of the disruption the agency model could bring to traditional automotive dealerships like us and continue to evolve. We are managing our risk by building up other profit pools such as our after-sales and used car businesses, both of which are lucrative high-margin segments. In the meantime, we continue to diversify our portfolio with more marques and in more geographies, as we believe the shift will not happen everywhere, all at once.	Motors
The immense potential of the EV market is driving us to build up our EV capabilities. To support our key OEMs who have committed to transitioning to an electric future, we have launched many new EV models from BMW, MINI, Porsche, Hyundai and Volvo, which have been well received. These products allow us to immediately participate in the EV revolution. Our Motors business has a large footprint in China. This not only gives us a "front row seat" to the most sophisticated and advanced EV market in the world, it allows us to forge partnerships with promising Chinese EV companies, and bring them into our other markets. In Malaysia, we have an EV charging equipment business called "KINETA" and are in the midst of developing a highly-efficient EV charging infrastructure network for our range of brands across the country in partnership with Tenaga Nasional Berhad. In addition, we are preparing our technicians for an EV future by putting them through training on EV-related technology and services. Together, these initiatives ensure that our EV capabilities extend across the entire EV value chain, allowing us to capture all opportunities in the segment.	Motors

Business Model

1. Our inputs enable us

2. To pursue opportunities and unlock possibilities

Inputs

Financial

- Strong earnings and robust balance sheet endow us with the ability to implement and execute growth strategies.

Intellectual

- Established brand equity built over 110 years.
- Longstanding and trusted partnerships with the world's leading automotive and industrial equipment groups.
- Capable management coupled with deep technical proficiency in our sectors.

Manufactured

- Portfolio of high-value facilities, infrastructure and distribution networks spanning Asia Pacific.
- State-of-the-art car assembly plant which assembles high value brands such as BMW, MINI, Porsche, Mazda, Hyundai and Kia.

Social

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

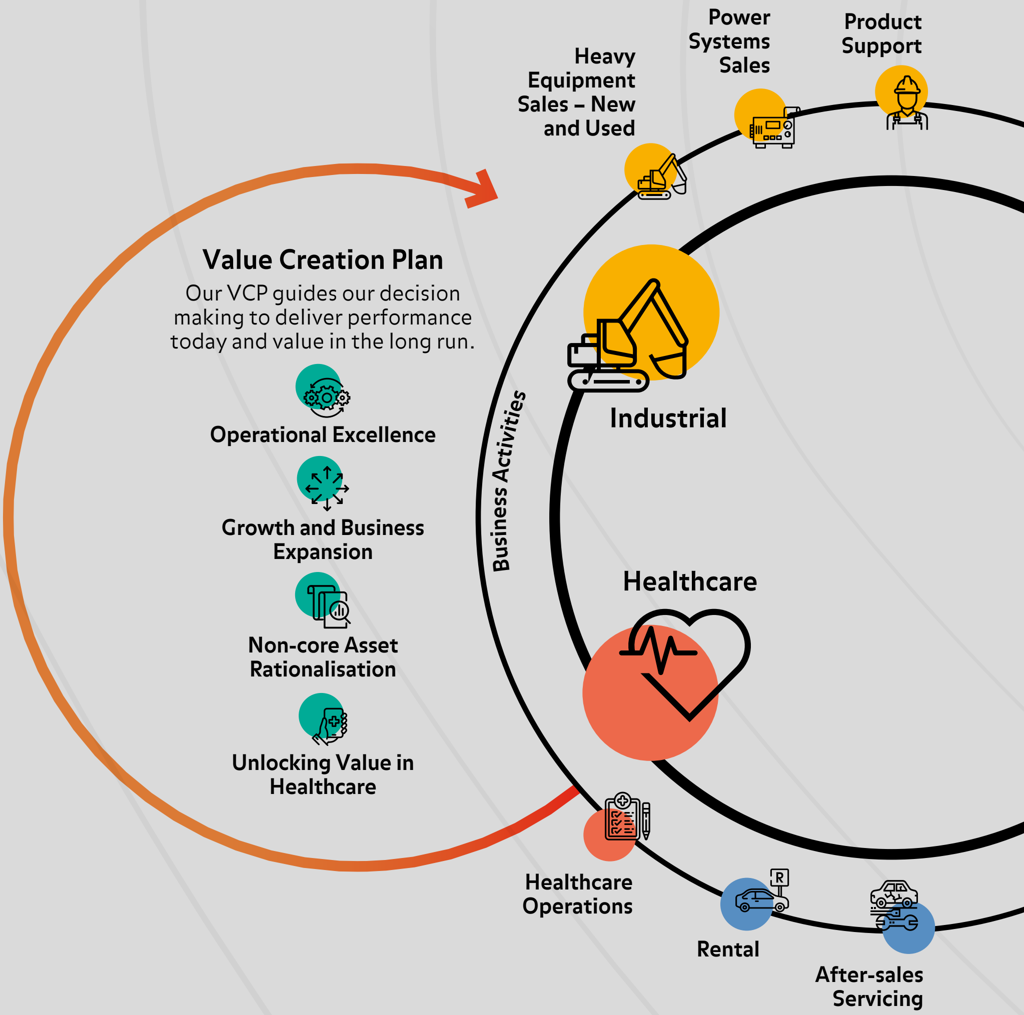
Human

- Active development, retention and recruitment of personnel.
- A ready pipeline of young talent cultivated through our established scholarship programme.

Natural

- Efficient use of water, energy and other natural resources, delivering sustainable value for our stakeholders.

How we create sustainable value



Read more about our Value Creation Plan on page 38

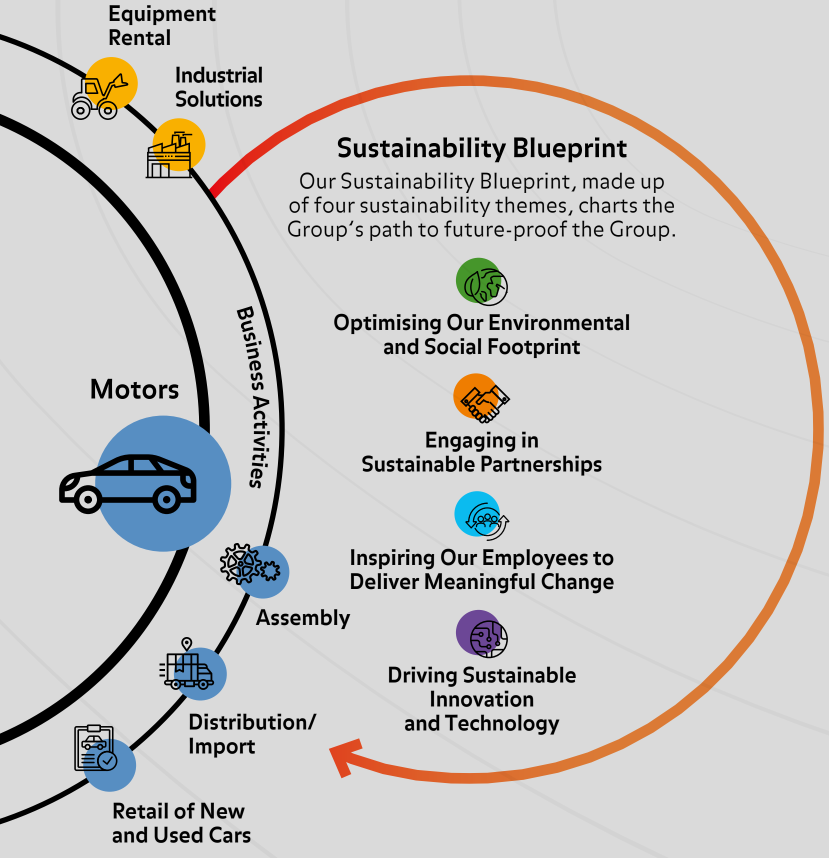
Key Enablers

Robust Value Creation Plan and Capital Allocation Framework

The two strategic masterplans lay down the solid foundation that is required to effectively execute our business expansion plans, enhance shareholder return and optimise growth.

Read more on pages 38 to 39 and 54 to 75

3. Creating a virtuous cycle of growth



Read more about our Sustainability Blueprint on page 40

Outputs	Outcomes
Financial	
• Revenue of RM42.5 billion • Net profits of RM1.1 billion • Total dividend payout of RM783 million • Market capitalisation of RM14.5 billion	• Strong earnings from operations, notwithstanding macroeconomic challenges, creating greater value for our stakeholders
Intellectual	
• Awarded 16 greenfield automotive outlets including 3 new EV brands in China • Awarded new Hyster dealership in Fujian • Launched KINETA to supply and install EV chargers and EV charging solutions in Malaysia, Singapore and Hong Kong • Set up Decoda, which will enable customers in the mining sector to optimise their entire mining value chains through analytics • Launched first multibrand used car centre in Parramatta, Sydney	• Increased brand equity • Stronger relationships with strategic partners • Deepened management and technological expertise in various aspects of the business
Manufactured	
• 92,594 new vehicles sold • 25,248 vehicles assembled • RM4.4 billion in industrial equipment order book	• State-of-the-art facilities built to high sustainability standards • Enhanced sales network across Asia Pacific
Social	
• RM20 million contributed to Yayasan Sime Darby	• Strong social license to operate • Enhanced brand equity as a responsible corporate citizen
Human	
• 22,862 employees in 19 countries and territories • Total recordable injury frequency rate performance improved by 22% to 3.30 • Increase of 8% in total training hours to 480,000 hours • Rolled out new Leadership Coaching Programme at Sime Darby Industrial and Sime Darby Motors	• Committed, capable and engaged employees • Highly-skilled and future-ready employees • A strong safety culture, with the goal of No Harm • A healthy talent pipeline and strong succession planning strategies
Natural	
• 13% reduction in Scope 1 emissions from 2020 levels • 4% reduction in Scope 2 emissions from 2020 levels • Produced 8,059 tonnes of scheduled waste • Consumed 947,199 kilolitres of water	• Positive contribution to climate-change reduction • Improved waste and water management systems • Growing portfolio of sustainable products and solutions

Deep Focus on Governance

Our rigorous pursuit of sound corporate governance ensures a high standard of accountability, integrity and transparency and allows us to deliver positive outcomes for our stakeholders.

Read more on pages 130 to 159

Capable Leadership and Management

Our leadership team provides a balanced and dynamic blend of skills, experience, professionalism and entrepreneurship that enables the Group to effectively run the business and execute expansion strategies.

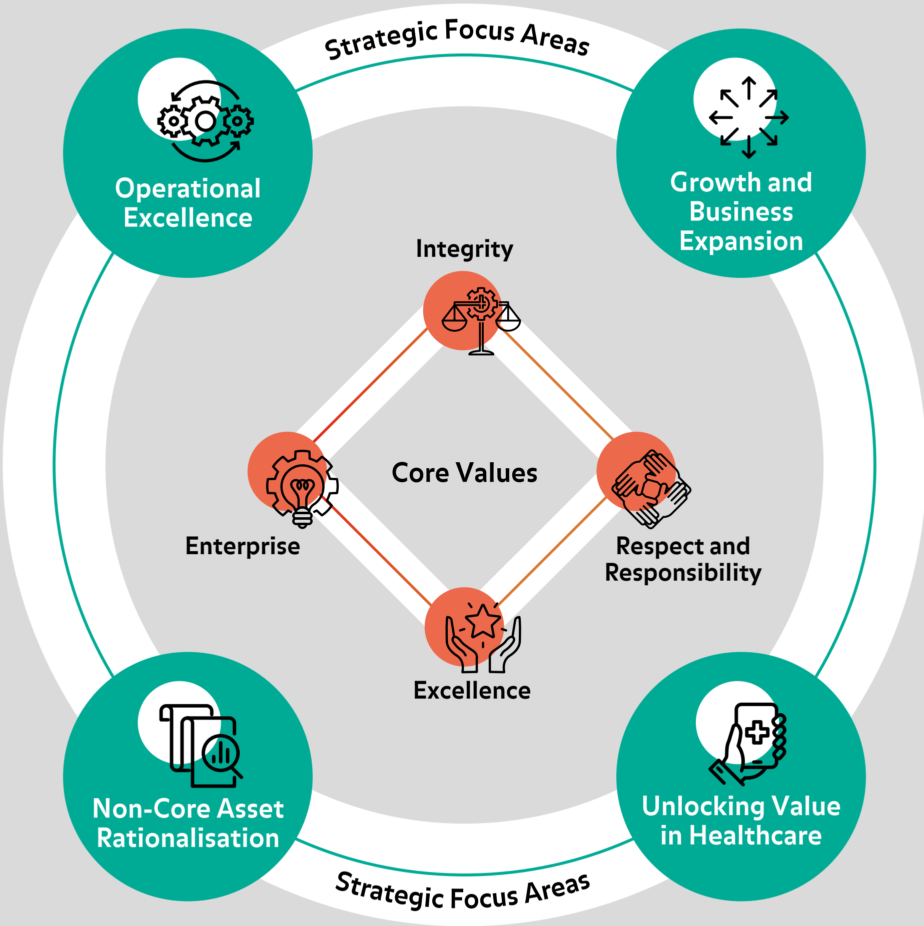
Read more on pages 120 to 129

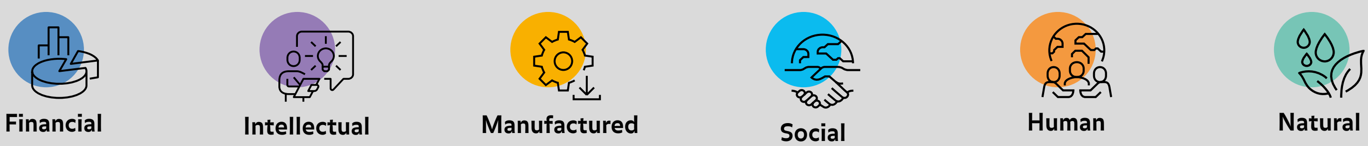
Value Creation Plan

Since its inception, the Group's five-year Value Creation Plan (VCP) 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. In the past four years, the VCP has also been key in directing business expansion that broadened our footprint and diversified our earnings base.

Our FY2022 financial results demonstrates once again the significance of the VCP. Despite being beset by multiple challenges in the year including COVID-19 lockdowns, inventory shortages and the slowdown of the Chinese economy, the Group delivered RM1.1 billion in net profit guided by the VCP. We also made significant progress in our non-core asset rationalisation programme.

The VCP is dynamic and evolving. Each year it is reviewed and refined to address prevailing market trends. The four strategic pillars that anchor the VCP have remained remarkably relevant for the past four years. Currently the Group is developing the next five-year VCP for FY2024 to FY2028 to take the Group forward in our future endeavours.





Operational Excellence

Our Objectives
- Grow sales volume and market share in core sectors.
- Enhance inventory management, optimise cost structure and increase profit margins to lift operational excellence.
- Use technology and innovation to streamline and improve our business processes.

Our Environment and Risks
- The slowdown in global economic growth and inflationary pressures may impact demand for our products.
- There is a risk of China's softening economy weakening further in the short term due to repeated lockdowns. Nevertheless in the long term, China's luxury market is projected to remain robust.
- Supply-chain disruptions may continue to persist, despite the reopening of the economy.
- Our principals switching to the direct-to-consumer format – where the manufacturer engages directly with customers – may disrupt our business model.

Key Capitals We Rely On
- We possess valuable capital in our portfolio of high quality, high-value facilities, infrastructure and broad distribution networks spanning Asia Pacific.
- Our efficient use of water, energy and other natural resources creates sustainable value for our stakeholders.
- Our inclusive, safe and collaborative culture nurtures a diverse future-ready talent pool.
- Our strong relationship with stakeholders like our principals and the local communities in the territories we operate is an important source of social capital that gives us the license to operate.

Our Performance
- Revenue: RM42.5 billion (continuing operations)
- Profit Before Interest and Tax (PBIT): RM1,841 million (continuing operations)
- Improved Return on Average Invested Capital (ROAIC) of 8.8% in FY2022 compared to 6.0% in FY2018
- Strong growth in Sime Darby Motors' after-sales gross contribution to RM1.67 billion (from RM1.2 billion in FY2019)
- Used cars sold in FY2022: 25,543
- Introduced Workday to realise process efficiencies for HR workflows.

Our Focus for FY2023
- Implementing initiatives to enhance productivity and optimise cost.
- Achieving higher unit sales and stronger market share.
- Improve profit margins by focusing on higher margin segments such as used car and after-sales.

Growth and Business Expansion

Our Objectives
- Acquisitions that will build capabilities in new markets, brands or segments.
- Develop more distribution channels and access new customer bases to build revenue and recurring income.
- Enter new geographical markets.
- Expand our range of products, solutions and services to broaden offerings.

Our Environment and Risks
- Inflation in asset prices has led to high valuations which could result in forgoing an investment or not achieving expected returns due to high investment cost.
- Not having the required skills, expertise and capabilities to embark on new product or service offerings, or management expertise in new markets.

Key Capitals We Rely On
- Our strong cash flow and balance sheet endow us with the ability to implement and execute our growth strategies.
- Our longstanding relationships with world-leading automotive and industrial equipment groups allow us to expand alongside our principals. In addition, our established track record also draws in new principals to work with us.
- Our businesses are powered by strong management expertise and deep technical know-how in running operations, allowing us the ability and resources to scale.

Our Performance
- Continuous greenfield expansion of auto dealerships in China.
- Set up KINETA – our business unit for EV charging solutions.
- Investment in GLy venture capital fund for new mobility investments.
- Successful roll out of locally-assembled Porsche Cayenne from the Inokom assembly plant.

Our Focus for FY2023
- Explore opportunities to expand in emerging markets to capitalise on favourable demographics and large populations.
- Pursue opportunities that are adjacent to our automotive and industrial businesses.
- Extend capabilities across the mining and construction value chains.
- Continue to grow our footprint in the Chinese luxury car market, including in fast-growing Tier 3 and Tier 4 cities.
- Seek out new partnerships for full electric vehicle brands in China and bring them to our other markets.

Non-Core Asset Rationalisation

Our Objectives
- Guided by the VCP, we seek to rationalise our non-core assets to streamline our portfolio, in order to better focus on our core businesses.

Our Environment and Risks
- Risk of not optimising disposal prices.

Key Capitals We Rely On
- Our strong balance sheet and financial position puts us in an optimal position to negotiate the best deals.
- Our management team brings wide experience in M&A transactions to maximise value.

Our Performance
- In the process of divesting Weifang Port for RM1.6 billion, marking our full exit from our non-core Logistics business.
- In the process of selling 3,424 acres of Malaysia Vision Valley land at Labu, Malaysia for total proceeds of RM1,185 million.

Our Focus for FY2023
- With the completed divestment of our large non-core assets, we have realised our goal of rationalising our portfolio. As such, this strategic pillar will no longer be a priority moving forward.

Unlocking Value in Healthcare

Our Objectives
- Improve the quality of products and services and increase in-patient volume.

Our Environment and Risks
- Competition from other healthcare providers.

Key Capitals We Rely On
- We have available capital to continue operating the business well.
- Our exceptional medical expertise, clinical excellence and established track record make for strong brand equity in the provision of healthcare services.

Our Performance
- Ramsay Sime Darby Health Care continues to deliver premium healthcare services and is viewed as a "provider of choice" in the markets in which it operates.

Our Focus for FY2023
- We are currently developing new strategies to reposition Ramsay Sime Darby Health Care.

Sustainability Blueprint

We are committed to embedding sustainable practices throughout our organisation. Building upon our core values, the Sustainability Blueprint (the Blueprint) is fundamental to how we do business by creating long-term value for our people, our customers, our shareholders and the communities we impact. The overarching aim of the Blueprint is to foster sustainable continuity by aligning to our corporate purpose, which is to deliver sustainable futures.

The Blueprint is a framework that charts our path forward and future-proofs operations. Developed through deep engagement with our leadership teams and other stakeholders, the Blueprint embeds sustainability into our organisation by aligning business strategy and decision-making with sustainable practice. The Blueprint also accounts for the Environmental, Social and Governance (ESG) requirements of our customers, investors, and principals.

The Blueprint complements our 5-year Value Creation Plan and, together, they reinforce our commitment to environmental standards, social responsibility, and corporate governance. This commitment gives us the ability to operate our businesses efficiently and competitively into the future and allows us to continue delivering sustainable value to our stakeholders.

Three interconnected components, which were developed in response to our material matters, are featured in the Blueprint. These sections are: Overall Targets, Themes, and Flagship Initiatives. Within our Creating Sustainable Value section (please refer to pages 94 to 119), the four Themes are applied as headings to showcase our sustainability reporting.

The Flagship Initiatives (the Initiatives) were developed over the past year and are new to the Blueprint. The Initiatives are strategic initiatives that both summarise and guide sustainable actions across the Group and Divisions. The Initiatives have enabled us to implement a tracking and reporting process that monitors the integration of sustainability-based projects across our business units.

Complementing the Initiatives, we have also developed and mapped 26 Activities (Activities) across the Group. Identifiable to specific Initiatives, these Activities represent subsets of categorical projects that are being implemented across the Group and Divisions. The Activities were identified through 1) current projects that implement a sustainable response or solution, and 2) sustainable projects that will provide the most upside and desirable impact to our current operations. When identified, all 26 Activities were already present within the Group or a Division. The Activities enhance our tracking and reporting process. They will be presented in greater detail within next year's Annual Report.

To learn more about the Flagship Initiatives and the 26 Activities, please go to the Creating Sustainable Value section on pages 95 to 97.

Delivering Sustainable Futures

Integrity	Respect and Responsibility	Excellence	Enterprise

Overall Targets	30% reduction of emissions by 2030 (Scope 1 and 2 only) from 2020 levels	Minimum RM250 million investments in ESG innovation by 2025	>50% products in our portfolio by 2025 are more energy efficient than the 2020 product portfolio

Themes

Optimising Our Environmental and Social Footprint
- Lower carbon transition
- Environmental impact
- Considerate social and environmental actions
- Balancing our triple bottom line (people, planet, prosperity)

Inspiring Our Employees to Deliver Meaningful Change
- Educate employees on our ESG commitments
- Facilitate employees to understand our sustainable product portfolio
- Enable meaningful change

Engaging in Sustainable Partnerships
- Exceeding expectations throughout the supply chain
- Support customers to achieve their ESG commitments
- Enable product safety through quality training and equipment
- Efficiency and efficacy

Driving Sustainable Innovation and Technology
- Provide solutions to customers to improve product safety and performance
- Seek beneficial partnerships
- Consciously invest in solutions
- Better outcomes for all

Flagship Initiatives

Investment in renewable energy across all countries of operation	Responsible supply chain	Investment in cleaner, more efficient technology	Mobility as a service	Consolidate ESG understanding through training and development	Corporate Social Responsibility activities across all countries of operation	Embed inclusion and diversity in our human resources and operational activities

UN Sustainable Development Goals

Through our Themes, Initiatives and Activities, we support the United Nation's 17 Sustainable Development Goals.

Engaging Stakeholders

Stakeholder engagement is one of the ways in which we create sustainable value. With continuous shifts in stakeholder expectations, we keep our finger firmly on the pulse when it comes to understanding the issues that matter most to our different stakeholders. This is especially relevant as our business landscape grows increasingly complex and challenging. Due to our evolving business environment, stakeholder engagement will become increasingly key in ensuring that our stakeholders remain fully apprised of our strategies in meeting challenges and disruptions that affect our businesses. Most of all, robust stakeholder engagement is an important part of our commitment to transparency and integrity.

We conduct regular and consistent engagement with our key stakeholders across our operations, identifying 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, along with the key topics of interest raised and discussed during our engagement sessions.

Together We Live
The artwork featured here is "Together We Live" by Malaysian artist, the late Datuk Ibrahim Hussein. The artwork is part of a collection of paintings from the renowned painter on display at Menara Sime Darby.

Stakeholders	Key Topics Raised
Investors	• Operational and financial performance • Strategies for our automotive business • Expansion plans • Long-term direction of the mining industry • Impact of global semiconductor chips shortage • Progress of non-core asset disposals • Implementation of capital management strategies • Impact of climate-change and increased environmental regulations
Media	• Operational and financial performance • Acquisitions • Share buyback • Local assembly for Porsche in Malaysia • Investments in mobility • EV strategy • Progress of non-core asset disposals
Customers	• The retail experience • After-sales service • Additional and value-added services • Competitive pricing • Health and safety
Suppliers/Business Partners	• Efficient routes to market • Business growth opportunities including partnerships • Joint venture operations • Health and safety • Impact of climate-change and increased environmental regulations
Government/Authorities/Regulators	• Corporate social responsibility • Climate change and environmental regulations • Labour and safety regulations

How We Engage	How We Responded
• Analyst briefing sessions • Investor conferences • One-on-one engagements • Site visits	Read our Value Creation Plan on pages 38 to 39 on how we create value for investors Read how we are addressing the issues pertinent to our businesses at the Divisional Operations Review on pages 76 to 93
• Press releases and media engagements to provide regular updates on corporate developments and key events • Media interviews and briefing sessions	Read more about how we are managing these topics on pages 16 to 29 in the Chairman's Statement and GCEO's Q&A
• Tradeshows, exhibitions and product launches • Direct marketing and sales engagements • Online and social media marketing • Customer feedback surveys • Customer relationship programmes • Focus groups conducted on collaborative future solutions projects	• Ensured continuous upgrading of employees' product knowledge and customer service skills • Ensured continuous optimisation of sales and marketing channels • Accelerated digitalisation to provide greater access to our products and services • Strengthened after-sales service • Improved facilities to enhance comfort and convenience for our customers • Offered more purchasing incentives • Offered data and analytics to enhance productivity for mining customers
• Relationship-building networking sessions • Vendor Development Programme • Top-level executive management meetings • Market/country level meetings	• Optimised business performance across all business units • Partnering market-leading brands and offering them best-in-class facilities • Increased networking sessions with business partners • Reinforced focus on safety and ESG • Sourced innovative solutions and cost-saving initiatives • Advanced towards best-in-class vendor management
• Regular engagement and dialogue • Close consultation on regulatory matters	See our Creating Sustainable Value section on pages 94 to 119 on how we manage the relevant issues

Material Matters

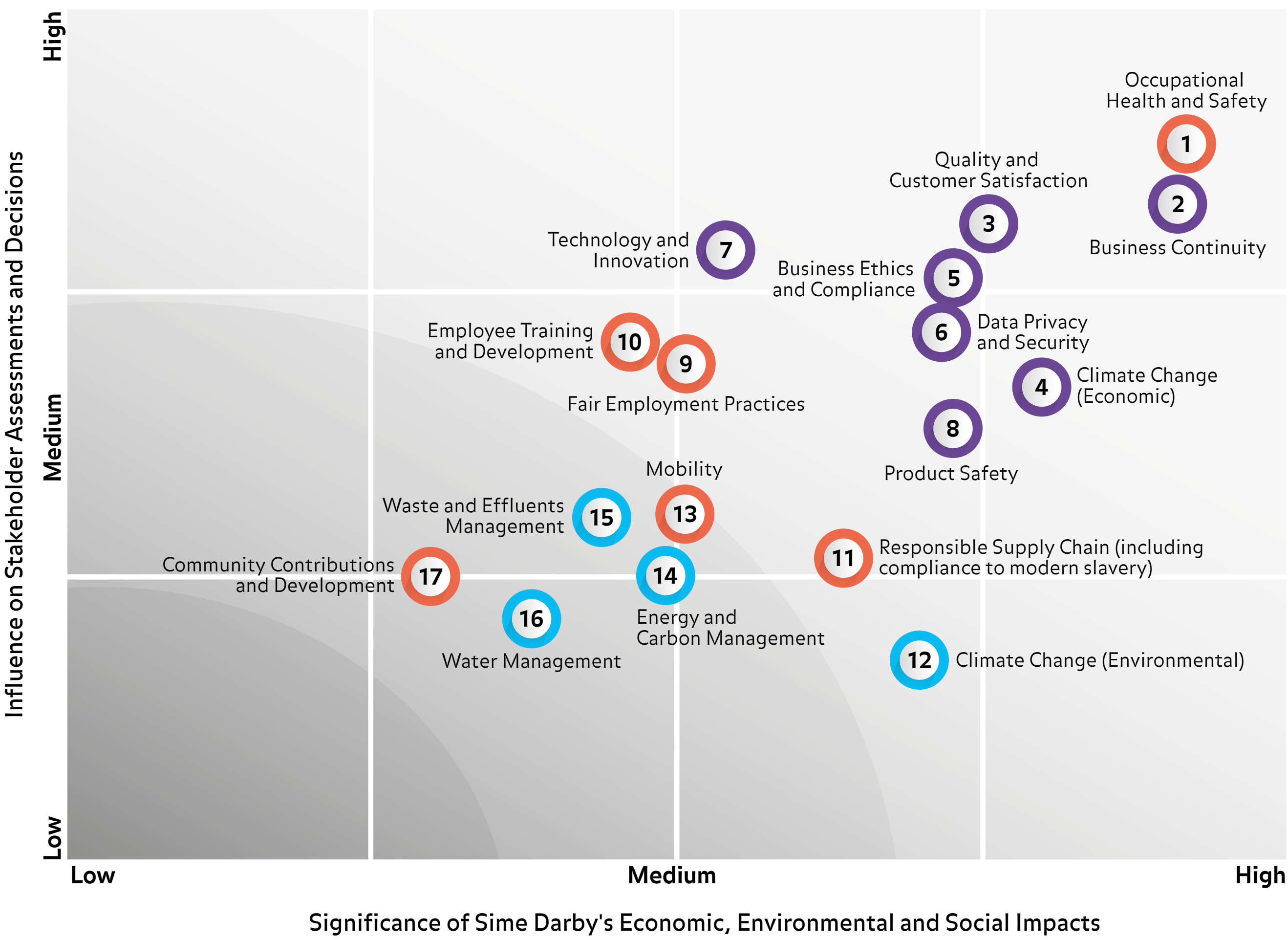
Material matters are the economic, environmental and social matters that significantly influence our ability to create value for our stakeholders over the short, medium and long-term. By understanding the needs and interests of our stakeholders, we are able to identify and prioritise the matters that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

The Group's material matters for FY2022 are consistent with the material matters reported in FY2021, when the Group conducted an internal materiality exercise. The Group did not undertake a materiality exercise in FY2022 and intend to undertake one in the next financial year.

In identifying matters material to the Group, we were guided by internationally recognised reporting framework principles presented 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 identified industry organisations were also considered during the review process.

Materiality Matrix (Sime Darby Berhad)



Key Indicators

Economic Environmental Social

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.	We have implemented a Group-wide safety programme, designed to instil a safety culture among employees. We continue to grow our focus on a personal and vocational safety awareness programmes designed for both leaders and employees. Our safety culture is underpinned by an incident reporting and review process, mobile risk assessments, improved lead indicator reporting, and a targeted internal audit programme. Our approach to prevent incidents and minimise risks is proactive and functional Group-wide. Please see our safety report on pages 112 to 117 for more on this.
2 **Business Continuity**	Sime Darby seeks to remain competitive and sustainable in the market by: • diversifying and expanding its portfolio of product and service offerings together with delivery platforms and approaches as well as by expanding further within existing and into new markets to gain competitive advantage; • focusing on the efficiency of its business operations; • maintaining access to capital and ensuring good credit ratings; • maintaining good relationship 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; and • maintaining good relationships with relevant authorities to guard against delays in regulatory approvals.	In regard to resilience management, we have successfully implemented Phase II of the Sime Darby Group-wide Business Continuity Management programme for pilot sites. This entails the identification of business continuity and recovery strategies for a wide range of areas including people, premises, supply chain, finance, information technology, transportation and communication. The next phase of this exercise will involve testing and validating of these plans. Please see our Managing Enterprise Risks report on pages 49 to 65 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 by installing stringent quality control processes. These include internal quality control checks and third-party audits.	Please see our Divisional Operations Review on pages 76 to 93 and our Engaging Stakeholders report on pages 42 to 43 for more information on our initiatives in improving service quality and ensuring customer service excellence.
4 **Climate Change (Economic)**	Sime Darby manages operational and financial risks associated with climate change pertaining 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.	Please see our Managing Enterprise Risks report on pages 49 to 65 for more on this, and our Divisional Operations Review on pages 76 to 93 for more information on how we address the impact of climate change on our business.

Material Matters

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 ensuring zero breaches of regulatory requirements. This enables our 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 our Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy and Code of Business Conduct.	Please see our Governance report on pages 130 to 159 for a comprehensive view on how we ensure high standards of governance throughout our operations.
6 **Data Privacy and Security**	The Group is steadfast in ensuring the protection of data, information and intellectual property belonging to our stakeholders against security breaches.	We adhere strictly to personal data policies in the countries where we operate, including the Personal Data Protection Act 2010 in our home country, Malaysia, to regulate the processing of personal data. The Group also implemented a data loss prevention system by deploying the Microsoft 365 Data Loss Prevention (DLP) module. With the DLP policy applied, sensitive information such as credit card numbers and other parameters can be identified, monitored, and protected automatically.
7 **Technology and Innovation**	Sime Darby uses technology and innovative enhancements to act as a differentiator against our competitors, to reduce or eliminate costs through improved process efficiency across our operations and to track the efficiency of business processes.	Please see our Divisional Operations Review on pages 76 to 93 to learn more about how our businesses are using technology to enhance their business offerings and improve competitiveness.
8 **Product Safety**	Sime Darby's product and service offerings are targeted to meet global market product safety expectations and legal requirements. In addition, the Group's businesses leverage on technology to enhance product safety across all their product and service offerings.	Working closely with our OEMs, 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 across the Group. 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. Please see pages 106 to 107 on the Group's practices in this regard.
10 **Employee Training and Development**	Employees are a key driver of the Group's strategies. By developing a strong talent pool, the Group will be able to build capacity in anticipation of future business needs. The Group implements comprehensive internal and external training programmes to strengthen competencies and to nurture the career progression of our people. Talent management is geared towards retaining the right mix of intellectual capital and cultural fit to propel the Group forward.	Please see pages 108 to 110 for more information on how we support our employees' training and development needs.

Material Matters	Description	How We Are Addressing This Issue
11 **Responsible Supply Chain (Including Modern Slavery)**	Sime Darby manages labour practices (including modern slavery) responsibly throughout the supply chains of all its 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, our 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. We have implemented a Vendor Management Programme, targeted at improving vendors' performance and to ensure adherence to product safety, environmental standards, anti-bribery and anti-corruption regulations. As part of the programme, vendors are required to sign a Vendor Letter of Declaration and adhere strictly to our Vendor Code of Conduct. Individual business units have instilled anti-bribery due diligence screening processes that review sanctions, media, and political exposure to minimise corruption risk with vendors. Across some operating areas, risk assessments are carried out, which involve self-assessment questionnaires. To read more about this, see pages 153 to 159.
12 **Climate Change (Environmental)**	Sime Darby recognises the need to reduce our environmental footprint to do our part in curbing climate change. The Group sets a target for carbon emission reduction, as outlined in our Sustainability Blueprint.	For more information on our efforts to reduce our carbon footprint and to mitigate the effects of climate change on the environment, please see pages 98 to 103. Please refer to our Sustainability Blueprint on pages 40 to 41.
13 **Mobility**	The future of mobility will deliver seamless integrated transportation that is more personalised, convenient, accessible, and inclusive. New technology and innovations will focus on the fields of electrification of powertrains, shared mobility, connectivity and digitalisation of vehicles and autonomous driving.	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 at https://www.simedarby.com/mobility
14 **Energy and Carbon Management**	Sime Darby is committed to reducing its carbon and energy footprint through energy efficiency initiatives and emissions monitoring. We have launched our Sustainability Blueprint which sets out a specific target on emissions reduction across the Group.	We have developed an internal carbon calculator to track our Scope 1 and 2 emissions. The outputs of the calculator will assist us in identifying where we should target renewable energy solutions. Smart technologies are being adopted within our service vehicle fleet to cut emissions through predictive maintenance technology that helps reduce reliance on finite resources. Please see pages 98 to 103 to find out more on our energy and carbon management efforts.

Material Matters

Material Matters	Description	How We Are Addressing This Issue
15 **Waste and Effluents Management**	Efficient and effective waste and effluent management helps reduce the impact of the Group's operations on the environment. We continue to focus on monitoring and management mechanisms to reduce, recycle, reuse, transport, and properly dispose of hazardous and non-hazardous wastes and effluents.	We conduct regular reviews of environmental legislation. This monitoring and consequent enactment of regulatory guidance reduces waste production and improves our waste management practices. Across the Group, we continue to investigate and apply waste and effluent management processes that align with best practices. We conduct waste audits to learn about waste mitigation, recycling, and disposal opportunities. Waste contractors will conduct reviews of current hazardous waste streams to determine and implement improvements to our processes. We have also drafted a mandatory new environmental reporting procedure that requires all business units to separately report on recycled and disposed wastes. Please see pages 101 to 103 for more information.
16 **Water Management**	Acknowledging the finite nature of water, Sime Darby implements Group-wide controls, data collection, monitoring mechanisms, and procedures to reduce water consumption across all operations and to lessen our impact.	Across our businesses, we have launched various water-saving initiatives to improve our water consumption levels, such as internal campaigns to raise awareness among employees on the importance of water conservation and the implementation of practical water recycling solutions. We have also installed smart water meters at several facilities. The smart meters support detailed consumption reporting, which translates to better on-site water management. Reduction targets for water consumption are also set across all of the Group's operations. Read more on our water management efforts across our businesses on pages 101 to 103.
17 **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 continues to fulfil its purpose to deliver sustainable futures to its stakeholders.	We provide monetary and non-monetary contribution to Yayasan Sime Darby to support community development programmes across Malaysia. Our Divisions also support local community initiatives in their areas of operation across the region. By partnering with local community partners and organisations, our employees get the opportunity to volunteer and build strong communal ties, which benefits mental health, well-being, and creates a sense of belonging. Read more about our Corporate Social Responsibility projects and initiatives to support the communities in our areas of operation on pages 103 to 105.

Managing Enterprise Risk

Sime Darby entered FY2022 with growing optimism, as the global economy showed significant resilience amid the COVID-19 pandemic. However, this resilience continues to be tested by crosscurrents and global systemic events – global supply chain disruptions, the "Great Resignation" impacting workforce availability, rising inflation, the Russia-Ukraine conflict and the climate change issues. These events have direct or indirect ramifications on Sime Darby's operations given its wide geographical footprint across Asia Pacific.

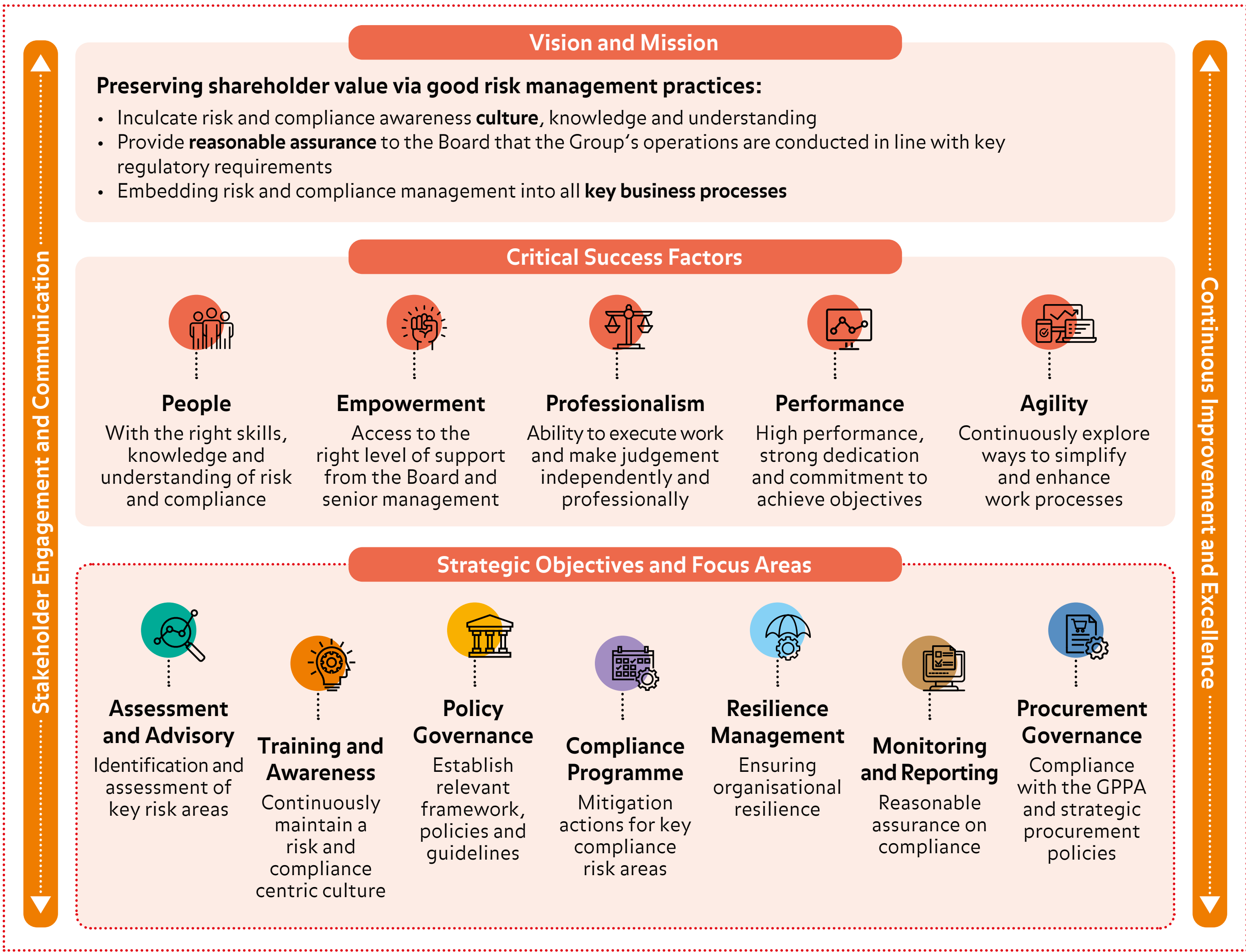
The advent of these black swan events means that organisations will need to rely on holistic round-the-clock risk management processes to identify, assess and manage strategic, operational, financial and compliance risks based on real-time data and information.

Since the merger of the Group's risk and compliance functions in July 2021, the Group Risk and Compliance department (GRC) has been streamlining risk and compliance processes to achieve cross-functional synergies, remove redundancies and enhance productivity to help the Group address global threats and uncertainties. These activities include enhancing policies, realigning the risk and compliance organisation at Group and Divisions, and repurposing strategic objectives. For example, GRC has collaborated with key divisions to create regional risk and compliance managers across the business. This is anticipated to improve risk and compliance oversight between Group and its business operations across Industrial and Motors Divisions.

GRC also 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 new GRC Blueprint (the Blueprint), approved by the RMC in December 2021, outlines the Group's medium to long term aspirations, critical success factors and key focus areas with regard to risk management. The Blueprint enables us to create value through an integrated risk and compliance management approach. The diagram below shows the key components and activities covered under the Blueprint.



Managing Enterprise Risk

Risk management activities undertaken in FY2022 were primarily focused on inculcating better risk and compliance awareness across the Group. This is necessary to promote risk centricity and encourage our people to take calculated risks in decision-making.

Throughout the year, GRC facilitated a total of seven training and awareness programmes covering a wide range of topics including cyber risk, post-merger integration controls, risk appetite, key risk indicators (KRI), business continuity, anti-bribery and anti-corruption, and personal data protection.

Sime Darby's inaugural risk appetite statements, risk tolerance and KRI were developed in FY2020 and has since been tracked on a quarterly basis. In FY2022, these risk appetite statements were reviewed and recalibrated to reflect the Group's present business environment and risk factors. GRC had conducted surveys, workshops and analysis in determining a new set of risk appetite statements, strategy, tolerance levels and KRI.

In regard to resilience management, Sime Darby has successfully implemented Phase II of the Group-wide Business Continuity Management (BCM) programme. This entails the identification of recovery strategies for a wide range of areas including people, premises, supply chain, finance, information technology, transportation and communication; and the development of business continuity plan (BCP) for pilot sites. The next phase of BCM programme will take place in FY2023 involving the testing and validation of these plans.

During the year in review, GRC continued to emphasise the importance of ethics and integrity via its anti-bribery and anti-corruption compliance programme. In July and August 2021, GRC facilitated a series of anti-bribery and anti-corruption awareness session for Sime Darby's employees in China. A total of 27 sessions were held and were participated by approximately 6,872 employees across the Industrial, Motors and Logistics businesses in China.

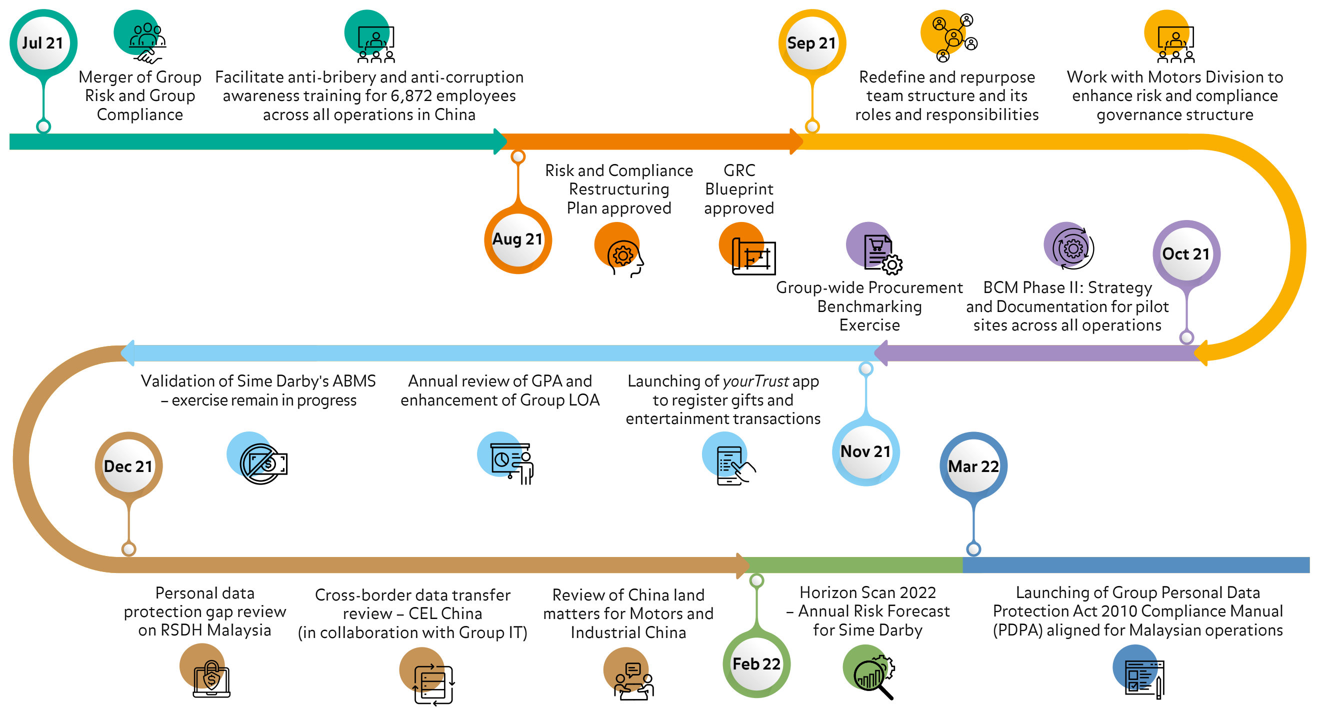
As part of the anti-bribery and anti-corruption compliance programme, GRC also introduced a new Gifts, Hospitality and Donations (GHD) registration via mobile and web applications called *yourTrust*. *yourTrust* was developed in collaboration with the Incendi team of Sime Darby Industrial with the aim to digitalise the GHD registration process.

Launched in May 2021, *yourTrust* aims to promote more transparency and oversight of gifts and entertainment transactions.

In regard to policy governance, the Limits of Authority (LOA) of the management were adjusted upwards as part of the Group Policies and Authorities (GPA) annual review. These adjustments were made to ensure that the Board's delegation of LOA remains on a healthy balance from a governance perspective.

FY2022 also saw changes in data protection laws across the Group's footprint, more notably in China. China's first ever unified data protection law – the Personal Information Protection Law (PIPL) came into force in November 2021 whereby any cross-border data transfer would be subject to security assessment. GRC was involved in the review, where CEL China (in collaboration with PwC) conducted a data cross border transfer security assessment to determine the "transferability" of personal data via systems and applications. Multi-Level Protection Scheme (MLPS) certification, as required under Chinese laws has been duly acquired by CEL.

Summary of Key Achievements in FY2022



Other key initiatives undertaken in FY2022:

Critical Factors	Strategic Goals	Key Initiatives Undertaken in FY2022
Assessment and Advisory	• To identify, assess and evaluate key enterprise (strategic, operational and financial) and compliance risk areas. • To assess the effectiveness of controls to address such risks. • To propose mitigation actions to address risks. • To assess risk in regard to major business proposals (mergers and acquisitions, capex projects, divestments and sales tenders).	• Reviewed and assessed Group and Divisional risk profiles and compliance attestation to manage the significant enterprise and compliance risks identified. • Developed the Group's risk appetite statement which articulates the level of risk that the Group is prepared to take in pursuing its strategic objectives. • Tracked and monitored the Group's adherence to the risk appetite statement. • Reviewed and advised the Board on data privacy management risks for key business units. • Evaluated risks pertaining to major business proposals in accordance with the Group's LOA.
Training and Awareness	• To inculcate a strong risk and compliance centric culture across the Group. • To impart the necessary skills, knowledge and understanding of risk and compliance management.	• Formed a dedicated team to oversee the implementation of training and awareness activities. • Implemented training and awareness for key risks and compliance topics including anti-bribery and anti-corruption, GHD, personal data protection, BCM, cyber risk, post-merger integration and controls, KRI and risk appetite. • Launched Code of Business Conduct (COBC) e-learning modules to digitalise training materials and enhance learning experiences.
Policy Governance	• To establish, institutionalise and implement the relevant framework, policies and guidelines for risk and compliance management.	• Assisted the Board in developing and monitoring Sime Darby's group risk appetite and tolerance levels. • Reviewed the GPAs and enhanced the Group's LOA to reflect a balanced distribution of authority between Board and Management and amalgamated risk and compliance policies. • Enhanced third party due diligence to include independent dealers.

Managing Enterprise Risk

Critical Factors	Strategic Goals	Key Initiatives Undertaken in FY2022
Compliance Programme	• To implement risk-based compliance monitoring programme to drive and embed a culture of ethical behaviour and integrity. • To ensure effective implementation of these programmes.	• Enhanced the Group's Anti-Bribery Management System (ABMS) by undertaking initiatives including reviews on bribery risks for key business units in key markets, and launching of *yourTrust* mobile and web applications to digitalise GHD registration process. • Enhanced personal data protection manual for Malaysia, and conducted data protection management enhancement reviews across RSDH hospitals in Malaysia. • GRC was involved in the review, where CEL China (in collaboration with PwC) conducted a data cross border transfer security assessment to determine the "transferability" of personal data via systems and applications.
Resilience Management	• To enhance the Group's resilience in the event of a crisis or disaster. • To ensure the Group is adequately insured against key insurable risks and perils.	• Ensured the Group's BCM 2.0 Project is on track with the completion of BCM Phase I: Business Impact Analysis. • Successfully implemented Phase II of the Group-wide BCM programme. This entails the identification of recovery strategies for a wide range of areas including people, premises, supply chain, finance, information technology, transportation and communication; and the development of BCP for pilot sites.
Monitoring and Reporting	• To continuously monitor and report key risk areas (including compliance risk areas). • To detect and report key incidents, regulatory breaches via appropriate communication and escalation channels.	• Enhanced risk and compliance reports to reflect the risk and compliance merger and to provide a fair and balanced reporting format. • Conducted independent validation on the adequacy of the Group's ABMS.
Procurement Governance	• To instill procurement governance. • To formulate and drive procurement policy and best practices.	• Rolled out a Group-wide procurement benchmarketing exercise and Group Procurement Policies and Authorities (GPPA) e-learning modules to instill better procurement governance across the Group.

Initiatives for FY2023

In FY2023, GRC will continue to focus on streamlining risk and compliance processes. This includes automating and embedding regulatory compliance attestations into the risk management value chain. Once completed, this will simplify and ensure completeness of risk and compliance attestation processes. Meanwhile, in conjunction with the Group's Sustainability Blueprint and aspirations, GRC will also focus on embedding sustainability elements into the risk and compliance universe. This includes realigning the GPA with key sustainability material matters; and further embedding additional sustainability risk factors into the Group's Enterprise Risk Management (ERM) framework.

1 Board Risk Appetite Review
Realignment of Board's risk appetite statements and tolerance levels with Sime Darby's strategic objectives, growth pursuits and present business environment.
Assessment and Advisory

2 Embedding Compliance into ERM
Streamline risk and compliance attestation processes via automation. Compliance attestation will be accomplished through quarterly risk profile submission process.
Assessment and Advisory

3 Align Risk Framework with Sustainability Blueprint
Align the Group's ERM framework with the Sustainability Blueprint. Once aligned, the Group's ERM framework will be the primary source of reference for ESG risk assessment.
Assessment and Advisory

4 Enterprise Policy Management (Phase I)
Long-term exercise to ensure completeness of the Group's policies and procedures. Phase I focuses on identifying gaps in the Group's Policy/SOP universe.
Policy Governance

5 Annual GPA Review
Review exercise focuses on embedding ESG elements into the relevant GPA. This will be undertaken in collaboration with Group Safety and Sustainability.
Policy Governance

6 BCM 2.0: Phase III
Test and validate the effectiveness of BCP for pilot sites developed in Phase II. This may include desktop walkthrough and crisis simulation exercises.
Resilience Management

7 Gift and Entertainment/ *yourTrust* app Awareness
Continue to implement various programmes to inculcate greater awareness on the Group's GHD Procedure and *yourTrust* app.
Culture and Awareness

8 Whistleblowing (WB) Awareness
Implement various trainings and campaigns to raise awareness and better understanding of the Group's WB programme.
Culture and Awareness

9 ABMS: Post-Validation Follow-Up
GRC will work with management to address any gaps identified in the ABMS validation exercise.
Compliance Programme

10 ABMS: Counterparty Due Diligence (CDD)
With the CDD Guideline now in place, the next step is to implement it across the Group's key business operations.
Compliance Programme

11 Competition Law Assessment
Assessment of the Group's competition law compliance exposure for key markets; Australia, China and Malaysia.
Compliance Programme

12 Personal Data Protection: Global Privacy Notice
Establish a "one size fits all" privacy notice that can be deployed for any systems or applications, especially those that involve the collection of data across multiple jurisdictions.
Compliance Programme

13 GPPA Amendment
Enhance and align the GPPA with Sime Darby's existing business processes, as well as to embed ESG elements such as responsible sourcing.
Procurement Governance

14 Enhancement of WB Processes
Enhance the Group's whistleblowing process and align it with the latest ISO37002 standards. Broadly, this is also to ensure the efficiency of WB case management.
Monitoring and Reporting

Managing Enterprise Risk

Sime Darby's Top 10 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. The heatmap below depicts the Group's top 10 enterprise risk areas as at 30 June 2022.

Environmental, Social and Governance Risk Factors

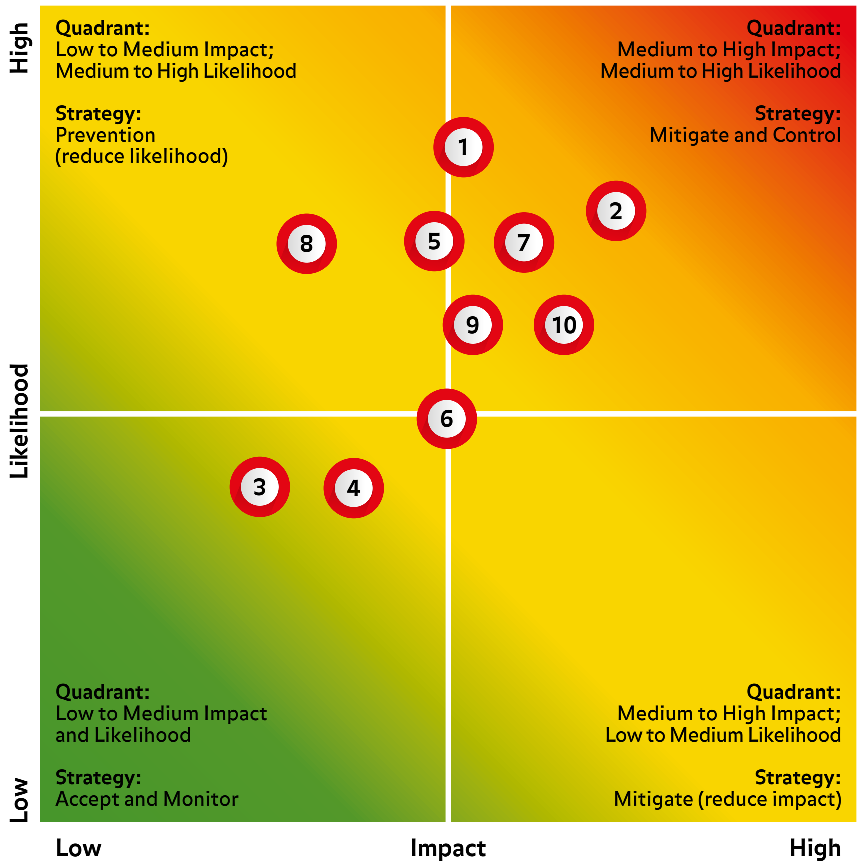
Maintaining sustainable operations is a key factor towards preserving long-term value and business resiliency. The focus on environmental, social and governance (ESG) metrics by investors, stakeholders and authorities is gaining traction across the markets we operate in.

From an "environment" perspective, climate change risks continue to be of concern with rising global temperatures and extreme weather events. For example, severe floods occurred in Klang Valley, Malaysia in December 2021 and Queensland, Australia in February 2022. Whilst these events did not materially affect our operations, some of our people and the communities that we operate in experienced property and infrastructure damages, and inaccessibility to essential items.

In term of "social", the Group understands the risk of human rights violations and the growing scrutiny on this area in some key markets, e.g. Australia and New Zealand. From a regulatory perspective, human rights monitoring could have an impact on our day-to-day business operations and potential cross border investment approval(s).

In terms of "governance", the advent of a global baseline of sustainability

Risk Heatmap



1. Market Dynamics
2. Business Partners
3. Disruption/Disintermediation
4. Mergers and Acquisitions
5. Product and Service Delivery
6. Health, Safety and Environment
7. Cybersecurity
8. Project Management
9. People and Culture
10. Regulatory Compliance

disclosure standards will occur in the medium to longer term to assist investors in assessing the impact of climate change on enterprise value. Sustainability-themed financial tools such as carbon trading and green financing are progressively being implemented across our key markets.

In response to these ESG risk factors, the Group established a dedicated Sustainability Blueprint and continues to include material risks, such as health, safety and environment, cybersecurity, people and culture and regulatory compliance to complement its Value Creation Plan.

Risk Appetite

Sime Darby's inaugural risk appetite statements, risk tolerance and key risk indicators were developed in FY2020 and are tracked on a quarterly basis. There are a total of 14 risk appetite statements covering 12 sub-enterprise risk areas. There were no critical breaches of risk tolerance limits during the year. Risk tolerance that encroached alert level (code yellow) were notified to the RMC and acted upon by the management.

Read more on our Sustainability Blueprint and initiatives related to ESG at pages 40 to 41 and 95 to 97 of this report.

Risk Category Group

- S Strategic
- O Operational
- C Compliance
- F Financial

Risk Level

- VH Very High
- H High
- M Medium
- L Low
- VL Very Low

Risk Trend

- Increased trend – Higher risk exposure due to advent of material factors, events or incidences that could have wide-ranging/systemic impact on the business
- Unchanged – Risk exposure remains unchanged. Status of risk factors, events or incidences remain largely status quo
- Downward trend – Lower risk exposure due to positive/favourable outcome of risk events

Risk Tolerance Indicator

- Breached tolerance limit
- Encroaching tolerance limit
- Within tolerance limit

Managing Enterprise Risk

Key risks and how they are managed

1 S Market Dynamics

Risk Level H **Trend**

Description

- Sime Darby is susceptible to global macroeconomic and geopolitical factors, particularly in Australia and China where a significant portion of our business operations are located.
- The Group has to compete against intense price competition and innovative product offerings by competitors in the industrial equipment and automotive markets.

Key Highlights in FY2022

- The emergence of new virus strains have derailed recovery efforts in some of our key markets, notably in China and Hong Kong due to its stringent COVID-19 containment procedures.
- China – US relations has been increasingly intense, while the political tension between Australia and China showed no signs of easing.
- Political risks and uncertainties have undermined economic recovery in some of our markets that we operate in, notably in Malaysia and Thailand.
- Strong GDP growth, fiscal stimulus and expansionary monetary policies are contributing to overall inflation in key markets. This leads to elevated inventory, labour and input costs.

Impact

- Global market uncertainties and supply chain issues have resulted in a spike in commodity prices including coal. This has largely benefited our Australian industrial equipment business which has significant presence in the coal mining segment.
- Lockdowns and restrictions imposed in Hong Kong and China have affected market demand for our automotive products and services.
- Our industrial equipment business in China experienced competitive pricing pressure as local OEMs continue to dominate the lower-tonnage equipment market segment.
- Rising inflation across our key markets have resulted in higher operating costs.

Mitigation

- Continuously monitor key geopolitical and macroeconomic developments that may expose the Group to systemic risks.
- Review the Group's risk appetite to prevent and mitigate over-concentration of investment in a single territory or industry.
- 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.

Risk Appetite	Risk Tolerance	Indicator
Country Risk: Low tolerance for investments with high geopolitical, security and corruption risk factors	Investments in high-risk countries capped at a predetermined percentage of the Group's total invested capital	● (green)
Country Concentration Risk: Low tolerance for concentrating investments in one single country or region	Investments in a single country capped at a predetermined percentage of the Group's total invested capital	● (yellow)
Sector Risk: Seek opportunities for diversification but not against Sime Darby's Pure Play Strategy	Investment in new business capped at a predetermined percentage of the Group's total invested capital	● (green)

2 S Business Partners

Risk Level H **Trend** ◀ ▶

Description

- The Group's dealership businesses are highly dependent on key principals and joint-venture (JV) partners, and thus are substantially affected by their performance.
- Key principals refer to Caterpillar (Cat) and BMW which make up a significant portion of the Group's product and service offerings.

Key Highlights in FY2022

- No significant event or incident occurred during the year that impacted the Group's relationship with its key principals (Cat and BMW) and JV 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. Nevertheless, these are further mitigated by key strategic initiatives including diversification strategy.
- Whilst governance and oversight of JVs 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 with JV partners.

Impact

- This risk is inherent to Sime Darby's trading business. Any loss or termination of dealership by the key principals would adversely impact our financial position. Nonetheless, this is unlikely given Sime Darby's long-standing relationship with key principals, and its favourable performance track record.
- For FY2022, concentration on BMW operations has reduced. This comes as our Motors Division focuses on its brand diversification strategy to extend its business into more non-BMW brands.

Mitigation

- 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 JV partner selection criteria and guidelines including making appropriate governance arrangements.

Risk Appetite	Risk Tolerance	Indicator
JV Partners: Low tolerance for financial loss in our JV businesses	Return on Invested Capital for material joint ventures to be above a predetermined threshold	● (yellow)
Principals: Low tolerance for any loss of termination of Cat and BMW dealerships	Achievement of performance targets and scorecards set by key principals	● (green)

Managing Enterprise Risk

Key risks and how they are managed

3 S Disruption/Disintermediation

Risk Level L **Trend** ◀ ▶

Description

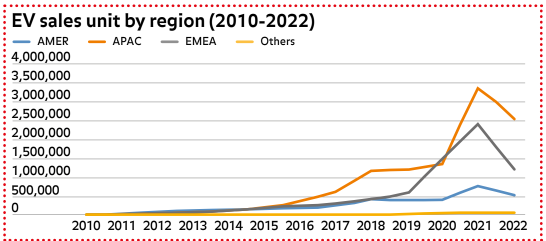
- This refers to the risk of technology disruptions reshaping the automotive and heavy equipment industries.
- This comes amid the advent of a new digital ecosystem; new and emerging non-traditional competitors such as internet and social media players that are progressively building multiple platforms to enhance mobility, connectivity and autonomy across the value chain.

Key Highlights in FY2022

- The advent of climate change and decarbonisation agenda will see a gradual phase out of internal combustion engine (ICE) vehicles – a core selling product of our Motors business. This transition has started to occur as countries across the globe have announced plans to phase out ICE vehicles and are introducing incentives to promote the use of EVs.
- In the automotive segment, OEMs are switching from the traditional franchised dealership model to agency sales model, which will in effect ensure a single, fixed price across all dealers. This could potentially impact dealership profit margins and in the medium to longer term, potentially result in reduced relevance for the traditional dealership business.

Impact

- EVs currently make up 8% of global car sales and will account for 1/3 by 2030, before exceeding ICE vehicles by 2040. EV sales have grown exponentially at ~99% CAGR in the last 12 years with China in the lead.



Source: Bloomberg

- Sime Darby's presence in the EV segment will depend primarily on the speed of OEMs rolling out competitively-priced EV models. Whilst most OEMs have started embarking on the EV journey, new EV market players (especially those from China) are aggressively expanding their foothold across Asia Pacific.
- After-sales for EVs potentially have very different dynamics given the different drive train/motor specifications. This may have some impact on our after-sales business and margin.

Mitigation

- Developed business transformation initiatives and digital-proofing strategies to counter the threat of digitalisation.
- Continually seek and explore mergers and acquisitions opportunities with digital partners.
- Utilising ongoing digitalisation process to develop new products and services.
- Established an EV master plan that allows us to identify potential strategies for the EV 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.
- Established partnerships with relevant service providers to set up EV charging stations nationwide.

Risk Appetite	Risk Tolerance	Indicator
Disruption: High tolerance for investments in greenfield, start-ups but at a predefined limit	Investments in greenfield and start-ups capped at a predetermined percentage of the Group's invested capital	●

4 S Mergers and Acquisitions

Risk Level L **Trend**

Description

- This refers to effective planning and integration pre and post our pursuit of mergers and acquisitions in order to unlock maximum value of such business expansion.
- This also refers to the risk of acquiring excessively-priced investments that could dilute the Group's earnings.

Key Highlights in FY2022

- 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 and due diligence 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.

Impact

- Post-merger integration is necessary to achieve the synergistic benefits from an acquisition.
- Failure to integrate an acquired entity's operations with Sime Darby's culture, systems and processes could lead to goal incongruence and operational performance issues.

Mitigation

- Conduct rigorous due diligence on key investment proposals and projects.
- Establish post-merger integration teams for major acquisitions.
- The Board and Management oversee, review and approve key acquisitions and divestments based on policies provided in the GPA document.

Risk Appetite	Risk Tolerance	Indicator
Loss-making investments: Low tolerance for investments that may adversely impact the Sime Darby's financial position and reputation	Investment with cumulative losses above a predetermined percentage of the Group's three-year PATAMI average	
Excessively Priced Investments: Low tolerance for businesses with high transaction multiples that could dilute earnings	Investments should not be valued above Sime Darby's Price Earnings or EV/EBITDA multiples	

Managing Enterprise Risk

Key risks and how they are managed

5 O Product and Service Delivery

Risk Level H **Trend**

Description

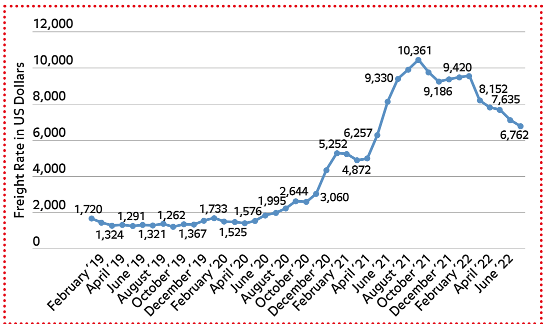
- This refers to risks associated with product demand, supply chain management, quality and service delivery.
- Sime Darby's business, which primarily involves trading of OEM products, requires efficient working capital and inventory management to improve its earnings and profitability.
- Inefficient working capital management could lead to excessive or shortage of inventory, customer order delays or adverse cashflow situations.

Key Highlights in FY2022

- During the year, the after-effect of lockdowns and movement control restrictions brought on by the pandemic has led to prolonged supply chain issues such as inventory shortages and supply bottlenecks. This affected our operations in key markets such as China, Malaysia and Australasia where COVID-19 cases were high.
- This risk is further exacerbated amidst global shortage of semiconductor chips for the automotive segment. This may result in OEMs cutting back production in the short to medium term leading to supply bottleneck issues across the Motors operations. Whilst this is progressively being managed, the subsequent impact could be disruptive should the situation prolong.

Impact

- Our dealerships continue to experience supply constraints especially on parts. Supply lead times continue to trend by 10 to 12 months, depending on the type of parts or equipment.
- Supply chain risks could potentially lead to the risk of order cancellations, late delivery penalties (e.g. liquidated damages) and opportunity losses to leverage on market uptrends.
- Container freight rates have increased dramatically between January 2019 and June 2022. Year 2021 saw a sharp increase in global freight rates as depicted in the chart below:



Source: Statista

Mitigation

- Engage regularly with our principals to optimise inventory levels, particularly for more popular models.
- To avoid breaching contractual delivery dates, customers' orders are accepted selectively based on stock availability and subject to OEM's delivery schedule.
- Liquidated damages risks are currently managed via negotiation with customers and inclusion of force majeure clauses (case-to-case basis) in sales agreements.
- Closely monitor machine and parts delivery schedules with Cat. To work on a parts inventory top-up plan to address the issue of supply disruption.

6 O Health, Safety and Environment (HSE)

Risk Level M **Trend**

Description

- This refers to health and safety risks compromising the health and safety of our people and stakeholders. The Group maintains a No Harm policy towards our people.
- This also refers to environmental risks and hazards arising from our operations including climate change risks.

Key Highlights in FY2022

- There were no catastrophic HSE incidences that occurred in FY2022. Nonetheless, new variants that emerged from the COVID-19 pandemic have resulted in health risks to employees, particularly frontline workers and those who are involved in operations where social distancing is not always possible.
- Climate change risks continue to be of concern with rising global temperatures and extreme weather events. For example, severe floods occurred in Klang Valley, Malaysia in December 2021 and Queensland, Australia in February 2022. This has impacted some of our employees.

Impact

Risk impact could be classified into the following broad categories:

- Planet – Adverse natural events and disasters affecting our operations.
- Prosperity – Negative corporate image and reputation in the eyes of investors, stakeholders and authorities. This could potentially lead to a trust deficit in the company's product and service offerings, as well as a potential erosion of our share price.
- Communities which we operate – Adverse impact towards the health, safety and welfare of our people, stakeholders and the general public.

Mitigation

- The Group Safety and Sustainability team has standardised processes and procedures across the Group, to be implemented by all business units to manage health and safety risks.
- 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.

Risk Appetite	Risk Tolerance	Indicator
Minimise risks that will compromise health and safety. No harm in all operations	• Zero catastrophic injuries • Number of serious disabling injuries • Divisional Total Recordable Injury Frequency Rate (TRIFR) • Major HSE regulatory breach	●

Managing Enterprise Risk

Key risks and how they are managed

7 O Cybersecurity

Risk Level H **Trend** ◀▶

Description
- Risk of Information Technology (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.

Key Highlights in FY2022
- There were no major or high-risk cyber incidents during the year.
- Cyber threats such as ransomware, social engineering and DDoS attacks will become more intense and increasingly used in cyber warfare associated with geopolitical conflicts.
- Due to tensions between Russia-Ukraine, our Security Operations Centre – Rapid Information Overlay Technology (RIOT) software has detected an increase in cyber attack attempts from Russia. These were successfully detected and averted.

Impact
- 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.

Mitigation
- Group IT has successfully conducted inaugural full-scale Disaster Recovery Centre fail-over test to ensure the recoverability of critical applications that reside in data centres within the desired recovery time objective.
- A Cyber Incident Response Plan (CIRP) has been put in place as a tactical playbook in terms of crisis response and recovery in the event of cyber attacks.
- The Group's Cybersecurity Road Map encompasses key initiatives such as data centre event monitoring and the setup of a Security Operations Centre.
- IT security awareness programmes, vulnerability assessments, penetration tests and security audits.
- Continuous trainings are being conducted to raise awareness in employees of cybersecurity threats.

Risk Appetite	Risk Tolerance	Indicator
Limit and mitigate the impact of cyber risk exposure on our business operations	Number of Priority One (P1) incidents	●

8 O Project Management

Risk Level M **Trend**

Description

- This refers to risks related to greenfield construction and capital expenditure (capex) projects, i.e. project cost overruns, schedule delays and contractual risks. Failure to manage our key projects may lead to undesirable outcomes and could significantly impact our growth.

Key Highlights in FY2022

- During the year, capex was incurred mainly in the upgrading of showrooms and service centres for the Industrial and Motors businesses.
- These projects are largely on track, but minor delays are anticipated in the medium term amidst the occurrence of lockdowns as well as labour shortage issues in the construction industry in key markets.

Impact

- COVID-19 induced lockdowns and restrictions have delayed the progress of several capex projects (new dealership facilities) in China and Malaysia. Nonetheless, these delays were resolved as markets progressively reopen.
- In terms of greenfield capex projects, cost overruns are anticipated to occur on the back of rising material prices and labour rates. These are anticipated to affect long-term projects that extend beyond 12 months.

Mitigation

- The Board and Management oversee, review and approve key acquisitions and divestments based on policies provided in the GPA document.
- The Project Oversight Committee is established to oversee major capex projects.

Managing Enterprise Risk

Key risks and how they are managed

9 O People and Culture

Risk Level H **Trend**

Description

- This refers to the risk of not having enough talents with the required skills, knowledge and expertise to execute the Group's strategies. This could be due to the loss of key talents due to attrition or retrenchment, or the lack of succession planning.
- Having talents with the required skills, knowledge and expertise is imperative as Sime Darby continues to expand its business into new markets and geographies.

Key Highlights in FY2022

- COVID-19 has led to the "Great Resignation" phenomenon that is described as a surge of resignations after the pandemic due to employees feeling burnt out, unhappy or being attracted to better offers as markets recover.
- Whilst the Group has maintained a reasonably low employee turnover rate, staffing issues occurred in some of our key markets.
- During the first half of the financial year, COVID-19 induced labour shortages have affected our operations in Singapore, Australia and New Zealand given its reliance on foreign workers. This comes as international borders were restricted in most markets.
- When international borders progressively reopened towards the second half of FY2022, Australia and New Zealand continued to experience labour shortage issues due to aggressive poaching of people from competitors offering more competitive remuneration.

Impact

- In the medium to longer term, manpower costs in Australia and New Zealand are anticipated to increase marginally in order to remain competitive in retaining people.
- Whilst COVID-19 has moved into an endemic stage, our people are still susceptible to infection originating from the workplace. This is a particularly high risk for front-facing employees where social distancing may not be possible at all times.
- Absenteeism and staffing issues in the case of a widespread COVID-19 infection within teams have led productivity and bandwidth issues.

Mitigation

- The Group Human Resources and respective Divisional Human Resources departments are working to enhance talent management and succession planning initiatives.
- Developed comprehensive plan to recruit talents for strategic positions that are currently unfilled.
- Succession planning is included as one of the KPIs for key positions in the Group.
- Continuous training and development programmes are conducted to enhance employees' skills and knowledge.

10 C Regulatory Compliance

Risk Level H Trend ◀ ▶

Description

- Changes to the regulatory regimes in the markets where the Group operates may expose the Group to higher compliance cost and scrutiny.

Key Highlights in FY2022

- During the year, there is a concentrated tightening in the enforcement of key laws and regulations by authorities in our key markets especially in China and Australia.
- Laws on environment protection, anti-bribery and anti-corruption, personal data protection, anti-slavery and anti-trust as well as anti-competition are increasingly being highlighted in most of our key markets.
- In the medium to longer term, this could drastically change the operating environment of the Group's businesses and potentially lead to higher compliance costs.

Impact

- Depending on the enforcement regime in the market, impacts may range from financial impact from fines and penalties, to operational impact in the form of stop-work orders.
- Medium term impact involves a dilution of employees' focus on core functions.
- In the longer-term, it may involve reputational risks that pose complex threats to the organisation. These may not be limited to quantifiable financial costs, but may also qualitatively compromise how the Group is being perceived particularly by stakeholders operating outside Malaysia.

Mitigation

- Regularly engage and communicate with governments, regulators and authorities to ensure 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 regulatory requirements.
- The Group's ABMS has been in place since 2020 and is embedded across key operational processes across the business.

Risk Appetite	Risk Tolerance	Indicator
No tolerance for significant non-compliances of regulations	Number of significant non-compliances	●
Zero tolerance for any incident that breaches COBC and Anti-Bribery and Anti-Corruption Policy	Zero significant incidents with proven allegations	●

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 maneuver through these challenges in order to increase market share and grow shareholder value.

Group Chief Financial Officer's Review

"In this financial year 2022, amidst challenging conditions, we remain focused on growing our businesses and rationalising our investment portfolio."

Togetherness
This painting, by Malaysian artist, the late Datuk Ibrahim Hussein, is one in a series of three entitled Togetherness. It reflects the way in which all members of the Sime Darby family interact and work with one another, to deliver results and ensure sustainable value and futures for our stakeholders. This painting is displayed at Menara Sime Darby, where a collection of paintings from the renowned painter, is on display.

Dear Valued Shareholders,

The Group registered a net profit of RM1.1 billion, 22.6% lower year-on-year (YoY) from FY2021's net profit of RM1.4 billion, which included a one-off RM272 million post-tax (RM294 million pre-tax) gain from the divestment of the Group's stake in Tesco Malaysia. FY2022's core net profit of RM1.2 billion was slightly lower than in FY2021, reflecting the challenging market conditions that our operations faced.

Nevertheless, we delivered a resilient performance during FY2022 despite the tougher operating conditions. The diversified nature of our operations across geographies and sectors, our businesses' strong fundamentals, vertically integrated structure, highly-evolved supply chains and solid client base, combined with well-honed financial discipline, once again enabled the Group to face macroeconomic headwinds.

In the Motors business, we benefitted from more favourable margins on vehicle sales and higher profits from assembly operations in Malaysia, strong demand for our product offerings in Australasia and a robust market for the super-luxury cars segment in our key market of China. However, supply constraints for certain models due to supply chain disruptions and COVID-19 restrictions in China impacted Motors' performance during the year.

In the Industrial business, soaring prices for metallurgical coal drove momentum for mining activities in Australia, which put the heavy equipment sector on a high growth trajectory. However, our Australian operations were impacted by increased operating expenses, mainly due to COVID-19 related costs of absences and expenses relating to digital initiatives. The performance of the China operations was greatly affected by a significant contraction in industry sales volume for heavy excavators.

In July 2022, the Group announced the proposed disposal of the Weifang operations under the Logistics Division for a total cash consideration of RMB1,920 million (approximately RM1,262 million). This transaction was approved by the Board in June 2022 and would result in the Group's exit from the Logistics business. Accordingly the results of the Logistics segment has been presented as discontinuing operations in the financial statements of the Group while the assets and associated liabilities that would be divested have been reclassified as a disposal group in the statement of financial position (balance sheet).

Overall, Group revenue from continuing operations declined by 4.1% to RM42.5 billion in FY2022 mainly due to lower revenue from the China operations for both our Industrial and Motors Divisions.

Our Return on Average Invested Capital (ROAIC) also declined from 11.1% in FY2021 to 8.8% in FY2022. The decline was largely due to lower profit before interest and tax (PBIT) as the previous year's PBIT included the RM294 million gain on disposal of Tesco Stores (Malaysia) Sdn Bhd.

The Group's relatively low gearing and cash flows from strategic divestments would provide the Group with ample debt headroom for strategic expansion and mergers and acquisitions through disciplined capital allocation. We are confident that the Group's strong financial standing will allow us to take advantage of emerging opportunities that will strengthen our core businesses and build additional capabilities along value chains.

Mustamir Mohamad
Group Chief Financial Officer

Group Chief Financial Officer's Review

Acquisitions, Expansion and Divestments

A key thrust of the Group's Value Creation Plan (VCP) is the monetisation of non-core assets to free up resources and channel them towards strengthening our core businesses.

We continued to rigorously pursue this strategy in FY2022, resulting in several key disposals announced in FY2022 and in recent months:

- Disposal of the Weifang operations in the Logistics Division. Total proceeds, including repayment of shareholders' loans, is about RM1.6 billion. The disposal is expected to be completed in FY2023.
- Disposal of 760 acres of land in Malaysia Vision Valley to Sime Darby Property Berhad Group for RM280 million. The sale is expected to be completed in FY2023.
- Disposal of 2,664 acres of land in Malaysia Vision Valley to NS Corporation for RM905 million. The sale is expected to be completed in FY2024.

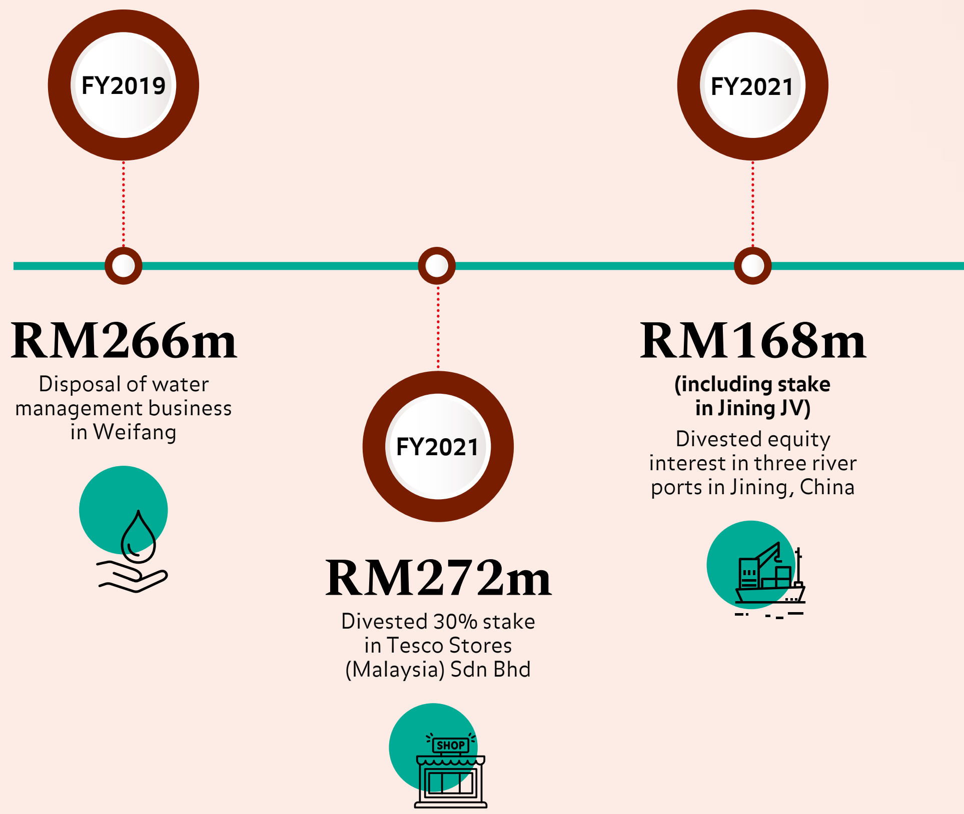
The Weifang operations' invested capital of nearly RM1.6 billion as at 30 June 2022 represents almost 7.5% of the Group's invested capital. The completion of this disposal would not only mark the Group's exit from the Logistics business but also signify a significant reallocation of capital from the Group's non-core businesses to our core businesses. The bulk of the proceeds is expected to be progressively utilised for expansion and/or repayment of borrowings of the core divisions.

On the acquisitions front, the Group completed the acquisition of Salmon Earthmoving Holdings Pty Ltd (Salmon Australia) in October 2021 and the operations have begun contributing positively to the Group in FY2022 with revenue of RM203 million and PBIT of RM23 million.

The Group also expanded its Motors business by securing several new

One of the key thrusts of the VCP was to divest non-core assets and businesses so that the Group's resources can be mobilised to support and grow its core businesses. Although this was a key focus area since the demerger, it is also important to us to ensure that the assets were divested at the optimum price.

Unlocking Value FY2019 to FY2022



b: billion; m: million

dealerships and franchises. These include BMW dealerships in Foshan, Jiangmen and Shenzhen in China. The Group also made several strategic investments in the mobility space, with investments in segment players, SOCAR, Carro and a mobility fund. To support the adoption of electric vehicles (EVs), the Group has also set up KINETA, a business unit focused on supplying and installing EV chargers and providing EV charging solutions.

Unlocking Value FY2019 to FY2022

Although non-core asset rationalisation was one of the key focus areas since the demerger, it is also important to us to ensure that the assets were divested at the optimum price.

Thus far, the Group has declared special dividends of RM68 million in FY2019 and RM340 million in FY2021 in conjunction with the disposals. Looking ahead, the proceeds from recently announced disposals would be utilised for reinvestment in the Group's core businesses either as capital expenditure or the businesses' working capital, to fund any potential acquisitions and/or to pay special dividends.

Upon completion of major divestments to date as illustrated below, the major non-core asset remaining is the balance of the MVV land, which would be divested progressively at an opportune juncture.

Revenue from Continuing Operations
RM42,502m

PBIT from Continuing Operations
RM1,841m

ROAIC
8.8%

ROE
6.9%

Net Dividend per Share
11.5 sen

Total major divestments announced to-date
RM3.43b

FY2021
RM93m
Completed sale of remaining 11% stake in Eastern and Oriental Berhad

FY2023
RM1.57b
(including repayment of shareholders' loans)
Disposal of equity interests in Weifang Port companies

FY2023
RM250m
Disposal of 760 acres of land in MVV

FY2024
RM811m
Disposal of 2,664 acres of land in MVV

Completed   Estimated completion   All figures stated are values after tax.

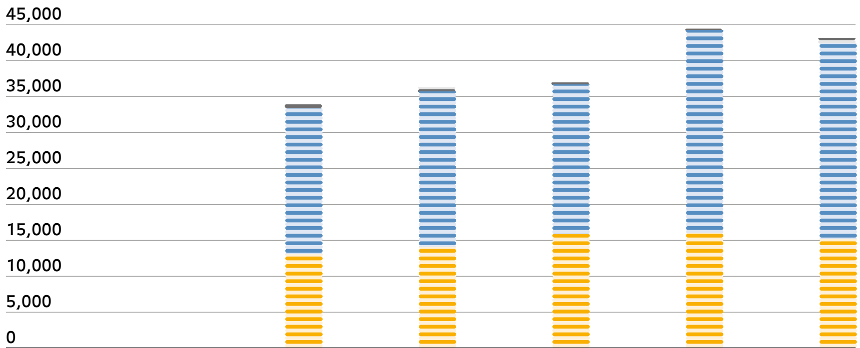
Group Chief Financial Officer's Review

Key Financial Performance Indicators

Sime Darby uses several key financial indicators to measure its financial performance. They are: revenue, profit before interest and tax (PBIT), net profit, return on average invested capital (ROAIC) and return on average shareholders' equity (ROE). The Board and Management regularly review these indicators to measure the Group's performance against set targets.

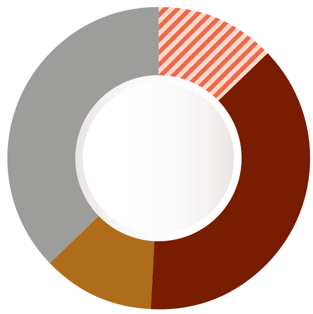
Group Revenue

Revenue from Continuing Operations (RM million)



	FY2018	FY2019	FY2020	FY2021	FY2022
Industrial	13,041	14,113	15,794	16,004	**15,099**
Motors	20,341	21,606	20,852	28,235	**27,337**
Others	105	154	69	63	**66**
Total	**33,487**	**35,873**	**36,715**	**44,302**	**42,502**

FY2022 Revenue from Continuing Operations by Geographical Location (%)



Malaysia	13
Greater China	38
Other Countries in Asia	12
Australasia	37
Total	**100**

Analysis by Division

The Motors Division saw a slight drop of 3.2% in revenue to RM27.3 billion in FY2022. This financial year saw revenue in China, our biggest car market, severely impacted by reduced car sales due to inventory shortages as well as the impact of COVID-19 restrictions. This adverse development was partially mitigated by the performance of the division's Malaysian operations, which achieved higher revenue from its assembly operations and the sale of BMW and Porsche cars – partly due to a boost from the Malaysian government's sales tax exemption programme.

The Industrial Division experienced a dip of 5.7% in revenue to RM15.1 billion in FY2022 due to a sharp contraction in the market size for heavy equipment in China. The lower revenue from China was largely mitigated by increased mining and construction equipment sales in Australasia, which saw a 10% YoY increase in revenue.

Revenue is not reported for the Healthcare Division as it is represented by Ramsay Sime Darby Health Care, a 50%-50% joint venture entity that is equity accounted.

Revenue from discontinuing operations – Logistics Division – improved marginally by 3.3% from RM181 million in FY2021 to RM187 million in FY2022, mainly due to higher bulk cargo throughput of the Weifang operations.

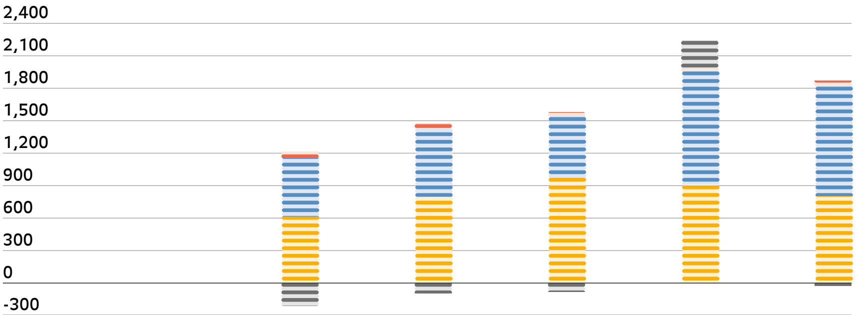
Analysis by Geographical Location

Most of the Group's revenue is earned outside Malaysia. In FY2022, Greater China and Australasia combined contributed 75% of the Group's revenue, similar to the revenue profile in FY2021. There was a decline in revenue contribution from China in FY2022, where our operations were more severely impacted by COVID-19 restrictions as well as a significant contraction in equipment industry volume.

We saw an increase in revenue generated by Australasia due to a surge in mining and construction equipment sales in Australia for the Industrial Division. This was driven by high demand for primary mineral commodities including metallurgical coal. For the Motors Division too, during FY2022, the Australasia region delivered strong performance with higher sales in our commercial and transport operations in New Zealand.

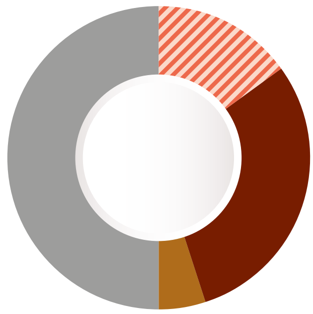
Profit Before Interest and Tax (PBIT)

PBIT from Continuing Operations (RM million)



	FY2018	FY2019	FY2020	FY2021	FY2022
Industrial	612	798	967	909	**803**
Motors	543	628	574	1,050	**1,020**
Healthcare	57	49	39	15	**45**
Others	(212)	(94)	(79)	271	**(27)**
Total	**1,000**	**1,381**	**1,501**	**2,245**	**1,841**

FY2022 PBIT from Continuing Operations by Geographical Location (%)



Malaysia	**15**
Greater China	**30**
Other Countries in Asia	**5**
Australasia	**50**
Total	**100**

Analysis by Division

Despite the challenges discussed, the Motors Division delivered a strong performance, contributing positively in PBIT in FY2022, albeit with a marginal dip of 2.9% from FY2021's achievement. The Malaysian market returned improved profits due to higher revenue and better vehicle margins for the BMW and Porsche marques and higher profits from assembly operations. The Australasian market also reported strong profits following the better performance of commercial vehicle and transport product lines.

The Industrial Division's contribution to the Group's PBIT shrank by 11.7% YoY to RM803 million in FY2022, mainly due to lower revenue from China, as discussed earlier. Despite the 10% increase in revenue, profit from our Australasia operations increased only 1% as the higher revenue was largely offset by additional operating expenses mainly due to COVID-19 related absences and expenses for digitalisation projects.

The Ramsay Sime Darby Health Care joint venture's share of profit improved significantly to RM45 million this financial year against RM15 million in FY2021. The FY2021 results were impacted by write-down of deferred tax assets, impairment of assets and a higher amount of dividend withholding tax.

Included under Others in FY2021 was the gain on disposal of the Group's stake in Tesco Stores (Malaysia) of RM294 million and net reversal of impairment of the investment in Eastern and Oriental of RM33 million.

The discontinuing operations (Logistics Division) recorded a LBIT of RM40 million in FY2022 compared to an LBIT of RM64 million in FY2021. The results for both years were impacted by net impairments – RM71 million in FY2022 and RM85 million in FY2021.

Analysis by Geographical Location

Consistent with the revenue breakdown, the Group continues to generate most of its PBIT outside Malaysia, reflecting the importance of our overseas operations to our portfolio.

In FY2022, Australasia was the biggest contributor to profits, generating about 50% of the Group's PBIT. The Greater China market was the second largest contributor of PBIT at 30%.

Net Profit and Return on Equity

Net profit dropped 22.6% from RM1,425 million in FY2021 to RM1,103 million this financial year, while return on equity (ROE) declined from 9.2% in FY2021 to 6.9% in FY2022.

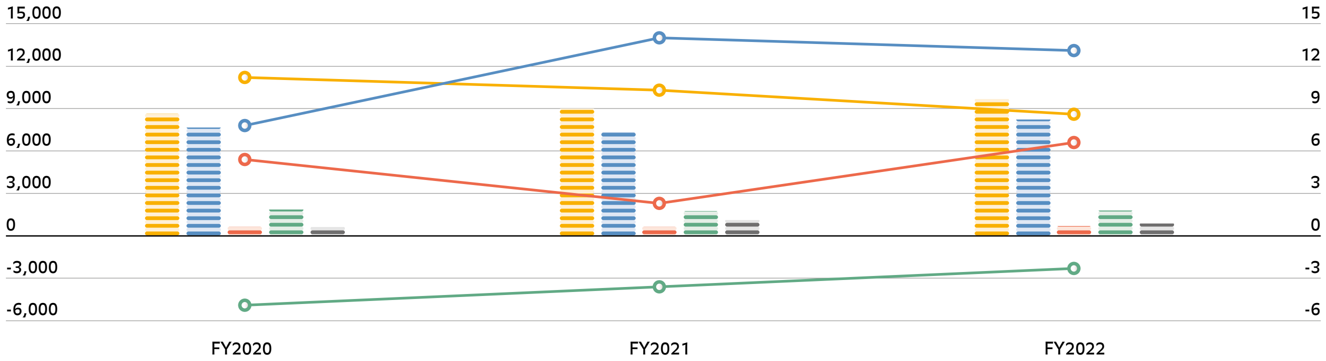
Given that the reported financial results often include large one-off items, the Group also reports core net profit, which is net profit excluding these one-off items to provide a more accurate assessment of the underlying profitability of the Group. Core net profit showed a more gentle decline of 4.2% from RM1,248 million in FY2021 to RM1,195 million in FY2022, mainly due to lower profits from our Industrial business, as described earlier. Accordingly, core ROE (computed using core net profit) dipped from 8.1% in FY2021 to 7.5% in FY2022.

The Group remains focused on improving its core ROE to surpass 10% in the medium term.

Group Chief Financial Officer's Review

Invested Capital and Return on Average Invested Capital (ROAIC)

Invested Capital & ROAIC



Invested Capital (RM million)	FY2020	FY2021	FY2022
Industrial	8,618	8,992	9,646
Motors	7,640	7,342	8,212
Healthcare	649	659	698
Logistics	1,832	1,744	1,790
Others	608	1,117	868
Sime Darby	**19,347**	**19,854**	**21,214**

ROAIC (%)	FY2020	FY2021	FY2022
Industrial	11.2	10.3	8.6
Motors	7.8	14.0	13.1
Healthcare	5.4	2.3	6.6
Logistics	(4.9)	(3.6)	(2.3)
Others	–	–	–
Sime Darby	**7.3**	**11.1**	**8.8**
Core ROAIC	**8.4**	**10.0**	**9.0**

The performance of each Division is also evaluated in terms of ROAIC to allow us to better measure how effective is the capital employed in generating returns for the respective divisions.

The Group's ROAIC dipped from 11.1% in FY2021 to 8.8% in FY2022. Excluding one-off items, core ROAIC declined from 10.0% in FY2021 to 9.0% in FY2022 mainly due to a combination of lower core profitability and higher invested capital at both the Industrial and Motors divisions. The increase in invested capital at both divisions respectively was partly a result of higher inventory levels arising from strategic inventory purchases to mitigate supply chain issues and the impact of COVID-19 restrictions in China (which impacted our sale of vehicles towards the end of the financial year). In the new financial year the Group aims to place more emphasis on improving ROAIC, particularly on working capital management, in anticipation of potentially more challenging business conditions.

Finance Income and Costs (continuing operations)

In FY2022, finance income increased from RM35 million to RM39 million due to higher interest income from finance lease receivables.

Finance costs grew from RM121 million to RM148 million in FY2022 mainly due to higher average borrowings as well as rising interest rates, particularly towards the end of the financial year. In addition, finance costs from finance leases and payables also increased.

Weighted average cost of borrowings – which only covers finance costs relating to borrowings – increased to 3.0% (including interest rate swaps) in FY2022 from 2.2% in FY2021. This is due to markedly higher interest rates in Australia and New Zealand.

Taxation (continuing operations)

The Group's continuing operations recorded a lower tax expense of RM474 million in FY2022 compared to RM573 million in FY2021 mainly due to lower profit before tax explained earlier but partly offset by a higher effective tax rate. The effective tax rate increased from 27.6% to 28.9% as the previous year had higher non-taxable dividend and disposal gains taxed at a lower tax rate.

Statement of Financial Position

RM million	FY2021	FY2022
Non-current assets	12,537	11,684
Other assets excluding bank balances and cash	13,477	15,061
Bank balances and cash	2,473	1,772
Weifang companies disposal group	–	1,712
Total Assets	**28,487**	**30,229**
Borrowings and leases (Debt)	3,734	5,029
Other liabilities	8,493	8,702
Weifang companies disposal group	–	127
Total Liabilities	**12,227**	**13,858**
Share capital	9,302	9,318
Reserves	6,581	6,692
Shareholders' Equity	**15,883**	**16,010**
Non-controlling interests	377	361
Total Equity	**16,260**	**16,371**
Total Equity and Liabilities	**28,487**	**30,229**

Total assets increased from RM28.5 billion as at 30 June 2021 to RM30.2 billion as at 30 June 2022 due to a combination of higher working capital (inventories, prepayments and receivables), the Salmon acquisition and capital expenditure during the year.

The proposed disposal of the Weifang companies resulted in the assets and liabilities of the Weifang companies being classified as a disposal group. The carrying value of the net assets of the Weifang port companies disposal group was RM1,585 million as at 30 June 2022.

Total debt increased from RM 3,734 million as at 30 June 2021 to RM5,029 million as at 30 June 2022 mainly due to higher short term borrowings to partly finance the higher working capital and borrowings raised for the Salmon acquisition.

Debt/equity ratio increased from 23.0% as at 30 June 2021 to 30.7% as at 30 June 2022 while the Debt/adjusted EBITDA ratio also increased from 1.21 as at 30 June 2021 to 1.69 as at 30 June 2022 mainly due to higher debt as explained above.

Despite the increase in gearing in FY2022, the Group still has sufficient headroom to raise borrowings to fund future acquisitions and expansion. In addition, the Group is also expected to receive a significant portion of proceeds from the disposal of the Weifang companies in FY2023.

Cash Flow from Continuing Operations

RM million	FY2021	FY2022
Operating cash flow	2,749	712
Interest received	26	26
Capital expenditure	(469)	(645)
Lease payments	(500)	(525)
Finance costs paid	(44)	(64)
Free cash flow	**1,762**	**(496)**
Acquisitions and investments	(107)	(280)
Disposals	563	49
Free cash flow after acquisitions and disposals	**2,218**	**(727)**

Operating cash flow from continuing operations declined from RM2.75 billion in FY2021 to RM0.71 billion in FY2022. The reduction was mainly due to an increase in working capital, particularly in inventories and prepaid inventories. The increase in inventories is partly due to strategic inventory purchases to mitigate against supply disruptions. Operating cash flows were also lower compared to FY2021 due to lower dividends received from joint ventures, associates and investments.

Capital expenditure of continuing operations increased from RM469 million in FY2021 to RM645 million in FY2022 as a result of higher spending on new branches and expansion of the assembly operations at the Motors Division.

The lower operating cash flow and higher capital expenditure resulted in a decrease in free cash flow.

Additional information can be found in our Cash Flow Statement on pages 185 to 188.

Dividend

The Group's policy is to distribute dividend of not less than 50% of net profit in each financial year. For FY2022, the Group declared a total dividend of 11.5 sen per share amounting to RM783 million and equivalent to 71% of the FY2022 net profit of RM1,103 million. In comparison, we paid out 72% of the net profit for FY2021 as dividend.

	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
FY2022	**783**	**71**	**5.4**

Group Chief Financial Officer's Review

5-Year Financial Highlights

Financial Year Ended 30 June (RM million)	2018	2019	2020	2021	2022
Financial results					
Revenue*	33,487	35,873	36,715	44,302	**42,502**
Profit before interest and tax*	1,000	1,381	1,501	2,245	**1,841**
Profit before tax*	998	1,295	1,367	2,159	**1,732**
Profit after tax					
– Continuing operations	640	1,034	971	1,586	**1,258**
– Logistics	45	(24)	(98)	(56)	**(71)**
– Post Pure Play Sime Darby	685	1,010	873	1,530	**1,187**
Non-controlling interests	(67)	(62)	(53)	(105)	**(84)**
Profit attributable to owners of the Company:					
– Post Pure Play Sime Darby	618	948	820	1,425	**1,103**
– SD Plantation & SD Property groups	1,301	–	–	–	**–**
Total	1,919	948	820	1,425	**1,103**
Financial position					
Share capital and share premium	9,299	9,299	9,300	9,302	**9,318**
Reserves other than share premium	5,071	5,414	5,697	6,581	**6,692**
Shareholder's equity	14,370	14,713	14,997	15,883	**16,010**
Non-controlling interests	389	405	416	377	**361**
Total equity	14,759	15,118	15,413	16,260	**16,371**
Borrowings and leases	2,889	2,575	4,045	3,734	**5,029**
Weifang disposal group liabilities	–	–	–	–	**127**
Other liabilities	7,225	7,823	7,815	8,493	**8,702**
Total equity and liabilities	24,873	25,516	27,273	28,487	**30,229**
Non-current assets	10,412	10,346	12,552	12,537	**11,684**
Current assets excluding bank balances and cash	12,789	13,447	13,027	13,477	**15,061**
Weifang disposal group assets	–	–	–	–	**1,712**
Bank balances and cash	1,672	1,723	1,694	2,473	**1,772**
Total assets	24,873	25,516	27,273	28,487	**30,229**
Financial ratios					
Operating margin (%)*	3.0	4.0	4.1	4.9	**4.1**
Return on average shareholders' equity (%)	7.4	6.5	5.5	9.2	**6.9**
Debt/Equity (%)	19.6	17.0	26.2	23.0	**30.7**
Share information					
Basic Earnings per share (sen)	28.2	13.9	12.1	20.9	**16.2**
Net assets per share attributable to owners of the Company (RM)	2.11	2.16	2.21	2.33	**2.35**
Net dividend per share (sen)	8.0	10.0	10.0	15.0	**11.5**

* The financial results have been restated to exclude discontinuing operations

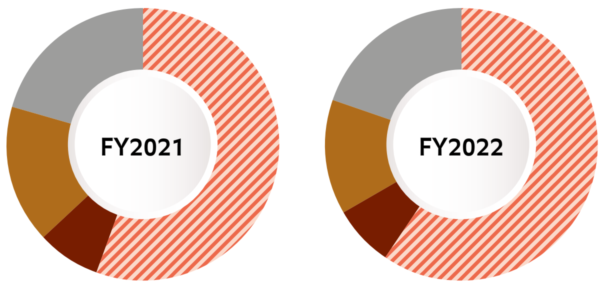
Value Distribution

RM million	FY2021	FY2022
Directors and Employees	4,270	4,490
Government and Society[1]	586	539
Providers of Capital		
• Dividends[2]	1,020	783
• Finance Costs[3]	122	148
• Non-Controlling Interests	105	84
Reinvestment and Future Growth	1,560	1,481
Total Distributed	**7,663**	**7,525**

Note – Figures including discontinuing operations

1. Tax and CSR contribution
2. Dividends refer to dividends declared for the respective financial years
3. Gross finance costs

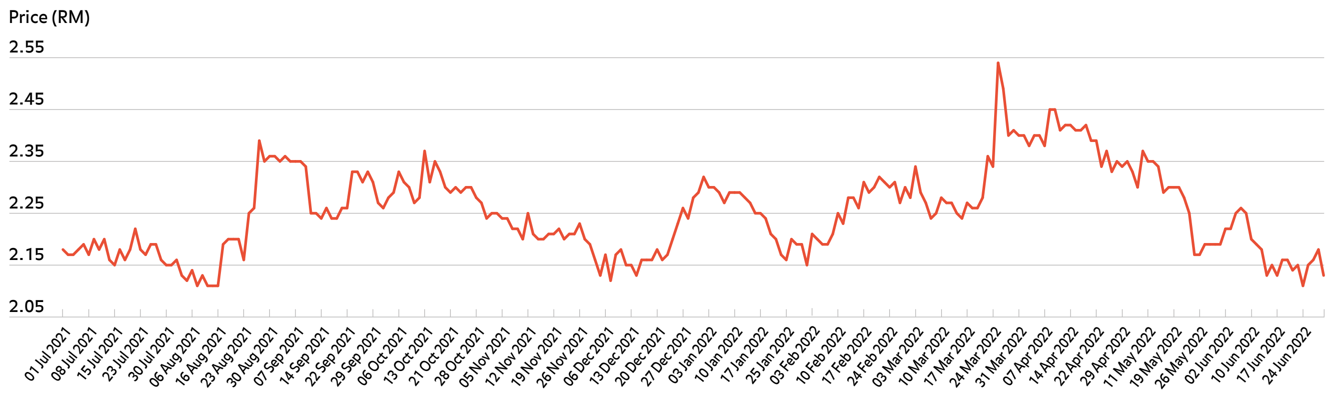
Value Distribution (%)



	FY2021	FY2022
Directors and Employees	55.7	59.7
Government and Society	7.6	7.1
Providers of Capital	16.3	13.5
Reinvestment and Future Growth	20.4	19.7
Total Distributed	**100**	**100**

Our Share Price Movement

Sime Darby Berhad (KLSE:SIME)



Our share price opened at RM2.18 per share at the start of the financial year and closed at RM2.13 per share.

Outlook

The Group has performed resiliently this financial year despite being beset by many challenges. This determination and focus will continue to be needed to tackle the many challenges ahead.

The business outlook is forecast to be more challenging in the coming months as interest rates continue to rise with central banks across the globe tightening monetary policy to combat inflation. China, our key market, is experiencing a slowdown in its economy, while sporadic COVID-19 outbreaks may lead to more lockdowns. Geopolitical instability may further disrupt supply chains.

However, we believe that the Group's relatively low gearing and cash flows from strategic divestments would provide the Group with ample debt headroom for strategic expansion and mergers and acquisitions through disciplined capital allocation. We are confident that the Group's strong financial standing will allow us to take advantage of emerging opportunities that will strengthen our core businesses and build additional capabilities along value chains.

Mustamir Mohamad
Group Chief Financial Officer

Divisional Operations Review

Sime Darby Industrial

A world leader in the heavy equipment space, Sime Darby Industrial's core businesses provide earthmoving and industrial solutions for customers in the resources, infrastructure, oil and gas, power generation, forestry, marine, agriculture, and material handling sectors. This includes the selling and renting of industrial equipment, the provision of after-sales product support and parts, and the development of innovative industrial solutions.

Supported by a regional network of 191 branches spanning 16 countries and territories throughout Asia Pacific, Sime Darby Industrial offers over 30 industrial brands and solutions including world-renowned premium names such as Caterpillar (Cat), New Holland, Hyster, Terberg and Perkins. 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 that spans more than 90 years.

Today, decarbonisation and environmental efforts are offering Sime Darby Industrial exciting opportunities for growth.

Revenue

RM15,099m

PBIT

RM803m

Key Developments in FY2022

- Provision of Haynes labour hire services into the renewable energy sector
- Sime Darby Energy Solutions Sdn Bhd provides cogeneration (combined heat and power) solutions to sectors such as the oleochemical industry in Malaysia to help reduce emissions at processing plants
- Entered into a maintenance service agreement with Cenergi RE Sdn Bhd to service Cenergi's Caterpillar biogas generator sets installed at Cenergi's biogas power plants in Malaysia
- Awarded the Hyster dealership in Fujian Province, China and acquired Salmon Earthmoving Holdings Pty Ltd (Salmon Australia)
- Our Hyster dealerships in Malaysia, Brunei, and China offer electric forklifts to customers
- Scope of Mine Energy Solutions (MES) continues to expand within the market
- Hastings Deering was conferred the Ceridian Best Workplace Diversity & Inclusion Program Award at the Australian HR Awards

"Sime Darby Industrial is at the forefront of servicing the growing sectors of Resources, Infrastructure and Energy through a wide range of equipment and industrial offerings. We represent some of the premier Industrial brands including Caterpillar, for whom we are the second largest dealership group globally. We are supporting our customers on their decarbonisation journeys through the development of innovative and impactful solutions, demonstrating our commitment to sustainable outcomes whilst delivering exceptional value."

Dean Mehmet
Managing Director, Sime Darby Industrial

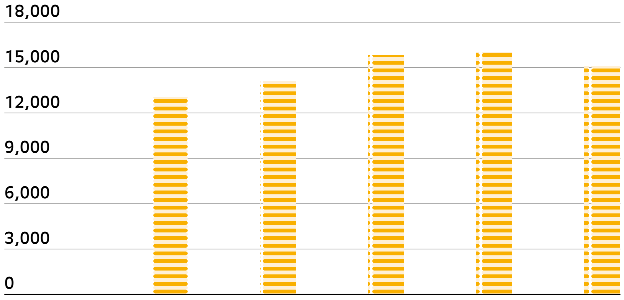
Please see our Creating Sustainable Value section on pages 95 to 119 for more information on sustainability initiatives across our businesses.

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

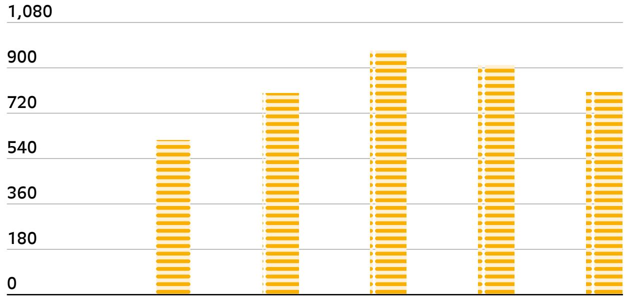
Key Highlights

Revenue (RM million)



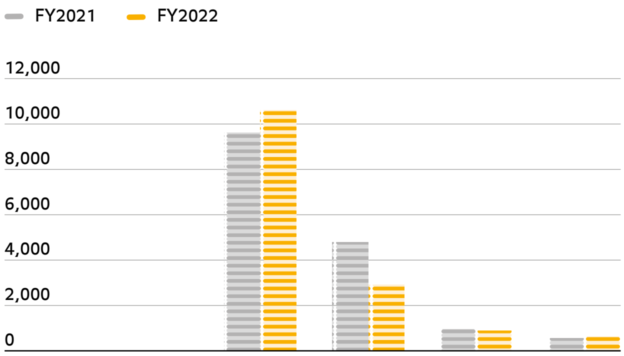
	FY2018	FY2019	FY2020	FY2021	**FY2022**
	13,041	14,113	15,794	16,004	**15,099**

PBIT (RM million)



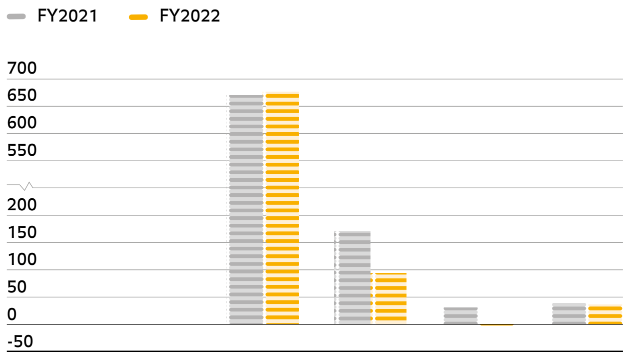
	FY2018	FY2019	FY2020	FY2021	**FY2022**
	612	798	967	909	**803**

Revenue by Region (RM million)



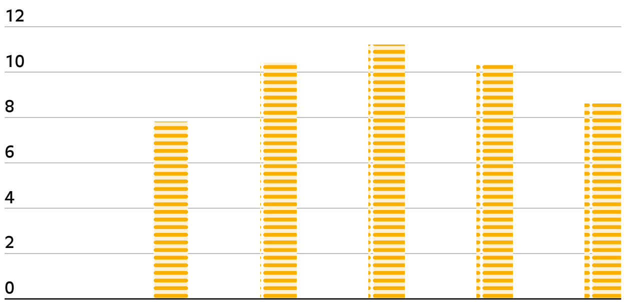
	AUS	CH	MY	AS
FY2021	9,619	4,810	945	630
FY2022	**10,610**	**2,926**	**921**	**642**

PBIT by Region (RM million)



	AUS	CH	MY	AS
FY2021	668	171	31	39
FY2022	**675**	**94**	**(2)**	**36**

ROAIC (%)



	FY2018	FY2019	FY2020	FY2021	**FY2022**
	7.8	10.4	11.2	10.3	**8.6**

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

Operations Review

In FY2022, a decrease in revenue and PBIT was observed across the Industrial Division due to the impact of the COVID-19 pandemic.

In Australasia, profits were impacted by COVID-19 related disruptions such as labour shortages and supply chain constraints, despite a strong order book supported by demand from the mining sector. In China, a slowdown in construction activities due to COVID-19 lockdowns saw the excavator market shrink by approximately half from pre-pandemic levels. In Malaysia, COVID-19 restrictions resulted in delays to equipment deliveries and project completions.

The Division achieved revenue of RM15.1 billion for FY2022. This is a 5.7% decrease YoY from RM16.0 billion. PBIT also decreased by 11.7% YoY from RM909 million to RM803 million, leading to a drop in PBIT margins from 5.7% to 5.3%.

As per previous years, the Australasia region led in revenue contribution, generating 70% of the Division's revenue, followed by China at 20%. Malaysia added 6% to revenue while the rest of Asia contributed 4%.

We remain upbeat as order books showed an overall gain of 35% YoY from RM3.3 billion as at June 2021 to RM4.4 billion as at June 2022.

We are also committed to supporting our customers in decarbonising their operations by providing more energy effective products and services to reduce emissions.

Advancing Our Sustainability Commitments

To further enhance our sustainability commitments and reduce our emissions, we have installed solar photovoltaic systems at several of our facilities, with more installations underway. Other initiatives include the enhancement of our waste and water treatment facilities and utilising electric forklifts in our warehouses.

We are also committed to supporting our customers in decarbonising their operations by providing more energy effective products and services to reduce emissions. In Malaysia, we build and maintain cogeneration (combined heat and power) plants for the processing and manufacturing sectors such as the oleochemical industry. We also sell and maintain biogas generator sets and provide labour hire services to the renewable energy sector. Our product range also includes the supply of electric forklift trucks through our Hyster dealerships.

In Australia, Sime Darby Industrial has gained recognition for diversity and inclusion achievements within the resources sector.

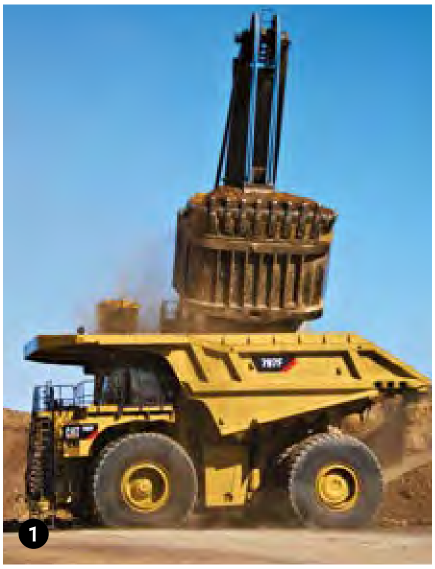
Nurturing Long-Term Relationships

In this financial year, Sime Darby Industrial remained focused on growing with its customers and leveraging opportunities in its markets. To keep delivering exceptional value to its customers, Sime Darby Industrial continues to expand its product and service solutions. An example is the acquisition of Salmon Australia, which allows diversification to Sime Darby Industrial's rental equipment offerings in the civil construction and mining sectors.

In 2022, Sime Darby Industrial was awarded the Hyster dealership in Fujian Province, China. This follows our award of the exclusive dealerships for Hyster in Malaysia and Brunei in 2020.

We will also continue our efforts to expand our digital and data related products and solutions offerings. We have set up a productivity solutions arm, Decoda, which aims to enable our customers in the mining sector to optimise their entire mining value chains through the usage of analytics. On the customer front, we have created a powerful ecosystem across our regions, with advanced customer platforms to improve the ease of doing business, generate new leads and reduce our cost to serve.

Divisional Operations Review
Sime Darby Industrial



1. The Caterpillar 797F mining truck is the most productive 363-tonne truck in the market. It also uses less fuel, lowering operating costs and reducing engine emissions.
2. Terra Cat saw strong performance driven by buoyant construction activity in New Zealand, despite COVID-19 restrictions.
3. At Sime Darby Industrial, safety is our top priority, driven by a strong safety culture embedded across all our operations.

We continue to make strides in our initiatives under Mine Energy Solutions (MES) to deliver innovative energy technologies that challenge the existing mobile mining equipment cost paradigm whilst reducing carbon emissions.

Through MES, we are collaborating with Thiess to decarbonise a haul truck fleet by using locally sourced gas to displace imported diesel in Thiess' large mining trucks. MES is also developing a hydrogen tri-fuel to reduce haul truck emissions in the mining industry.

Global Outlook for the Heavy Equipment Sector

The outlook for the heavy equipment sector is encouraging with demand for mining expected to remain resilient on the back of the ongoing global energy transition and regional fundamentals.

Please see our Flagship Initiatives section on page 119 for more information on investment in cleaner, more efficient technology for a description of how MES aligns with our Sustainability Blueprint.

The global energy sector's shift from fossil-based energy such as oil, natural gas, and thermal coal to renewable energy such as wind and solar, will increase demand for minerals such as nickel, copper, lithium and cobalt, as essential components for a decarbonised future. Furthermore, iron ore and metallurgical coal are critical inputs for steelmaking, a key enabler for renewable infrastructure. The demand for these components will drive the resources sector ahead.

3

The outlook for the heavy equipment sector is encouraging with demand for mining expected to remain resilient on the back of the ongoing global energy transition and regional fundamentals.

Regional economic fundamentals also support the resources sector. There will be long-term demand for steel in India and South-east Asia due to their low base of urbanisation. Metallurgical coal is a crucial component for steelmaking, with no current commercially viable alternative. Supply disruptions and market uncertainties from the Russia-Ukraine conflict have created strong price environments with Australian premium hard metallurgical coal expected to average at a price of US$420/tonne in 2022.

The heavy equipment sector is also further assisted by spending on infrastructure and construction projects which are forecasted to remain strong across Sime Darby's operating regions with the various governments' push for economic recovery. For instance, large governmental infrastructure stimulus plans are expected to drive Australia's engineering construction to an average of A$108 billion a year until 2030.

Australasia

In the year under review, the Division's Australasia operations posted a revenue of RM10.6 billion and PBIT of RM675 million, exceeding last year's revenue of RM9.6 billion and PBIT of RM668 million. Supported by demand from the mining sector, order books as at June 2022 amounted to RM3.2 billion.

The higher revenue in Australia was driven by strong infrastructure and resource project spending, assisted by major stimulus investment by the Australian government. High demand for raw materials also boosted mining and construction equipment sales in Australia. Additionally, the Pacific Islands dealerships also delivered a strong performance.

Terra Cat in New Zealand contributed revenue of RM1.2 billion and PBIT of RM49 million. This strong performance was driven by buoyant construction activity across sales and rental equipment despite stringent COVID-19 lockdowns throughout New Zealand. Terra's Power Systems line of business remained strong, supported by government and private projects in the region.

Another notable contributor was Salmon Australia. The company, acquired in October 2021, delivered a revenue of RM203 million and PBIT of RM23 million in its first year of contributing to the Group. Beyond driving revenue growth, the acquisition has also diversified the product offerings of the Division.

Divisional Operations Review
Sime Darby Industrial

China

In this financial year, the Division's China operation posted revenue of RM2.9 billion, PBIT of RM94 million and an order book amounting to RM225 million.

Revenue and PBIT declined from last year's RM4.8 billion and RM171 million respectively due to a slowdown in construction activities following the return of lockdowns in the country. The excavator market in the country shrank by approximately 50% from its pre-pandemic peak and the impact was particularly felt in the rental business in the form of lower fleet utilisation.

Malaysia

The Division's operations in Malaysia ended the financial year with slightly lower revenue of RM921 million, down from RM945 million last year. Malaysia registered a loss before interest and tax of RM2 million, from profit of RM31 million last year, due to recognition of project losses. The order book stood at RM526 million as at June 2022.

Malaysia's performance was impacted by COVID-19 restrictions, which led to delays in the delivery of equipment and the completion of projects. However, an upturn is expected with customers resuming spending on the repair and maintenance of equipment as the economy continues to recover.

Singapore and Others

Singapore registered an uptick in revenue, generating RM642 million compared to last year's RM630 million. However, PBIT reduced to RM36 million – compared to RM39 million last year – due to foreign exchange losses and recognition of wage subsidies in the previous corresponding period. The order book for our Singapore operations stood at RM455 million, mainly from demand for power systems for data centre projects. Demand was also buoyant for our offerings in the marine sector.

Sime Darby Industrial ensures customer satisfaction through delivery of excellent after-sales support from specialist technicians.

Risks to the Business

Key Risk	Description	Mitigation Strategies
Decarbonisation of Customers' Operations	Customers are increasingly looking for products and solutions to support the decarbonisation of their operations. There is opportunity for Sime Darby Industrial to grow its business by providing decarbonisation solutions that support the emerging needs of its customers.	• Continue to diversify product range and expand into markets that will support growth in decarbonisation activities • Continue pursuing renewable energy labour hire contracts • Continue to grow the capabilities of Mine Energy Solutions (MES) • Continue to work with principals to decarbonise equipment range and offer new solutions
Supply Chain and Labour Constraints	The supply chain and labour constraints fuelled by COVID-19 have negatively impacted our performance by raising operational costs and creating delays in the delivery of projects and equipment.	• Continue to work with principals to manage supply • Continue to exercise discipline over cost management • Foster a flexible and rewarding work environment to retain current workforce

Please see the Managing Enterprise Risk section on pages 49 to 65 for a deeper understanding of the Group's Risk Management activities.

Outlook for Sime Darby Industrial

The outlook for Sime Darby Industrial is positive despite the impacts from COVID-19 and global supply chain constraints. Strong commodity prices and the recovery of the infrastructure sector will drive demand for heavy equipment.

The resources industry will continue to be supported by strong demand for raw materials from our key markets. Many commodities reached record prices and with the global transition to a lower carbon economy, demand for battery metals is expected to increase. Sime Darby Industrial is positioned to capture growth in this market through our vast footprint and capabilities in resource rich regions.

In Australia, a pipeline of major buildings and heavy infrastructure works have been announced with over A$50 billion in projects across Queensland over the next five years and A$30 billion in the Northern Territory over the next 10 years. Furthermore, Queensland will see major infrastructure works over the next decade for the Brisbane 2032 Summer Olympics.

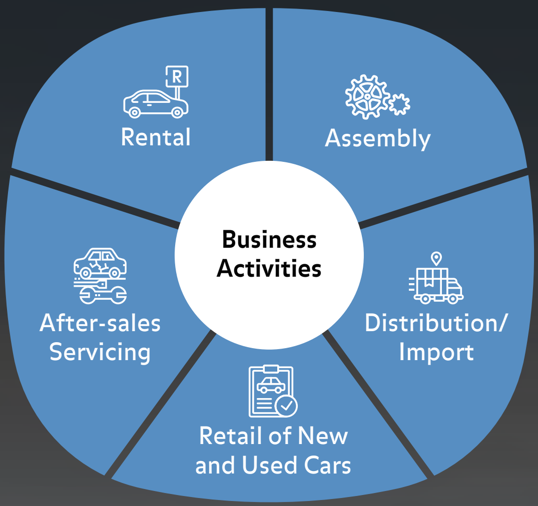
The construction industry in New Zealand is projected to expand by 5.5% in 2022, aided by general economic recovery as borders reopen and government investment in public infrastructure. New Zealand's infrastructure pipeline amounts to NZ$62 billion over the next five years.

In China, a recent pledge by the government to make US$1.1 trillion available in financing for massive infrastructure projects has lifted prospects for the construction industry. However, continued COVID-19 restrictions could affect delivery lead times and labour availability.

In Malaysia, the revival of mega construction projects by the government is also brightening the outlook, with the MRT3 project given the go-ahead and the Pan Borneo Highway underway. Meanwhile, oil and gas activities are boosted by strong oil prices.

Singapore's construction sector has shown signs of recovery with the resumption of mega infrastructure projects while continued investments in data centres and activity in the maritime sector is expected to keep demand high for power systems. The country's easing of restrictions has led to improved labour availability and a healthy pipeline of public and private sector projects for Sime Darby Industrial to capitalise upon.

Divisional Operations Review



Sime Darby Motors

Sime Darby Motors is involved in retail, distribution, assembly and rental. With over 50 years of experience, Sime Darby's award-winning operations span nine markets across Asia Pacific, a region that is home to a vibrant and affluent middle class with a penchant for luxury goods and services.

Sime Darby Motors represents more than 30 of the world's largest automotive brands ranging from super luxury marques such as Rolls-Royce and Lamborghini and luxury brands such as BMW, Porsche and Volvo, to Electric Vehicles (EV) specialists such as BYD, Tesla and Polestar as well as household names such as Hyundai, Ford and Mazda. The commercial trucks portfolio includes industry stalwarts such as Volvo Trucks, Hino and Mack.

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

Revenue
RM27,337m

PBIT
RM1,020m

Key Developments in FY2022

- Awarded 16 new dealerships and service centres in China
- Expanded brand portfolio to include leading EV brands such as Polestar, smart and Tesla in China
- Commenced assembly for select Porsche and Kia models. Sime Darby's Inokom plant in Malaysia is Porsche's first assembly plant outside Europe
- Launched vehicle subscription programmes in Malaysia, Singapore, Hong Kong and Australia as part of our mobility-as-a-service initiative
- Enhanced our Customer Relationship Management system to centralise customer information and interaction data. We also implemented Salesforce Service Cloud, a digital platform designed to automate service processes and streamline workflows at our service centres
- Signed MoUs with Tenaga Nasional Berhad to accelerate electric vehicle (EV) adoption and expand the network of EV chargers across Peninsular Malaysia as well as with New World Development, a Hong Kong-based conglomerate to install over 100 EV chargers in Hong Kong

"Sime Darby Motors is committed to providing world-class service to its customers. Our vision is to create a seamless customer experience across physical and online channels that is personalised without being intrusive. Our regional footprint uniquely positions us to capitalise on favourable socio-economic demographics and emerging industry trends from digital retail to electrification. We are cognisant of the automotive industry's carbon footprint and are playing our part to create a more sustainable future by increasing our representation of EV brands, embarking on mobility-as-a-service, and influencing the adoption of cleaner, more efficient technologies across our operations as part of our decarbonisation strategy."

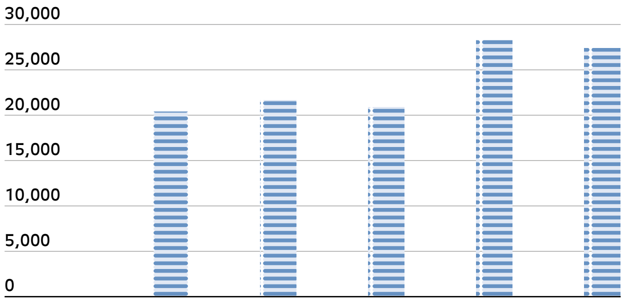
Andrew Basham
Managing Director, Sime Darby Motors

Please see our Creating Sustainable Value section on pages 95 to 119 for more information on Sustainability initiatives across our businesses.

Divisional Operations Review
Sime Darby Motors

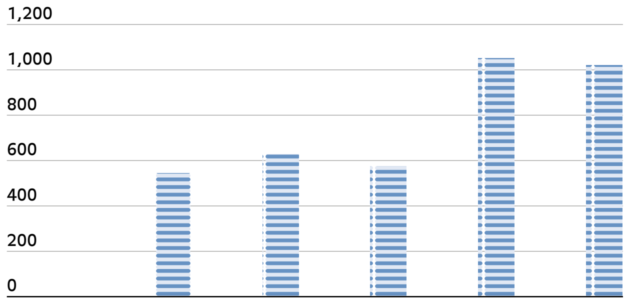
Key Highlights

Revenue (RM million)



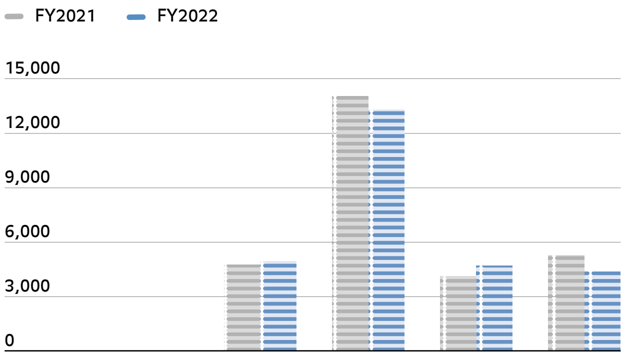
FY2018	FY2019	FY2020	FY2021	**FY2022**
20,341	21,606	20,852	28,235	**27,337**

PBIT (RM million)



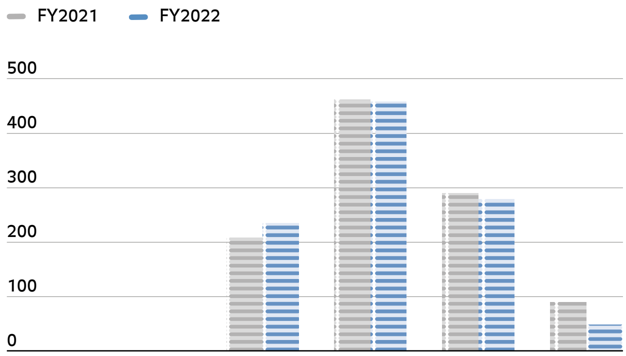
FY2018	FY2019	FY2020	FY2021	**FY2022**
543	628	574	1,050	**1,020**

Revenue by Region (RM million)



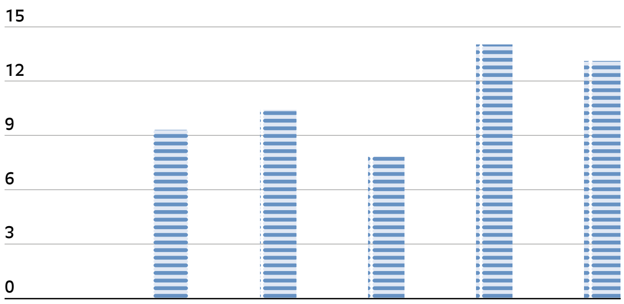
	AUS/NZ	CH/HK/ MC/TW	MY	SG/TH
FY 2021	4,754	14,057	4,129	5,295
FY 2022	**4,960**	**13,298**	**4,717**	**4,362**

PBIT by Region (RM million)



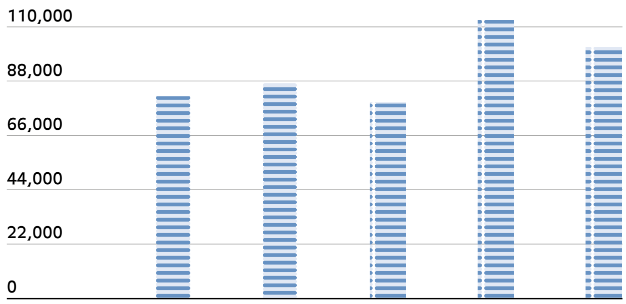
	AUS/NZ	CH/HK/ MC/TW	MY	SG/TH
FY 2021	208	462	290	90
FY 2022	**235**	**458**	**279**	**48**

ROAIC (%)



FY2018	FY2019	FY2020	FY2021	**FY2022**
9.3	10.4	7.8	14.0	**13.1**

Unit Sales



FY2018	FY2019	FY2020	FY2021	**FY2022**
81,741	86,906	79,241	112,700*	**101,760***

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

* Includes used cars sold on consignment

Operations Review

After a spectacular performance in FY2021, revenue for Sime Darby Motors declined by 3.2% in FY2022 as a result of COVID-19 restrictions and inventory shortages.

PBIT declined in tandem by 2.9% to RM1,020 million mainly as a result of lower profits from our China operations and lower dividend income from BMW Malaysia. This was partly offset by higher profits from our Malaysian operations due to the easing of COVID-19 restrictions in FY2022.

Notwithstanding the tougher operating conditions, Greater China remained the Division's key contributor at 49% of revenue for the year. Australia and New Zealand contributed 18%, Malaysia 17% and the rest of Asia 16%.

A Year of Exponential Network Expansion

The year in review saw a record number of 16 greenfield awards in China, including four BMW and two MINI outlets. We were also awarded a Volvo dealership in Brisbane, Australia and appointed as the distributor for BMW Motorrad in New Zealand. Three new EV brands were added to the Sime Darby Motors portfolio as part of our focus on electrification: Tesla, Polestar and smart.

We are well placed to capitalise on rising demand for EVs though the electrification plans of our incumbent OEMs as well as partnerships with emerging EV brands.

The launch of the BYD Atto3 and e6 models in Singapore have been extremely well received. In Hong Kong and Macau, response to the BMW EV models has been overwhelming due to favourable government subsidies and an attractive product line-up. Malaysia has seen the build up of robust order banks across our EV model line-up as demand has exceed supply across the entire BMW EV range, Porsche Taycan, Volvo XC40 and Hyundai IONIC5.

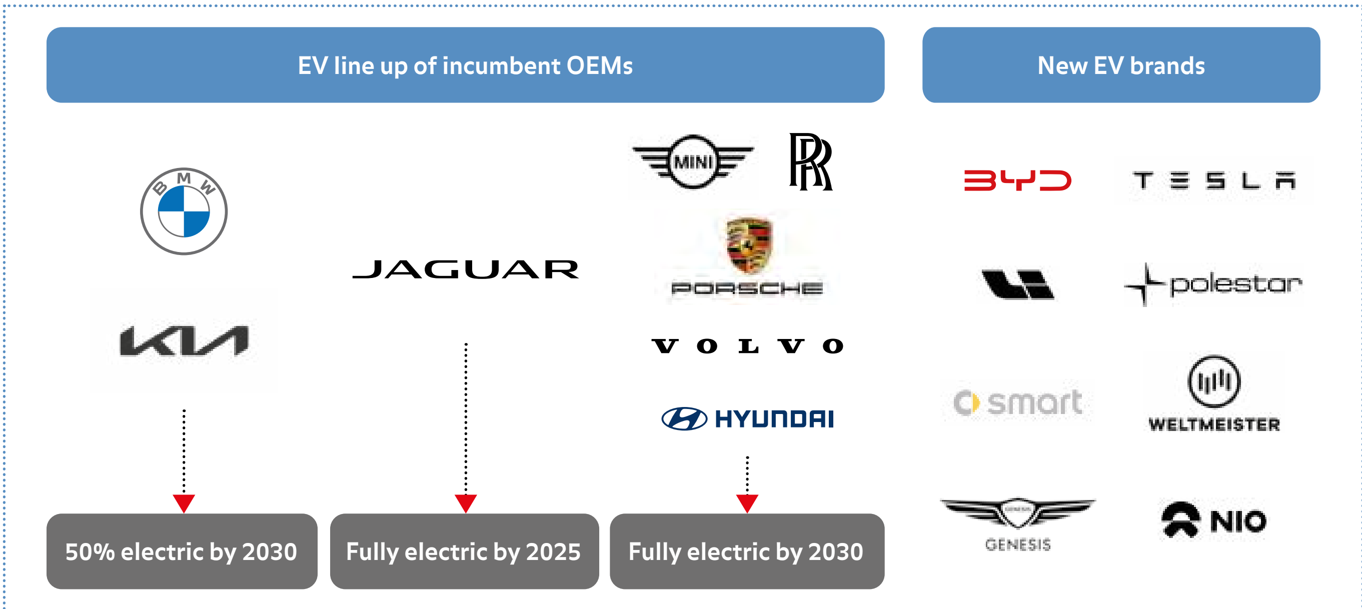
We have also ventured into the car subscription space to capitalise on the growing popularity for hassle-free, low commitment mobility options. Unlike leasing programmes, car subscription packages allow customers to drive their selected models without any long-term commitments by paying a monthly subscription fee which often covers motor insurance, road tax, maintenance, servicing, vehicle replacement and 24-hour roadside assistance.

Our Volkswagen dealership in Sydney and our commercial vehicle subsidiary Corefleet have partnered to launch a car subscription pilot in Australia. In Singapore, the Access by BMW programme, operated by Sime Darby Services is a car subscription service that allows customers to switch between car models anytime. In Malaysia, our car rental business, Sime Darby Rent-A-Car, in conjunction with Hertz offers Fit Drive, a flexible car subscription programme that charges fees based on mileage. In Hong Kong, we also offer subscription packages for Fuso commercial vehicles.

Expanding Our Footprint

The launch of Sime Darby Motors City, the largest automotive complex in South-east Asia, in April 2021 cemented our brand presence in Malaysia. This year, we opened three new centres in Klang Valley, namely Volvo in Setia Alam, BMW and MINI Service Fast Lane in Kuala Lumpur and a used car showroom at TREC Kuala Lumpur. We also consolidated the Jaguar Land Rover retail operations of Sime Darby Auto Connection and Sisma Auto through a 60:40 partnership.

The year in review also saw the opening of new storefronts that will contribute to our bottomline in time to come. We launched our first multibrand used car centre in Parramatta, Sydney. In China, we opened two BMW 4S dealerships in Chengdu and Shanghai while in Hong Kong we launched the BMW iSpace Electric Vehicle flagship store.



Divisional Operations Review
Sime Darby Motors

Enhancing our Assembly Capability

Our assembly operations in Malaysia are a crucial component of the success of our retail and distribution network. We have successfully diversified into engine and vehicle module assembly. In FY2022, we became the first local assembly plant for Porsche outside Europe, with the launch of the locally-assembled Cayenne at our assembly plant in Kulim, Kedah. We now assemble a total of seven brands and six vehicle modules.

Continuing our Journey towards Operational Excellence

We believe that we are well positioned to weather any economic downturn due to prudent inventory management practices and a continued focus on operational best practices from lead generation to after-sales service retention.

The lifting of lockdown restrictions have afforded us the opportunity to re-engage our employees through physical townhall sessions and workplace activities. We are in the process of appointing Employee Experience Managers in each market to enhance and enrich each stage of an employee's career path as part of our efforts to increase retention.

Embracing the EV Revolution

FY2022 marked the acceleration of our EV masterplan with the launch of several beachhead projects that will bring us closer to achieving our ambition of becoming an EV leader in Asia Pacific.

In December 2021, we signed an MOU with Malaysian utility company, Tenaga Nasional Berhad (TNB), to support Malaysia's low carbon mobility ambitions. Over the next two years, Sime Darby Motors will work with TNB to accelerate the adoption of EVs in the country, including installing a network of highly efficient EV chargers.

This was followed by an MOU with Hong Kong-based conglomerate New World Development in July 2022 to install over 100 EV charging points in Hong Kong beginning in the fourth quarter of 2022. As part of the MOU, Sime Darby Motors will launch an EV rewards programme and promotional activities to advocate for a greener lifestyle and encourage EV adoption.

Meanwhile our network of EV chargers across Peninsular Malaysia continues to expand. Auto Bavaria, the largest BMW authorised dealership group in Malaysia, has 33 EV chargers across the Klang Valley, Penang and Johor. In addition, Sime Darby Auto Performance, the authorised Porsche importer in Malaysia, is partnering with Shell to install DC chargers at six Shell stations at strategic locations across the North South Expressway.

Please see our report on Optimising our Environmental and Social Footprint on pages 98 to 105 for more information.

Key Automotive Retail Trends

While the end appears to be in sight for the semiconductor shortages and supply chain disruptions that have characterised the past two years, the automotive industry faces disruptive megatrends that will reshape the face of automotive retail.

Accelerating the Shift Towards EVs

The preference for EVs among car buyers is continuing to grow, spurred on by environmental concerns and government subsidies. According to the EY Mobility Consumer Index 2022 study[1] of nearly 13,000 consumers across 18 countries, over 50% of car buyers will choose either a fully electric, plug-in hybrid, or hybrid vehicle.

The extensive EV incentive programme by the Chinese government has redefined the global EV market through the creation of a sophisticated EV ecosystem, from EV car brands to battery suppliers. Buoyed by their success in the domestic market, Chinese EV companies have begun to make inroads into Europe and Asia on the strength of their technological prowess and cost competitiveness. As a result, EV car ownership is rapidly becoming a reality for the mainstream consumer.

Emergence of Agency Sales Model

Today we are witnessing the evolution of the traditional car dealership model to one where manufacturers interact and sell directly to customers. This change has been largely driven by EV makers, with companies like Tesla that have embraced direct-to-consumer sales models with encouraging results.

An increasing number of automakers have started to experiment with the agency sales model. BMW has piloted it in South Africa and is considering adopting it in Europe. Honda has launched it in Australia, followed closely by Mercedes Benz.

Despite these developments, automakers believe that dealerships will still be instrumental in providing a physical brand experience and that dealer groups like Sime Darby Motors will still have a place in the future automotive landscape.

This sentiment is validated by customers who consider test drives and dealership visits a key part of their purchasing decision.

> *"Porsche's partners are becoming more important, as they represent the human touch in the sales process and form an ideal intersection between the online and real world."*
>
> *Porsche Executive Board Member*

85%
consider test drives important[2]

90%
prefer to visit dealerships before purchase[3]

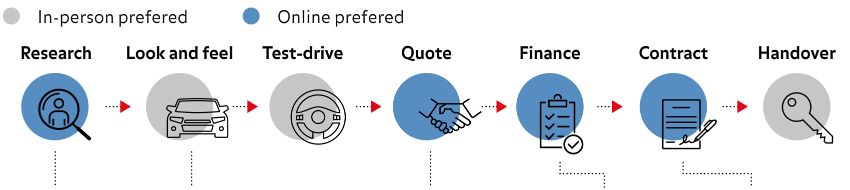
1. https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/automotive-and-transportation/automotive-transportation-pdfs/ey-mobility-consumer-index-2022-study.pdf
2. Bain Automotive Consumer Survey July 2020
3. Automotive Survey by BCG 2020

Car Market Going Digital

Digital channels have become a critical source of information in a customer's buying journey, although research by McKinsey reveals that offline sales interactions remain crucial to 'sealing the deal'. The COVID-19 pandemic has accelerated the migration to online sales and contactless servicing channels over hygiene and health concerns.

The role and business model of the dealership needs to change.

The majority of interactions in a dealership today are already replaced or influenced by online interactions.



- Research: <50% of shoppers believe salespeople can provide all of the information they need.
- Look and feel: 70% see the physical car experience as the main reason for a visit to the dealership.
- Quote: The majority of final offers are negotiated at the dealerships today, but consumers are highly interested in haggle-free, online price quotes.
- Finance / Contract: 72% do not feel the need to finance a car in person.
- Handover: More than 55% would like to sign and pay digitally.

Source:
McKinsey Automotive Retail Consumer Survey 2020 (China, Germany, United States)
https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/a-future-beyond-brick-and-mortar-disruption-in-automotive-retail

Dealers across the globe have responded by investing in digital channels. However, the degree of digitalisation varies across markets as the scope of digital offerings are impacted by legislation, internet connectivity and local consumer preferences.

China

China's zero-COVID policy saw a series of strict restrictions and lockdowns which severely impacted sales and disrupted supply chains. Inventory shortages and COVID-19 restrictions sharply curtailed sales volume in the world's largest automotive market for both Internal Combustion Engine (ICE) and EV passenger vehicles. Vehicle sales fell by 15.0% to 37,692 units, while PBIT declined by 17.4% to RM395 million.

However, our order book remains strong as the Chinese luxury car market continues to enjoy strong growth momentum. According to China Passenger Car Association, the sales of luxury brand cars in China stood at 2.65 million units in 2021, a year-on-year increase of 5%. More tellingly, the market share of EVs stood at 13.3% and the Chinese government is considering extending EV subsidies until 2023.

Hong Kong and Macau

Our operations in Hong Kong and Macau achieved a marked turnaround with a PBIT of RM55 million in FY2022 from a loss of RM16 million the year before. However, core profits were actually lower in FY2022 as the previous year's loss included a one-off impairment charge for leasehold land of RM89 million. Nonetheless, this year's performance represented a remarkable achievement on the back of a 5.1% reduction in vehicles sold to 7,192 units. Volumes were adversely impacted by the unavailability of EV models to meet demand as consumers traded in their ICE cars to benefit from the generous EV subsidy scheme introduced in 2021.

Taiwan

Taiwan posted strong growth for FY2022 and recorded a PBIT of RM8 million on the back of a 33.0% growth in sales volume to 3,877 units. This was on the back of brisk orders for the Kia Picanto, Kia Sorento and Kia Carnival.

Malaysia

Malaysia experienced an increase of 7.0% in unit sales to 17,459 units

Nurturing Lifelong Customer Relationships

We aim to provide an end-to-end customer experience that seamlessly integrates both online and offline touchpoints through the digitalisation of our internal processes and customer interactions. This empowers our customers by placing convenience, flexibility and personalised content at their fingertips.

In the year under review, we have made good progress on enhancing the various customer touchpoints in our omnichannel retail strategy, making it easier for customers to interact with us. We upgraded our customer data platform and Customer Relationship Management solution to centralise customer information and interaction data. We also introduced Salesforce Service Cloud, a digital platform for marketing and customer engagement in China, Hong Kong, Macau, Malaysia and Singapore. As a result, our sales teams in these markets are now able to tailor marketing content and make personalised offers to customers.

In addition, new car buyers in Australia, Malaysia, New Zealand and Singapore can now reserve their vehicles online by making online deposit payments. In Australia, new car buyers are able to receive instant trade-in offers for their used cars, while used car buyers can now source, reserve, pay a deposit for and obtain pre-approval for financing entirely online.

We have also made good progress in digitalising the after-sales customer journey. In Australia and New Zealand, customers have an option to book and pay for service appointments online. Other initiatives include virtual vehicle damage inspections in Australia, Hong Kong and Singapore and online health checks for EVs.

Divisional Operations Review
Sime Darby Motors

but a decline of 3.8% in PBIT to RM279 million. The higher profits from our retail operations were offset by lower dividend income from our holding in BMW Malaysia of RM48 million compared to RM113 million in the last financial year.

Singapore

Unit sales in Singapore declined significantly by 35.4% to 8,147 units as a result of inventory shortages which were exacerbated by higher Certificate of Entitlement prices. PBIT fell by 44.7% to RM47 million mainly due to the Goods and Services Tax refund of RM39 million and the wage subsidies enjoyed in the previous financial year.

Thailand

Our Thai operations managed to maintain unit sales in the face of inventory shortages with a decrease of just 1.0% to 3,884 units. However, our Ford and Mazda operations performed poorly, resulting in a decrease in PBIT to RM1 million.

Australia

Although inventory shortages led to a fall in unit sales of 11.5% to 9,873 units in FY2022 at our Australia operations, PBIT increased by 17.9% to RM112 million as a result of elevated prices across the board for both vehicles and equipment.

New Zealand

Our New Zealand operations delivered a commendable performance in FY2022, recording an increase in PBIT of 8.8% to RM123 million despite a drop of 1.8% in unit sales to 4,470. The higher profits were mainly contributed by the commercial vehicle operations which benefitted from inventory shortages as a result of shipping delays.

Risks to the Business

Key Risk	Description	Mitigation Strategies
Supply chain disruptions	Supply chain disruptions caused by geopolitical tensions and extreme weather causing inventory shortages.	Continue to work with OEMs to minimise inventory shortages and fulfil orders.
Shift to Zero-Emission Vehicles	Sime Darby Motors expects to continue selling hybrid as well as EVs. With manufacturers announcing plans to ramp up investments in EVs, this could adversely impact our business as consumer acceptance of EVs grows and sales of ICE vehicles reduces.	Increase representation of both traditional brands that have a clear strategy and roadmap for EV/fuel cell EV (FCEV) and new EV brands.
Transition to Self-Driving Vehicles	The introduction of driverless vehicles could impact the 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 and ethical concerns.	Monitor technological advancements in autonomous driving and the impact on automotive retail. Develop mitigating actions in response to these developments.

Please see the Managing Enterprise Risk section on pages 49 to 65 for a deeper understanding of the Group's Risk Management activities.

Outlook for Sime Darby Motors

Prolonged supply chain issues and reduced supply of raw materials as a result of the ongoing Russia-Ukraine conflict have led to a global shortage of semiconductor chips. This has depleted inventories at dealerships across the industry and lengthened the waiting time for popular models.

We have experienced an uplift in profit margins as a result of the inventory shortages. This is expected to continue as long as inventory is constrained.

While the industry continued to experience operational disruptions over the first three quarters of FY2022, we expect semiconductor supplies to gradually start recovering from the fourth quarter of FY2022 although full recovery may take several years as new fabrication capacity comes onstream.

The outlook for the global economy is looking increasingly uncertain. Economists are expecting slowing global growth to lead to a recession in 2023. Inflationary pressures and interest rate hikes could collectively lead to lower purchasing power and a reduced willingness to spend in our key markets.

Regardless, demand for luxury cars in Asia is expected to continue to outpace the mass-market segment as the luxury segment has historically proven to be more resilient than the mass market segment even during economic downturns. By some estimates, demand for luxury car sales are projected to expand at an average

1. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/five-trends-shaping-tomorrows-luxury-car-market

annual growth rate of 8% to 14% between 2021 to 2031[1].

Despite the many uncertainties ahead of us, we believe that we are well positioned to weather the challenges across the full spectrum of our businesses, from the distribution and retail of vehicles and equipment to assembly and fleet management.

China

With the easing of COVID-19 measures in major cities like Chengdu and Shanghai, we expect a gradual recovery in sales albeit a softening in margins. China's luxury market grew by 36% in 2021 to touch RMB471 billion.

The country is on pace to become the world's largest luxury market by 2025 as a result of supportive government policies. Our prospects in China remain bright as luxury spending in China is forecasted to rise on the back of a 50% growth in the affluent and upper middle classes to 315 million between 2020-2030.

The People's Bank of China (China's central bank) has pledged to safeguard the economy against inflation threats by supporting economic growth and ensuring stable prices and has continued to keep benchmark interest rates unchanged.

China is also in the largest and fastest growing global marketplace for EVs as a result of supportive government policies.

We remain positive about the future outlook of the Chinese market given that luxury marques and EVs are the mainstay of our business portfolio.

Hong Kong and Macau

The Hong Kong government's move to issue HK$10,000 (US$1,280) consumption vouchers to 6.6 million Hongkongers will help stimulate the economy. The first half of the vouchers was distributed in April 2022.

The US$1.1 billion New Energy Transport Fund set up by the Hong Kong government is aimed at helping Hong Kong reach its goal of becoming carbon-neutral by 2050, by promoting the electrification of vehicles. We have received over 3,000 orders for the recently launched BMW iX, i4 and iX3 and expect a further ramp up in demand as Hongkongers take advantage of generous EV ownership subsidies that are one of the highest in the world.

We anticipate that our Hong Kong operations will benefit from these two measures.

Taiwan

Taiwan's steady growth in private consumption will continue to support domestic vehicle sales, while increased construction spending will help drive the recovery in commercial vehicle sales. Our decision to take on the commercial vehicle distribution for Kia in Taiwan positions us to benefit from the economic recovery.

The EV market is gaining momentum in Taiwan on the back of the government subsidies for the purchase of EVs. The Taiwan government is also rolling out an EV charging network as part of its plans to phase out ICE vehicles by 2040 and achieve net-zero emissions by 2050. Kia has launched the EV6 which will enable us to capitalise on the demand for EVs. We will continue to look out for additional opportunities to participate in the EV space.

Malaysia

The Malaysian automotive industry has benefitted from the extension of the Sales and Service Tax (SST) exemptions on cars ordered before 30 June 2022.

The immediate outlook is weaker than in prior years as inflationary pressures driven by escalating food and commodities prices and a weaker ringgit will reduce consumer purchasing power. However, tax incentives for EVs and new model launches are expected to sustain market demand. Our line-up of EV offerings from Porsche, BMW, Volvo and BYD will stand us in good stead.

Singapore

The outlook is mixed for our Singapore operations as the price of car ownership permits are expected to reach record highs in the coming year before gradually reducing. This will discourage car purchases until the sector enters a recovery phase. Consumption will also be impacted by price inflation across a broad range of goods and services.

Notwithstanding the short term pressures on sales demand, inbound investment into Singapore's automotive sector will be supported by the Singaporean government's focus on innovation and research in the development of autonomous and electric vehicles, sustainable technologies and renewable energy.

Thailand

The Thai economy is projected to grow by 4.5% in 2023, underpinned by a steady improvement in domestic demand and a rebound in tourism supported by low interest rates. We expect this to contribute to improved consumer sentiment and business confidence, leading to a rebound in sales volumes.

The government has recently issued incentive packages for the EV industry including subsidies, import duties and tax cuts, as part of its efforts to boost the local EV market and strengthen the nation's position as a key EV manufacturing hub in Asia.

Australia

In FY2022, the Australian central bank hiked interest rates six times in a row. This is expected to dampen consumer confidence as Australians adjust to cost inflation.

However, the acceleration of infrastructure projects worth A$120 billion over the next 10 years will help create jobs and stimulate economic activities, leading to a projected increase in real GDP of 4.2% in 2022 and 2.5% in 2023.

New Zealand

The New Zealand economy is expected to soften due to rising costs of living, higher fuel prices and supply constraints. These factors will likely lead to lower sales volumes.

However, the recently introduced Clean Car Discount scheme, which provides rebates on the purchase of lower CO_2-emitting vehicles and levies a fee on higher CO_2-emitting vehicles will boost the country's EV market.

Divisional Operations Review

Awards & Recognition

Malaysia

- Frost and Sullivan Best Practices Award, 2022 Malaysia Emerging Hospital Company of the Year – ParkCity Medical Centre (PMC)
- Global Health Awards, Best Hospital of the Year 2021 – Subang Jaya Medical Centre (SJMC)
- Frost & Sullivan Asia Pacific Best Practices Award, 2021 Malaysia Hospital Company of the Year– SJMC
- Global Health Awards, Advanced Genetics Service Provider of the Year in Asia-Pacific – SJMC
- Global Health Awards, ICU Service Provider of the Year in the Asia-Pacific – SJMC
- Global Health Awards, Oncology (Radiation) Service Provider of the Year in the Asia-Pacific – SJMC
- Global Health Awards, Robotic Rehabilitation Service Provider of the Year in the Asia-Pacific – SJMC

Indonesia

- Global Health Awards, Best Hospital of the Year (Indonesia) – Rumah Sakit Premier Jatinegara (RSPJ)
- Asian Leadership Awards, Best Marketing Campaign & Best Medical Product Innovation – Rumah Sakit Premier Bintaro (RSPB)
- HR Asia, 2021 Indonesia Winner of HR Asia Best Companies to Work for in Asia – Rumah Sakit Premier Bintaro (RSPB)

Ramsay Sime Darby Health Care

Ramsay Sime Darby Health Care (RSDH) is a 50:50 joint venture between Sime Darby Berhad and Australia's Ramsay Health Care. Its Asia-focused portfolio consists of 1,530 licensed beds across seven premium hospitals in Malaysia and Indonesia. Ramsay Sime Darby Health Care delivers exceptional, pioneering 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.

Key Highlights

Profit Contribution from Ramsay Sime Darby Health Care (RM million)

FY2018	FY2019	FY2020	FY2021	FY2022
57	49	39	15	**45**

RSDH is in a relatively strong position to face future challenges with deep pool of expertise, and a tried and trusted medical infrastructure. Our philosophy of PEOPLE CARING FOR PEOPLE, is not just our culture, but a mindset instilled in every team member. We want to enable our patients to lead happier and healthier lives and create the best work environment – an environment that will allow for our professional and personal growth.

Peter Hong Kah Peng
Group CEO of Ramsay Sime Darby Health Care Sdn Bhd

1 As we continue to leverage on cutting-edge technology, our ability to deliver best-in-class comprehensive treatment to our patients has enhanced.

2 We continuously invest in training and education to upskill our staff in our commitment to deliver excellent customer experience.

Operations Review

In FY2022, revenue for RSDH grew by 9% year-on-year to RM1.15 billion, underpinned by recovery in patient census in both Malaysia and Indonesia in the last quarter of FY2022, surging acuity case mix as well as the delivery of COVID-19-related services. In addition, the growth in the revenue was also attributed to the maiden, full twelve months contribution from Bukit Tinggi Hospital Sdn Bhd, an acquisition that RSDH completed in May 2021. Consequently, EBITDA grew by 18% YoY to RM266 million. This in return had a positive bearing on profit contribution to Sime Darby in FY2022 as compared to FY2021.

RSDH remains committed to supporting the government in the fight against COVID-19. This includes the set-up of vaccination centres, allocation of beds for inpatient admission of COVID-19 patients in our hospital and provision of COVID-19 laboratory testing services across our hospitals in Malaysia and Indonesia. In Malaysia, patients from government hospitals were treated by RSDH hospitals as part of our continued effort to work with the local authorities to manage the pandemic in the country.

RSDH also continued to focus on excellence in patient experience and in offering the best-in-class medical care to all our patients. This includes a rebranding exercise for the eye-care facility, spearheaded by Ara Damansara Medical Centre (ADMC) and Subang Jaya Medical Centre (SJMC). Eyecentric, the one-stop eye-care facility, focuses on a range of services from early and preventive care to the medical management of a comprehensive list of eye conditions and diseases, aligned with the overall goal to establish a professional relationship with each patient with up-to-date technology and techniques, while ensuring visits are convenient and hassle-free.

With technological advancements swiftly reshaping the healthcare space, RSDH is actively adopting digital technology to provide patients with more efficient and personalised services. In Indonesia, RSDH formed a partnership with GE Healthcare to upgrade its hospitals' integrated radiology system with the latest features via the implementation of GE's Picture Archiving and Communication System (PACS). GE Healthcare has continued to adopt new developments and innovations, which allows the PACS system to not only be a patient data archiving solution and web-based communication platform, but also to be integrated and equipped with visualisations and is connected to cloud computing storage systems.

As a conscientious healthcare provider, RSDH hospitals continuously engage with the community and conduct regular health screenings to create awareness and foster preventive healthcare. On top of the already unforgiving pandemic, the local Klang community were faced with devastating floods in December 2021 that resulted in tens of thousands of people having to evacuate their homes. Bukit Tinggi Medical Centre offered patients and staff alike the use of the hospital as shelter as we provided toiletries and other necessities. The hospital also made donations to the Sri Muda community members who were badly affected.

As part of the Group's continued effort to focus on execution of strategic priorities, two divestments were completed during the financial year. This includes the divestment of RSDH's full ownership of Ramsay Sime Darby Healthcare Educational Services Sdn. Bhd. (RSDHES) to UOW Malaysia in April 2022, as well as the closure of The Central Surgery (TCS) day surgery facility in Hong Kong, at the end of the financial year.

With a determined spirit along with the resources and infrastructure, the Group strives to not only be an acclaimed healthcare provider in Malaysia and Indonesia, but across the region.

As a testament of the continuous effort undertaken to deliver excellent patient experience, in the year under review, RSDH hospitals continued to be recognised and awarded with accolades, which includes multiple wins at the Global Health Asia Pacific Awards 2021.

Group Chief Safety and Sustainability Officer's Message

"We are committed to making sustainability an integral part of the Group's strategy through broader environmental and social goals. Collectively, our pledge to cut emissions, create an energy-efficient product portfolio, and increase our investment in sustainable innovation supports the Group's overarching agenda of delivering sustainable futures."

Glenn Sheahan
Group Chief Safety and Sustainability Officer

Our Sustainability Blueprint has been instrumental in guiding our businesses through the transition to a lower carbon economy.

Market trends are centred around mitigating climate change through the establishment of environmental objectives, global emission targets, and carbon reduction initiatives. We view this transition to a lower carbon economy as an opportunity to grow and pivot our business in line with demand and to future proof our business.

Our Sustainability Blueprint (the Blueprint) has been instrumental in guiding our businesses through this transition. Utilised as a roadmap for aligning to social and environmental opportunities, the Blueprint supports Group strategy, risk management, and our value creation plan.

Please see pages 40 to 41 for more on the Sustainability Blueprint.

Throughout the organisation, the Blueprint is also used as a tool to instil, shift, or enhance a culture based on more sustainable practices. During the past year, a sustainability focused culture has rapidly expanded throughout the organisation due to the influence of the Blueprint and its corresponding training.

This past financial year represents our first full year of operating under the guidelines and direction of the Blueprint.

Flagship Initiatives

Within the past year, the Blueprint's relevance to the Group's sustainability agenda has expanded rapidly through the applicability of the seven Flagship Initiatives (the Initiatives).

The Initiatives provide operational guidance and a mechanism for ESG reporting across the business. An internal governance structure supports the integration and reporting of the Initiatives. This structure aligns with the overarching oversight of ESG practice at Sime Darby.

Throughout the financial year, our Motors and Industrial Divisions identified sustainability-based initiatives and projects aligned to their operations. An initial accounting of the sustainability-based initiatives and projects was recorded during a Flagship Initiative Mapping process. This process provided:

(a) Initial insight into the range of initiatives and projects being undertaken across the Group and their alignment to our Initiatives; and
(b) A foundation for the establishment of the Programme Management ESG Office.

This exercise has supported the tracking and quantification of the Initiatives across the Group.

Programme Management ESG Office

To support Divisional alignment to the Flagship Initiatives, a Programme Management ESG (PM ESG) Office was set up in April 2022. The Industrial and Motors Divisions are both supported by the PM ESG Office function.

The PM ESG Office reports to the Group Chief Executive Officer (GCEO) and the Group Chief Safety and Sustainability Officer (GCSSO) and has oversight of the ESG Leadership Group that champions the delivery of action plans across the Initiatives.

Through the PM ESG Office, an internal governance structure will ensure sustainability is implemented throughout the Group and Divisions. The PM ESG Office also supports sustainability reporting and the flow of communication between the sustainability team, Group Head Office functions, the divisions, and their representative business units.

Please refer to pages 96 to 97 for more on the Programme Management ESG Office function.

Looking Ahead

Sustainability-based initiatives across the Group have been and will remain at the forefront of our future planning and operational decision-making.

We will be focusing on making further progress on our sustainability targets, ensure better alignment to the Initiatives, and their corresponding 26 Activities.

Together with our Value Creation Plan, we are confident the Blueprint will drive the Group's capacity to deliver a sustainable future and sustained value to our stakeholders.

Glenn Sheahan
Group Chief Safety and Sustainability Officer

Creating Sustainable Value
Overview

Our commitment to sustainability is one of the key drivers of our business ambitions. Our sustainability response capitalises on emerging marketplace opportunities focused on alignment to social, environmental, and internal governance alignment. This focus has revealed opportunities for us by way of new ventures, collaborations and a stream of innovative new products and services.

Our Reporting on Sustainability

With sustainability guiding the way we do business, our reporting on sustainability spans the entire organisation and involves many aspects, including strategic planning and governance. The table below shows where sustainability-related content can be found throughout this report.

Right to Start at Sime Darby Industrial Malaysia.

Topic	Section in this report	Page number
Sustainability Reporting Scope	About This Report	10
Sustainability Governance	Creating Sustainable Value	95
Sustainability Blueprint	Sustainability Blueprint	40
Sustainable Value Creation	Business Model	36
Engaging Stakeholders to Identify and Determine Material Issues	• Engaging Stakeholders • Integrity in Corporate Reporting and Meaningful Engagement with Stakeholders	42 152
Economic, Environmental, Social and Governance Sustainability	• Optimising Our Environmental and Social Footprint • Engaging in Sustainable Partnerships • Inspiring Our Employees to Deliver Meaningful Change • Driving Sustainable Innovation and Technology	98–119

Ensuring Strong Sustainability Governance

A sound governance structure with clearly identified roles and responsibilities across the Group, allows us to deliver on our sustainability commitments.

GCSSO accountable for oversight

The GCSSO is accountable for oversight of sustainability policies, projects and initiatives. The role establishes a strategic direction to identify opportunities, address sustainability risks and standardise reporting requirements. In conjunction with the GMC, the GCSSO also develops the sustainability strategic plan for the Group.

Supported by the Safety and Sustainability Management Team, the GCSSO reports directly to the GCEO. Together, the GCSSO and GCEO report to and provide quarterly updates to the Board of Directors. The Board then provides direction and approval.

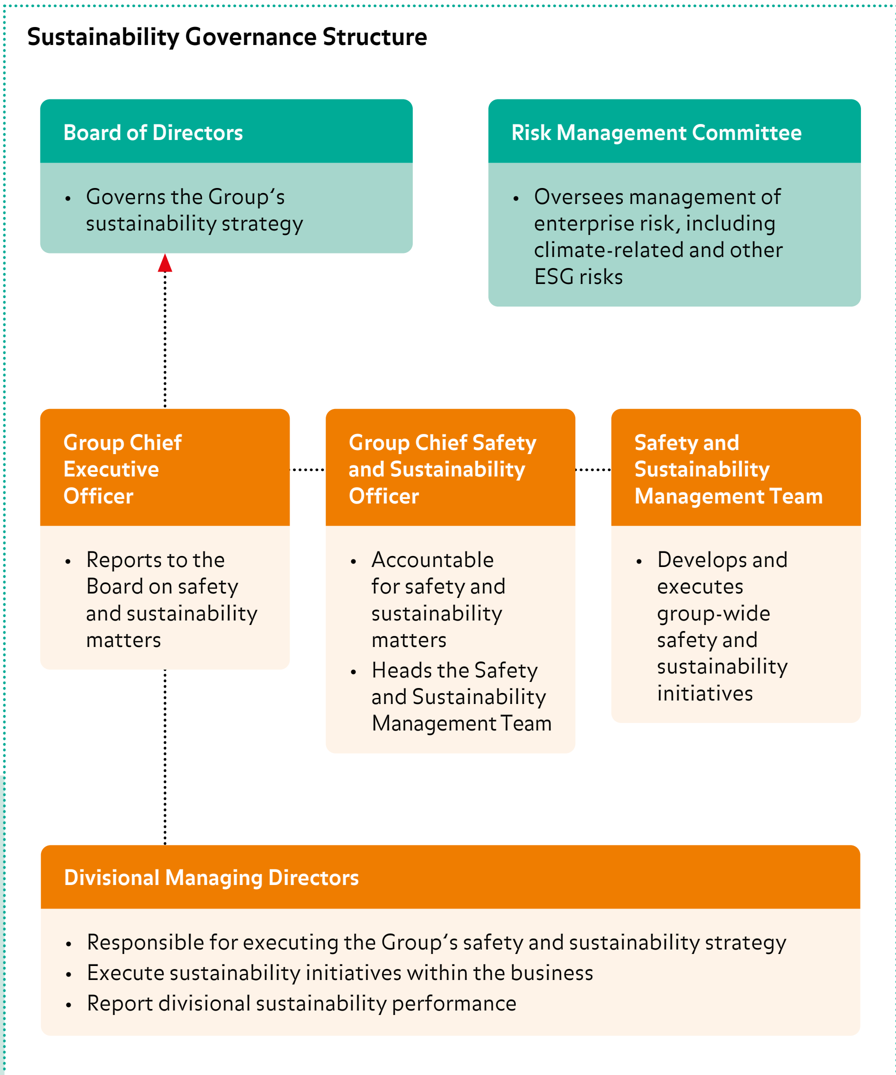
Risk Management Committee oversees the management of risk

The Risk Management Committee oversees the management of climate change risks. The Committee comprises Non-Executive Directors of the Board, the GCEO, and other key management personnel (or other Group Management Committee members). The Committee meets quarterly to discuss all enterprise risks including climate change issues and other ESG risks.

Board of Directors has ultimate oversight

The Board of Directors has ultimate oversight of the Group's sustainability strategy. This includes the management of climate change and other ESG risks. The GCEO reports to the Board on sustainability matters supported by the GCSSO and Division Managing Directors.

Creating Sustainable Value
Overview



Remuneration of senior executives

The remuneration of the GCEO and other key senior executives is impacted by the successful delivery of the Group's overall sustainability strategy.

Sustainability Themes, Flagship Initiatives and Material Matters

The Blueprint outlines four Themes that collectively address and manage our material matters, while guiding us to achieve our Overall Targets (please refer to pages 40 to 41 for more information on our Sustainability Blueprint). These Themes embed environmental, social, governance and economic factors into our strategic decision making:

- Optimising our environmental and social footprint;
- Inspiring our employees to deliver meaningful change;
- Engaging in sustainable partnerships; and
- Driving sustainable innovation and technology.

The Initiatives developed this year are mapped against these four Themes, which align to the material matters identified by our key stakeholders. The material matters are presented on pages 44 to 48.

The Themes are applied as sub-section headings throughout the remainder of the Creating Sustainable Value section to showcase our sustainability reporting.

Flagship Initiative Mapping Exercise and the PM ESG Office

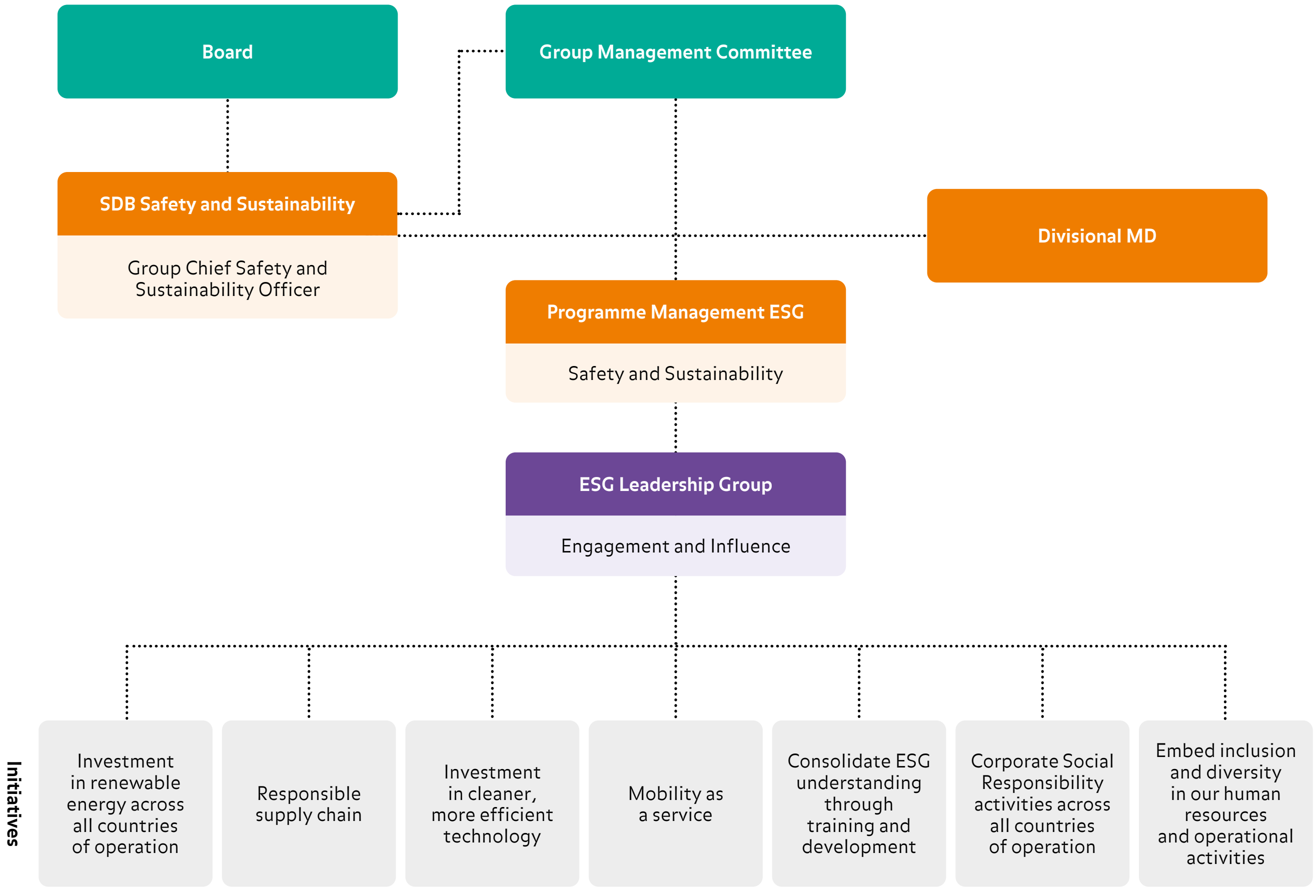
This year, we undertook a Flagship Initiative Mapping exercise across both our Industrial and Motors Divisions. The exercise involved a detailed listing of the sustainability-based initiatives and projects that had been implemented or planned across the Group, out of which, 26 key Activities have been identified. Following the completion of the mapping exercise, the Safety and Sustainability Management Team was provided with quantifiable insights into how sustainability efforts across the Group aligned to our Flagship Initiatives and material matters.

Using these quantifiable insights as a foundation, the PM ESG Office was then set up to further support the business units with aligning to the Blueprint. The PM ESG Office supports the adoption and implementation of the Initiatives and the corresponding 26 Activities.

The PM ESG office also supports improved sustainability reporting and communication between the business units, the GCSSO, GCEO, and the Board.

Through the PM ESG Office, we expect to provide greater insight into our 26 Activities and how they align to the Initiatives in next year's annual report.

PM ESG Reporting Structure



The GCSSO cascades outcomes to the Board quarterly.

Material Matters

Environmental

- Climate Change (Economic)
- Climate Change (Environmental)
- Energy and Carbon Management
- Waste and Effluents Management
- Water Management

Social

- Mobility
- Quality and Customer Satisfaction
- Technology and Innovation
- Employee Training and Development
- Community Contributions and Development

Governance

- 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

Creating Sustainable Value
Optimising Our Environmental and Social Footprint

We recognise the need to reduce our environmental footprint to do our part in curbing climate change. We have set an Overall Target of a 30% reduction of our emissions by 2030 (Scope 1 and 2 only) from 2020 levels. This supports the Paris Agreement's objective of limiting global warming to 1.5° Celsius.

Climate Change
The Industrial and Motors businesses are viewed as high-carbon industries. By understanding both the economic and financial risks climate change poses to the Group and opportunities the new low carbon economy presents, allows us to plan, finance and implement risk management measures to reduce our carbon footprint and ensure long-term business resilience and profitability.

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 emission and energy consumption levels. We are continuing to refine, develop and implement our mitigation activities, projects and research related to reducing our emissions and energy consumption.

Among the main jurisdictions where we operate, Australia, New Zealand, Malaysia, Singapore, Hong Kong and Thailand have set a target of 2050 for reaching carbon neutrality while China has net zero pledges set for 2060.

We have set a target of 30% reduction of emissions by 2030 (Scope 1 & 2 only) from 2020 levels. The Group started tracking Scope 1 and 2 emissions in 2019 and improved the accuracy of the data across all businesses in 2020. We have identified our main source of Scope 1 and 2 emissions to be electricity usage. Throughout the past financial year, we made further progress on reducing our Scope 1 and 2 emissions. We are on track to achieving our target of 30% reduction by 2030.

In the year under review, both Industrial and Motors Divisions reported positive results in their energy-saving initiatives. In New Zealand, across all locations, Terra Cat facilities have been fully powered by the supply of renewable

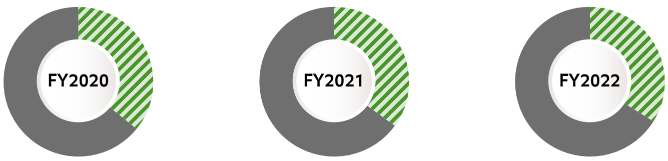
Carbon Calculator

As a group we track and report all of our energy and emissions through an internal carbon calculator. An annual review of the emission factors utilised is undertaken to ensure published country or state specific emission factors for electricity and fuels are revised and updated. For countries that don't publish emission factors for purchased electricity, we use the emission factors published by the International Renewable Energy Agency.

For those countries which do not publish emission factors for fuel, we use the default values that are sourced from the latest GHG Protocols published by the World Resource Institute. For calculating energy consumption for various fuel types, we use the energy factors that are published by governing bodies in each country and use the energy factors from GHG Protocols by the World Resource Institute for countries that don't publish their own energy factors.

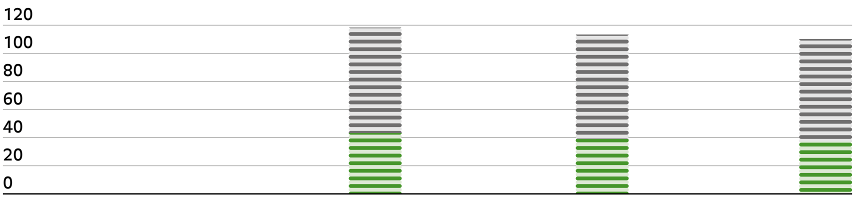
1. Our workforce is diverse and powerful, and reflects the communities in which we operate.
2. To reduce energy use in our operations, we are focusing on renewable power generation.
3. We take an integrated and macro approach to monitoring and managing our carbon emission and energy consumption.

Total Emission by Scope* (%)



	FY2020	FY2021	FY2022
Scope 1	36	35	34
Scope 2	64	65	66

Total Emission by Financial Year* (CO_2-e '000 tonnes)



	FY2020	FY2021	FY2022
Scope 1	43	39	**37**
Scope 2	75	74	**73**
Total	**118**	**113**	**110**

electricity since 2017, effectively achieving zero carbon emissions for its electricity consumption. During emergencies, diesel back-up generators are still relied upon. Terra Cat has also installed a 50kW solar energy system at its Component Rebuild Centre in Christchurch.

Electricity used to power our operations and fuel used to run vehicles and machinery make up the largest components of energy consumption. To reduce energy use in our operations, we are focusing on renewable power generation, enhancing asset efficiency and supporting behavioural-based programmes.

To further embed climate change management and mitigation measures into our business practices, we participate actively in CEO Action Network (CAN), which is a Malaysian Network of senior leaders focused on sustainability advocacy, capacity building, action and performance.

* Note: This data has not been assured by a third party

Creating Sustainable Value
Optimising Our Environmental and Social Footprint

We are also undertaking efforts to identify, track and manage Scope 3 emissions moving forward. We look forward to sharing our progress on Scope 3 emissions in future reports.

Renewable Energy Systems & Production

In Australia, two Industrial Division businesses feature combined solar photovoltaic (PV) systems of 300kW, producing about 220 MWh of solar energy in FY2022. In Malaysia, our car assembly facility at Inokom installed a 1.2MW solar PV system this FY.

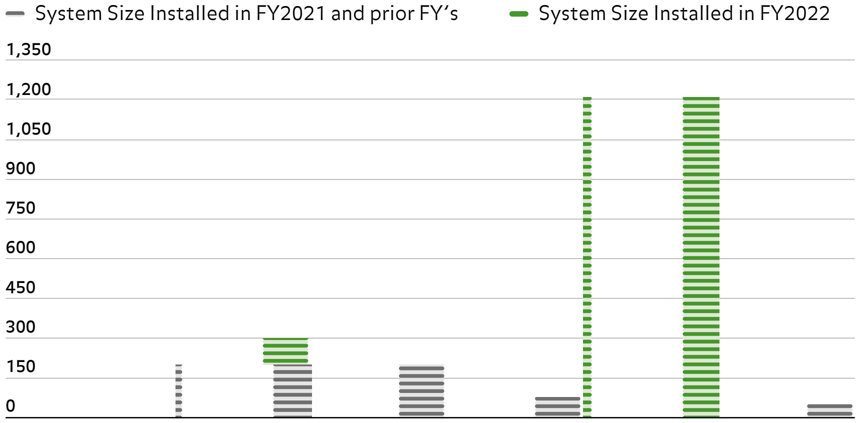
Across both Divisions we are continuing to look for more opportunities to reduce our carbon footprint by using renewable energy to power our facilities and address asset improvements.

Behavioural Programmes

We facilitate environmental awareness campaigns to instil environmental practices among our employees. The campaigns focus on changing our employees' behaviour such as switching off equipment and lights that are not in use and setting air conditioners to climate-appropriate temperatures. Workshops have been conducted in China, Hong Kong, Malaysia, Singapore, Thailand, and New Zealand. Both our Motors and Industrial Divisions have been involved in the discussions focused on water and waste reduction opportunities. Outcomes demonstrated include increased environmental awareness and conscious behaviour in employees. Employee feedback indicates feelings of empowerment to share their environmental suggestions and ideas. Green teams have been established at Hastings Deering and Terra Cat, which involves regular inter-departmental discussions on environmental preservation.

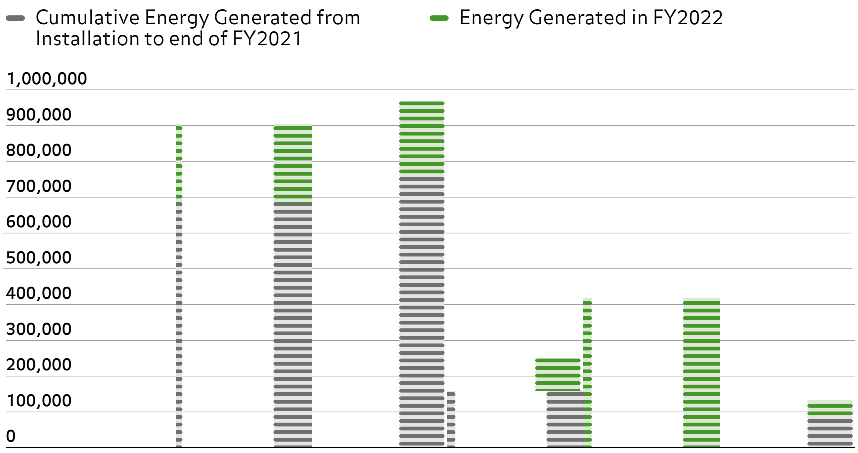
	Targets	Achievement as of FY2022
Sime Darby Industrial	• Reduce absolute gigajoule energy use/total hours worked by 5% between FY2017 and FY2023	• Reduction of 13% from 2017
Sime Darby Motors	• Reduce absolute gigajoule energy use/total hours worked by 1% between FY2021 and FY2022	• Achieved reduction of 5% from FY2021

Solar PV System Installed* (kW)



	Australia	China	Hong Kong	Malaysia	New Zealand
FY2021 and earlier	200	199	78	0	50
FY2022	100	0	0	1,209	0
Total	**300**	**199**	**78**	**1,209**	**50**

Solar Energy Generated* (kWh)



	Australia	China	Hong Kong	Malaysia	New Zealand
FY2021	683,682	755,921	157,487	0	87,686
FY2022	219,887	213,038	91,371	417,381	45,285
Total	**903,569**	**968,959**	**248,858**	**417,381**	**132,971**

* Note: This data has not been assured by a third party

Waste and Effluent Management

To prevent harm to the environment and local communities, we dispose of wastes and effluents in a safe, responsible manner pertinent to regulations. We aim to meet legal requirements, reduce the environmental impact of our activities, and ensure the health and safety of the communities in which we operate.

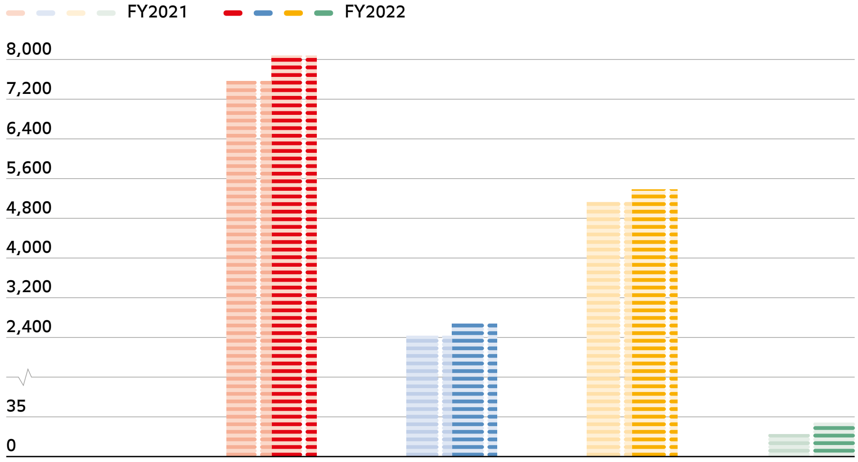
Our businesses adhere to local waste management regulatory requirements. Wastewater in most sites is pre-treated and discharged into the municipal sewerage system. If the area has no sewerage system, we outsource wastewater collection to reputable vendors.

In FY2022, we saw an increase in scheduled waste, predominately due to the increase in activities following COVID-19 shutdown periods through FY2021.

Both our Motors and Industrial Divisions showed an increase in waste production in FY2022, compared to FY2021. Motors Division produced 2,665 tonnes of waste, while Industrial Division produced 5,365 tonnes of waste.

We will continue to monitor and assess opportunities for reduction of waste, while continuing to implement waste reduction activities across the two Divisions.

Group Scheduled Waste* (tonne)



	Group	Motors	Industrial	Logistics
FY2021	7,548	2,413	5,116	19
FY2022	**8,059**	**2,665**	**5,365**	**29**

* Note: This data has not been assured by a third party

Waste Reduction Initiatives Across Our Businesses

At Inokom's assembly facility, wastewater and waste sludge is put through a drying process before disposal by a contractor. This has resulted in a 33 tonne reduction of scheduled waste (wastewater and treatment plant waste sludge) in FY2022 compared to FY2021, saving a total of approximately RM28,000 in disposal cost.

Reduce, Reuse, and Recycle

Our businesses also employ Reduce, Reuse and Recycle method to minimise the generation of waste. A significant number of our business units are recycling materials such as metal, batteries, woods, paper, plastics and waste oil.

Case Study

Sustainability at Sime Darby Motors Australia

Our Motors Division's Brisbane BMW showroom and workshop is currently undergoing an overhaul to incorporate sustainability features across the facility. The project will encompass various features into the design with the goal of achieving a Green Star rating.

Planned features include:

- a solar energy system
- a building management system
- a green wall and green roof that will also serve as a staff amenity area
- a naturally ventilated workshop
- the capture, recycle and reuse of water for garden irrigation and car washing

Creating Sustainable Value
Optimising Our Environmental and Social Footprint

Highlights of our Reduce, Reuse, and Recycle efforts from the past year include:

Hastings Deering's Rockhampton Mining workshop rebuilt nine D11 Dozers for Gladstone Ports Corporation that was originally destined for the scrapyard. This project is an ongoing trial of a CAT Certified rebuild programme, which will cut emissions and resource depletion by increasing the longevity of the dozers, resulting in savings of over 40% in materials and 10% in fuel per build. The three-year project also generated local jobs at the Rockhampton mining workshop.

At Inokom, the usage of recycled gloves was introduced, which reduced 0.5 tonnes of waste at the plant.

Our Motors operations in Malaysia continued its initiative of recycling used lubricating oil at their service centres. The operations recycled 240 tonnes this year, saving RM84,800 in disposal cost.

Water Management

We support the responsible use of water resources by closely monitoring and managing the water we use.

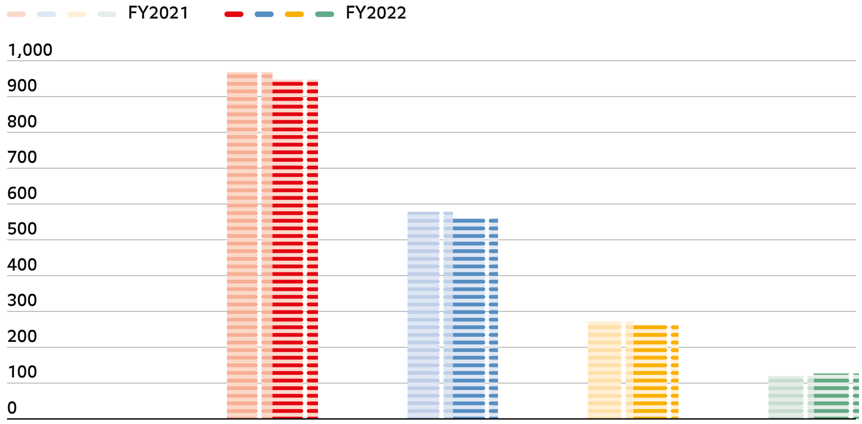
In FY2022, our water consumption decreased, compared to FY2021, and the targets set to reduce water consumption at our two Divisions were achieved.

Various water saving initiatives continue to be undertaken at our Motors and Industrial Divisions, as follows:

Sime Darby Motors City has initiated various water saving efforts, including using an irrigation storage tank that stores rainwater for watering the garden and installing taps with water sensors to reduce wastage. Water meter readings are also taken daily to monitor water usage and to maintain consistent levels.

Across several Australian and New Zealand businesses we harvest rainwater for garden irrigation and car washing. In New Zealand, Audi Newmarket has a 20kL storage facility for harvested rainwater, while our BMW North Shore showroom has a 60kL storage facility.

Group Water Consumption* (kL '000)



	Group	Motors	Industrial	Logistics
FY2021	967	577	271	119
FY2022	**947**	**559**	**262**	**126**

* Note: This data has not been assured by a third party

In China, our Motors Division has installed wastewater recycling treatment systems facilities in Shenzhen, Chengdu and Chongqing at an investment of RMB200,000 per system. Grease interceptors and integrated photocatalytic equipment are used to treat the wastewater,

1 In supporting recycling efforts, Hastings Deering's Rockhampton mining workshop rebuilt nine D11 Dozers originally destined for the scrapyard.

2 YSD awarded bursaries under the YSD Skill Enrichment programme to Asnaf students in partnership with The Welding Institute (TWI) to equip them with international certifications in welding, besides providing opportunity for personal development and soft skills to enhance their job marketability,

about 80% of which is then recycled for car washing. The treatment capacity is two kL per hour.

In Huaihua, China Engineers Limited (CEL) has installed a wastewater treatment and recycling equipment with the capacity to treat 15kL per day, reducing wastewater discharged. The treated water meets required standards and is recycled for cleaning machines.

Community Contributions and Development

Sime Darby believes in giving back to local communities by supporting worthy social causes. The Group fulfils its purpose to deliver sustainable futures to its stakeholders by making 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.

Yayasan Sime Darby

The Group makes an annual contribution of RM20 million to Yayasan Sime Darby (YSD), the philanthropic arm of Sime Darby. This amounts to about 25% of the total contributions received by YSD annually.

YSD supports five pillars: Education, Environment, Community & Health, Sports and Arts & Culture. In FY2022, its contributions have been allocated to the five pillars accordingly:

Pillar	Contribution (%)
Education	47
Environment	14
Community and Health	36
Sports	1
Arts and Culture	2

Supporting Education

YSD makes social investments by offering scholarships to outstanding and deserving individuals. In FY2022, YSD offered scholarships to 382 deserving individuals under its Education Sponsorship programme.

YSD also allocated RM20.3 million towards CERDIK, a programme that aims to provide access to digital learning to students from low-income families, in collaboration with the Ministry of Finance (MOF) of Malaysia, Ministry of Education (MOE) of Malaysia and Yayasan Hasanah, the philanthropic arm of Khazanah Nasional Berhad. A total of 9,486 students from 74 primary and secondary schools have benefitted from this initiative, which is also supported by volunteering employees from the Sime Darby companies, under the YSD Huluran Kasih employee volunteer programme.

Protecting the Environment

As part of its ongoing support for the Perak State Parks Corporation's anti-poaching efforts, YSD partnered with Persatuan Pelindung Harimau Malaysia (RIMAU) to equip, train, and deploy two ranger teams made up of local orang asli (indigenous people) at the Royal Belum State Park. YSD has committed RM1.2 million over three years beginning November 2021. A portion of the funding will also be channelled towards assisting the orang asli community.

In addition, YSD committed RM630,000 to produce the Layar Liar Malaysia online documentary series about Malaysian wildlife and natural locations. All 52 episodes featuring Malaysian wildlife, natural locations, and individuals behind environmental and biodiversity conservation initiatives are now available for viewing on Layar Liar Malaysia's official social media accounts.

Creating Sustainable Value
Optimising Our Environmental and Social Footprint

1 Our homegrown team made us proud with their performance during the Asian Cricket Council Women's T20 Championship Finals held at Kinrara in June 2022 where the team played against the United Arab Emirates.

2 Menraq community-based wildlife protection patrol team made up of the Jahai youth.

3 Buk Bilong Pikinini is a children's literacy charity that has provided opportunities for Papua New Guinean children to access books and libraries for over 15 years.

4 Shenzhen Bow Chuang BMW Nanshan, organised a community support programme at Shenzhen Nanshan Liwan community service centre.

Championing Community and Health

YSD has a strong focus on HIV/AIDS, supporting the Malaysian AIDS Foundation (MAF) and the Malaysian AIDS Council (MAC) in their formidable efforts with MOH Malaysia to bring about progress on HIV advocacy, treatment care and support, as well as community-based assistance. A total of RM8.55 million in sponsorship for MAF and MAC since 2013 aims to further strengthen the efforts to help people living with HIV (PLHIV) and push the advocacy agenda under Malaysia's National Strategic Plan for Ending AIDS by 2030. YSD is also supporting Komuniti Intervensi Dadah Malaysia (KOMITED Malaysia) with a RM2.5 million sponsorship to address issues related to drugs and HIV/AIDS vulnerability.

In December 2021, Malaysia was affected by devastating floods. To address the immediate needs of individuals and communities stricken by the floods, YSD has directed a total of RM6.2 million towards providing flood relief emergency aid to assist the recovery efforts in the many impacted parts of Malaysia. YSD carried out 73 initiatives in collaboration with nearly 800 Sime Darby employee volunteers through the YSD Huluran Kasih programme, in addition to YSD's project partners, GLC/GLIC Disaster Relief Network (GDRN); MERCY Malaysia; GoJob; KOMITED Malaysia; The Lost Food Project (TLFP), Yayasan Chow Kit, Yayasan Salam and Lotus's Malaysia.

Sime Darby Industrial and Sime Darby Motors also stepped forward to facilitate the cleaning of houses affected by the floods and the distribution of dry food and hygiene items, grocery vouchers, cleaning kits, water jets, and generator sets in Shah Alam, Puchong, Subang, Hulu Langat, Kuantan, and Kota Kinabalu in Sabah.

Promoting Sports

To develop a generation of children who are united in diversity through sports, YSD has committed RM4.6 million for three years until September 2023 to support the Malaysian Cricket Association. With the financial support, the Malaysian Cricket Association has been able to identify and develop talents under the Cricket Adiwira Programme and the Women's Development Programme. Since 2019, the association has trained over 640 female players.

Supporting Arts and Culture

YSD supports Persatuan Kakiseni, a non-profit champion of arts and culture. In FY2022, YSD provided a sponsorship of RM420,000 for Kakiseni to create Kakiseni Junior, a website promoting art classes by Malaysian artists. In addition, YSD sponsored four editions of the Seni Making a Difference's creative outreach programme that benefitted 160 children from low-cost housing areas and community centres to spark their interest in arts.

From April 2021 to March 2022, YSD provided RM93,000 in sponsorship to KL Shakespeare Players to conduct interactive online storytelling sessions for 15,315 primary school students from 185 schools. The programme has helped schoolchildren improve their English vocabulary while instilling an interest in local folklores and the performing arts. Additionally, RM165,000 has been committed towards the group's latest initiative, Crossing Borders - Folktales for the Young, which will benefit 16,000 primary school students from all 14 states of Malaysia.

Supporting Communities in our Areas of Operations

Our commitment to supporting and developing local communities extends across all our geographies, with our divisions and business units carrying out various corporate social responsibility (CSR) initiatives to support communities in their area of operations.

Corporate Social Responsibility Activities at Sime Darby Motors

Truckstops in New Zealand supported the Cancer Society of New Zealand's National Daffodil Day appeal in FY2022.

In Malaysia, Sime Darby Motors showed its appreciation to Malaysian COVID-19 frontliners during the pandemic by collaborating with Domino's Pizza in


2


3


4

Malaysia to deliver pizzas to medical staff at various medical facilities including the COVID-19 quarantine centre in Serdang and over 10 hospitals in the Klang Valley.

Corporate Social Responsibility Activities at Sime Darby Industrial

Hastings Deering continued its partnership with Queensland Minerals and Energy Academy and Clontarf Foundation in Queensland and Northern Territory to support its local communities' pathways to employment. In particular, Hastings Deering partners with Clontarf Foundation to improve employment prospects of young Aboriginal and Torres Strait Islander men. Hastings Deering works directly with Clontarf Foundation to assist with workshop tours, work experience opportunities, career fairs, mock interviews, traineeships and mentoring.

In Papua New Guinea, Hastings Deering has a 10-year partnership and is a platinum sponsor of Buk bilong Pikinini, an independent charity based in Port Moresby that aims to help increase literacy rates in Papua New Guinea by setting up children's libraries in community-based localities.

To build stronger communities, Hastings Deering partnered with Orange Sky Australia to provide free mobile laundry and shower services to the homeless in Queensland and the Northern Territory.

Hastings Deering is also a proud supporter of RACQ CQ Rescue and RACQ Capricorn Rescue Helicopter services in Mackay and Rockhampton. In addition, Hastings Deering supports the Rescue Helicopter Service in Central Queensland by providing service labour and parts for the generator sets used in the helicopter operations.

Between August and September 2021, Tractors Malaysia provided food aid to local community in areas affected by the COVID-19 pandemic, especially those who have lost their jobs and livelihood. It supplied 675 food boxes to six non-profit organisations.

In December 2021, teams from China Engineers Limited (CEL) in Guangdong and Shunde distributed daily necessities to 15 families in need in Huaiji Zhaoqing.

Terra Cat in New Zealand partnered with Kilmarnock Enterprises, a Christchurch-based social enterprise that provides work opportunities for the disabled community in New Zealand. Terra Cat outsourced the work to revamp its entire line of uniform to the new Terra Cat brand to the Kilmarnock Enterprises, supporting its important work of creating jobs for the disabled.

Terra Cat provided a healthy living guide which is accessible online to all employees and their family members. The service provides exercise, nutrition, and lifestyle guidance, with a view to give team members everyday wellbeing tips. Many team members use the service and as it is online, it can be accessed from work or home, and during COVID lockdowns.

Corporate Social Responsibility Activities at Ramsay Sime Darby Health Care

In FY2022, Ramsay Sime Darby Health Care (RSDH)'s flagship hospital, Subang Jaya Medical Centre rolled out a dedicated programme for the elderly. The programme provides free eye screening and ambulance services for nearby Subang Jaya residents aged 65 to 90.

RSDH's Ara Damansara Medical Centre set up a drive-through COVID-19 vaccination centre for the disabled. Launched in June 2021, the centre provided more convenience for persons with disabilities and their caretakers to be vaccinated.

To support local communities, ParkCity Medical Centre introduced the 'Go the Extra Mile' i-Kiddo Kids Mobile Clinic in September 2021 for underprivileged children in Kepong. The clinic offers free health services including vision test and general health screening.

Creating Sustainable Value

Inspiring Our Employees to Deliver Meaningful Change

Our people's resilience, adaptability and entrepreneurial spirit play a vital role in ensuring we meet our objective of delivering sustainable futures for all our stakeholders. Fundamental to our culture at Sime Darby is a commitment to positively impact lives. As a multinational company that is supported by a regional team of 22,862 employees, Sime Darby has an important role to play in empowering this group of dedicated individuals.

Sime Darby invests in its people by providing training and development that enhance their potential and grow their careers. We are particularly excited about giving our employees exposure in innovative, new areas of our business such as electric vehicles (EV) and handing them opportunities to grow personally through programmes that allow them to give back to the community.

By enriching the lives of our people and the communities we operate in, we are fulfilling our purpose of "Delivering Sustainable Futures".

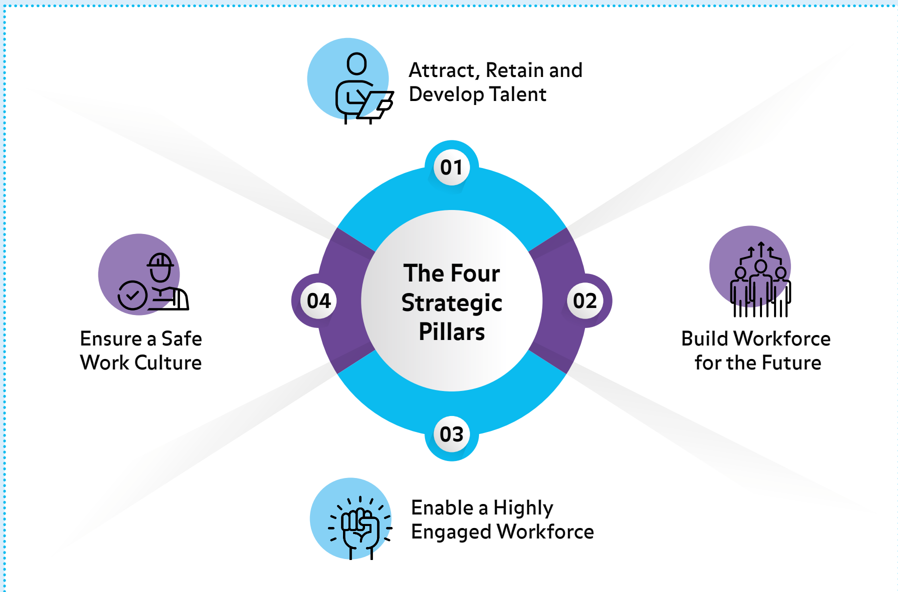
We also believe that a positive employee experience is fundamental in powering the Group's ambitions. We are committed to deliver a leading employee experience to develop our people and drive performance, a long-term endeavour that is aligned with Sime Darby's business strategy and sustainability agenda. This goal is driven by four strategic pillars that guide our efforts in modernising our internal frameworks and processes.

The Four Strategic Pillars

In FY2022, in line with the four strategic pillars, the Group underwent a review of its processes in order to provide a simple and consistent employee experience across its operations. This transformation journey is one that would enable the human resources function to make more agile, data driven decisions to support the delivery of its long-term plans.

Fair Employment Practices

The Group thrives in an inclusive culture where differences in our employees are valued. Diversity and inclusivity allow



1 2021 Hastings Deering Excellence Awards recipients.

2 China Engineers Limited Care for the Underprivileged in Huaiji Zhaoqing, Guangdong, People's Republic of China.

the organisation to embrace new ideas, different ways of working and different skills. This ultimately allows the Group to realise its 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 group-wide policy that does not tolerate any form of discrimination or harassment based on gender, race, disability, nationality, religion or age.

Our fair employment practices across the Group ensure our workforce is diverse and our work environments are conducive. We embrace diversity and inclusion through initiatives such as the integration of knowledge and experience across our Divisions and subsidiaries, as well as the implementation of recruitment practices that promote integration of local talent.

Our subsidiary Hastings Deering in Australia is an excellent example of our commitment to fair and equal employment practices.

Hastings Deering increases diversity and inclusivity within the organisation by using target marketing to attract non-traditional applicants such as older candidates, females, aboriginal people and Torres Strait Islanders. Hastings Deering also introduced policies that bolster diversity such as the Reconciliation Action Plan (which publicly outlines the company's commitment to the national goal of reconciliation with the country's indigenous people) and phased retirement.

Hastings Deering's award-winning flexibility and inclusion initiative Together as One creates an environment where all its employees feel like they belong, by reducing workplace discrimination and disrespectful behaviour on the basis of a person's culture, gender, abilities or generation. Now in its fifth year, Together as One continues to win accolades. In 2022, the initiative was conferred the 2022 Queensland Resource Council's (QRC) International Women's Day Award for Excellence in Company Diversity and Inclusion Programmes and Performance. The initiative was also a finalist in the Exceptional Performance in Creating a Diverse and Inclusive Workforce category.

The successful implementation of Together as One highlights the powerful benefits of a diverse workforce in enabling employees to better understand customers, be innovative and deliver excellence. Since the launch of the programme, Hastings Deering has increased female apprenticeship and graduate application rates as well as intake numbers and retention from 5% in 2018 to 21% in 2022.

Our other operations in Australia are also following in Hasting Deering's footsteps.

In FY2022 Sime Darby Motors Commercial Australia developed and implemented a diversity policy with the goal of increasing the number of its female employees by 3% and to have the demographics of its staff reflect Australian society. Programmes have been launched to meet these targets, with metrics established to measure outcomes. Concurrently the company is rolling out unconscious bias training.

Sime Darby Motors Retail Australia will also implement a diversity policy in FY2023.

In Sime Darby Industrial, an Employee Recognition Programme that is transparent, fair, and equal was introduced to motivate high performance behaviour across all levels of employees. Five employees from multiple levels are recognised each quarter for their outstanding performance and contribution to the organisation while 15 employees are selected as employees of the year. Recognitions are published quarterly in the Division's internal and external platforms.

In 2019, The China Engineers Limited introduced an initiative to promote equitable gender participation, which resulted in a 6% increase in female executives.

Creating Sustainable Value
Inspiring Our Employees to Deliver Meaningful Change

Employee Engagement

In FY2022, the Group invited all confirmed employees to participate in a Global Employee Engagement Survey. Response was encouraging, with 85% of our employees completing the survey and voicing their opinions on a wide spectrum of issues. The responses allow us to better understand the needs of our employees. Based on the feedback received, the Group will implement programmes and activities to continue enhancing the employee experience. Overall employee engagement rates increased by three percentage points from FY2021 and seven percentage points when compared to FY2020, when we first implemented the survey.

Business Continuity in the Face of COVID-19

In FY2022 we established business continuity policies and procedures across all our markets and introduced standard operating procedures to ensure business continuity and minimal customer disruption both during and after the pandemic.

Supporting Our Employees' Well-Being

Sime Darby places the well-being of its employees – including mental health – above all else. We support our employees in dealing with mental health challenges by offering professional psychiatric, psychological and counselling sessions to employees in need of such services.

Our Industrial Division also regularly shares updates on employee well-being over its channels weekly. The Division also imparts online tips on healthy living, exercise and nutrition to its employees.

To raise funds towards Mental Health research, employees in Sime Darby Motors Australia signed up for the One Foot Forward Walk for Mental Health in FY2022. The employees who participated in the event enjoyed getting some fresh air and spending quality time with their families, which supported their own physical and mental health. This was particularly important in states under lockdown restrictions.

Succession Planning

Succession planning is an essential component of the human resources planning process for the Group to ensure continuity of critical roles. A globally consistent process has been established to identify and develop succession candidates for critical leadership positions within the Group. The expertise, skills and experience of each identified candidate are robustly discussed during reviews by the Group and the Division Talent Councils. Following this, assessments are conducted on the candidates and findings from the evaluations are translated into planned interventions to enhance candidates' capabilities.

Employee Training and Development

The training and development of our employees is important to us as it allows our employees to grow in harmony with our strategic business needs. A positive culture of learning helps our employees become more agile and adaptive to shifting market demands and new business landscapes. In particular educating our employees on our ESG commitments and facilitating their understanding of our sustainable product portfolio is also a top priority.

Guided by the Sime Darby Learning Framework, our investment in employee learning and development focuses on challenging experiences and assignments, developmental relationships and coursework or training.

Employees across the Group have access to a wide range of training ranging from core and specific skills relevant to employees' job scopes to personal development programmes. Our blended set of training brings three aspects of development together, that is, structured courses, social learning through exposure to colleagues and superiors, and experiential learning or practical experience on the job.

In FY2022, employees across the Group completed more than 480,000 hours of training, of which 66% was job specific, 5% related to personal effectiveness, 26% was on core skills and 3% on leadership skills. As businesses within Sime Darby began to pick up following relaxation in COVID-19 restrictions, the focus shifted to more job specific training in FY2022 rather than core skills. The total training hours for job specific training increased by 8% from FY2021.

Leadership Programmes

In FY2022 we rolled out the newly developed Leadership Coaching Programme to both the Industrial and Motors Divisions following the success of the pilot programme at the Group Head Office in FY2021. The programme is designed to help emerging leaders hone their leadership skills.

Leadership Programmes at Sime Darby Industrial

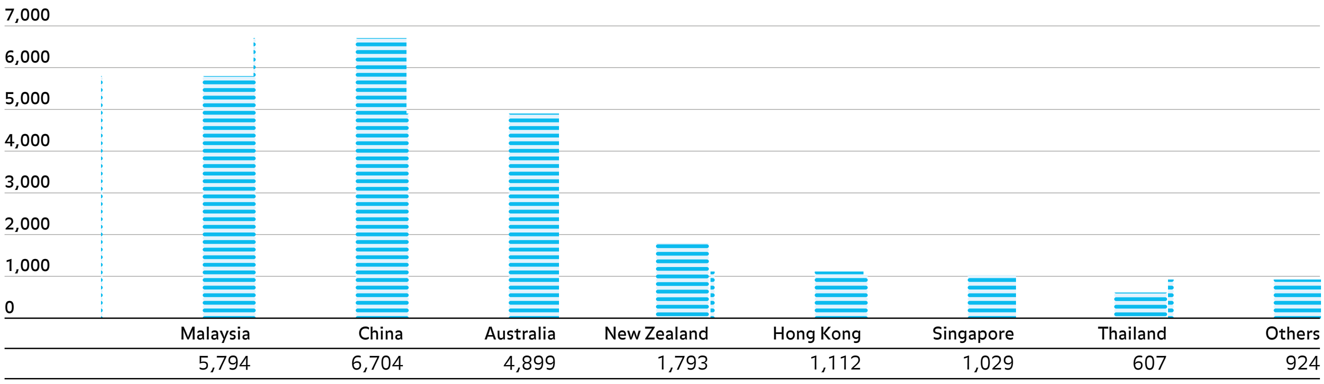
In Australia, Hastings Deering launched its new 'Leader of the Future Attributes' programme in FY2022. The programme defines the mindsets, capabilities and behaviours required in successful leaders and hones these attributes through a comprehensive leadership development suite. The goal is to provide leaders at all levels within the organisation the relevant skills, knowledge, tools and confidence to lead. It consists of development workshops and on-the-job experience delivered in a modular format to suit individual development needs and business priorities.

This followed Hastings Deering's launch of its Strategic Leaders Programme for 15 high potential leaders in April 2022. Conducted in partnership with the Queensland Institute of Technology, the nine month programme consists of workshops, case studies and high impact projects designed to accelerate the development of Hastings Deering's future senior leaders and build strategic leadership skills to drive the business.

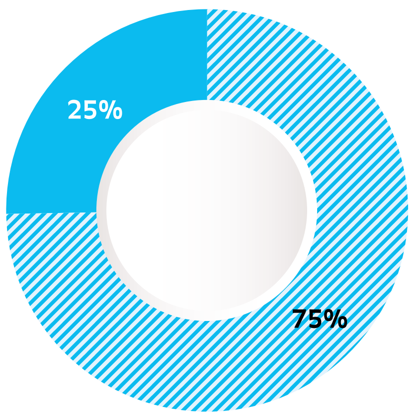
Employee Data as at 30 June 2022

Total Number of Employees Group-Wide

22,862
Employees



Total Employees by Gender



Male
17,109

Female
5,753

Total Employees by Generation Group

Baby Boomers (1962 and earlier)
786

Gen X (1963 – 1979)
6,161

Gen Y (1980 and beyond)
15,915

Breakdown of Positions by Gender

	Female		Male		Total
Management Category	**Headcount**	**(%)**	**Headcount**	**(%)**	**Headcount**
Top Management	4	10.81	33	89.19	37
Senior Management	18	19.78	73	80.22	91
Middle Management	167	25.81	480	74.19	647
Junior Management	1,313	32.84	2,685	67.16	3,998
Non-Executive	3,851	34.83	7,209	65.18	11,060
Workers	400	5.69	6,629	94.31	7,029
Total	**5,753**	**25.16**	**17,109**	**74.84**	**22,862**

Creating Sustainable Value
Inspiring Our Employees to Deliver Meaningful Change

Following a successful pilot in FY2021, Terra Cat ran its six-month Empower programme in FY2022 to build skills and strategies to help women grow and contribute even more effectively at Terra Cat. The programme consists of four face-to-face workshops, 360-degree feedback, one-on-one coaching, tailored masterclasses, and question and answer sessions with senior leaders.

In China, The China Engineers Limited launched its new Caterpillar Sales Leadership's Capability Development Programme in September 2021 to help its sales managers enhance their leadership skills in order to combat fierce competition and win market share in the current volatile Chinese market.

Leadership Programmes at Sime Darby Motors

The Motors Division began offering management development modules in New Zealand and Australia in FY2022. These learning packages are uploaded online, to allow employees to learn during lockdowns and while working remotely.

In China, the Motors Division delivered more than 35 professional training programmes in FY2022, ranging from ethics and governance to strengthening business management and leadership skills. Key talents were also enrolled in Executive MBA programmes conducted in collaboration with BMW China.

In Malaysia, as part of the Dealer Principal Training Framework implemented in FY2021, the Dealer Principal Training Programme was launched for employees of the Motors Division who are managing dealerships. The course covers business and finance management, leadership development, people management, business empowerment and customer excellence.

In other territories, new and improved modules in our Leadership Development Programme were launched for middle managers and leadership teams in Hong Kong, Macau and Taiwan in FY2022. The course features workshops and dialogue with the Country Talent Committee. Separately, customised versions of the same programme were also conducted for junior executives in these territories. These programmes provide specific leadership skills training through workshops and experience learning.

Core Executive Programme (CEP)

In FY2022, we continued our efforts in developing our managers and assistant managers through the rollout of the enhanced CEP 2 to the Industrial and Motors Divisions. In addition, we updated our CEP 1 module for our executives and senior executives. Both CEP 1 and CEP 2 will continue to be offered to employees across both Divisions.

Technical Training Programme

Safety remains a priority to the Group. To ensure systematic identification and reporting of workplace hazards, Hastings Deering implemented a task activity risk assessment training in FY2022. Fatigue management training was also launched in the year for Hastings Deering's frontline leaders to better identify and manage fatigue in their teams. In addition, training programmes related to applications on excavators, track type tractors and motor grader models are offered to technicians across the Industrial Division.

In the Industrial Division's Asia operations, multiple job specific trainings were conducted in FY2022. The Advanced Level Industry-Specific Curriculum conducted by Tractors Singapore Limited helps its service technicians keep pace with Caterpillar's service technician development curriculum and acquire foundational core competencies. CEL also carried out comprehensive trainings in the form of workshops, training on use of equipment and laboratory management, lecturer development and planning as part of its Technician Career Development Programme. Use of digital technologies such as livestreaming of courses boosts training delivery.

In Sime Darby Motors, customer focus remains an important agenda. In Singapore, customer service training was held for Sime Darby Motors' sales and after-sales teams. It helps the Division set a new standard in customer engagement.

In all territories from New Zealand to China, technician recognition programmes and after-sales competitions were conducted to inspire learning and application of acquired knowledge. These programmes improve the quality and efficiency of the Group's after-sales services and ensure that customer service is at optimum level.

New Human Resource System

Towards the end of FY2021 and early FY2022, the Group embarked on a Group-wide project to implement a new human resource system aimed at enhancing employee experience. This project seeks to harmonise our human resource processes to allow the Group to leverage on analytics and involve employees in achieving organisational goals. To date, Phase One has gone live and feedback to the new system has been positive.

Employee Achievements and Accolades for FY2022

2022 Queensland Resource Council's (QRC) International Women's Day Awards	
Category:	Excellence in Company Diversity and Inclusion Programmes and Performance
Winner:	Hastings Deering

2022 QRC Indigenous Awards	
Category:	Indigenous Rising Star award
Winner:	Hastings Deering's Field Service Fitter, William Matters, who in 2017 became the first Aboriginal and Torres Strait Islander person to be employed at Hastings Deering's Townsville workshop.

2022 Queensland Training Awards	
Category:	North Queensland Harry Hauenschild Apprentice of the Year award
Winner:	Evan Crisafulli, Leading Hand, Hastings Deering

2022 Queensland Training Awards 'Metropolitan'	
Category:	Large Employer of the Year
Winner:	Hastings Deering

Spirit Master Award	
Winner:	Darren Trask, Technical Services Manager at Hino Distributors (NZ) Ltd. Darren became the third person in New Zealand to qualify as a Spirit Master, the highest technical qualification awarded by Hino. Darren is one of only six technicians trained to this level in Oceania.

National Salesperson of the Year Award	
Winner:	Joao Santos, Sales Executive from Continental Cars Wellington in New Zealand won MINI's National Salesperson of the Year Award. He first won this award at age of 21 and retained the title for the past three consecutive years.

Volvo VISTA competition 2022	
Category:	Emerging Technology Champion
Winner:	Truckstops technician Willie Vosloo

2022 BMW and MINI National After-sales Service Competition of Excellence Grand Final, China	
Category:	BMW After-sales Customer Lifecycle Management Specialist
Winner:	Chen Fang, CRM Officer, Guangzhou Bow Yue Veh 1st

2022 BMW and MINI National After-sales Service Competition of Excellence Grand Final, China	
Category:	MINI After-sales Customer Lifecycle Management Specialist
Winner:	Zhang Qiong, CRM Officer, Hainan Bow Yue Veh Ltd

Creating Sustainable Value

Engaging in Sustainable Partnerships

In creating sustainable value, we embrace collaboration and partnerships. To ensure our partnerships throughout our supply chains and with our people are successful, long-lasting and beneficial, we embed good corporate governance and ethical business practices into all partnerships across the Group.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These practices include:

- building our supply chains selectively through rigorous selection criteria;
- monitoring our supply chains to ensure that our partners, suppliers and vendors continually uphold our code of conduct and standards;
- ingraining a health and safety culture amongst our employees, contractors and vendors; and
- maintaining the highest safety standards for our products and services at every stage of our business.

With this, we build sustainable supply chains that manage their environmental and social impact responsibly. We also create a safe and conducive workplace for our people where they can strive to be the best they can be. This allows us to not only provide high quality and safe products, but also build trusted relationships with our customers and effectively support their environmental, social and governance commitments.

Responsible Supply Chain

As a group with regional operations, it is important that our labour practices are managed at the highest standards throughout the supply chain. Our suppliers and contractors are integral to our supply chain and have a part in maintaining our brand and reputation in the market.

To uphold the integrity of our supply chain, we apply rigorous criteria in our selection of suppliers and contractors, including tracking compliance with regulatory requirements such as product safety and environmental standards. We also focus on creating awareness around responsible sourcing practices among our employees, to ensure that our responsible supply chain policies are understood and operationalised. We collaborate with industry and participate in initiatives to influence and promote sustainable supply chains.

This year we undertook further initiatives across our businesses towards building responsible supply chains with new responsible sourcing and safety initiatives. These include:

Progress on Curtailing Modern Slavery

In 2021, both our Industrial and Motors Divisions in Australia released their first modern slavery statements. Both Modern Day Slavery Statements detail the approach to manage the risks of modern slavery across both operations and supply chains. Motors Australia applies a procurement process in line with modern slavery rules and ethical purchasing practices. All Motors Australia procurement contracts feature a modern slavery clause.

Our car assembly plant at Inokom in Malaysia demands that its suppliers

1. Tracking compliance with regulatory requirements such as product safety and environmental standards.
2. We build sustainable supply chains that manage their environmental and social impact responsibly.

adhere to robust anti-slavery practices. To ascertain its progress on curtailing modern slavery, Inokom launched a programme to evaluate modern slavery among our suppliers. An external audit was also conducted to assess if we were unknowingly causing or contributing to modern slavery. We will continue to build on and measure our progress on this by evaluating our supply chains each year.

Anti-Bribery and Anti-Corruption

The Group has fully implemented an Anti-Bribery and Anti-Corruption Policy, to ensure that we operate with the highest standards of integrity. Supporting the policy is a strong Anti-Bribery Management System (ABMS).

Read more about anti-bribery mechanisms at the Group in our Statement on Risk Management and Internal Controls on pages 153 to 159.

We are a Member of CEO Action Network

In October 2020, Sime Darby was accepted as a member of the CEO Action Network (CAN), a closed-door peer-to-peer informal network of CEOs and board members that focuses on sustainability advocacy, capacity building and sustainability action plans and performance.

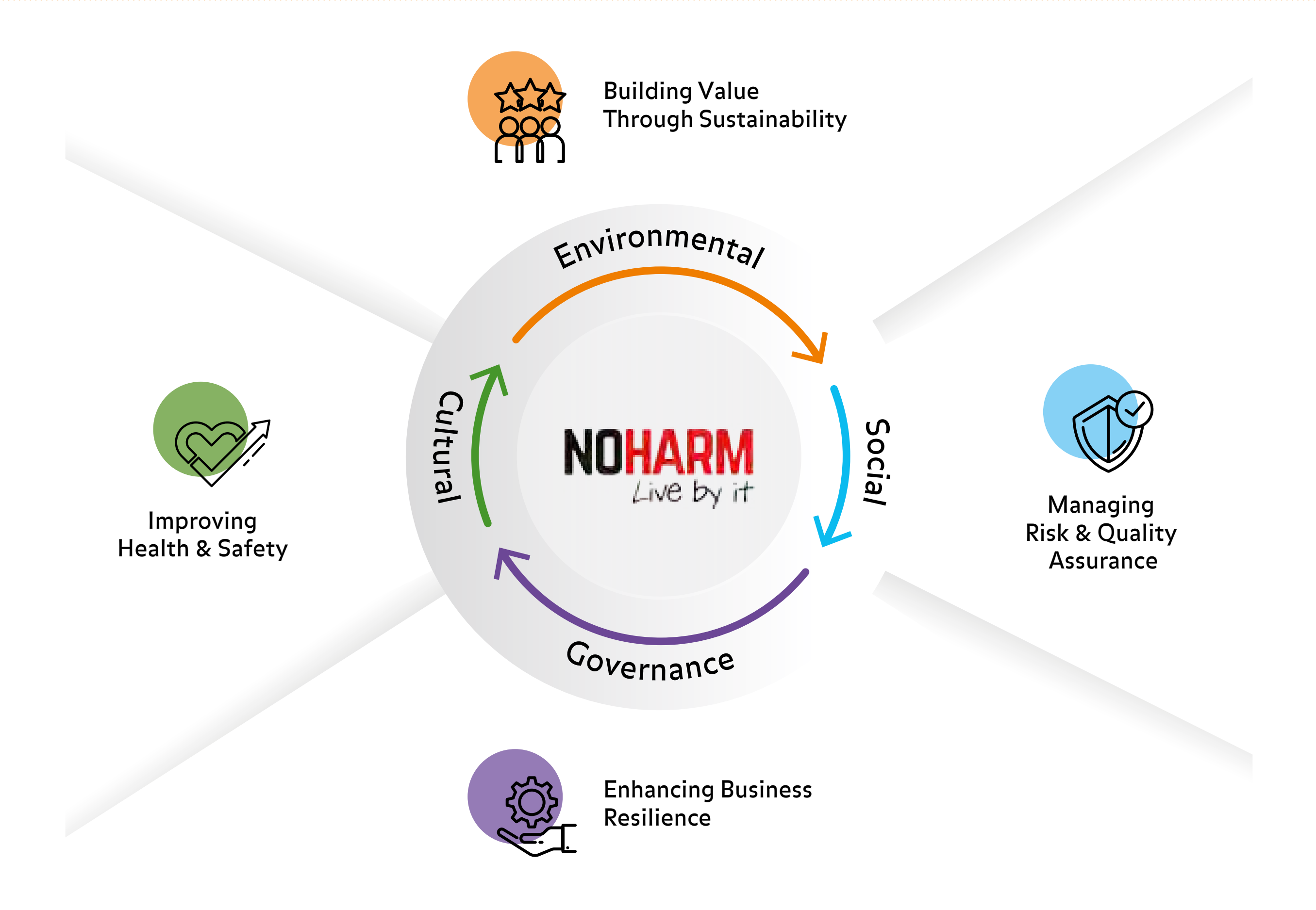
Through working groups, workstreams and active members driving bespoke initiatives, CAN catalyses its members to shape future-forward, ESG-integrated business models and ecosystems.

In September 2021, together with our fellow CAN members, we publicly announced 14 collective commitments to environment, people and governance to be achieved by 2023 or within three years of signing up with CAN.

In the next annual report, we will outline the progress we have made and the initiatives rolled out from our role in CAN.

For more information, visit www.ceoactionnetwork.com

Creating Sustainable Value
Engaging in Sustainable Partnerships



In FY2022, we made progress in advancing our safety and sustainability governance and in boosting safety measures across the Group, including leveraging on technology to improve safety management and monitoring.

Health and Safety

The health and safety of our employees, partners and local communities is paramount to the Group. We aim to be a globally recognised leader in health and safety and to achieve "No Harm" in all of our operations. The Group's health and safety policy covers all employees, contractors and other external stakeholders.

In FY2022, we made progress in advancing our safety and sustainability governance and in boosting safety measures across the Group, including leveraging on technology to improve safety management and monitoring.

Sime Darby Motors is currently deploying the mobile application Noggin to improve safety for its employees and contractors, with more than 95% operational deployment. Noggin is a health, safety, environment and quality reporting system that provides onsite access to forms for reporting incidents, hazards, interactions, audits, inspections and actions taken. The built-in dashboard provides better visibility of and management of health, safety, environment and quality (HSEQ) events. The app allows users to submit forms any time with or without internet connection. Noggin is recognised for its ability to produce quality hazard reporting and improve safety interactions.

The Group is rolling out Nimonik throughout China and is evaluating further rollout on a compliance basis. Nimonik is a standards and regulatory compliance management software that boosts management capabilities in privacy, environment and safety. It allows access to internal documents such as permits, contracts and

1 Our SELF programme is a key success factor in our Safety and Sustainability Strategic plan supporting our overall goal of "No Harm."

2 Risk is reduced by the ability to identify legislation, regulations and industry standard obligations.

agreements. Risk is reduced by the ability to identify legislation, regulations and industry standard obligations. Risk can also be ranked and actions created to address these risks. It also contributes to the planning of internal audits and inspections, ensuring that operations are continuously improving.

Water-based paint

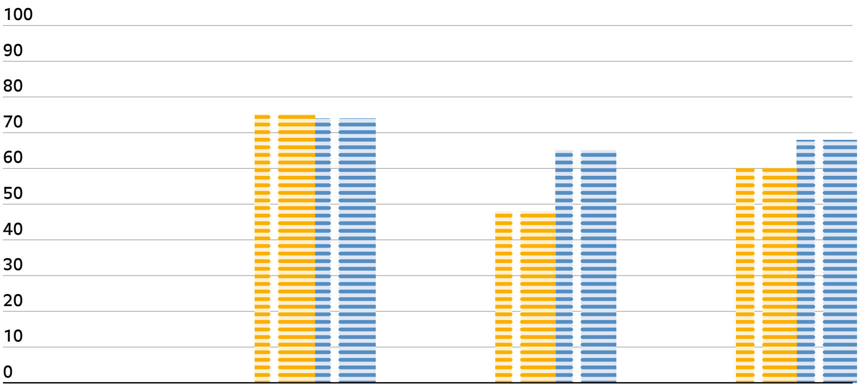
At the Nanshan site in Shenzhen, our Motors business has been testing the use of water-based paint to replace solvent paint throughout the entirety of the painting process, which includes the undercoat, colour paint and varnish. The project aims to reduce the amount of volatile organic compounds (VOCs) being emitted through solvent-based coatings. Volatile organic compounds are toxic to both human health and the environment. Water-based coatings use water as the liquefying agent instead of chemical solvents and so emit less VOCs. Water-based paints also are low odour and less flammable, reducing the risk of a fire or an explosion. Water-based paints are less hazardous, which means a lowering of disposal fees.

Lighting and gas detection

In Shenzhen, Hangzhou and Nanjing, our Motors business is investing RMB400,000 to improve the safety and integrity of lighting and heating lamps in painting rooms and installation of early detection warning monitors. Combustible gas detectors have also been installed in the paint rooms. These features will be incorporated in all new Motors China workshops in the future.

Creating Sustainable Value
Engaging in Sustainable Partnerships

Participation in SELF Programme in FY2022
Participants who have completed each module (%)



	SELF Day 1	SELF Day 2 Teams	SELF Day 2 Leaders
Industrial Australia	75	48	60
Motors Australia	74	65	68

SELF is structured into two parts. Part 1 emphasises how safety is linked to personal motivators, important to the participants. Part 2 focuses on sound risk management practices and continuous improvement, while leaders work on their communication and safety leadership skills.

Injury case files

To reinforce the Group's goal of "No Harm", Hastings Deering produced a series of safety-related short films titled Injury Case Files. These short films are produced by employees and safety advocates at Hastings Deering who share their personal safety stories in order to educate employees and spur them to enhance workplace safety. Following the launch of Injury Case Files, more Hastings Deering employees have come forth to share their deeply moving personal safety stories in order to get the message out and improve safety across the workforce.

Embedding a Safety Culture

Our SELF programme is a key success factor in our Safety and Sustainability Strategic plan supporting our overall goal of "No Harm".

The SELF Safety Culture programme was developed by our team of qualified facilitators experienced in safety behaviour with guidance from a clinical psychologist. The programme focuses participants' reasons for being safe at work and at home, exploring existing thoughts and behaviours within their control and influence (using Stephen Covey's locus of control model).

The SELF programme commenced deployment in our Australia and New Zealand businesses in 2020 and is fast approaching 2500 participants from Sime Darby Industrial Australia and Sime Darby Motors Australia businesses.

SELF is structured into two parts. Part 1 emphasises how safety is linked to personal motivators, important to the participants. Part 2 focuses on sound risk management practices and continuous improvement, while leaders work on their communication and safety leadership skills. There has been a marked improvement with leaders and teams alike, in applying positive communication to make safer choices.

Sime Darby Safety Culture Team are looking forward to piloting the programme in Singapore/Malaysia at the end of 2022 and will begin roll out across our Asia businesses in 2023.

Safety Performance

Since FY2021, the Group has used Total Recordable Injury Frequency Rate (TRIFR) as its primary injury performance metric. TRIFR is considered a more comprehensive metric than Lost Time Injury Frequency Rate (LTIFR) as it provides a more complete view of the injury risk profile by recording more than those injuries resulting in lost day/s.

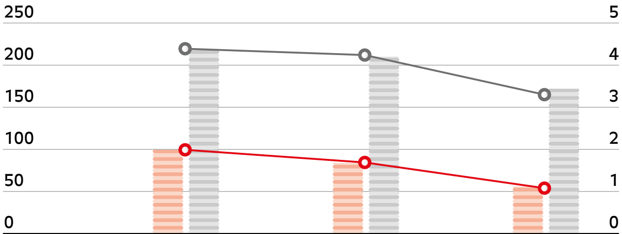
For the past three years, both LTIFR and TRIFR have reduced at a Group level, driven by decreases in both indicators for both our Motors and Industrial Divisions. The performance of our Logistics Division has shown a slight increase in TRIFR over this period and a static LTIFR driven by a focused safety reporting culture project aimed at increasing the reporting of incidents and near misses across the division to drive learning and improvement in mitigation of health and safety risks.

There were no fatalities for our employees and contractors reported in FY2022. However, we recorded lost time and recordable injuries. Driven by the HSE system, a full investigation, utilising a detailed root cause analysis methodology, was undertaken in each case to identify and address all contributing causes and to manage corrective actions, in addition to immediate containment actions. Incident details with corrective and preventive actions undertaken were shared across the broader business using the significant incident notification system. This process was also utilised for significant near misses identified within the operations.

Further analysis was undertaken and reported to more broadly identify operational risk signals, with intervention points being enacted throughout the year. Hazard reporting and safety interactions continued throughout FY2022 contributing to the positive safety culture within Sime Darby, identified during the independent third-party survey of our employees.

To learn about the definitions used to calculate our assured safety data, please refer to page 322 of this annual report.

LTI, LTIFR, TRI and TRIFR – Group Total

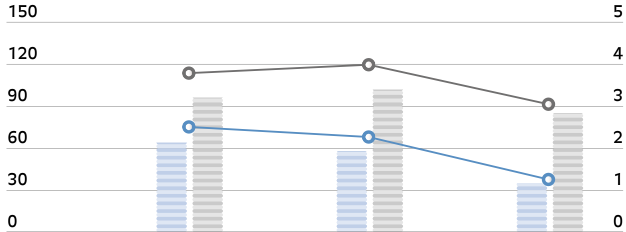


	FY2019–2020	FY2020–2021	FY2021–2022
LTI Cases	99	84	56
TRI Cases	218	210*	172
LTIFR^	1.99	1.69	1.08#
TRIFR+	4.39	4.24*	3.30#

Sime Darby TRIFR and LTIFR data has been assured by an independent 3rd party, refer to pages 319 to 321.

* Subsequent to the disclosure made in the previous year's annual report, a reclassification of injury (in the Motors division) has resulted in an increase of TRI Cases in FY2020-2021 from 209 to 210 and the TRIFR from 4.22 to 4.24. The comparative disclosure has been restated to factor in the impact of reclassification.

LTI, LTIFR, TRI and TRIFR – Sime Darby Motors

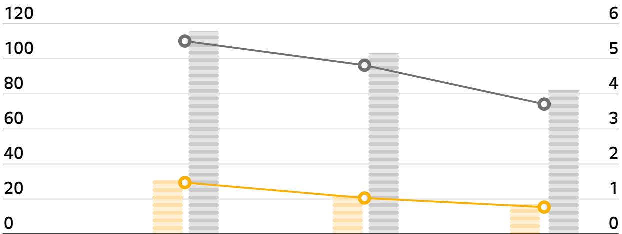


	FY2019–2020	FY2020–2021	FY2021–2022
LTI Cases	64	58	35
TRI Cases	96	102*	85
LTIFR^	2.51	2.27	1.26#
TRIFR+	3.79	3.99*	3.05#

Sime Darby TRIFR and LTIFR data has been assured by an independent 3rd party, refer to pages 319 to 321.

* Subsequent to the disclosure made in the previous year's annual report, a reclassification of injury (in the Motors division) and has resulted in an increase of TRI Cases in FY2020-2021 from 101 to 102 and the TRIFR from 3.95 to 3.99. The comparative disclosure has been restated to factor in the impact of reclassification.

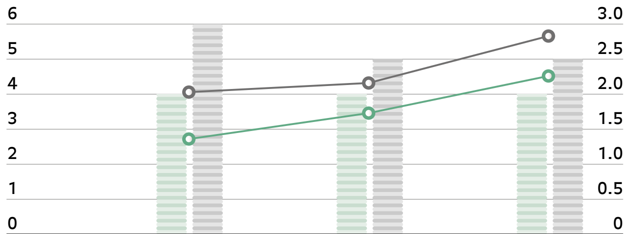
LTI, LTIFR, TRI and TRIFR – Sime Darby Industrial



	FY2019–2020	FY2020–2021	FY2021–2022
LTI Cases	31	22	17
TRI Cases	116	103	82
LTIFR^	1.47	1.03	0.77#
TRIFR+	5.51	4.82	3.71#

Sime Darby TRIFR and LTIFR data has been assured by an independent 3rd party, refer to pages 319 to 321.

LTI, LTIFR, TRI and TRIFR – Sime Darby Logistics



	FY2019–2020	FY2020–2021	FY2021–2022
LTI Cases	4	4	4
TRI Cases	6	5	5
LTIFR^	1.36	1.73	2.26#
TRIFR+	2.03	2.16	2.83#

Sime Darby TRIFR and LTIFR data has been assured by an independent 3rd party, refer to pages 319 to 321.

^ LTIFR = Total number of Lost Time Injuries per 1,000,000 hours worked by permanent employees and contract employees

+ TRIFR = Total number of Recordable Injuries per 1,000,000 hours worked by permanent employees and contract employees

Creating Sustainable Value

Driving Sustainable Innovation and Technology

We believe that technology and innovation are of strategic importance and critical to the sustainable growth of the business.

As technology progresses, the changes to how customers interact with our businesses have shaped our approach to innovation.

A focus on innovation-led growth has allowed us to capitalise on emerging opportunities and strengthen our core businesses.

Investing in Sustainable Products and Services

Climate change has also revealed exciting opportunities for the Group. Given the Group's established history and strong relationships built over the years in its key markets, the Group is well placed to leverage on the transition to a low-carbon economy.

Mobility

Today, the automotive industry is undergoing a fundamental change brought on by disruptive trends.

Read more about these trends under our Business Environment section on pages 30 to 35.

These disruptors ushered in new and emerging opportunities in the mobility sector that we are well placed to capitalise on.

Car Subscription

We piloted subscription programmes in several of our key markets as part of our strategy to retain customers of internal combustion engine cars whose warranties are expiring. In Australia, we partnered Corefleet to launch a car subscription programme. In Hong Kong and Singapore, we offer BMW's Access by BMW programme. In Hong Kong we offer car subscription packages for Fuso commercial vehicles. In Malaysia, we represent Hertz Rental to offer Fit Drive, a flexible car subscription programme. Ahead, Sime Darby Motors Australia will be introducing subscription packages in 10 retail sites across Australia in FY2023.

Read more at our Divisional Operations Review for Sime Darby Motors on pages 84 to 91.

Electric Vehicles (EV)

We aim to be a leader for EV across the Asia Pacific. Leading car manufacturers, including our partners, are increasingly turning their focus to clean technology, particularly in the form of EVs and fuel cell electric vehicles (FCEV). We welcome this shift by our partners and recognise our responsibility to support this shift across the EV value chain.

We operate in 19 countries and territories across the Asia Pacific region, all of which are at different stages of the EV revolution. As the partner of choice for some of the world's most admired automotive brands, and with capabilities across the full value chain, we believe that we are strategically positioned to be the preferred partner for the transition taking place.

During this financial year we made significant advances in this space.

Read more about this in our Sime Darby Motors report on pages 84 to 91.

EV Infrastructure

We are exploring various opportunities in the EV space outside of vehicle sales and service, from battery recycling to creating EV charging networks to meet the burgeoning demands of the growing EV market.

This year, we ventured into the sale and installation of EV chargers, through the launch of KINETA, a provider of EV chargers and EV charging solutions in Malaysia and Hong Kong. KINETA represents EV charging brands such as Wallbox, Starcharge and Tritrium.

We have also ventured into the business of setting up EV charging infrastructure to support the adoption of EV vehicles.

In March 2022, our subsidiary BMW Macau, the sole importer and distributor of BMW vehicles in Macau, expanded its charging network by installing charging stations at the Macau Grand Lisboa Palace, one of the leading hotels in Macau. The charging facilities will allow BMW Macau to serve its BMW BEV and Plug-in hybrid customers at the hotel, further supporting BMW's electromobility strategy.

In Malaysia we have been growing our EV charging network for users of Go To-U, a platform for EV charging management and operation.

Sime Darby Motors' EV Charging Stations in Malaysia

Location

Type of EV Station

AC DC

Penang

	Station	AC	DC
1	Auto Bavaria Penang	✓	✓
2	G Hotel Kelawai Penang	✓	
3	Queensbay Mall Penang	✓	
4	St. Giles Wembley Hotel Penang	✓	

Klang Valley

	Station	AC	DC
1	Auto Bavaria Ara Damasara	✓	✓
2	Auto Bavaria Kuala Lumpur	✓	✓
3	Auto Bavaria Sungei Besi	✓	✓
4	Auto Bavaria Chan Sow Lin	✓	
5	Auto Bavaria Balakong	✓	
6	Kuala Lumpur Golf and Country Club	✓	

Johor

	Station	AC	DC
1	Auto Bavaria Tebrau	✓	✓
2	Auto Bavaria Johor Bahru	✓	✓
3	DoubleTree Hotel Johor Bahru	✓	

Porsche Centre Penang is currently installing solar PV carports and completion is expected by the third quarter of 2022. The solar PV carports will offer renewable energy in place of the grid-supplied electricity needed for the EV chargers. The solar PV carports at Porsche Centre Penang will feature solar PV panels that will cover a total of 28 carpark lots.

Investments in Other Clean, Efficient Technologies

As the world continues to decarbonise, demand for cleaner and more efficient technology continues to rise. In time, solutions will become cheaper, making cleaner, more efficient technologies more commercially viable.

The market potential for such solutions is vast, presenting the Group with opportunities to pivot into new growth areas such as mining solutions and autonomous vehicles and machinery.

Mine Energy Solutions

In collaboration with Thiess, the world's largest mining services provider, we continue to progress our research and development project, Mine Energy Solutions, which focuses on the decarbonisation of its large mining trucks by using locally sourced gas in place of imported diesel. Progress in marketing this alternative fuel solution has been encouraging, with mining companies receptive to pilot projects.

Autonomous vehicles and machinery

In FY2022, a line of autonomous vehicles and machinery became part of our Caterpillar product portfolio. With no humans in the driver's seat, this range also boosts safety and mitigates risk at mining locations. One of Industrial Division's customers, BHP has recently begun using this product range at their Daunia AHS location.

Electric forklifts

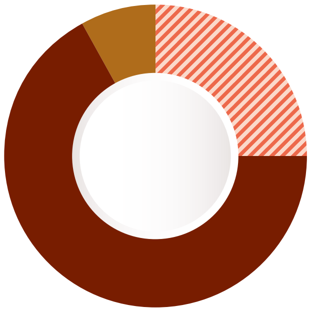
Our subsidiary Terra Cat recently welcomed the first of its new electric forklifts at its Christchurch distribution centre. With no fuel tank, electric machines generate zero emissions. They are quieter, cheaper to operate and are better for the environment. Other safety benefits to using electric power include not having to store and handle Liquid Petroleum Gas (LPG) bottles, which means operators have improved visibility, a lower risk of gas leaks in warehouses and no requirement to store gas bottles onsite.

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

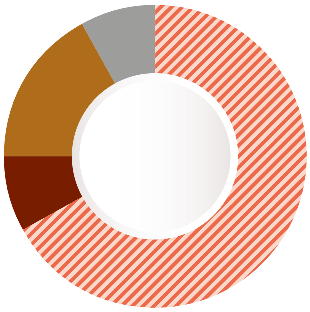


50–59 Years Old	25%
60–69 Years Old	67%
70–79 Years Old	8%

Independence

Independent Directors	58%
Non-Independent Directors	42%

Ethnicity

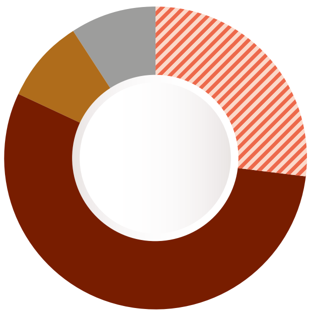


Malay	67%
Chinese	8%
Indian	17%
Others	8%

Gender

Male	75%
Female	25%

Non-Executive Tenure



0–3 Years	27%
3–6 Years	55%
6–9 Years	9%
More than 9 Years	9%

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 75, Male

Date of Appointment
19 December 2008

Length of Service
(as at 30 September 2022)
13 years 9 months

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

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
Nil

Attendance at Board Meetings in 2022
12/12

Board Committee(s)
Nil

Areas of Expertise
Public administration and fund management

Relevant Experience
He has held various senior positions in the Malaysian government including serving as Secretary General in both the Ministry of Home Affairs and Ministry of Domestic Trade and Consumer Affairs, and Chief Secretary to the Government of Malaysia. He was the former President of Perbadanan Putrajaya and former Chairman of the Employees Provident Fund (EPF) and EPF Investment Panel. He was also the former Chairman of the Board of Trustees of the Mahathir Science Award Foundation. In addition, he was a member of the Special Independent Emergency Committee 2021 from 9 February 2021 to 1 August 2021 and a member of the Royal Commission of Inquiry from 20 January 2022 to 19 July 2022.

GAC NRC

Dato' Ahmad Pardas Senin
Senior Independent
Non-Executive Director

Malaysian, Age 69, Male

Date of Appointment
1 December 2017

Length of Service
(as at 30 September 2022)
4 years 10 months

Academic/Professional Qualification(s)/ Membership(s)
- Fellow, Chartered Institute of Management Accountants
- Member, Malaysian Institute of Accountants
- Member, The 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 2022
11/12

Board Committee(s)
- Member, Governance & Audit Committee
- Member, Nomination & Remuneration Committee

Areas of Expertise
Business administration, accounting and management

Relevant Experience
He has amassed more than 41 years of experience in the corporate sector, including 23 years at board level. He was the former Managing Director and Chief Executive Officer of UEM Group Berhad. He also held various key positions within the UEM Group, including serving as Managing Director of UEM World Berhad, Renong Berhad, TIME Engineering Berhad, TIME dotCom Berhad and EPE Power Corporation Berhad.

Board of Directors

GAC RMC

Thayaparan Sangarapillai
Independent Non-Executive Director

Malaysian, Age 67, Male

Date of Appointment
1 December 2017

Length of Service
(as at 30 September 2022)
4 years 10 months

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

Present Directorship(s)
Listed Entities
- Axiata Group Berhad

Other Public Companies
- Celcom Axiata Berhad
- Petroliam Nasional Berhad

Attendance at Board Meetings in 2022
12/12

Board Committee(s)
- Chairman, Governance & Audit Committee
- Member, Risk Management Committee

Areas of Expertise
Audit, business and corporate finance

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

RMC

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

Malaysian, Age 62, Male

Date of Appointment
1 September 2020

Length of Service
(as at 30 September 2022)
2 years 1 month

Academic/Professional Qualification(s)/ Membership(s)
- Master's 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
Nil

Attendance at Board Meetings in 2022
12/12

Board Committee(s)
Chairman, Risk Management Committee

Areas of Expertise
Strategic investment, loan management, financial markets and actuarial science

Relevant Experience
He brings vast experience in the fields of strategic investment, loan management, financial markets and actuarial science. Currently the Chairman of the Malaysian Government's Employees Provident Fund. He has held various senior positions in the Ministry of Finance, including serving as the Secretary General of Treasury. He was also formerly on the boards of Bank Negara Malaysia, Kumpulan Wang Persaraan (Diperbadankan), Permodalan Nasional Berhad and Tenaga Nasional Berhad.

NRC GAC

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

Malaysian, Age 65, Male

Date of Appointment
1 December 2017

Length of Service
(as at 30 September 2022)
4 years 10 months

Academic/Professional Qualification(s)/ Membership(s)
- Bachelor's and Master's degree 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 2022
12/12

Board Committee(s)
- Chairman, Nomination & Remuneration Committee
- Member, Governance & Audit Committee

Areas of Expertise
Banking, finance and fund management

Relevant Experience
He brings over 30 years of experience in the fields of finance, commerce, investment and Islamic banking. He formerly served as the Chief Executive Officer/Managing Director of Pengurusan Danaharta Nasional Berhad, Affin Bank Berhad and Kuwait Finance House (Malaysia) Berhad. He was also the former Chairman of Eastland Equity Bhd (now known as Meta Bright Group Berhad) and Director of Chubb Insurance Malaysia Berhad.

GAC NRC

Datuk Wan Selamah Wan Sulaiman
Independent Non-Executive Director

Malaysian, Age 67, Female

Date of Appointment
15 January 2016

Length of Service (as at 30 September 2022)
6 years 8 months

Academic/Professional Qualification(s)/ Membership(s)
- Master's in Business Administration (Finance), Universiti Kebangsaan Malaysia
- Fellow, Association of Chartered Certified Accountants
- Member, Malaysian Institute of Accountants

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
Nil

Attendance at Board Meetings in 2022
12/12

Board Committee(s)
- Member, Governance & Audit Committee
- Member, Nomination & Remuneration Committee

Areas of Expertise
Accounting and finance

Relevant Experience
Her career has seen her serving in both the Ministry of Education and the Ministry of Defence. She has held various positions in the Accountant General's Department of Malaysia in the Ministry of Finance, where she took on roles including Director of the Central Operations and Agency Services Division, Director of the Information Technology Services Division and Deputy Director of the Malaysian government's Pensions Trust Fund. She was also formerly Accountant General of Malaysia and a Member of the Public Sector Accounting Committee.

RMC

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

Singaporean, Age 68, Male

Date of Appointment
1 March 2018

Length of Service (as at 30 September 2022)
4 years 7 months

Academic/Professional Qualification(s)/ 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 2022
10/12

Board Committee(s)
Member, Risk Management Committee

Areas of Expertise
Automotive, accounting and management

Relevant Experience
He was formerly the Managing Director of Sime Darby's Motors Division and has served the Sime Darby Group in various capacities for more than 36 years. During his tenure he oversaw the robust growth of the Motors Division.

RMC

Moy Pui Yee
Independent Non-Executive Director

Malaysian, Age 55, Female

Date of Appointment
2 July 2018

Length of Service (as at 30 September 2022)
4 years 3 months

Academic/Professional Qualification(s)/ Membership(s)
- Bachelor of Economics and Bachelor of Laws, Monash University
- Admitted to the Malaysian Bar in 1992

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
Nil

Attendance at Board Meetings in 2022
12/12

Board Committee(s)
Member, Risk Management Committee

Areas of Expertise
Legal and corporate finance

Relevant Experience
Currently a partner and Head of the Mergers & Acquisition Practice Group at Rahmat Lim & Partners. She was previously a partner in the Corporate & Financial Services practice at Chooi & Company for 13 years.

Board of Directors

NRC

Mohamad Idros Mosin
Non-Independent
Non-Executive Director

Malaysian, Age 50, Male

Date of Appointment
15 November 2018

Length of Service
(as at 30 September 2022)
3 years 10 months

Academic/Professional Qualification(s)/ Membership(s)
- Bachelor's degree in Business Administration (Honours), 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
- MIDF Property Berhad

Attendance at Board Meetings in 2022
12/12

Board Committee(s)
Member, Nomination & Remuneration Committee

Areas of Expertise
Finance and business administration

Relevant Experience
Currently the Group Head of Real Estate at Permodalan Nasional Berhad (PNB). He was the former Group Head of Strategic Investments at PNB where his key function was the formulation and implementation of value creation initiatives for public listed strategic and core investee companies of PNB. His career has seen him heading diverse assignments including the development and evaluation of value enhancement strategies for strategic investment in the automotive, chemical, infrastructure, logistics, oil & gas, plantation, property and pharmaceutical sectors.

RMC

Dato' Dr Nirmala Menon
Independent Non-Executive Director

Malaysian, Age 62, Female

Date of Appointment
15 November 2019

Length of Service
(as at 30 September 2022)
2 years 10 months

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

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
- Amanat Lebuhraya Rakyat Berhad

Attendance at Board Meetings in 2022
11/12

Board Committee(s)
Member, Risk Management Committee

Areas of Expertise
Insurance, medical and healthcare

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

NRC

Tan Sri Muhammad Shahrul Ikram Yaakob
Independent Non-Executive Director

Malaysian, Age 61, Male

Date of Appointment
8 June 2022

Length of Service (as at 30 September 2022)
4 months

Academic/Professional Qualification(s)/ Membership(s)
- Bachelor of Science in Ecology, University of Malaya
- Diploma in Public Administration, National Institute of Public Administration
- Advanced Management Programme, Harvard Business School

Present Directorship(s)
Listed Entities
Nil

Other Public Companies
Nil

Attendance at Board Meetings in 2022
1/1*

Board Committee(s)
Member, Nomination & Remuneration Committee

Areas of Expertise
Inter-governmental relations, foreign policies, international and regional politics and security

Relevant Experience
He was formerly the Secretary General of the Ministry of Foreign Affairs of Malaysia and the Permanent Representative of Malaysia to the United Nations. Other senior positions he held in the Ministry of Foreign Affairs, Malaysia since 1988 include acting as the ambassador to Qatar and Austria. He previously served as the Governor for Malaysia and the Chairman of the International Atomic Energy Agency's Board of Governors. He was also the former Director of the boards of Dewan Bahasa dan Pustaka and the Malaysian Institute of Maritime Affairs (now known as the Maritime Institute of Malaysia).

Note:
* Reflects the number of meetings held during the period of office served.

Dato' Jeffri Salim Davidson
Non-Independent Executive Director

Malaysian, Age 58, Male

Date of Appointment
1 December 2017

Length of Service (as at 30 September 2022)
4 years 10 months

Academic/Professional Qualification(s)/ Membership(s)
- Bachelor of Science in Geology, University College London
- Member, Institute of Chartered Accountants in England and 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 2022
12/12

Board Committee(s)
Nil

Areas of Expertise
Accounting, finance and business administration

Relevant Experience
He began his career with Coopers & Lybrand, London, in 1986 before joining the Sime Darby Group in 1992. He 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 has any family relationship with, and is not, related to any Director or major shareholder of Sime Darby Berhad:
   (i) The following are 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 has any conflict of interest with Sime Darby Berhad.
3. Other than traffic offences, none of the Directors has any conviction for offences within the past five years nor public sanctions or penalties imposed by 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. Full profiles of 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 58, Male

Date of Appointment
21 November 2017

Academic/Professional Qualification(s)/ Membership(s)

- Bachelor of Science in Geology, University College London
- Member, Institute of Chartered Accountants in England and Wales
- Advanced Management Programme, Harvard Business School

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

Mustamir Mohamad
Group Chief Financial Officer

Malaysian, Age 50, Male

Date of Appointment
21 November 2017

Academic/Professional Qualification(s)/ 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

Relevant Experience
He began his career with PricewaterhouseCoopers, London, in 1995 followed by a seven-year stint at Bank Negara Malaysia where he was the Manager of Investment Operations and Financial Markets. He joined the Sime Darby Group in September 2005 as Manager, Value Management in Group Strategy. In September 2007, he moved to Sime Darby Plantation to head the Executive Vice President Office prior to the completion of the merger of Sime Darby, Golden Hope Plantations and Kumpulan Guthrie. He subsequently became the Head of Strategy and Business Development at Sime Darby Plantation. Before assuming the Group Chief Financial Officer role in November 2017, he was the Head of Group Finance of Sime Darby Berhad, a position he held since February 2014.

Datuk Thomas Leong Yew Hong
Group Chief Strategy Officer

Malaysian, Age 50, Male

Date of Appointment
1 December 2017

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

Relevant Experience
He joined the Sime Darby Group as 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 has also held various senior positions in Accenture and Deloitte Consulting in Australia, Hong Kong and Malaysia.

Roselaini Faiz
Group Chief Human Resources Officer

Malaysian, Age 57, Female

Date of Appointment
1 August 2018

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

Relevant Experience
She was formerly the Director, Human Capital and Communications at Danajamin Nasional Berhad. Before that, she headed the Human Resources department at Hong Leong Bank Berhad. Other roles she held included Director of Human Resources at CIMB Aviva Assurance Berhad, Chief Human Resources Officer at Kuwait Finance House (Malaysia) Berhad, Head of Rewards and Benefits Administration at Standard Chartered Bank Berhad and Vice President of Compensation and Benefits at Citibank Berhad.

Glenn Sheahan
Group Chief Safety & Sustainability Officer

Australian, Age 53, Male

Date of Appointment
1 October 2019

Academic/Professional Qualification(s)/ Membership(s)
- Postgraduate Certificate in Managing Occupational Health and Safety, University of Southern Queensland and Qualified State Nurse and Emergency Services Officer

Relevant Experience
He has more than 28 years of experience in the safety field where he held diverse Health, Safety, Audit and Risk senior management roles in listed Fortune 500 and ASX 100 companies that are engineering, procurement and construction management (EPCM) contractors in the engineering, procurement, construction, mining, and oil and gas sectors. In his career, he has worked across international markets in high-value industries in Australasia, Dubai, Indonesia, Qatar and Thailand.

Executive Leadership

Goh Hai Peow
Group Chief Information & Digital Officer

Australian, Age 64, Male

Date of Appointment
1 November 2019

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

Relevant Experience
He possesses more than 40 years of experience in the information technology sector where he held senior global leadership roles with major resource, logistics, oil and gas, and IT services companies. Prior to joining the Sime Darby Group, he was the Chief Information Officer with Aurizon, Australia's largest rail freight operator. He also had an extensive career with Rio Tinto as its Chief Operating Officer where he was responsible for business information systems and technology, strategy, global IT infrastructure and the delivery of major enterprise solutions.

Dean Mehmet
Managing Director, Industrial Division

Australian, Age 58, Male

Date of Appointment
1 July 2021

Academic/Professional Qualification(s)/ Membership(s)
- Bachelor of Mechanical Engineering (Honours), Queensland University of Technology
- Stanford Executive Programme
- Member, Australian Institute of Company Directors

Relevant Experience
He possesses more than 37 years of industry experience including chief executive roles at multinational corporations such as BlueScope Steel and Royal Dutch Shell. He joined the Sime Darby Group in 2012 as Chief Operating Officer at 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 Managing Director of Sime Darby Industrial – Australasia in January 2020 prior to assuming his current role.

Andrew Basham
Managing Director, Motors Division

Australian, Age 56, Male

Date of Appointment
1 February 2018

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

Relevant Experience
He has more than 25 years of extensive global experience in management, business development and operations for leading brands in the automotive industry. He started his career in audit and accounting with PriceWaterhouse Australia before moving on to the distribution and logistics roles in automotive sector. He later assumed senior management roles in various automotive companies.

Noor Zita Hassan
Group Secretary

Malaysian, Age 56, Female

Date of Appointment
21 November 2017

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

Relevant Experience
She began her career as a management trainee in the accounting, internal audit, tax and corporate planning functions with Kumpulan Sime Darby Berhad (KSDB) in 1989. She was subsequently transferred to the Group Secretarial department of KSDB in 1993. She was the Company Secretary of Hyundai-Sime Darby Berhad, a subsidiary of KSDB listed on the Main Board of Bursa Malaysia Securities Berhad from December 2004 until its delisting from the Official List of Bursa Securities in July 2006. In addition to holding the role of Group Secretary at Sime Darby Berhad, she is also the Company Secretary of Motors Division.

Additional Information

1. None of the Executive Leadership has any family relationship with, and is not related to, any Director or major shareholder of Sime Darby Berhad.
2. None of the Executive Leadership has any conflict of interest with Sime Darby Berhad.
3. Other than traffic offences, none of the Executive Leadership has any conviction for offences within the past five years nor public sanctions or penalties imposed by regulatory authorities during the financial year.
4. Directorships held by the Executive Leadership 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 Executive Leadership 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 a highly focused board that is strengthened by a clear purpose and a unified vision that is future-centric."

Dear Shareholders,

I am pleased to present the Group's report on corporate governance for FY2022. Where applicable, we have applied the principles of the Malaysian Code on Corporate Governance, most recently updated in April 2021.

This report outlines the governance framework, processes and control mechanisms in place within the Group and seeks to provide stakeholders with an understanding of how the Board and its Committees performed for the year, and to set out our plans for the coming year.

This report is based on the three principles of Bursa Malaysia's Main Market Listing Requirements: Leadership and Effectiveness, Effective Audit and Risk Management, and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

As always, we strive to ensure the highest standard of corporate governance by rigorously enforcing good standards of accountability, transparency and fairness throughout the Group.

Leadership and Effectiveness

The Board is a highly focused board that is strengthened by a clear purpose and a unified vision that is future-centric. Supported by the management as well as the Governance & Audit, Nomination & Remuneration and Risk Management Committees, the Board represents a healthy equilibrium in terms of the composition of skills, experiences and backgrounds of its members. This has allowed us to establish a boardroom culture based on openness and collaboration.

With every member of the Board bringing a different perspective to the table, we are able to adopt a multi-perspective approach to decision making. This ensures we do not get complacent and go on autopilot in running the business.

The Group is guided by the Group Policies and Authorities (GPA), a key pillar of the Group's governance framework. Primarily an ethical roadmap for the Group's diverse businesses to navigate the intricacies of global business practices and cultures, the GPA also serve as an important tool through which the Board formally delegates functions and powers to the management. To ensure that the GPA remains relevant to the Group's business and operational needs, the Board undertakes an annual review of the GPA, to ensure that the management is empowered to operate more efficiently.

There has been a collective push by key stakeholders to weave sustainability into the fabric of the organisation, beyond compliance with regulatory requirements. This echoes the Malaysian Code on Corporate Governance update in 2021 calling for the integration of sustainability considerations in corporate strategy, governance and decision making.

Our Board is fully committed to placing sustainability at the heart of the Group's growth strategy. The Group's Sustainability Blueprint, a framework that charts our path to sustainable operations and a future-proofed organisation, strengthens our commitment to ensuring exemplary environmental, social and governance standards. Introduced last year, the Blueprint runs in tandem with our Value Creation Plan, ensuring that the value we create, is not only strategic, but also sustainable.

Effective Audit and Risk Management

The business environment we are operating in is currently fraught with risks yet also abundant with new opportunities. In this climate, the Board recognises that effective audit and risk management processes have become particularly critical components of corporate governance. By having the right checks and balances in place, we can protect the organisation as it navigates its way through these unpredictable waters.

At Sime Darby, a substantive checks and balances regime is in place with the Board having oversight of the risk management frameworks and policies in place within the Group. The Board also oversees the efficacy of internal controls within the Group that ensure the Group makes informed decisions on risks.

As we execute our strategy, the Board, through the Governance & Audit Committee, monitors the Group's management of its financial risk processes, accounting and financial reporting practices.

We also 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.

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The Board recognises that meaningful stakeholder engagement is essential to business success.

The Group holds effective and regular engagement sessions between our organisation and our valued stakeholders, allowing the Board to understand the interests and expectations of stakeholders, and more importantly, to consider how they are impacted by the strategic decisions made by the Board.

Ensuring that communication channels are always two-way, stakeholders are also regularly provided with accurate and timely updates and information on the Group's developments.

More information on how we engage our stakeholders can be found in the Engaging Stakeholders section on pages 42 to 43 and in the Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders section on pages 151 to 152.

Looking Ahead

These are trying times we live in. The pandemic continues to loom large, impacting economies and lives. The Russia-Ukraine conflict has had a devastating effect on global supply chains, while rising inflation worldwide has led central banks scrambling to raise interest rates.

It has never been more important for organisations to have strong corporate governance fundamentals and to have a board committed to upholding them to its highest standards.

Moving forward, I am confident we have the essential ingredients that will allow Sime Darby to remain resilient and operate from a position of strength, ready to leverage on growth opportunities that are presented in this volatile business environment.

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

MMLR
CA 2016
IIRC

Leadership & Effectiveness

Embedding the Right Culture with a Strong Governance Framework

The Group understands that 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.

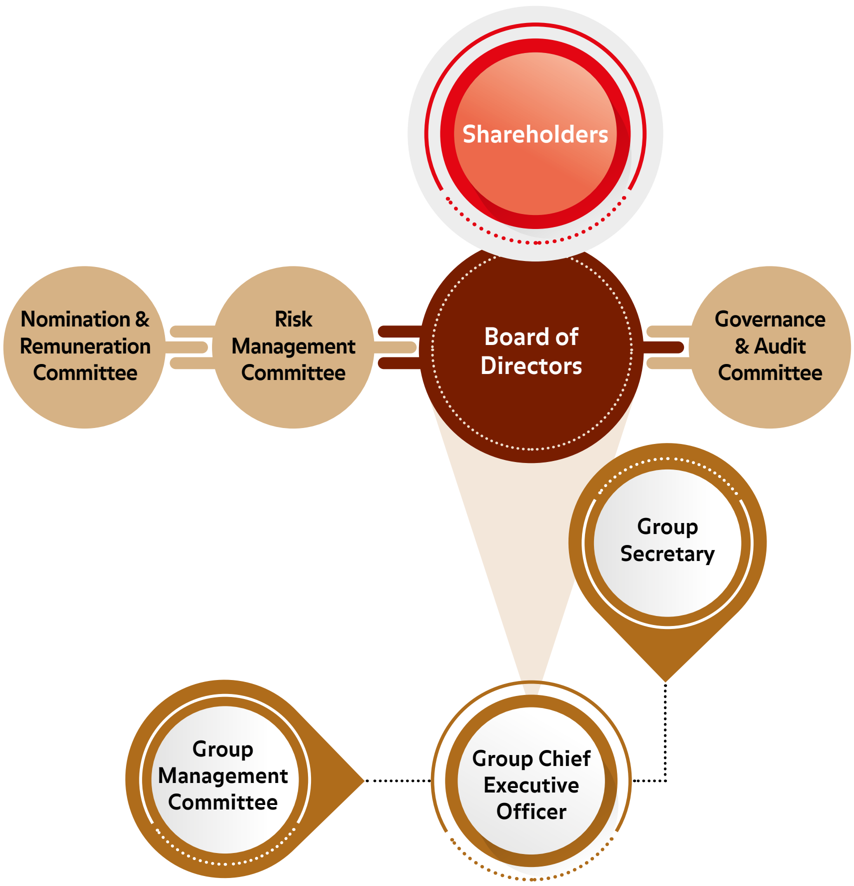
Embedding the right culture starts with a clear definition of the standards expected in the day-to-day conduct of every individual in the Group, as set out in Sime Darby's core values. These values are reflected in the Group's governance framework which defines the way in which strategic and operational activities are managed. The framework is based on the following principle aims:

01 To promote transparency, accountability and a responsive attitude;

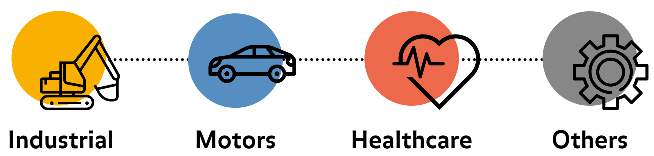
02 To provide operating autonomy to the Divisions and the Group's companies in achieving business objectives while maintaining adequate checks and balances; and

03 To cultivate ethical business conduct and desired behaviours, based on the Group's core values and business principles.

Organisational Structure



Key Businesses



	Roles and Responsibility
Board of Directors	• Promotes good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour. • Responsible in determining the direction of the Group to ensure its long-term success and the delivery of sustainable value to its stakeholders. • Provides thought leadership and advice in fine-tuning corporate strategies, which includes economic, environmental, safety and health, social and governance considerations underpinning sustainability. • Overseeing the conduct of the Group's business. • Reviews the adequacy and the integrity of the management information and internal control systems of the Group.
Chairman	• Leads the Board in setting the Group's key policies and direction. • Chairs Board and shareholders' meetings. • Instills good corporate governance practices, leadership and the effectiveness of the Board. • Encourages and facilitates full and frank discussions among Directors to leverage on each individual's diverse background and knowledge. • Ensures the provision of information to Directors in a timely manner. • Being the public face by acting as a spokesperson for the Board.
Group Management Committee	• Responsible of executing the Group's strategies, the running of the day-to-day operations, deployment and implementation of Board resolutions and management of group policies. • Makes recommendations to the Board on key policies and procedures to be adopted by the Group and any proposed change thereto.
Group Chief Executive Officer	• Manages the day-to-day business affairs. • Responsible for executing the Group's policies and strategies in line with the Board's direction. • Fosters the organisational culture that is aligned with the Group's corporate values. • Serves as the conduit between the Board and Management in ensuring the success of the Group's governance and management functions.
Group Secretary	• Responsible for advising the Board on regulatory compliance matters and providing good information flow and comprehensive practical support to the Directors, individually and collectively. • Supports the Board in maintaining the highest standards of probity and corporate governance. • Primary point of contact for institutional and other shareholders, especially with regard to matters of corporate governance.

Each Committee has clearly-defined terms of reference (TOR) and responsibilities. Details of Board Committees' roles and responsibilities and key activities are set out within the relevant Committee reports from pages 138 to 150. The TOR of Board Committees are available online at http://www.simedarby.com/operating-responsibly/governance.

Leadership & Effectiveness

Attendance of Board Meetings

In FY2022, the Board met 12 times. Seven of the meetings were scheduled meetings and five were special meetings. All Directors attended at least 50% of the Board meetings held during the financial year, with the majority having full attendance, and have complied with the Listing Requirements of Bursa Securities in terms of attendance. This reflects Board members' commitment and dedication in fulfilling their duties and responsibilities. Directors who were unable to attend a meeting were encouraged to give the Chairman their views and comments on matters to be discussed in advance.

Directors	Scheduled Meeting	Special Meeting	Total
Tan Sri Samsudin Osman	7/7	5/5	12/12
Dato' Ahmad Pardas Senin	7/7	4/5	11/12
Thayaparan Sangarapillai	7/7	5/5	12/12
Tan Sri Ahmad Badri Mohd Zahir	7/7	5/5	12/12
Dato' Sri Abdul Hamidy Abdul Hafiz	7/7	5/5	12/12
Datuk Wan Selamah Wan Sulaiman	7/7	5/5	12/12
Dato' Lee Cheow Hock Lawrence	7/7	3/5	10/12
Moy Pui Yee	7/7	5/5	12/12
Mohamad Idros Mosin	7/7	5/5	12/12
Dato' Dr Nirmala Menon	6/7	5/5	11/12
Tan Sri Muhammad Shahrul Ikram Yaakob	–	1/1	1/1^
Dato' Jeffri Salim Davidson	7/7	5/5	12/12

Note:
^ Reflects number of meetings held following his appointment as Director on 8 June 2022.

To ensure and maintain the Board's independence in decision making, the Non-Executive Directors shall meet once a year without the presence of the management and the Group Secretary to discuss strategic, governance and operational issues. The Non-Executive Directors' meeting for FY2022 was held on 18 November 2021.

The Independent Directors also held its first Independent Directors' meeting on 25 July 2022 in the presence of the Group Secretary to discuss matters pertaining to succession planning, Group's strategy blueprint and branding.

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 minutes of the meetings of the Group Management Committee and Board Committees, the Group's operational and financial reports, updates on the Group's Environmental, Social and Governance (ESG) including reports on health and safety, the Group's environmental performance and the Group's compliance with the relevant ethical and security standards. The Group Secretary attends all Board and Board Committees' meetings and provides support to the Directors. All Directors have unrestricted access to the advice and services of the Group Secretary. The Board also has access to independent professional advice at the Group's expense to facilitate informed decision making.

The meeting agenda will be determined following reviews and consultations between the Group Secretary and the respective Board and Board Committees Chairmen. Managing Directors and/or senior management personnel may be required to attend the meetings by invitation to make presentations on proposal papers and brief/update on the operational issues to further facilitate the Board's/Board Committees' decision making process.

Summary of Key Matters Reserved for Board Review

01 Group strategy, plans and budgets.

02 Acquisitions, disposals and transactions exceeding the authority limits of the GCEO.

03 Changes to the Board and executive leadership of the Group.

04 Changes in key policies, procedures and the delegated authority limits of the Group.

Key Areas of Focus in FY2022

01
Reviewing and adopting the new five-year strategy blueprint for the Group.

02
Ensuring succession planning for Board, Board Committees and senior management.

03
Improving diversity in gender, age, experience and expertise across the Group.

04
Ensuring an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks for the Group.

05
Ensuring a ready pipeline of talents with the right combination of technical competencies and leadership potential for smooth leadership transition and to safeguard the Group's future growth.

06
Ensuring the integrity of the Group's financial and non-financial reporting.

07
Developing a three-year roadmap to support the Sustainability Blueprint.

A comprehensive set of materials are prepared based on the agreed meeting agenda and circulated electronically and instantaneously via a secure device to Directors by the Group Secretary as soon as practicable prior to each meeting so that Directors have sufficient time to read and understand the matter and obtain further information, clarification or explanation where necessary.

An annual Board and Board Committees meeting calendar is planned ahead with dates fixed prior to the commencement of each new calendar year. This practice provides notice well in advance to each Director allowing him or her to prepare adequately for the meetings.

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, which are clearly defined in their respective TOR.

The TOR of Board Committees and other delegated authorities are formalised and reviewed from time to time, as and when required.

Board Effectiveness

A Board Effectiveness Assessment is conducted annually to identify opportunities for increasing efficiency of the Board, to maximise strengths and to highlight areas for improvement for the Board. Where applicable, professional consultants are engaged to conduct the assessment once in every three years.

The FY2022 Board Effectiveness Assessment was conducted internally using a questionnaire-based evaluation based on agreed criteria. The assessment covered an evaluation of the Board, Board Committees and individual Directors. The areas of focus of the FY2022 Board Effectiveness Assessment are set out in the table below:

Board
- board mix and composition;
- quality of information and decision making;
- boardroom activities;
- the Board's relationship with the management; and
- management of ESG issues.

Board Committees
- composition;
- relevance of expertise;
- the competency of chairmen of Board Committees and the responsibilities entrusted to them; and
- the quality of reports and recommendations submitted to the Board.

Individual Director
- fit and proper conduct;
- contribution and performance; and
- calibre and temperament.

Leadership & Effectiveness

The findings of the FY2022 Board Effectiveness Assessment were presented to the Board at its meeting in August 2022. The results reflected a generally satisfactory performance by the Board and Board Committees. The Chairman monitors the level of attendance and contribution by Directors at Board meetings and was provided with a performance summary of individual Directors so that he can meet with each Director and discuss his or her contribution to board debates.

Performance Review of the Board Committees

Based on the findings of the FY2022 Board Effectiveness Assessment, the Board is satisfied with the performance of the Governance & Audit Committee, Nomination & Remuneration Committee and Risk Management Committee.

The performance of Board Committees was also in accordance with their respective TOR.

Board Induction and Development

On appointment, each new Director will undergo an on-boarding exercise. This will help new Directors get acquainted 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 organisational structure and the roles and responsibilities of the management.

As part of the induction programme, new Directors receive comprehensive briefings on the Group's structure, operations, projects, growth strategy and financial performance. The Group Secretary assists the Board in facilitating the orientation of new Directors and in arranging internal training programmes. Site visits to key operating units are also arranged. 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 an 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 Directors acknowledge the importance and value of attending conferences, training programmes and seminars in order to keep themselves abreast of the latest developments in areas related to their duties and to be equipped with the necessary skills and knowledge to meet the challenges faced by the Board. The Directors' training needs are monitored by our Group Secretary through the Board Effectiveness Assessment process and regular feedback from the Directors. Training programmes, conferences and seminars deemed beneficial to the Directors are identified on an on-going basis. Relevant external training programmes are shared with the Directors regularly, for which a reasonable budget is allocated.

For an immersive learning experience, annual Board retreats and technical visits are arranged to enhance the Directors' understanding and knowledge of the Group's operations and keep them informed of the latest industry-specific and technological developments. These retreats/visits provide opportunities for the Board to interact with senior management teams from the divisions in an informal setting. In March 2022, Directors attended the launch of our Porsche's local assembly facility at the Inokom plant in Kulim, Kedah. This is Porsche's first car assembly facility outside of Europe.

In April each year, the Board meets to set the tone for the Group's long-term corporate strategy blueprint and to debate the Group's business strategies and plans, group budget, Group Sustainability Roadmap and Group Human Resources Blueprint. The meeting is attended by members of the Board and the Group Management Committee to facilitate effective Board discussions. Guest speakers are invited to speak on the macroeconomic outlook and sectoral megatrends. The opportunity for meaningful discussion between the Board and Management at the retreat solidified the strategic themes and direction for the Group, preparing the Group to navigate uncertain economic and business landscapes. During FY2022, subject matter experts were invited to give their insights to our Board and Management on the importance of ESG and sustainability in the context of a boardroom.

The Group Secretary provided updates on statutory and regulatory changes under the CA 2016, Listing Requirements of Bursa Securities, MCCG and Securities Commission's guidelines, which among others, focused on Directors' roles and responsibilities and changes which impact the Group.

Training Courses Attended in FY2022

Listed below is a summary of training courses attended by the Directors and the Group Secretary in this financial year.

Board Members
Dialogue on Sustainable Development in the Tropics
Global Economic Outlook
Understanding China
New Trends Disrupting the Auto Industry
Changing Dynamics in Mining
Malaysia Deal Book: Lessons and Insights
Importance of ESG
Permodalan Nasional Berhad Knowledge Forum 2021 – Rising Above COVID-19: Reimagining Work in Malaysia and beyond
Minority Shareholders Watch Group Webinar – COVID Creates Unique Governance Issues
The Rise of ESG and Sustainability in the Boardroom
The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees
Permodalan Nasional Berhad Knowledge Forum 2022 – Sustainable Investing: ESG at the Forefront
MIA International Accountants Conference 2022 – Leading ESG, Charting Sustainability
Turning Data Ability into Adaptability
Corporate Governance Regulatory Updates for the Capital Markets
Financial Reporting, Audit and Assurance Conference
Sustainability Reporting and Addressing the Climate Challenge
Securities Industry Development Corporation's Business Foresight Forum (BFF) 2021

Group Secretary
Malaysian Code on Corporate Governance Revision 2021 – Changing the Game in Corporate Governance
Permodalan Nasional Berhad Knowledge Forum 2021 – Rising Above COVID-19: Reimagining Work In Malaysia and beyond
Company Secretary: Assistant, Adviser or Both?
Withholding Tax Awareness Training
Understanding Sustainability and Climate Risks: A Series of Webinars to Future-Proof Your Business – How Climate Change Will Affect Your Business
Minority Shareholders Watch Group Webinar – COVID-19 Creates Unique Governance Issues
Climate Change: A New Green Deal for Malaysia
Key Disclosure Obligation of a Listed Company
Workshop on Malaysian Financial Reporting Standards 124 – Related Party Transactions
Demystifying Investors' ESG Expectations, the Dos & Don'ts
Decoding Transaction and Related Party Transactions Rules (Chapter 10 of Main Market Listing Requirements)
The Rise of ESG and Sustainability in the Boardroom
Provision of Financial Assistance and Listing Requirements
Share Buy-Back: A Regulatory Perspective
ESG Oversight for Boards
MIA International Accountants Conference 2022 – Leading ESG, Charting Sustainability

Leadership & Effectiveness

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 four 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 Board Committees as well as for critical management positions within the Group. The NRC assists the Board in reviewing the mix of skills, experience, core competencies and other qualities required for an effective board for Sime Darby. It also 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 of the NRC is available at https://www.simedarby.com/operating-responsibly/governance

Attendance at Meetings

Members	Membership	Appointment	Attendance
Dato' Sri Abdul Hamidy Abdul Hafiz	Chairman/Independent Non-Executive Director	4 September 2019	8/8
Dato' Ahmad Pardas Senin	Member/Senior Independent Non-Executive Director	1 December 2017	8/8
Mohamad Idros Mosin	Member/Non-Independent Non-Executive Director	21 November 2018	7/8
Datuk Wan Selamah Wan Sulaiman	Member/Independent Non-Executive Director	9 June 2020	8/8
Tan Sri Muhammad Shahrul Ikram Yaakob	Member/Independent Non-Executive Director	25 July 2022	–

Key Activities of FY2022

Key Focus Areas	Outcomes
Nomination Function	• Evaluated and recommended suitable candidates for appointments to the Board, Board Committees, subsidiary companies and senior management positions. • Evaluated the contributions of Directors seeking re-election at the 15th AGM and made recommendations on their suitability for re-election to the Board. • Oversaw the succession planning and performance evaluation of the Board, Board Committees and the senior management team. • Formulated and implemented a formal and transparent procedure for the selection and appointment of Directors.

Key Focus Areas	Outcomes
Remuneration Function	• Recommended bonus payouts and salary increments for employees of the Group. • Appraised the performance and recommended bonus payouts and salary increments for Group Chief Executive Officer (GCEO) and his direct reports. • Reviewed and recommended the renewal of fixed-term contracts of the senior management team. • Reviewed the benchmark for GCEO's remuneration. • Made recommendations on the allotment and issuance of new Sime Darby shares to grantees who qualify for the Performance-Based Employee Share Scheme. • Reviewed and recommended Directors' fees for subsidiary companies of Sime Darby.
Governance Function	• Reviewed the terms of office and the performance of the Governance & Audit Committee. • Reviewed and recommended changes to the Terms of Reference for Board Committees. • Reviewed the NRC report for inclusion in Sime Darby Annual Report 2021. • Reviewed GCEO's key performance indicators and scorecard for the new financial year. • Incorporated Fit and Proper criteria into the assessment of potential Board candidates and existing Directors. • Recommended action plans arising from Board Effectiveness Assessment 2021 and reviewed the progress of the implementation of these plans.

Appointment of Directors

The assessment of potential candidates for appointment to the Board by the NRC is governed by the parameters set out in the Board Composition Policy and Fit and Proper Policy. This ensures that appointed Directors have the right skills, character, experience, competency, integrity, time and dedication to effectively discharge their roles and responsibilities. The aim is to compose a Board with the right balance to realise the Group's strategic objectives, with fresh input and thinking while retaining cohesiveness.

The following depicts the process for Board appointments:

In line with the Company's protocol on Directors accepting new directorships of companies outside the Sime Darby Group, a Director is required to discuss with the Chairman of Sime Darby the proposed appointment prior to his or her acceptance of such directorships. Upon appointment, the Director shall then inform the Group Secretary in writing of the appointment in order for the Group Secretary to notify other members of the Board and the relevant regulatory authorities. Directors are made aware of the time commitment expected of them in carrying out their roles and responsibilities as a Director, member of Board Committees and board of subsidiary companies.

Directors are required to confirm that they are able to devote sufficient time to their roles at the Company and at the Group levels, taking into consideration the extent of their representation on the boards of listed companies as well as other commitments. In accordance with the provisions of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities), none of the Directors hold more than five directorships in listed issuers.

The NRC and Board regularly review the membership of the Board and Board Committees to ensure that the members continue to have the requisite skills and experience to meet upcoming challenges.

In FY2022, the Board approved the appointment of Tan Sri Muhammad Shahrul Ikram Yaakob as an Independent Non-Executive Director of Sime Darby on the recommendation of the NRC. Given Tan Sri Muhammad Shahrul's extensive international experience and deep knowledge of international diplomacy and foreign policies, the NRC was of the opinion that Tan Sri Muhammad Shahrul has the relevant expertise, skills and experience to help the Group develop and strengthen its relationship with the government and public officials in the countries where the Group operates.

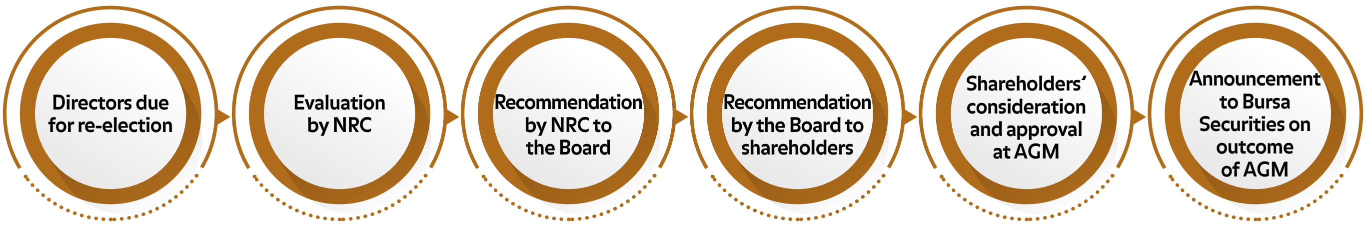
Leadership & Effectiveness

Pursuant to Rule 82.2 of the Constitution of the Company, Tan Sri Muhammad Shahrul who was appointed to the Board on 8 June 2022 shall hold office until the conclusion of the 16th AGM and shall be eligible for election at the 16th AGM of the Company to be held on 15 November 2022.

Re-Election of Directors

The NRC ensures that Directors retire and are re-elected in accordance with the relevant laws and regulations in Malaysia and the Constitution of the Company. The NRC considers the performance of Directors who are due to retire at the next AGM before making recommendations on their re-election to the Board.

The following depicts the process for re-election of Directors:



Pursuant to Rule 103 of the Constitution of the Company, at least one-third (1/3) of the Directors – that is four Directors, will have to retire by rotation at the 16th AGM of the Company to be held on 15 November 2022. Based on the schedule of retirement by rotation, the Directors who are due for retirement at the 16th AGM are Datuk Wan Selamah Wan Sulaiman, Dato' Sri Abdul Hamidy Abdul Hafiz, Dato' Ahmad Pardas Senin and Mr Thayaparan Sangarapillai. Dato' Sri Abdul Hamidy and Dato' Ahmad Pardas who were appointed as Independent Directors to the Sime Darby Group in December 2010 would reach their cumulative 12 years tenure limit for Independent Directors by December 2022 as prescribed under the enhanced Listing Requirements of Bursa Securities which limits the tenure of an Independent Director to not more than cumulative tenure of 12 years in a listed company and its group of companies. Such directive shall take effect from 1 June 2023.

In compliance with the enhanced Listing Requirements of Bursa Securities, Dato' Sri Abdul Hamidy and Dato' Ahmad Pardas have informed the Board that they will not be seeking re-election at the 16th AGM of the Company and hence, they will remain in office until the conclusion of the 16th AGM, in accordance with Rule 103 of the Constitution of the Company.

Datuk Wan Selamah and Mr Thayaparan have expressed their intention to seek re-election at the 16th AGM of the Company.

For the purpose of determining the eligibility of the Directors for re-election at the 16th AGM, the Board through the NRC, has assessed each of the retiring Directors, and considered the following:

- the findings of Board Effectiveness Assessment 2022 on the Director's performance and contribution for the financial year as well as fulfilment of the Fit and Proper criteria;
- the Director's level of contribution to board deliberations by way of his or her skills, experience and strengths; and
- the level of independence demonstrated by the Director, and his or her ability to act in the best interest of the Company in decision making.

Datuk Wan Selamah Wan Sulaiman	
Independent Non-Executive Director Malaysian, age 67	A former Accountant General of Malaysia, Datuk Wan Selamah is highly regarded in the accounting fraternity for her expertise and experience in accounting system development. Datuk Wan Selamah's extensive financial knowledge and experience allowed her to contribute greatly to the deliberations at Board and Board Committees meetings.

Thayaparan Sangarapillai	
Independent Non-Executive Director Malaysian, age 67	Mr Thayaparan possesses vast experience in audit and business advisory and has served clients in a wide range of industries. He provided valuable inputs and contributed extensively to robust discussions at Board and Board Committees meetings, especially in the areas of governance, compliance and risk.

Board Independence and Diversity

The NRC acknowledges the role played by Independent Directors in bringing independent objective judgement to Board deliberations. The Board is generally satisfied that each Independent Non-Executive Director has remained impartial in judgement and continues to bring sound, independent and objective judgement to Board deliberations.

In line with the recommendation set out in the Malaysian Code on Corporate Governance, the Board, under the advice of the NRC, has adopted the policy that the tenure of Independent Non-Executive Directors should not exceed a cumulative term of nine (9) years.

The Group is committed to diversity not only at Board level but also at operational level as it is an essential element of good governance that contributes critically to a well-functioning organisation and to the sustainable development of the Group. The Board continues to aim to increase female representation on the Board. The NRC acknowledges that the Board is currently just below its targeted ratio of female representation on the Board; at present the Board has three female Directors or 25% female representation on the Board. Diversity however is not limited to gender. It encompasses different aspects, including diversity in professional and industry experience, diversity in terms of the understanding of different geographical regions and ethnic backgrounds as well as diversity in perspectives and skills. The NRC is committed to achieving 30% female representation on the Board as soon as reasonably possible. However, its primary focus is on recruiting the best candidates as members of the Board.

From an organisational perspective, Sime Darby has diversity of talent with an adequate gender representation based on the nature of our businesses. In FY2022, our workforce comprises 75% and 25% male and female talents respectively, with females comprising 22% of our senior management.

Remuneration Approach

The approach to remuneration for Non-Executive Directors is aligned with the Group's strategic objective of attracting, motivating and retaining talents and leaders of high calibre. The NRC conducts periodic reviews of the remuneration structure to ensure that the compensation of Non-Executive Directors is competitive, appropriate and aligned with prevailing 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 relevant expenses incurred by Non-Executive Directors in the course of carrying out their duties as Directors.

Remuneration for the GCEO is 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 KPIs in a scorecard aligned with corporate objectives 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 its views and recommendations to the Board on adjustments in remuneration and rewards to reflect the GCEO's contribution to the Group's achievements for the year. The GCEO recuses himself from deliberation and voting on his remuneration and rewards at Board meetings.

The Company also rewards the GCEO with shares under the Performance-Based Employee Share Scheme. Details of the granting and vesting of shares under this scheme are disclosed in Note 38 of the Audited Financial Statements for FY2022.

(i) Non-Executive Directors

Element	Component	Details
Fixed	Directors' fees	Basic fee paid for directorial services rendered
	Benefits	Cash and non-cash benefits of monetary value

(ii) GCEO

Element	Component	Details
Fixed	Salary	Basic fee paid for services rendered as an employee of the organisation
	Benefits	Cash and non-cash benefits of monetary value
Variable	Annual bonus	Performance-based fee dependent on targets
	Performance-based employee share scheme	Performance-based granting of shares dependent on fulfilment of the vesting criteria

Leadership & Effectiveness

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 top talents. The remuneration packages and incentives are regularly evaluated against market-related surveys.

The details of the Directors' remuneration received from the Group in FY2022 are as follows:

	Salary & Other Remuneration (RM)	Directors' Fees		Benefits (RM)	PBESS@ (RM)	Total (RM)
		Company (RM)	Subsidiaries (RM)			
Present Directors						
Executive Director+						
Dato' Jeffri Salim Davidson	5,851,280	–	–	37,938	194,124	**6,083,342**
Non-Executive Directors						
Dato' Lee Cheow Hock Lawrence	N/A[1]	424,247	100,000	45,894	N/A[1]	**570,141**
Tan Sri Samsudin Osman		560,000	–	7,635		**567,635**
Dato' Dr. Nirmala Menon		424,247	91,667	1,150		**517,064**
Thayaparan Sangarapillai		364,247	–	25,673		**389,920**
Dato' Sri Abdul Hamidy Abdul Hafiz		350,000	–	12,685		**362,685**
Dato' Ahmad Pardas Senin		325,000	–	20,217		**345,217**
Datuk Wan Selamah Wan Sulaiman		325,000	–	1,643		**326,643**
Tan Sri Ahmad Badri Mohd Zahir		312,329	–	689		**313,018**
Moy Pui Yee		284,247	–	4,888		**289,135**
Mohamad Idros Mosin		275,000^	–	1,201		**276,201**
Tan Sri Muhammad Shahrul Ikram Yaakob[2]		15,333	–	–		**15,333**
Total for Non-Executive Directors		**3,659,650**	**191,667**	**121,675**		**3,972,992**

1 N/A – Not Applicable
2 Appointed on 8 June 2022
@ Performance-Based Employee Share Scheme
+ Paid by the Sime Darby Group
^ Fees paid to Permodalan Nasional Berhad

Annual Effectiveness Review and Performance

The effectiveness of the Board is vital to the success of the Company and the Group. An effective Board ably steers the Company and the Group both for the present and for the future. The Board undertakes a rigorous evaluation process each year to assess how well the Board, its Committees and each individual Director are performing. The aim is to continually enhance the Board's effectiveness and the Group's overall performance.

The performance of the NRC for the FY2022 was evaluated as part of the Board Effectiveness Assessment 2022 exercise. Based on the results of the exercise, 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 Terms of Reference.

Focus Areas for FY2023

Key Focus Areas for FY2023	Action Plans
Promote Diversity	Strive to create a diverse, non-discriminatory and inclusive environment across the Group's operations. To actively promote diversity within the Group by bringing together a broad spectrum of perspectives including a mix of skills, backgrounds, abilities, professional and industry experience, ages, genders and ethnicity across all levels to help the Group remain competitive and to ensure sustainable business growth.
Succession Planning	To ensure the Group has a steady supply of suitable talent to meet future leadership and growth demands, so as to safeguard the long-term sustainability of the Group. This includes identifying and developing a talent pipeline at various levels of the organisation.
Directors' Training	To continuously identify the training needs of the Board of Directors and develop appropriate training solutions to ensure that all Directors are well armed with current knowledge and skills, strengthening their ability to discharge their fiduciary duties.
Compensation and Reward Framework	Structure and consistently review the compensation and rewards framework to ensure that it remains competitive, appropriate and in line with current market practices, to help the Group attract and retain top talents.

Effective Audit & Risk Management

Governance & Audit Committee Report

Thayaparan Sangarapillai
Chairman of the Governance and Audit Committee

Meetings and Attendance

Members	Membership	Appointment	Attendance
Mr Thayaparan Sangarapillai	Chairman/Independent Non-Executive Director	1 December 2017	6/6
Datuk Wan Selamah Wan Sulaiman	Member/Independent Non-Executive Director	1 March 2016	6/6
Dato' Sri Abdul Hamidy Abdul Hafiz	Member/Independent Non-Executive Director	1 December 2017	6/6
Dato' Ahmad Pardas Senin	Member/Independent Non-Executive Director	1 December 2017	6/6

Composition

The Governance & Audit Committee (GAC) is chaired by Mr Thayaparan Sangarapillai and comprises four members. All four 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

A committee of the Sime Darby Board, the GAC is tasked with the following primary objectives:

(a) to assist the Board in fulfilling its statutory and fiduciary responsibility of monitoring the Group's management of its financial risk processes, accounting and financial reporting practices;

(b) to review the Group's business processes and the quality of its accounting functions, 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 in monitoring compliance with established policies and procedures.

In discharging its responsibilities, the GAC is assisted by the Group Corporate Assurance (GCA) and Group Risk and Compliance (GRC) departments.

Detailed Terms of Reference of the GAC is available at https://www.simedarby.com/operating-responsibly/governance

Effective Audit & Risk Management

Key Activities of FY2022

Financial Reportings

- Reviewed and recommended to the Board for approval all quarterly financial results and the annual audited financial statements for FY2022. 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 FY2022.
- 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 controls memorandum for FY2021.
- Considered in consultation with the management the audit fees of the external auditors for FY2022 for recommendation to the Board for approval.
- Completed the annual external auditors' assessment prior to submitting the recommendation for reappointment of the external auditors to the Board for approval. Among other things, the assessment covered:
  - 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 FY2023.
- 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 audit findings and recommendations;
  - status of audits as compared to the approved Corporate Assurance Plan; and
  - adequacy of audit resources.
- Approved the KPIs for FY2022 and at the end of the financial year, conducted the performance appraisal for the Group Head – GCA.
- Reviewed and approved enhancements to the GCA charter relating to the definition and nature of consulting activities and the requirements for private meetings with the GAC.

Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs)

- Reviewed RPTs and RRPTs of the Group to ensure compliance with Companies Act 2016, the Main Market Listing Requirements and the Malaysian Financial Reporting Standards. The objective of the review is to ensure that RPTs and RRPTs are not accorded terms more favourable than that generally available to the public, and that they are not detrimental to the interest of minority shareholders.

Governance and Regulatory Compliance

- Conducted annual review of Group Policies and Authorities (GPAs) and made key amendments related to the proposal to adjust the Limits of Authority. The revised Limits of Authority featured upward adjustments based on statistics that ensure that the Board's delegation of the Limits of Authority remains prudently balanced.
- Reviewed the management's Statement on Risk Management and Internal Controls.

Annual Report

Reviewed and endorsed the following:

- Annual Audited Financial Statements for FY2022;
- Statement on Risk Management and Internal Controls;
- GAC report for inclusion in Sime Darby Berhad Annual Report 2022; and
- Chairman's Statement on Corporate Governance.

Other Items
Reviewed:
• proposed revisions to the Terms of Reference of GAC to reflect: – the transfer of oversight of compliance from the GAC to the Risk Management Committee; – the increase from two to three years in the cooling-off period for former key audit partners to be appointed as a member of the GAC. This is in line with the Malaysian Code of Corporate Governance 2021 (MCCG 2021);
• the Group's cash and borrowings position and cash flow projections;
• status of key investments, material litigations and major operational issues;
• Group sponsorships and donations approved by the GCEO for FY2022;
• status updates by the Group IT department on cybersecurity initiatives;
• status of the Group's compliance with the MCCG 2021;
• gap analysis of the Group in respect of Securities Commission Malaysia's Corporate Governance Strategic Priorities 2021 – 2023; and
• summary of the GCEO's approval of investments and capital expenditure in accordance with his limits of authority for FY2022.

Key Matters Considered

At every committee meeting, the GAC receives updates on key governance matters, audit initiatives and issues across the Group. The Committee also reviews and reports to the Board on key 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
Divestment of Weifang Ports	Following the signing of the share sale agreements to divest the Group's entire equity interest in the Logistics Division (Weifang Ports) on 3 July 2022, the management had proceeded to assess Weifang Ports under MFRS 5 – or non-current assets held for sale and discontinued operations. The management concluded that Weifang Ports should now be classified as discontinuing operations. The management performed an impairment assessment and concluded that an impairment was required as the carrying amount was higher than Weifang Ports' fair value less cost to sell. An impairment of RM71.3 million was recorded as at 30 June 2022. In addition, the management also assessed the amount of tax liabilities to be recognised on the carrying amount of the Weifang Ports and concluded that a deferred tax liability of RM35.8 million be recorded as at 30 June 2022.	**The GAC concurred with the management's assessments and decision on the impairment charge and deferred tax liability.**
Acquisition of Salmon Earthmoving Holdings Pty Ltd (Salmon Australia)	On 1 October 2021, the Industrial Division completed its acquisition of Salmon Australia. The acquisition of 100% of the equity interests was accounted as a business combination, in accordance with MFRS 3 – Business Combinations. A goodwill of RM15.1 million was recognised for the acquisition. The management performed an impairment assessment on the goodwill payout and concluded that impairment was not necessary as Salmon Australia was expected to deliver on projected profits.	**The GAC concurred with the management's assessment that the goodwill for the acquisition of Salmon Australia can be recovered.**
Recoverability of the carrying amount of intangible assets at the Group	Using the Value-in-Use method, the management performed an impairment assessment on Cash Generating Units in the Group's Motors Division in Australia and Heavy Equipment and Chroming businesses in the Industrial Division in Australia. The management concluded that impairment was not required for these assets as the operations were projected to continue delivering positive results.	**The GAC concurred with the management's assessment on the recoverability of the intangible assets in the Group's Motors Division in Australia and Heavy Equipment and Chroming businesses in the Industrial Division in Australia.**

Effective Audit & Risk Management

Significant Initiatives/Issues	Matters Considered	Outcomes
Leasehold land held by the Motors Division's Hong Kong operations	Using the Value-in-Use method, the management performed an impairment assessment on the land held by the Motors Division's Hong Kong operations. The management concluded that an impairment was not required as the carrying amount of the land was lower than the recoverable amount of the land as at 30 June 2022.	**The GAC concurred with the management's assessment on the recoverability of land value for the property.**
Cybersecurity framework	The management continued to focus on cybersecurity following the adoption of the American National Institute of Standards and Technology's (NIST) framework as the Group's cybersecurity framework. The management has performed an internal cybersecurity maturity assessment using the NIST framework and achieved ratings ranging between 1.5 and 2.1. A cybersecurity improvement programme is currently underway to achieve the targeted rating of 3.0.	**The GAC reviewed the management's actions and affirmed that going forward, updates on the progress of the cybersecurity improvement programme will be reported to the Risk Management Committee as cybersecurity is one of the top 10 risks confronting the Group.**
Wrongdoing by key personnel in Changsha Bow Yue Vehicles Services Co Ltd. (Changsha)	The management had investigated wrongdoings by key personnel in Changsha and was advised by legal advisers that mandatory reporting obligations under the Malaysian and China laws had not been triggered. The management had improved internal controls in Changsha and appropriate consequence management actions had been taken against the key personnel.	**The GAC was briefed on the legal advisers' advice and subsequent action was taken against the key personnel. The GAC was also briefed on the steps taken by the management to remediate weaknesses identified in internal controls.**

Group Corporate Assurance (GCA) Department

The Group's internal audit function is carried out by the GCA department. This department is headed by Mr Ramesh Ramanathan, who has more than 20 years of experience with two prominent "Big 4" accounting firms. He is a Fellow Member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

The department acts as a centralised function supported by regional corporate assurance teams that have direct control and supervision over audit services in designated regions across the Group. There are a total of 37 internal auditors across the Group led by regional heads in Malaysia, Australia and China.

The department is guided by its charter which delegates functional reporting to the GAC and administrative reporting to the GCEO. This is to ensure an appropriate degree of independence from operational units of the Group. The principal responsibilities of the GCA are to undertake regular 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. There were no outsourced audit assignments during the year under review.

The Quality Assurance and Improvement Programme, which focuses on the efficiency and effectiveness of audit processes, continues to be applied to assess the quality of audit processes adopted. The programme conducts ongoing internal assessments to identify and make recommendations for the improvement of key activities within GCA. These are carried out in the form of annual internal team validations.

In FY2022, total cost incurred for the internal audit function at the Group was RM13.9 million. In comparison the cost was RM16.5 million in FY2021.

Group Risk and Compliance (GRC) Department

The GRC assists the GAC in governance oversight, particularly in the review of the adequacy and effectiveness of Group Policies and Authorities and Group Procurement Policies and Authorities.

The department is headed by Mr Richard Ong, a Fellow Member of the Association of Chartered Certified Accountants with 20 years of experience in governance, risk management and controls.

Please refer to the Risk Management Committee Report on page 147 for further details.

This report is made in accordance with a resolution of the Board of Directors dated 22 September 2022.

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	Chairman/Non-Independent Non-Executive Director	1 December 2020	9/9
Dato' Lee Cheow Hock Lawrence	Member/Non-Independent Non-Executive Director	20 July 2018	9/9
Ms Moy Pui Yee	Member/Independent Non-Executive Director	20 July 2018	9/9
Mr Thayaparan Sangarapillai	Member/Independent Non-Executive Director	4 September 2019	9/9
Dato' Dr Nirmala Menon	Member/Independent Non-Executive Director	26 November 2019	9/9

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.

The main functions and duties of the RMC as specified in the Terms of Reference (TOR) updated in May 2021 include but are not limited to the following:

(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, sales tenders and Management's assessment of its key associated risks and the mitigation strategies prior to the Board's approval;

(c) Review the statement on risk management and internal control in the Group's Annual Report;

(d) Oversee the formulation and implementation of policies and programmes to address the Group's key compliance risk areas;

(e) Ensure the adequacy of resources and systems for risk and compliance management; and

(f) Evaluate the effectiveness of the Group's risk and compliance management.

Effective Audit & Risk Management

In discharging its responsibilities, the RMC is assisted functionally by Group Risk and Compliance.

Detailed Terms of Reference of the RMC is available at https://www.simedarby.com/operating-responsibly/governance

The Group Risk and Compliance department (GRC)

GRC's primary role is to assist the RMC and the Board in discharging their risk management and compliance integrity responsibilities.

GRC 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:

- **Assessment and Advisory**
  Identify, assess and evaluate key enterprise and compliance risk areas including major business proposals;
- **Training and Awareness**
  Inculcate a strong risk and compliance centric culture across the Group to impart the necessary skills, knowledge and understanding of risk and compliance management;
- **Policy Governance**
  Establish, institutionalise and implement the relevant framework, policies and guidelines for risk and compliance management;
- **Compliance Programme**
  Implement risk-based compliance monitoring programme to drive and embed a culture of ethical behaviour and integrity;
- **Resilience Management**
  Enhance the Group's resilience in the event of a crisis or disaster and ensure the Group is adequately insured against key insurable risks and perils;
- **Monitoring and Reporting**
  Continuously monitor and report key risk areas to detect and report key incidents, regulatory breaches via appropriate communication and escalation channels; and
- **Procurement Governance**
  Instill procurement governance by formulating and driving procurement policy and best practices.

GRC is currently headed by Mr Richard Ong Aik Jin. Richard is a Fellow Member of the Association of Chartered Certified Accountants with 20 years of experience in governance, risk management and controls. He is responsible for implementing appropriate systems, programmes and initiatives to manage the Group's overall risk exposure and compliance management.

GRC reports functionally to the RMC, with administrative reporting to the GCFO. The dual reporting line ensures a level of independence and objectivity in discharging of responsibilities.

Key Activities of FY2022

Assessment and Advisory

- Oversaw Group and Divisional risk profiles and compliance attestations in managing the significant enterprise and compliance risks, articulated via quarterly Group Risk report.
- Reviewed, tracked and monitored the risk appetite statements on a quarterly basis which articulates the level of risk that the Group is prepared to take in pursuing its strategic objectives.
- Reviewed and advised the Board on the implementation of data privacy management controls for key business units.
- Reviewed risks pertaining to major business proposals in accordance with the Group's Limits of Authority.

Culture and Awareness

- Oversaw the implementation of training and awareness programmes for key risks and compliance topics in enhancing the knowledge and understanding of risk and compliance management amongst employees across the Group.

Policy Governance

- Reviewed and approved the Third-party Due Diligence Guidelines to include independent dealers as a third party.
- Endorsed the Gifts, Hospitality and Donations (GHD) Procedure to strengthen practicality whilst practicing the exchange of gifts and hospitality.

Compliance Programme

- Oversaw the enhancement of Anti-Bribery Management System (ABMS) via initiatives including reviews on bribery risks for key business units in key markets and launching the *yourTrust* mobile and web application to digitalise GHD registration process.
- Endorsed the Personal Data Protection Manual for Malaysia and oversaw Data Protection Management Enhancement Review across Ramsay Sime Darby Health Care (RSDH) hospitals in Malaysia.
- Oversaw GRC's involvement in the Data Cross Border Transfer Security Assessment for CEL China, collaborated with PwC, to determine the "transferability" of personal data via systems and applications. Multi-Level Protection Scheme (MLPS) certification, as required under Chinese laws has been duly acquired by CEL.

Resilience Management

- Oversaw the implementation of Phase II of the Group-wide BCM programme for pilot sites. This entails the identification of business continuity and recovery strategies for a wide range of areas including people, premises, supply chain, finance, information technology, transportation and communication.

Procurement Governance

- Reviewed and endorsed the Group-wide Procurement Benchmarking Exercise and Group Procurement Policies & Authorities (GPPA) e-learning to instil better procurement governance within business procurement operations.

The action plans for the focus areas for FY2022 as disclosed in the Annual Report 2021 were successfully implemented.

Effective Audit & Risk Management

Focus Areas for FY2023

The RMC will continue to assist the Board to oversee the implementation of the Group's Enterprise Risk Management (ERM) Framework, which includes recommending the appropriate risk appetite, policies and risk and compliance management methodologies throughout the Group. The RMC's key priorities and initiatives for FY2023 include:

Assessment and Advisory

- Advise and endorse the enhancement of board risk appetite statements and tolerance levels to ensure alignment with the company's strategic objectives, growth pursuits and present business environment.
- Oversee the streamlining of risk and compliance attestation activities via automation.
- Oversee the alignment of Group ERM Framework with the ESG Blueprint.

Culture and Awareness

- Oversee the implementation of various training and awareness events to inculcate more awareness of the Group's GHD Procedure, *yourTrust* app and Group's whistleblowing programme among employees across the Group.

Policy Governance

- Monitor the establishment of Enterprise Policy Management System to ensure the completeness of the Group's policies and procedures based on a phase-by-phase approach.

Resilience Management

- Oversee the effectiveness of the Group's Business Continuity Management (BCM) programme via implementation of tests and simulation to strengthen the Group's preparedness and resilience during crisis or disasters.

Compliance Programme

- Monitor the implementation of activities to address the gaps identified in the ABMS validation exercise.
- Oversee the implementation of Counterparty Due Diligence Guidelines across the Group's key business operations.
- Oversee the assessment of the Group's competition law compliance for key markets.
- Oversee the establishment of a standardised privacy notice for systems or applications especially those that involve collection of data across multiple jurisdictions.

Monitoring and Reporting

- Monitor the enhancement of the Group's whistleblowing process in conformance with the latest ISO37002 standards that aims to increase the efficiency of whistleblowing case management funnel.

Procurement Governance

- Review the alignment and enhancement of the GPPA with existing business processes, as well as to embed ESG considerations including responsible sourcing.

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

We recognise that stakeholder engagement is an important component of good corporate governance.

The Board maintains an open and constructive relationship 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. In line with this, 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.

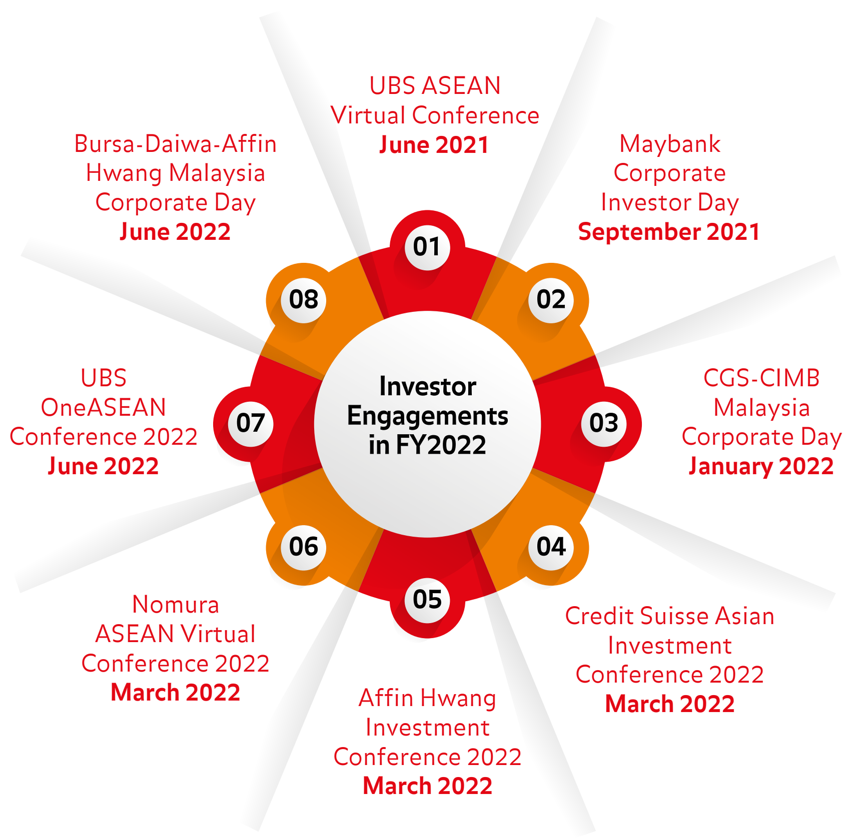
Quarterly Financial Results Briefings and Announcements

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.

In FY2022, the Group held four analyst briefing sessions and two press conferences to announce the Group's quarterly results. These were supplemented by press releases and other materials shared on the Group's website and social media channels.

See the Engaging Stakeholders section on pages 42 to 43 to find out more about our stakeholder engagement activities.

Investor Engagements in FY2022



Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Financial Calendar
For the Financial Year ended 30 June 2022

Announcement of Unaudited Consolidated Results

Quarter	Announcement
1st Quarter ended 30 September 2021	29 November 2021
2nd Quarter ended 31 December 2021	16 February 2022
3rd Quarter ended 31 March 2022	24 May 2022
4th Quarter ended 30 June 2022	17 August 2022

Corporate Website and Social Media

To communicate with its stakeholders, the Group maintains a comprehensive website at www.simedarby.com that includes an up-to-date investor and media 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.

The Group also maintains a social media presence to disseminate information more effectively to its stakeholders while also allowing the Group to engage more directly with our stakeholders.

https://www.facebook.com/simedarbyberhad/

https://www.instagram.com/simedarbyberhad/

https://www.linkedin.com/company/sime-darby-berhad/

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 offers all shareholders the opportunity to put forward questions to the Chairmen of the Board and Board Committees as well as the Senior Independent Director. At the AGM, 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 Company's website and released to Bursa Securities.

The 16th AGM of the Company will be held on 15 November 2022 at 10.00am. 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 Company's website at www.simedarby.com.

Dividends

1st Interim Dividend of 4.0 Sen per Ordinary Share	
Announcement of Notice of Entitlement and Payment	16 February 2022
Date of Entitlement	26 April 2022
Date of Payment	11 May 2022

2nd Interim Dividend of 7.5 Sen per Ordinary Share	
Announcement of Notice of Entitlement and Payment	17 August 2022
Date of Entitlement	8 September 2022
Date of Payment	30 September 2022

16th Annual General Meeting

Notice Date **17 October 2022**

Meeting Date **15 November 2022**

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 (GAC)**

  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.

  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 143 to 146 of this annual report.

  In discharging its duties, the GAC is assisted by the Group Corporate Assurance department.

- **Risk Management Committee (RMC)**

  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 controls within the Group.

  In discharging its responsibilities, the RMC is assisted by the Group Risk and Compliance department.

  The responsibilities of the RMC are detailed on pages 147 to 150 of this annual report.

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 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.

The management's responsibility includes but 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 occurrences 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.

C) Group Corporate Assurance Department (GCA)

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.

Statement on Risk Management and Internal Control

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 tailors its annual audit plan based on emerging business risks of the Group. GCA 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 147 of this Annual Report.

D) Group Risk and Compliance Department (GRC)

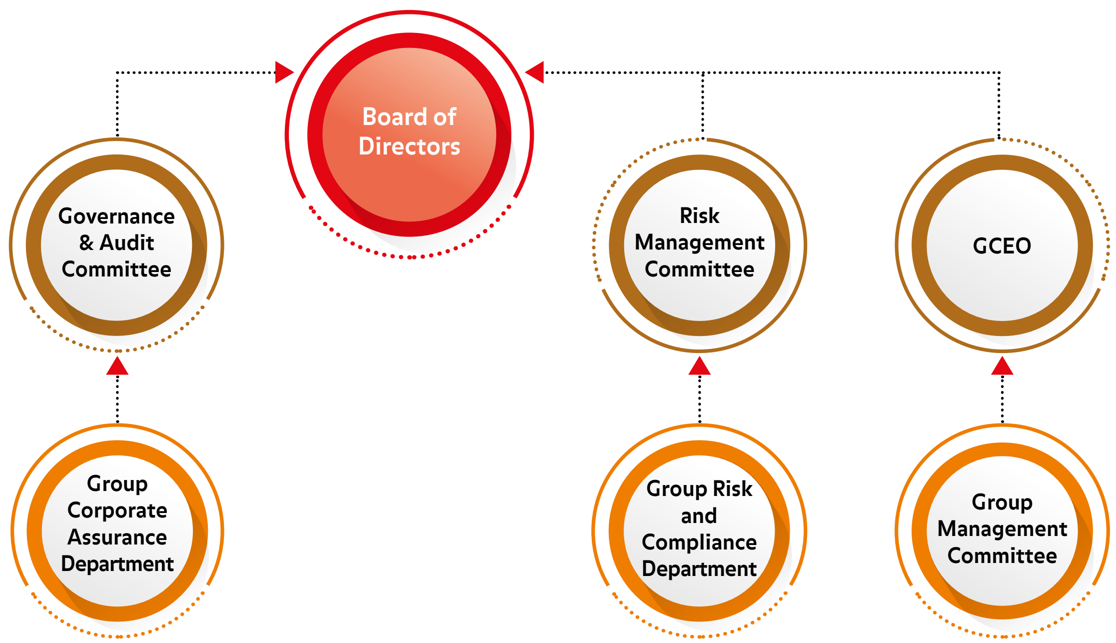
GRC assists the Board, RMC and GAC in discharging their risk management and compliance responsibilities. GRC is structured to provide adequate support to both the Group Head Office (GHO) and the Divisions with regard to the management of risk and compliance.

GRC's main role is to coordinate compliance and risk management activities such as programmes or activities to identify, mitigate and educate employees about the risk of non-compliances, and to provide reasonable assurance that the Group's operations and activities are conducted in line with the key regulatory requirements. This role is executed via oversight, coordination, consultation, validation and monitoring of the Group's state of compliance.

GRC also sets the strategic plan to guide the priorities and direction of the Group's risk management and compliance activities.

GRC's mandate and activities are on page 149 of this annual report.

Reporting Structure – Assurance, Compliance and Risk



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

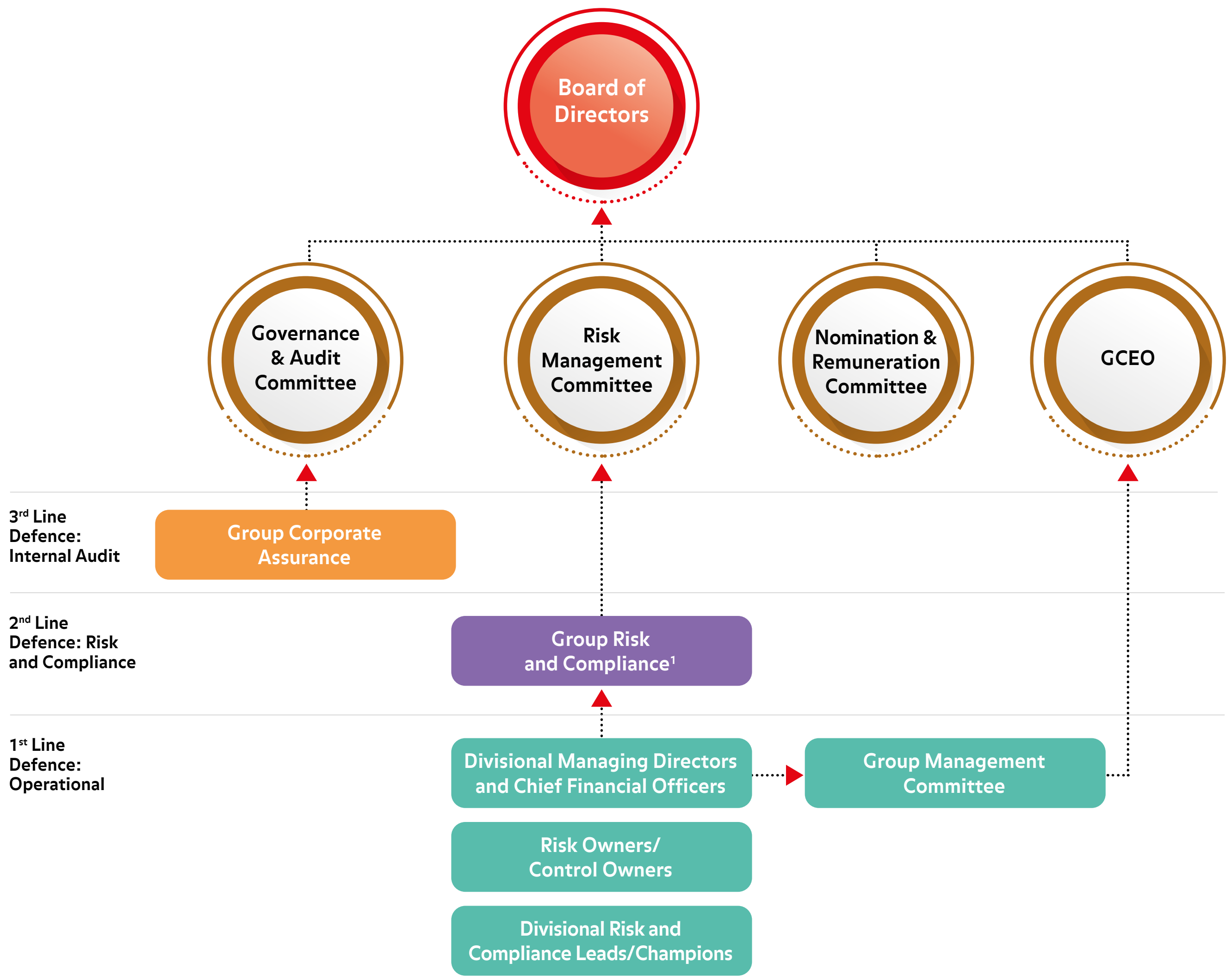
The Board has approved, via the RMC, an ERM Framework which encapsulates the governance arrangements as well as assigns responsibility to relevant levels of management and operations.

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] GRC provide reports to the GAC on matters related to Sime Darby's GPA, GPPA and COBC.

Statement on Risk Management and Internal Control

Integration of Risk Management and Internal Controls

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 table below).

Risk assessments are performed based on a pre-defined risk management process adapted from ISO 31000 guidelines as well as globally accepted risk management practices.

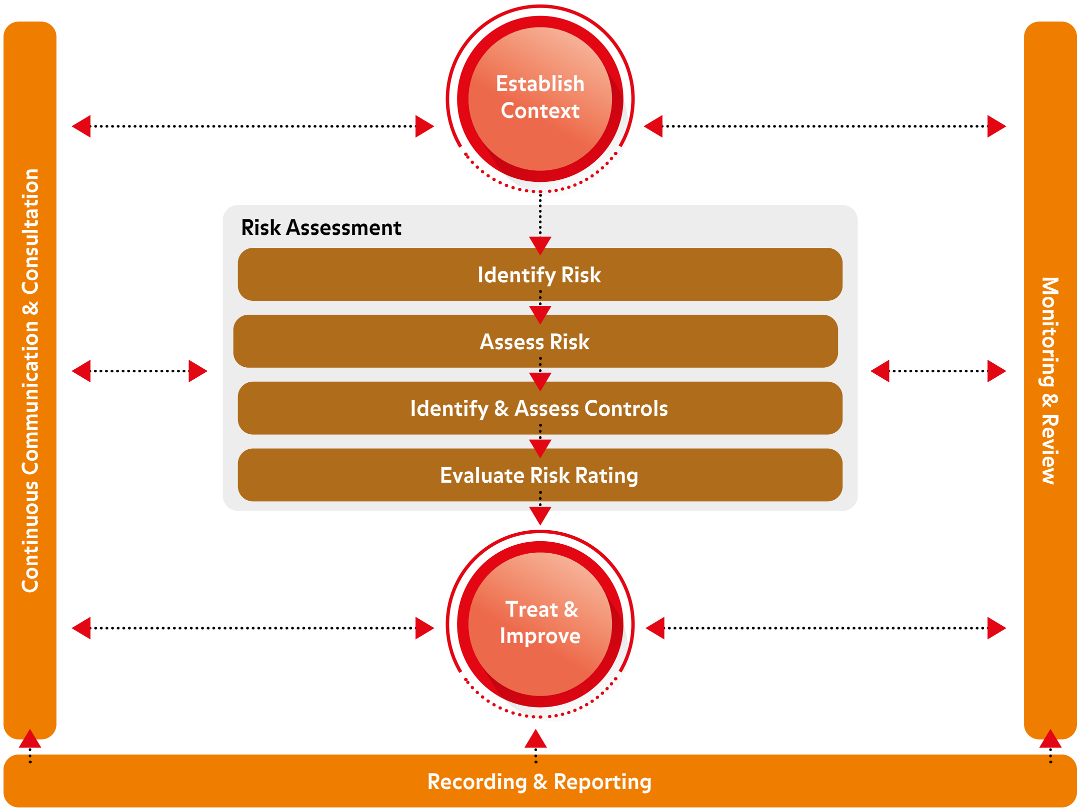
Risk Assessment Activities

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

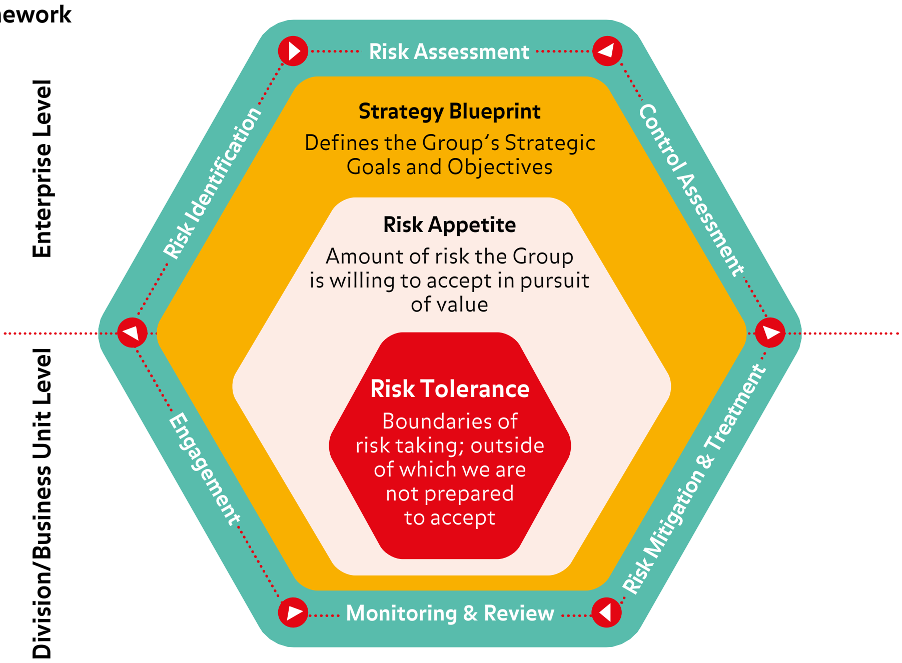


Risk Appetite

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 and formalised through risk appetite statement which articulates the Group's risk strategy. The risk appetite statement was developed by GRC, in consultation with the RMC and the Group Management Committee, and was approved by the Board.

GRC has also developed a risk appetite framework to guide the formulation and implementation of risk appetite statement. 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 55 to 65 for more details on the Group's risk appetite statement.

Control Environment

Group Policies and Authorities (GPAs)

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 powers 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/

Statement on Risk Management and Internal Control

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 the expected behaviours for 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/cobc_public_feb_2022_final.pdf

Integrity, Anti-Bribery and Anti-Corruption

The Group's COBC articulates the expected behaviours for 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.

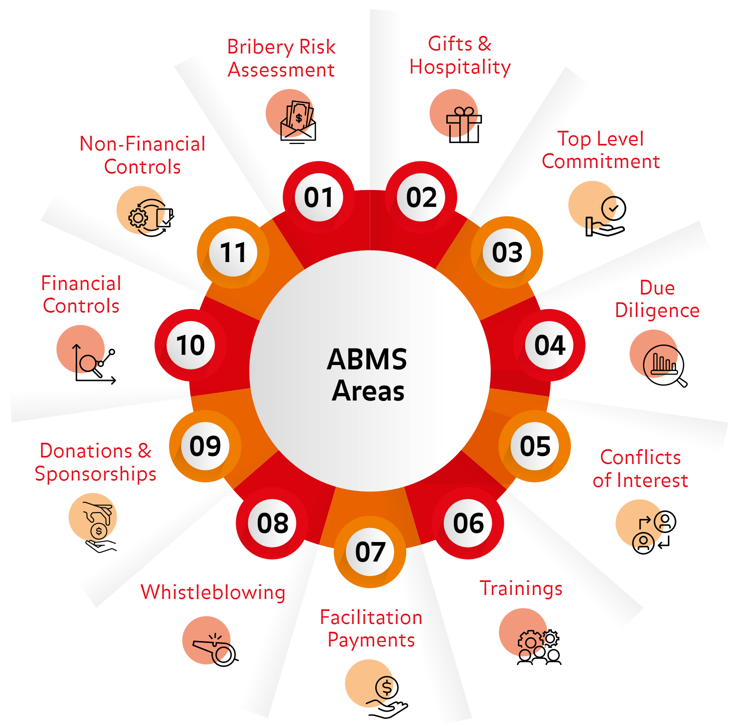
The Group has in place an Anti-Bribery and Anti-Corruption Policy to strengthen the ring-fencing of the Group's ethics parameters, particularly in the areas of anti-bribery and anti-corruption.

The Anti-Bribery and Anti-Corruption Policy may be accessed from https://www.simedarby.com/sites/default/files/anti-bribery_anti-corruption_policy_feb_2022_finalwebsite.pdf

The Group also has in place an ABMS. GRC formalised the appointment of Risk and Compliance Champions throughout the Group, to increase the efficiency for the ongoing implementation and monitoring of compliance obligations (in particular, ABMS) throughout the Group's operations. All Risk and Compliance Champions carry 10% risk management and compliance KPIs 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, Group Head – GRC, 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'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 Malaysian Prime Minister's Office. 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 and reporting processes, the 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.

All other ABMS activities are provided in detail in the Managing Enterprise Risk Section in pages 49 to 65 of this Annual Report.

The Group's whistleblowing mechanism and channels are managed by GRC, to provide independence from Management. This is articulated in the Whistleblowing Policy (as stated in the GPA), where GRC 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.

An overview of the whistleblowing policy is accessible to all at https://www.simedarby.com/operating-responsibly/whistleblowing

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 (COBC)

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 continuously 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 22 September 2022.

Additional Compliance Information

(In accordance with Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities 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, including discontinuing operations	21	4

Note:

1 Less than RM1 million

3. Material Contracts Involving Interests of Directors and Major Shareholders

Save as disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interests since the end of the previous financial year:

Proposed Disposal of Freehold Land in Malaysia Vision Valley measuring 760.12 acres to Sime Darby Property (MVV Central) Sdn Bhd

On 27 October 2021, Kumpulan Sime Darby Berhad (KSDB), an indirect wholly-owned subsidiary of Sime Darby, entered into a sale and purchase agreement with Sime Darby Property (MVV Central) Sdn Bhd (MVV Central), a wholly-owned subsidiary of Sime Darby Property Berhad (SD Property), for the disposal of 760.12 acres of land located in the Malaysia Vision Valley area in Labu, Negeri Sembilan for a cash consideration of RM280 million (Proposed Disposal).

The principal activity of KSDB is property investment while the principal activity of MVV Central is property development.

The Proposed Disposal is in line with Sime Darby's strategy to unlock value of its non-core assets through monetisation and opportunistic divestments.

AmanahRaya Trustees Berhad - Amanah Saham Bumiputera (ASB) is a Major Shareholder and also the largest shareholder of Sime Darby. ASB is also a Major Shareholder of SD Property. Accordingly, ASB is deemed interested in the Proposed Disposal.

Permodalan Nasional Berhad (PNB) is a person connected with ASB and is a substantial shareholder of Sime Darby. PNB is also a substantial shareholder of SD Property. Accordingly, PNB is deemed interested in the Proposed Disposal.

Tan Sri Samsudin Osman, Dato' Lee Cheow Hock Lawrence and Encik Mohamad Idros Mosin, being nominee Directors of PNB on the Board of Sime Darby, are deemed interested in the Proposed Disposal.

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 eligible employees (including Executive Directors) of the Company and its subsidiaries (excluding subsidiaries which are dormant) (PBESS) was approved by shareholders at the Extraordinary General Meeting of the Company 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 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	No. of shares Total	No. of shares Executive Director
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 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 the vesting date with potential multiplier effect on the number of shares to be vested.

The number of shares granted, vested, forfeited and outstanding since the implementation of the plan up to FY2022 were as follows:

	Total		Executive Director	
Description	PS	RS	PS	RS
Granted	14,295,900	3,566,600	1,072,100	268,000
Forfeited	(1,859,800)	(327,100)	–	–
Lapsed	(801,000)	–	–	–
Multiplier adjustment[1]	718,800	–	(124,400)	–
Vested	(6,344,700)	(2,734,400)	(373,300)	(220,000)
Outstanding	6,009,200	505,100	574,400	48,000

Note:

1 The actual number of shares vested under PS is subject to the level of achievement of the performance targets.

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 Fifteenth Annual General Meeting (AGM) held on 18 November 2021, 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 20 October 2021 (RRPT Mandate). The RRPT Mandate is valid until the conclusion of the forthcoming Sixteenth AGM of the Company to be held on 15 November 2022.

Additional Compliance Information

(In accordance with Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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 2022 were as follows:

No.	Transacting companies in our Group	Transacting Related Party	Nature of Transaction	Interested 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]	17
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		2
3.	Sime Darby Rent-A-Car Sdn Bhd	SD Plantation and its subsidiaries	• Car rental service income		1
4.	Sime Darby Auto ConneXion Sdn Bhd	SD Plantation and its subsidiaries	• Sale of motor vehicles, parts and services		2
5.	• Sime Darby Industrial Sdn Bhd • Hastings Deering (PNG) Limited • Hastings Deering (Solomon Islands) Limited	SD Plantation and its subsidiaries	• Sale of heavy equipment and spare parts and provision of maintenance services		27
				Total	49

No.	Transacting companies in our Group	Transacting Related Party	Nature of Transaction	Interested 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^	Bermaz Auto Berhad (Bermaz)[2]	2
			• Contract manufacturing assembly fee received from Mazda Malaysia		77
		Bermaz Motor Trading Sdn Bhd	• Rental income received from Bermaz Motors Trading Sdn Bhd*		1
		Kia Malaysia Sdn Bhd (Kia Malaysia)	• Contract manufacturing assembly fees received from Kia Malaysia		–
				Total	80
				Grand Total	**129**

Notes:

1 ASB is a Major Shareholder of Sime Darby, holding 40.07% direct equity interest in Sime Darby as at the 30 June 2022. ASB is also a Major Shareholder of SD Plantation, holding 45.69% direct interest in SD Plantation as at 30 June 2022.

2 Bermaz is a Major Shareholder of Inokom holding 29.00% direct interest in Inokom as at 30 June 2022. 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. Bermaz Motor Trading Sdn Bhd is an indirect wholly-owned subsidiary of Bermaz. Bermaz is also a Major Shareholder of Kia Malaysia, holding 33.33% equity interest in Kia Malaysia. Bermaz does not hold any share in Sime Darby as at 30 June 2022.

^ 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 agreements are 7 years (ending December 2028) and 37 months (ending April 2024) respectively. 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 3 years (ending September 2024). 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 (7^{th}) day of each calendar month.

The Company proposes to seek a renewal of the existing RRPT Mandate for recurrent related party transactions of a revenue or trading nature at its forthcoming Sixteenth AGM. The renewal of the existing RRPT Mandate if approved by the shareholders, will be valid until the conclusion of the next AGM of the Company.

Details of the RRPT Mandate being sought are provided in the Circular to Shareholders dated 17 October 2022.

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 2022, as presented on pages 178 to 295, 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 and to detect and prevent fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 22 September 2022.

Board Approval of Financial Statements

The annual financial statements for the financial year ended 30 June 2022 are set out on pages 178 to 295. The preparation there of was supervised by the Group Chief Financial Officer and approved by the Board of Directors on 22 September 2022.

Financial Statements

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 2022.

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 54 to the financial statements.

On 3 July 2022, the Group entered into share sale agreements to divest its entire equity interests in the Weifang port companies (defined in Note 18 to the financial statements). As this transaction was approved by the Board of Directors of the Company in June 2022 and would result in the Group's exit from the logistics business, the results and cash flows of the Logistics segment have been presented as discontinuing operations in the financial statements of the Group.

FINANCIAL RESULTS

The results of the Group and of the Company for the financial year ended 30 June 2022 were as follows:

	Group RM million	Company RM million
Profit before interest and tax	1,841	637
Finance income	39	–[1]
Finance costs	(148)	–[1]
Profit before tax	1,732	637
Taxation	(474)	–[1]
Profit for the financial year from continuing operations	1,258	637
Loss for the financial year from discontinuing operations	(71)	–
Profit for the financial year	1,187	637
Profit for the financial year attributable to owners of:		
– the Company		
– from continuing operations	1,172	637
– from discontinuing operations	(69)	–
	1,103	637
– non-controlling interests		
– from continuing operations	86	–
– from discontinuing operations	(2)	–
Profit for the financial year	1,187	637

[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 2021, a second interim dividend of 8.0 sen per share and special dividend of 1.0 sen per share were paid on 30 September 2021; and	612
b. In respect of the financial year ended 30 June 2022, a first interim dividend of 4.0 sen per share were paid on 11 May 2022	272
	884

DIVIDENDS (CONTINUED)

The Board of Directors has declared a second interim dividend of 7.5 sen per ordinary share amounting to RM511 million in respect of the financial year ended 30 June 2022. The dividend is proposed to be payable on 30 September 2022 to shareholders whose name appears in the Record of Depositors as at the close of business on 8 September 2022.

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 7,381,100 new ordinary shares under the Performance-Based Employee Share Scheme ("PBESS") as disclosed in the PBESS paragraph of this Report and Note 38 to the financial statements. With the allotment of the new shares, the Company's issued and paid-up capital has increased from 6,802,537,377 ordinary shares to 6,809,918,477 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 9 December 2021, the Company issued 1,014,400 new ordinary shares at an issue price of RM2.522 and 5,869,600 new ordinary shares at an issue price of RM2.107 under the PBESS of FY2018/19. The Company also issued 497,100 new ordinary shares under the PBESS of FY2019/20 at an issue price of RM2.047. With the allotment of the new shares, the Company's issued and paid-up capital has increased from 6,802,537,377 ordinary shares to 6,809,918,477 ordinary shares.

The number of shares granted under the Performance Shares ("PS") Grant and Restricted Shares ("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

	Number of shares	
	PS	**RS**
At 1 July 2021	6,610,300	554,700
Forfeited	(183,400)	(15,400)
Lapsed	(801,000)	–
Multiplier adjustment[1]	718,800	–
Vested	(6,344,700)	(539,300)
At 30 June 2022	–	–

Fourth grant
Grant date: 15 January 2020

	Number of shares	
	PS	**RS**
At 1 July 2021	6,183,600	1,031,200
Forfeited	(174,400)	(29,000)
Vested	–	(497,100)
At 30 June 2022	6,009,200	505,100

[1] The actual number of shares vested under PS is subject to the level of achievement of the performance targets

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
Tan Sri Muhammad Shahrul Ikram Yaakob (appointed on 8 June 2022)

By way of relief order dated 19 September 2022 granted by the Companies Commission of Malaysia, the names of Directors of subsidiaries as required under Section 253(2) of the Malaysian Companies Act 2016 have not been disclosed in this Report. Their names are set out in the respective subsidiaries' Directors' Report or financial statements and the said information is deemed incorporated herein by such reference and shall form part hereof.

DIRECTORS' BENEFITS

Total Directors' remuneration incurred by the Group and Company for the financial year ended 30 June 2022 were RM10 million (2021: RM11 million) and RM4 million (2021: RM4 million) respectively. Further details are disclosed in Note 8 to the financial statements.

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 RM0.5 million, which covers the period up to November 2022 (2021: RM0.4 million, which includes the period up to November 2021).

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 2021	Addition	As at 30 June 2022
Dato' Jeffri Salim Davidson	130,600	462,700[1]	593,300

[1] Shares vested pursuant to the PBESS

	Grant Date	Grant Type	As at 1 July 2021	Multiplier adjustment[1]	Vested	As at 30 June 2022
Dato' Jeffri Salim Davidson	15 January 2019	PS	497,700	(124,400)	(373,300)	–
		RS	41,600	–	(41,600)	–
	15 January 2020	PS	574,400	–	–	574,400
		RS	95,800	–	(47,800)	48,000

[1] The actual number of shares vested under PS is subject to the level of achievement of the performance targets

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 12, 18 and 46 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

Total fees for statutory audits provided by the Company's auditors and its member firms for continuing and discontinuing operations amounted to RM21 million (2021: RM18 million), while total fees for assurance related and non-audit services for continuing and discontinuing operations amounted to RM4 million (2021: RM4 million). Non-audit services provided by the Company's auditors and its member firms comprise tax related services and other advisory services.

Further details of auditors' remuneration are set out in Note 9 to 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 22 September 2022.

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
22 September 2022

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 178 to 295 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 2022 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 22 September 2022.

Tan Sri Samsudin Osman
Chairman

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

Petaling Jaya
Selangor
22 September 2022

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 178 to 295 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 22 September 2022.

Before me,

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 2022, 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 2022 of the Group and of the Company, and the statements of profit or loss, 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 178 to 295.

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
Acquisition of Salmon Earthmoving Holdings Pty Ltd	
On 1 October 2021, the Group completed the acquisition of Salmon Earthmoving Holdings Pty Ltd ("Salmon") for a purchase consideration of RM368 million, inclusive of RM101 million paid as settlement for Salmon's existing borrowings and RM88 million of deferred consideration payable over 3 years. Management assessed that the acquisition of Salmon qualified as a business combination based on the requirements of MFRS 3 "Business Combination". Management performed a purchase price allocation ("PPA") and determined that the fair values of net identifiable assets acquired from Salmon was RM252 million, resulting in a goodwill of RM15 million. We focused on the acquisition of Salmon due to the significance of the purchase consideration to the financial statements of the Group and the judgement involved in determining the quantum of purchase consideration for the acquisition. Goodwill arising from the acquisition of Salmon is also highly dependent on the fair values of identifiable assets acquired and liabilities assumed at the acquisition date. Refer to Note 3(a)(i) Significant Accounting Policies – Basis of Consolidation – Subsidiaries, Note 4(f) Critical Accounting Estimates – Recognition of fair value adjustments and intangible assets arising from acquisition Note 46 Acquisition of Subsidiary in the notes to the financial statements.	We obtained management's assessment that the acquisition of Salmon qualified as business combination in accordance with the requirements of MFRS 3. We assessed the appropriateness of the identifiable assets acquired and the liabilities assumed at the acquisition date by reading the clauses set out in the Share Sale Agreement. We agreed the final purchase consideration to the Share Sale Agreement. We had discussions with management to understand and evaluate the appropriateness of management's assessment on the accounting treatment of the deferred consideration as set out in the Share Sale Agreement. We obtained the PPA report which was prepared by an external party for the acquisition of Salmon. We assessed the competency, capabilities and objectivity of management's expert who prepared the PPA report by considering their professional background, reputation and experience in similar industry. We involved our valuation expert to assess appropriateness of the methodology adopted by management in the PPA assessment on the acquisition of Salmon. We also involved our tax experts to assess potential tax implications arising from the acquisition of Salmon. We assessed the basis for determining the fair values of identifiable assets and liabilities assumed at the date of acquisition and appropriateness of the relevant discount rate used. We checked the calculation of goodwill arising from the acquisition of Salmon, being the difference between the total purchase consideration and the fair values of net identifiable assets. Based on the above procedures performed, we did not note any material exceptions.

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 the Group's interest in the Weifang port companies On 3 July 2022, the Group entered into Share Sale Agreements to divest its entire equity interests in the Logistic Division, comprising Weifang Sime Darby Port Co., Ltd ("WSDP") and its associate, Weifang Ocean Shipping Tally Co., Ltd., Weifang Sime Darby General Terminal Co., Ltd ("WSDGT"), Weifang Weigang Tugboat Services Co., Ltd ("WWGTS"), Weifang Sime Darby Logistics Services Co., Ltd., Weifang Senda Container Service Provider Co., Ltd., Weifang Sime Darby Liquid Terminal Co., Ltd. and Weifang Sime Darby West Port Co., Ltd ("WSDWP") (collectively the "Weifang port companies"). The transactions were approved by the Board of Directors in June 2022. The Group agreed an aggregated disposal consideration of approximately RM1,262 million for the disposal, whereby 90% of the consideration will be paid upon completion of the disposal and the remaining 10% will be paid on or before the second anniversary of the completion date. Management has performed a classification assessment in accordance with the requirements of MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("MFRS 5") and concluded that the conditions under MFRS 5 were met as at 30 June 2022. Accordingly, management classified the Weifang port companies included in the Share Sale Agreements as a disposal group. The financial statements of the Group for financial year ended 30 June 2022 presented the results and cash flows of the disposal group as discontinuing operations. During the financial year, the Group recognised an impairment loss of RM107 million and RM20 million on certain subsidiaries and a joint venture respectively within the disposal group. The Group also recognised a reversal of impairment loss amounting to RM56 million on another joint venture within the disposal group. The impairment losses and reversal of impairment loss were determined based on the lower of the respective carrying amounts and fair values less cost to sell in accordance with MFRS 5. We focused on the recoverability of the Group's carrying amounts recorded in the disposal group due to the magnitude of the impairment losses, the reversal of impairment loss and the classification of the Weifang port companies as a disposal group mentioned in the previous paragraph recognised during the financial year. Refer to Note 3(a)(iii) Joint Ventures, Note 3(m) Impairment, Note 3(h) Significant Accounting Policies - Assets Held for Sale, disposal groups and discontinuing operations, Notes 4(a) and 4(c) Critical Accounting Estimates and Judgement in Applying Accounting Policies – Impairment of Non-Financial Assets and Impairment of Investments in Associates and Joint Ventures (Including Share of Impairment of Non-Financial Assets of Associates and Joint Ventures), Note 18 Discontinuing operations and Note 36 Disposal Group and Assets Held for Sale in the notes to the financial statements.	We evaluated the MFRS 5 classification assessment performed by management and concluded that the conditions under MFRS 5 were met as at 30 June 2022 for reclassification of assets and liabilities of the Weifang port companies as a disposal group classified as held for sale and discontinuing operations. We assessed the impairment assessment performed by management on the disposal of the Weifang port companies by comparing the disposal consideration to the respective Share Sale Agreements. We checked that the reversal of impairment loss calculated by management was appropriate by agreeing the amount to the impairment loss recorded as at 1 July 2021. Based on the above procedures performed, we did not note any material exceptions.

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 amounts of indefinite useful life intangible assets	
As at 30 June 2022, the Group's carrying amounts of indefinite useful life intangible assets amounted to RM1,176 million, which includes goodwill and various distribution/dealership rights of the Motors Division in Australia and Heavy Equipment and Chroming businesses in the Industrial Division in Australia of RM202 million and RM869 million respectively. Other goodwill and various distribution/dealership rights amounted to RM105 million. Goodwill and intangible assets with indefinite useful life are subject to annual impairment testing. We focused on the recoverability of the carrying amounts of goodwill and intangible assets with indefinite useful life due to significant estimates involved in determining 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 rates for the indefinite life intangible assets in Industrial operations, terminal growth rates and discount rates as applicable. Management performed impairment assessments of the CGUs based on value-in-use determined using discounted cash flow projections based on approved budgets by the Board of Directors. Management prepared 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 the assessments performed, the Board of Directors are of the opinion that the carrying amounts of goodwill and intangible assets with indefinite useful life are recoverable. Refer to Notes 3(g) and 3(m)(i) Significant Accounting Policies – Intangible Assets and Impairment – Non-Financial Assets, Note 4(a) Critical Accounting Estimates and Judgement in Applying Accounting Policies – Impairment of Non-Financial Assets and Note 24 Intangible Assets – Group in the notes to the financial statements.	We evaluated the reasonableness of key assumptions used by management in the approved cash flow projections by comparing the revenue growth rates, EBITDA growth rates and terminal growth rates to historical results and industry data, where appropriate. We assessed the reliability of approved budget by comparing their previous years' approved budget against past trends of actual results. We involved our valuation expert to assess the discount rates used in determining the recoverable amounts of the CGUs. We checked the appropriateness of sensitivity analysis performed by management, including disclosures, on reasonable possible changes in key assumptions and the corresponding effect on the recoverable amounts. Based on the above procedures performed, we did not note any material exceptions.

We have determined that 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, but 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, 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(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 54 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

IRVIN GEORGE LUIS MENEZES
02932/06/2024 J
Chartered Accountant

Kuala Lumpur
22 September 2022

Statements of Profit or Loss

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

		Group		Company	
	Note	2022	2021	2022	2021
Continuing operations					
Revenue	6	**42,502**	44,302	**697**	1,169
Operating expenses	7	**(40,955)**	(42,714)	**(60)**	(75)
Other operating income	10	**241**	340	**–**	–
Impairment of financial assets (net)	11	**(11)**	(1)	**–**	–
Other gains and (losses)	12	**(27)**	236	**–**	–
Operating profit		**1,750**	2,163	**637**	1,094
Share of results of joint ventures	13	**54**	24	**–**	–
Share of results of associates	14	**37**	58	**–**	–
Profit before interest and tax		**1,841**	2,245	**637**	1,094
Finance income	15	**39**	35	**–**[1]	–[1]
Finance costs	16	**(148)**	(121)	**–**[1]	–[1]
Profit before tax		**1,732**	2,159	**637**	1,094
Taxation	17	**(474)**	(573)	**–**[1]	–[1]
Profit for the financial year from continuing operations		**1,258**	1,586	**637**	1,094
Discontinuing operations					
Loss for the financial year from discontinuing operations	18	**(71)**	(56)	**–**	–
Profit for the financial year		**1,187**	1,530	**637**	1,094
Profit/(loss) for the financial year attributable to owners of:					
– the Company					
– from continuing operations		**1,172**	1,479	**637**	1,094
– from discontinuing operations		**(69)**	(54)	**–**	–
		1,103	1,425	**637**	1,094
– non-controlling interests					
– from continuing operations		**86**	107	**–**	–
– from discontinuing operations		**(2)**	(2)	**–**	–
		84	105	**–**	–
		1,187	1,530	**637**	1,094

	Sen	Sen
Basic and diluted earnings/(loss) per share attributable to owners of the Company:		
– from continuing operations	**17.2**	21.7
– from discontinuing operations	**(1.0)**	(0.8)
	16.2	20.9

[1] Less than RM1 million

The weighted average number of ordinary shares used to calculate the basic earnings per share was 6,807 million (2021: 6,802 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 189 to 295 form an integral part of these financial statements.

Statements of Comprehensive Income

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

		Group		Company	
	Note	2022	2021	2022	2021
Profit for the financial year		**1,187**	1,530	**637**	1,094
Other comprehensive (loss)/income:					
Continuing operations					
Items that may be reclassified subsequently to profit or loss					
Currency translation differences		**(79)**	348	**–**	–
Share of other comprehensive loss of joint ventures and associates		**(4)**	(1)	**–**	–
Net change in fair value of cash flow hedges		**9**	5	**–**	–
Taxation		**(1)**	(2)	**–**	–
		(75)	350	**–**	–
Reclassified to profit or loss:					
– currency translation differences on:					
– repayment of net investments		**(6)**	13	**–**	–
– disposal of an associate		**–**	1	**–**	–
– changes in fair value of cash flow hedges as adjustment to other gains and (losses)		**(3)**	3	**–**	–
Reclassification of changes in fair value of cash flow hedges to inventories		**3**	(19)	**–**	–
Taxation		**–**	6	**–**	–
		(81)	354	**–**	–
Items that will not be reclassified subsequently to profit or loss					
Actuarial (loss)/gain on defined benefit pension plans		**(1)**	11	**–**	–
Share of actuarial gain on defined benefit pension plans of a joint venture		**–**	2	**–**	–
		(1)	13	**–**	–
Other comprehensive (loss)/income from continuing operations		**(82)**	367	**–**	–
Other comprehensive income from discontinuing operations	18	**42**	98	**–**	–
Total other comprehensive (loss)/income	20	**(40)**	465	**–**	–
Total comprehensive income for the financial year		**1,147**	1,995	**637**	1,094
Total comprehensive income/(loss) for the financial year attributable to owners of:					
– the Company					
– from continuing operations		**1,087**	1,835	**637**	1,094
– from discontinuing operations		**(27)**	41	**–**	–
		1,060	1,876	**637**	1,094
– non-controlling interests					
– from continuing operations		**89**	118	**–**	–
– from discontinuing operations		**(2)**	1	**–**	–
Total comprehensive income for the financial year		**1,147**	1,995	**637**	1,094

The notes on pages 189 to 295 form an integral part of these financial statements.

Statements of Financial Position

As at 30 June 2022

Amounts in RM million unless otherwise stated

		Group		Company	
	Note	2022	2021	2022	2021
NON-CURRENT ASSETS					
Property, plant and equipment	21	**5,740**	6,225	**–**	–
Right-of-use assets	22	**2,086**	2,038	**–**[1]	–[1]
Investment properties	23	**267**	275	**–**	–
Intangible assets	24	**1,552**	1,629	**–**	–
Subsidiaries	25	**–**	–	**8,887**	8,887
Joint ventures	13	**765**	953	**–**	–
Associates	14	**298**	283	**–**	–
Financial assets at fair value through profit or loss	27	**140**	130	**–**	–
Deferred tax assets	28	**581**	590	**–**[1]	–[1]
Tax recoverable	29	**34**	41	**–**	–
Derivative assets	30	**4**	–	**–**	–
Receivables and other assets	31	**217**	373	**–**	–
		11,684	12,537	**8,887**	8,887
CURRENT ASSETS					
Inventories	32	**9,159**	8,320	**–**	–
Financial assets at fair value through profit or loss	27	**41**	16	**–**	–
Receivables and other assets	31	**4,599**	4,323	**–**[1]	–[1]
Contract assets	33	**86**	93	**–**	–
Amounts due from subsidiaries	26	**–**	–	**857**	1,100
Prepayments	34	**1,084**	673	**–**	–
Tax recoverable	29	**63**	48	**–**	–
Derivative assets	30	**28**	4	**–**	–
Bank balances, deposits and cash	35	**1,772**	2,473	**150**	150
		16,832	15,950	**1,007**	1,250
Disposal group and assets held for sale	36	**1,713**	–	**–**	–
TOTAL ASSETS		**30,229**	28,487	**9,894**	10,137

1 Less than RM1 million

	Note	Group 2022	Group 2021	Company 2022	Company 2021
EQUITY					
Share capital	37	**9,318**	9,302	**9,318**	9,302
Reserves	39	**980**	1,002	**9**	21
Retained profits		**5,712**	5,579	**565**	812
ATTRIBUTABLE TO OWNERS OF THE COMPANY		**16,010**	15,883	**9,892**	10,135
Non-controlling interests	40	**361**	377	**–**	–
TOTAL EQUITY		**16,371**	16,260	**9,892**	10,135
NON-CURRENT LIABILITIES					
Borrowings	41	**376**	373	**–**	–
Lease liabilities	42	**1,657**	1,506	**–**	–[1]
Payables and other liabilities	43	**82**	20	**–**	–
Contract liabilities	33	**180**	164	**–**	–
Government grants	44	**4**	69	**–**	–
Provisions	45	**29**	24	**–**	–
Deferred tax liabilities	28	**328**	307	**–**	–
		2,656	2,463	**–**	–
CURRENT LIABILITIES					
Borrowings	41	**2,607**	1,454	**–**	–
Lease liabilities	42	**389**	401	**–**[1]	–[1]
Derivative liabilities	30	**46**	11	**–**	–
Payables and other liabilities	43	**5,514**	5,285	**2**	2
Contract liabilities	33	**1,940**	1,961	**–**	–
Provisions	45	**415**	420	**–**	–
Tax payable		**164**	232	**–**	–
		11,075	9,764	**2**	2
Liabilities associated with disposal group	36	**127**	–	**–**	–
TOTAL LIABILITIES		**13,858**	12,227	**2**	2
TOTAL EQUITY AND LIABILITIES		**30,229**	28,487	**9,894**	10,137

[1] Less than RM1 million

Statements of Changes in Equity

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

Group 2022	Note	Share capital	Reserves[1]	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total Equity
At 1 July 2021		9,302	1,002	5,579	15,883	377	16,260
Profit for the financial year		–	–	1,103	1,103	84	1,187
Other comprehensive (loss)/income for the financial year	20	–	(42)	(1)	(43)	3	(40)
Total comprehensive (loss)/income for the financial year		–	(42)	1,102	1,060	87	1,147
Transfer between reserves[2]		–	32	(32)	–	–	–
Performance-based employee share scheme		–	4	–	4	–	4
Issuance of shares under the performance-based employee share scheme		16	(16)	–	–	–	–
Transactions with owners:							
– acquisition of non-controlling interests	46	–	–	(45)	(45)	(26)	(71)
– acquisition of a joint venture's non-controlling interests by the joint venture		–	–	(8)	(8)	–	(8)
– dividends paid by way of cash	19	–	–	(884)	(884)	(64)	(948)
– dividends payable		–	–	–	–	(13)	(13)
At 30 June 2022		9,318	980	5,712	16,010	361	16,371

1 An analysis of the movements in each category within reserves is disclosed in Note 39.

2 Reclassification from retained profits to legal and capital reserves to reflect the restricted nature of the reserves at subsidiaries.

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	20	–	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		–	–	(46)	(46)	(32)	(78)
– dividends paid by way of cash	19	–	–	(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 39.

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 2022

Amounts in RM million unless otherwise stated

Company	Note	Share capital	Share grant reserve	Retained profits	Total equity attributable to owners of the Company
2022					
At 1 July 2021		**9,302**	**21**	**812**	**10,135**
Profit for the financial year		**–**	**–**	**637**	**637**
Performance-based employee share scheme		**–**	**4**	**–**	**4**
Issuance of shares under the performance-based employee share scheme		**16**	**(16)**	**–**	**–**
Transaction with owners:					
– dividends paid by way of cash	19	**–**	**–**	**(884)**	**(884)**
At 30 June 2022		**9,318**	**9**	**565**	**9,892**
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	19	–	–	(952)	(952)
At 30 June 2021		9,302	21	812	10,135

The notes on pages 189 to 295 form an integral part of these financial statements.

Statements of Cash Flows

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

		Group		Company	
	Note	2022	2021	2022	2021
Cash flow from operating activities					
Profit for the financial year from continuing operations		**1,258**	1,586	**637**	1,094
Adjustments for:					
– dividend from subsidiaries		**–**	–	**(697)**	(1,169)
– dividend income from financial assets		**(48)**	(113)	**–**	–
– share of results of joint ventures and associates		**(91)**	(82)	**–**	–
– finance income		**(39)**	(35)	**–**[1]	–[1]
– finance costs		**148**	121	**–**[1]	–[1]
– taxation		**474**	573	**–**[1]	–[1]
– (gain)/loss on disposals/liquidation (net)		**(3)**	(331)	**–**	–
– impairment losses on receivables (net)		**11**	1	**–**	–
– impairment losses on non-financial assets (net)		**2**	88	**–**	–
– depreciation and amortisation		**1,113**	1,101	**–**[1]	–[1]
– inventory write-down and provision (net)		**73**	44	**–**	–
– fair value loss on financial assets at fair value through profit or loss		**4**	2	**–**	–
– other non-cash items		**9**	13	**–**	–
		2,911	2,968	**(60)**	(75)
Changes in working capital:					
– inventories		**(551)**	738	**–**	–
– rental assets		**(709)**	(783)	**–**	–
– receivables and other assets		**(736)**	(281)	**–**	–
– payables and other liabilities		**300**	477	**–**	–
Cash generated from/(used in) operations		**1,215**	3,119	**(60)**	(75)
Tax paid		**(590)**	(631)	**–**[1]	–[1]
Tax refunded		**18**	23	**–**	–
Dividends received from:					
– subsidiaries		**–**	–	**389**	1,257
– joint ventures and associates		**21**	125	**–**	–
– financial assets		**48**	113	**–**	–
Operating cash flow from continuing operations		**712**	2,749	**329**	1,182
Operating cash flow from discontinuing operations	18	**104**	35	**–**	–
Net cash flow from operating activities		**816**	2,784	**329**	1,182

[1] Less than RM1 million

Statements of Cash Flows

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

		Group		Company	
	Note	2022	2021	2022	2021
Cash flow from investing activities					
Finance income received		**26**	26	**–**	–
Proceeds from sale of:					
– property, plant and equipment		**29**	145	**–**	–
– other non-financial assets		**20**	31	**–**	–
Proceeds from sale of associates		**–**	387	**–**	–
Purchase of:				**–**	–
– property, plant and equipment	21(d)	**(605)**	(459)	**–**	–
– other non-financial assets		**(40)**	(10)	**–**	–
Additions to financial assets at fair value through profit or loss		**(46)**	(2)	**–**	–
Acquisition of subsidiaries and businesses		**(163)**	(26)	**–**	–
Subscription of shares in an associate and a joint venture		**–**	(1)	**–**	–
Repayment of advances by/(advances to) subsidiaries (net)		**–**	–	**545**	(221)
Capital repayment by an associate		**1**	–	**–**	–
Repayment of advances by discontinuing operations		**–**	25	**–**	–
Investing cash flow (used in)/from investing activities		**(778)**	116	**545**	(221)
Investing cash flow used in discontinuing operations	18	**(111)**	(33)	**–**	–
Net cash flow (used in)/from investing activities		**(889)**	83	**545**	(221)

		Group		Company	
	Note	2022	2021	2022	2021
Cash flow from financing activities					
Proceeds from performance-based employee share scheme		**–**	–	**10**	11
Purchase of additional interest in subsidiaries		**(71)**	(78)	**–**	–
Finance costs paid		**(64)**	(44)	**–**	–
Long term borrowings raised		**355**	378	**–**	–
Long term borrowings repaid		**(104)**	(159)	**–**	–
Short term loans repaid		**–**	(739)	**–**	–
Short term Islamic financing and other short term borrowings raised (net)		**660**	43	**–**	–
Repayment of lease liabilities		**(525)**	(500)	**–**	–
Dividends paid to shareholders		**(884)**	(952)	**(884)**	(952)
Dividends paid to non-controlling interests		**(79)**[1]	(46)[2]	**–**	–
Financing cash flow used in continuing operations		**(712)**	(2,097)	**(874)**	(941)
Financing cash flow used in discontinuing operations	18	**(4)**	(30)	**–**	–
Net cash used in financing activities		**(716)**	(2,127)	**(874)**	(941)
Net (decrease)/increase in cash and cash equivalents		**(789)**	740	**–**	20
Foreign exchange differences		**30**	27	**–**	–
Cash and cash equivalents at beginning of the financial year		**2,417**	1,650	**150**	130
Cash and cash equivalents at end of the financial year [note (a)]		**1,658**	2,417	**150**	150
a. Cash and cash equivalents at end of the financial year:					
Bank balances, deposits and cash	35	**1,772**	2,473	**150**	150
Bank overdrafts	41	**(252)**	(56)	**–**	–
Cash and cash equivalents from continuing operations		**1,520**	2,417	**150**	150
Cash and cash equivalents included under disposal group	36	**138**	–	**–**	–
		1,658	2,417	**150**	150

1 Includes RM15 million declared in the financial year ended 30 June 2021

2 Includes RM10 million declared in the financial year ended 30 June 2020

Statements of Cash Flows

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

b. Reconciliation of liabilities arising from financing activities of the Group

	2022		2021	
	Borrowings	Lease liabilities	Borrowings	Lease liabilities
At 1 July	**1,827**	**1,907**	2,231	1,814
Long term borrowings raised	**355**	**–**	378	–
Long term borrowings repaid	**(104)**	**–**	(159)	–
Short term loans repaid	**–**	**–**	(739)	–
Short term Islamic financing and other short term borrowings raised (net)	**660**	**–**	43	–
Repayment of lease liabilities	**–**	**(525)**	–	(500)
Overdraft raised disclosed as cash and cash equivalents (net)	**201**	**–**	10	–
Acquisition of a subsidiary	**101**	**38**	–	–
Addition/modification/termination of leases (net)	**–**	**575**	–	430
Finance costs [Note 16]	**49**	**81**	35	78
Finance costs paid	**(48)**	**–**	(38)	–
Exchange differences	**(58)**	**(30)**	66	85
At 30 June	**2,983**	**2,046**	1,827	1,907

Breakdown of finance costs paid of continuing operations:

	2022	2021
Borrowings	**48**	38
Payables and others	**16**	6
	64	44

The notes on pages 189 to 295 form an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

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 54.

On 3 July 2022, the Group entered into share sale agreements to divest its entire equity interests in the Weifang port companies (defined in Note 18 to the financial statements). As this transaction was approved by the Board of Directors of the Company in June 2022 and would result in the Group's exit from the logistics business, the results and cash flows of the Logistics segment have been presented as discontinuing operations in the financial statements of the Group.

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, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company

The Group and the Company have applied the following amendments to published standards for the first time for the financial year beginning 1 July 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest rate benchmark reform – Phase 2'

The adoption of these amendments to published standards did not have a material impact in the current period or prior periods and is not likely to materially affect future periods.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

2 Basis of Preparation (continued)

b. Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

i. Standards, amendments to published standards and interpretations that are effective for the financial year beginning on or after 1 July 2022, 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:

<u>Effective for annual periods beginning on or after 1 January 2023</u>

- MFRS 17 – 'Insurance contracts and amendments to MFRS 17'
- Amendments to MFRS 17 'Initial application of MFRS 17' and MFRS 9 – 'Comparative information'

ii. Standards, amendments to published standards and interpretations that are effective for the financial year beginning on or after 1 July 2022, 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:

<u>Effective for annual periods beginning on or after 1 January 2022</u>

- 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'

<u>Effective for annual periods beginning on or after 1 January 2023</u>

- 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'

c. 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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

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 2022

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	4% 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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

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, disposal groups and discontinuing operations

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.

A discontinuing operation is a component of the Group that is classified as a disposal group and represents a separate business or geographical segment.

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 2022
Amounts in RM million unless otherwise stated

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 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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

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 2022

Amounts in RM million unless otherwise stated

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. <u>Industrial</u>

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 2022

Amounts in RM million unless otherwise stated

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 45).

3 Significant Accounting Policies (continued)

t. Revenue recognition (continued)

Performance obligations by segment are as follows: (continued)

ii. Motors (continued)

(a) Sale of vehicles and parts (continued)

Certain subsidiaries of the Group offer arrangements whereby customer can purchase a new vehicle under a guaranteed resale value scheme with a right to return of the previously sold vehicle within a period after the date of sale. Therefore, a refund liability (with corresponding adjustment to revenue) and a right to returned goods (with corresponding adjustment to cost of sales) are recognised for the vehicles expected to be returned. Accumulated experience is used to estimate such returns at the time of sale (expected value method).

(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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

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 (discontinuing operations)

(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.

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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

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 21, 22 and 24 to the financial statements respectively.

During the financial year, impairment of non-financial assets totalling RM2 million (2021: RM89 million) in continuing operations and RM107 million (2021: RM16 million) in discontinuing operations were charged and no impairment (2021: RM1 million in continuing operations) was reversed to profit or loss, as disclosed in Notes 12 (continuing operations) and 18 (discontinuing operations).

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 2022, the tax recoverable of the Group in relation to withholding taxes recoverable from the Indian tax authorities was RM34 million (2021: RM41 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. Disclosure on tax recoverable is set out in Note 29.

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 2022, the Group assessed the recoverability of joint ventures classified under disposal group. As a result of the impairment assessment, the Group recognised an impairment loss of RM20 million (2021: Nil) on its investment in Weifang Sime Darby West Port Co., Limited ("WSDWP") and reversed an impairment loss of RM56 million on its investment in Weifang Sime Darby Liquid Terminal Co., Limited ("WSDLT") (2021: impairment loss of RM69 million) as disclosed in Note 18.

d. 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.

e. 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 42.

f. Recognition of fair value adjustments and intangible assets arising from acquisitions

During the financial year, the Group acquired Salmon Earthmoving Holdings Pty Ltd and a purchase price allocation ("PPA") exercise was undertaken. The fair value of net assets acquired was RM252 million (including RM158 million attributed to fair value adjustments), while RM15 million was recognised as goodwill. Details of the acquisition are set out in Note 46.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

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 and interest rate swaps 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 30.

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 50(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.

As at 30 June 2022, the Group's percentage of fixed rate borrowings, both before and after taking into account of interest rate swap contracts, to the total borrowings was 1.5% (2021: 1.8%) and 11.5% (2021: 1.8%) respectively. 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 50(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 is as follows:

	Industrial	Motors	Others	Total
2022				
Malaysia	**177**	**404**	**49**	**630**
China[1]	**420**	**137**	**–**	**557**
Other countries in Asia	**99**	**240**	**3**	**342**
Australasia[2]	**988**	**469**	**–**	**1,457**
	1,684	**1,250**	**52**	**2,986**

	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

The Group has no significant concentration of credit risk.

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.

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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

5 Financial Risk and Capital Management Policies (continued)

a. Financial Risk Management (continued)

iii. Credit risk (continued)

Trade receivables using the simplified approach (continued)

In arriving at the net flow rate model, the operating units have used debtors' 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 2022			
	Gross trade receivables	Expected credit loss rate (%)	Impairment	Net carrying amount
Industrial Division				
Current	**1,293**	**0.4**	**(5)**	**1,288**
Past due by				
– 1 to 30 days	**193**	**2.1**	**(4)**	**189**
– 31 to 60 days	**78**	**5.0**	**(4)**	**74**
– 61 to 90 days	**62**	**8.8**	**(5)**	**57**
– 91 to 180 days	**77**	**18.2**	**(14)**	**63**
– more than 181 days	**76**	**82.4**	**(63)**	**13**
Individually assessed	**9**	**100.0**	**(9)**	**–**
Total	**1,788**		**(104)**	**1,684**
Motors Division				
Current	**525**	**0.0**	**–**	**525**
Past due by				
– 1 to 30 days	**498**	**0.2**	**(1)**	**497**
– 31 to 60 days	**169**	**0.3**	**(1)**	**168**
– 61 to 90 days	**41**	**0.5**	**–**[1]	**41**
– 91 to 180 days	**17**	**2.1**	**–**[1]	**17**
– more than 181 days	**17**	**88.1**	**(15)**	**2**
Individually assessed	**1**	**96.2**	**(1)**	**–**[1]
Total	**1,268**		**(18)**	**1,250**

[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 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

Net trade receivables of RM52 million (2021: RM50 million) relates to the Others segment and the total impairment for these receivables is RM1 million (2021: RM1 million).

Net trade receivables under the Logistics segment has been reclassified to disposal group as at 30 June 2022 (2021: RM19 million and the total impairment for these receivables was RM1 million within Note 31 to the financial statements).

The impairment of finance lease receivables has been assessed to be immaterial as at 30 June 2022 and 30 June 2021.

The impairment of contract assets of the Industrial Division (carrying value of RM86 million (2021: RM93 million)) has been assessed to be immaterial.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

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:

- 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 2022 was RM3 million (2021: Nil).
- 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 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 include 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 RM74 million (2021: RM79 million) has been provided for other receivables, including an impairment of RM66 million (2021: RM66 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.

The amounts due from joint ventures and associates as at 30 June 2021 mainly relates to the Logistics segment and have been reclassified to disposal group as at 30 June 2022. 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.

5 Financial Risk and Capital Management Policies (continued)

a. Financial Risk Management (continued)

iii. Credit risk (continued)

Company

The Company has no significant concentration of credit risk except for advances to or receivables from its subsidiaries where the risk of default has been assessed to be low.

The Company provides unsecured advances to its subsidiary, Sime Darby Holdings Berhad ("SDHB"). The outstanding balance as at 30 June 2022 was RM548 million (2021: RM1,093 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 or drawing from its banking facilities.

The other amounts due from subsidiaries are primarily dividend receivable of RM308 million. 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:

	2022				
	Trade receivables	Amounts due from joint ventures	Rebates from principals	Other receivables	Total
As at 1 July 2021	**119**	**26**	**–**	**79**	**224**
Impairment losses	**74**	**–**	**4**	**3**	**81**
Reversal of impairment losses	**(62)**	**–**	**(1)**	**(4)**	**(67)**
Write offs	**(8)**	**(26)**	**–**	**(1)**	**(35)**
Reclassified to disposal group	**(1)**	**–**	**–**	**(3)**	**(4)**
Exchange differences	**1**	**–**	**–**	**–**	**1**
At 30 June 2022	**123**	**–**	**3**	**74**	**200**

	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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

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:

	2022	2021
As at 1 July	**1**	1
Reclassified to disposal group	**(1)**	–
At 30 June	**–**	1

Details of the credit risk exposure are disclosed in Note 50(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 51(a). An amount of RM20 million (2021: RM30 million) has been provided for based on a percentage of risk sharing ratio over the total outstanding lease portfolio (see Note 45).

iv. Liquidity and cash flow risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting their 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 2022, the Group's total cash and cash equivalents was RM1,658 million (2021: RM2,417 million) which includes cash in hand and deposits held at call with banks, net of bank overdrafts. It is also inclusive of cash and cash equivalents under disposal group of RM138 million (2021: Nil) as disclosed in Note 36. As at 30 June 2022, the Company had total cash and cash equivalents of RM150 million (2021: RM150 million).

The Group believes that its contractual obligations, including those disclosed in commitments and contingencies in Notes 50(d) and 51 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.

	2022	2021
Borrowings	**2,983**	1,827
Lease liabilities	**2,046**	1,907
Total Debt	**5,029**	3,734
Total Equity	**16,371**	16,260
Total Debt/Equity ratio	**0.31**	0.23

Ratio 2 is calculated as Total Debt divided by Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA").

	2022	2021
Total Debt	**5,029**	3,734
Operating profit from continuing operations	**1,750**	2,163
Add : Depreciation and amortisation	**1,113**	1,101
Add/(less) : Other losses/(gains)	**27**	(236)
Adjusted EBITDA of continuing operations	**2,890**	3,028
Adjusted EBITDA of discontinuing operations	**83**	58
Adjusted EBITDA	**2,973**	3,086
Debt/Adjusted EBITDA ratio	**1.69**	1.21

The total debt/equity ratio of the Group of 0.31 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 30 June 2022 and 30 June 2021.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

6 Revenue

Revenue comprise the following:

	Group		Company	
	2022	2021	2022	2021
Revenue from contracts with customers	**41,565**	43,497	**–**	–
Revenue from other sources				
– rental income	**937**	805	**–**	–
– dividend income from subsidiaries	**–**	–	**697**	1,169
	42,502	44,302	**697**	1,169

Analysis of the Group's revenue from contracts with customers:

2022	Industrial	Motors	Others	Total
Major goods and services				
Sale of equipment and vehicles	**7,293**	**22,498**	**–**	**29,791**
Sale of parts, assembly charges and provision of after-sales services	**6,827**	**4,150**	**–**	**10,977**
Engineering services	**313**	**–**	**–**	**313**
Commission, handling fees and others	**–**	**442**	**42**	**484**
	14,433	**27,090**	**42**	**41,565**
Geographical market				
Malaysia	**876**	**4,635**	**35**	**5,546**
China[1]	**2,801**	**13,291**	**2**	**16,094**
Other countries in Asia	**640**	**4,311**	**5**	**4,956**
Australasia[2]	**10,116**	**4,853**	**–**	**14,969**
	14,433	**27,090**	**42**	**41,565**
Timing of revenue recognition				
– at a point in time	**11,433**	**23,346**	**30**	**34,809**
– over time	**3,000**	**3,744**	**12**	**6,756**
	14,433	**27,090**	**42**	**41,565**

[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)

2021	Industrial	Motors	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
Commission, handling fees and others	–	458	44	502
	15,428	28,025	44	43,497
Geographical market				
Malaysia	904	4,057	37	4,998
China[1]	4,632	14,053	2	18,687
Other countries in Asia	626	5,252	5	5,883
Australasia[2]	9,266	4,663	–	13,929
	15,428	28,025	44	43,497
Timing of revenue recognition				
– at a point in time	12,459	24,109	29	36,597
– over time	2,969	3,916	15	6,900
	15,428	28,025	44	43,497

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 RM1,913 million (2021: RM1,753 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):

	Group	
	2022	2021
Within 1 year	**360**	287
Between 1-2 years	**95**	136
Between 2-3 years	**64**	73
Between 3-4 years	**37**	50
Between 4-5 years	**19**	23
After 5 years	**23**	30
Total undiscounted lease payments	**598**	599

Included in revenue is RM162 million (2021: RM254 million) arising from subleasing of right-of-use assets.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

7 Operating Expenses

	Group		Company	
	2022	**2021**	**2022**	**2021**
Direct costs				
Finished goods, work in progress and other direct overheads	**34,334**	36,513	**–**	–
Inventory writedown and provision (net)	**73**	44	**–**	–
Raw materials and consumables	**364**	289	**–**	–
Engineering contract costs	**115**	105	**–**	–
	34,886	36,951	**–**	–
Directors and employees costs				
Salaries, fees, allowances, overtime and bonus	**3,318**	3,205	**4**	4
Defined contribution pension plans	**252**	234	**–**	–
Termination benefits	**9**	15	**–**	–
Performance-based employee share scheme [Note 38]	**4**	8	**–**	–
Training, insurance and other benefits	**859**	755	**–**	–
	4,442	4,217	**4**	4
Depreciation and amortisation				
Amortisation:				
– intangible assets	**76**	78	**–**	–
Depreciation:				
– property, plant and equipment	**604**	559	**–**	–
– right-of-use assets	**426**	458	**–**[1]	–[1]
– investment properties	**7**	6	**–**	–
	1,113	1,101	**–**[1]	–[1]
Leases				
Short-term leases	**77**	63	**–**	–
Lease of low-value assets	**7**	6	**–**	–
	84	69	**–**	–
General expenses				
Auditors' remuneration [Note 9]	**24**	21	**1**	1
Management fee charged by a subsidiary	**–**	–	**53**	69
Other expenses	**406**	355	**2**	1
	430	376	**56**	71
	40,955	42,714	**60**	75

[1] Less than RM1 million

8 Directors' Remuneration

	Group		Company	
	2022	**2021**	**2022**	**2021**
Executive Director				
Emoluments and benefits	**5**	5	**–**	–
Defined contribution pension plans	**1**	1	**–**	–
Performance-based employee share scheme	**–[1]**	1	**–**	–
	6	7	**–**	–
Non-Executive Directors				
Fees and benefits	**4**	4	**4**	4
	10	11	**4**	4

[1] Less than RM1 million

Estimated monetary value of benefits-in-kind of the Executive Director amounted to RM0.03 million (2021: RM0.04 million) for the Group. Estimated monetary value of benefits-in-kind of Non-Executive Directors amounted to RM0.03 million (2021: RM0.01 million).

During the financial year, the Group sold vehicles to the Directors and their close family members for RM1.3 million (2021: RM1.5 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 2022 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.

9 Auditors' Remuneration

	Group		Company	
	2022	**2021**	**2022**	**2021**
Fees for statutory audits				
PricewaterhouseCoopers PLT Malaysia	**3**	3	**1**	1
Member firms of PricewaterhouseCoopers International Limited	**17**	14	**–**	–
Other audit firms	**–[1]**	–[1]	**–**	–
	20	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**	3	**–**	–
	3	3	**–**	–
	24	21	**1**	1

[1] Less than RM1 million

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

9 Auditors' Remuneration (continued)

Fees for statutory audits provided by the Company's auditors and its member firms to discontinuing operations amounted to RM0.6 million (2021: RM0.7 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	
	2022	**2021**
Dividend income from financial assets	**48**	113
Operating lease income[1]	**53**	35
Government grant income[2]	**40**	92
Sales of scrap	**18**	17
Forfeiture of customer deposits	**11**	20
Other miscellaneous income	**71**	63
	241	340

[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 Impairment of financial assets (net)

	Group	
	2022	**2021**
Receivables		
– Impairment of receivables	**78**	86
– Reversal of impairment of receivables	**(67)**	(85)
	11	1

12 Other Gains and (Losses)

	Group	
	2022	**2021**
Net foreign currency exchange gain/(loss):		
– realised foreign exchange gain/(loss) arising from repayment of net investments	**6**	(13)
– other foreign exchange (loss)/gain	**(32)**	8
Fair value gain/(loss):		
– derivatives	**1**	–
– financial assets at FVTPL	**(4)**	(2)
Gain on disposal of:		
– property, plant and equipment	**6**	10
– associate	**–**	294
– ROU assets	**–**	31
Loss on disposal/liquidation of:		
– property, plant and equipment	**(2)**	(3)
– associate	**(1)**	(1)
Reversal of impairment of:		
– property, plant and equipment	**–**	1
Impairment of:		
– property, plant and equipment	**(2)**	–
– ROU assets	**–**	(89)
Net gain/(loss) on lease modifications/terminations	**1**	(2)
Gain on bargain purchase	**–**	2
	(27)	236

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

13 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 54.

The Group's interest in joint ventures are as follows:

	2022			2021		
	Material joint ventures	Others	Total	Material joint ventures	Others	Total
Share of results	**45**	**9**	**54**	15	9	24
Share of other comprehensive income/(loss)	**2**	**(1)**	**1**	(5)	–	(5)
Share of total comprehensive income	**47**	**8**	**55**	10	9	19
Unquoted shares, at costs	**595**	**11**	**606**	762	303	1,065
Loans to joint venture	**–**	**–**	**–**	93	–	93
Impairment of loans to joint venture	**–**	**–**	**–**	(1)	–	(1)
Share of post-acquisition reserves	**103**	**56**	**159**	74	(96)	(22)
Unrealised profit on transactions with joint ventures	**–**	**–**	**–**	–	(17)	(17)
Impairment losses	**–**	**–**	**–**	(91)	(74)	(165)
	698	**67**	**765**	837	116	953

The loans to joint venture bear fixed interest rates ranging from 6.0% to 6.4% per annum. During the financial year, the loans to joint venture were reclassified to disposal group.

a. Material joint ventures

In the opinion of the Directors, the joint venture that is material to the Group is:

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") is no longer considered a material joint venture in the financial year ended 30 June 2022 as it has been reclassified to disposal group as disclosed in Note 36.

13 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:

	2022	2021	
	RSDH	RSDH	WSDLT
Revenue	**1,148**	1,055	80
Depreciation and amortisation	**(111)**	(104)	(26)
Profit before interest and tax	**155**	122	24
Interest income	**1**	1	–
Interest expense	**(14)**	(6)	(28)
Profit/(loss) before tax	**142**	117	(4)
Taxation	**(49)**	(83)	11
Profit for the financial year	**93**	34	7
Non-controlling interests	**(3)**	(4)	–
Profit attributable to joint venturers	**90**	30	7
Other comprehensive income/(loss)	**4**	(10)	16
Total comprehensive income	**94**	20	23

	2022	2021		
	RSDH	RSDH	WSDLT	Total
Share of results, excluding impairment losses	**45**	15	3	18
Impairment	**–**	–	(69)	(69)
Share of results	**45**	15	(66)	(51)
Share of other comprehensive income/(loss)	**2**	(5)	14[2]	9
Share of total comprehensive income/(loss)	**47**	10	(52)	(42)
Dividend received	**–**	75[1]	–	75

[1] The RM75 million received was declared in the financial year ended 30 June 2020.

[2] Includes foreign exchange differences arising from translation of the loans to joint venture.

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022
Amounts in RM million unless otherwise stated

13 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:

	2022	2021	
	RSDH	RSDH	WSDLT
Non-current assets	**1,620**	1,609	821
Current assets			
Cash and cash equivalents	**67**	62	69
Other current assets	**232**	242	80
	299	304	149
Non-current liabilities			
Financial liabilities[1]	**(390)**	(453)	(252)
Other non-current liabilities	**(143)**	(160)	–
	(533)	(613)	(252)
Current liabilities			
Financial liabilities[1]	**–**	(3)	(277)
Other current liabilities	**(254)**	(225)	(87)
	(254)	(228)	(364)
Non-controlling interests	**–**	(18)	–
Net assets	**1,132**	1,054	354

[1] Financial liabilities consist of borrowings and shareholders' loan.

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.

13 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:

	2022	2021		
	RSDH	RSDH	WSDLT	Total
Net assets				
At 1 July	**1,054**	1,034	331	
Total comprehensive income	**94**	20	23	
Acquisition of non-controlling interests	**(16)**	–	–	
At 30 June	**1,132**	1,054	354	
Group's interest (%)	**50.0**	50.0	50.0	
Interest in joint ventures	**566**	527	177	704
Loans to joint venture (net of impairment)	**–**	–	92	92
Goodwill	**132**[1]	132[1]	–	132
Impairment	**–**	–	(91)	(91)
Carrying amount at end of the financial year	**698**	659	178	837

[1] Goodwill relates to the Group's retained interest in RSDH following the disposal of the Group's healthcare business in June 2013.

The joint ventures of the Logistics segment were reclassified to disposal group in the financial year ended 30 June 2022. The impairment assessment of these joint ventures are set out in Note 18.

b. Commitments and contingent liabilities

There are no commitments or contingent liabilities relating to the Group's interest in the joint ventures, other than guarantees in respect of credit facilities granted to certain joint ventures as disclosed in Note 51.

14 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 54.

The Group's interest in associates are as follows:

	2022	2021		
	Total	Material associate	Others	Total
Share of results	**37**	34	24	58
Share of other comprehensive (loss)/income	**(5)**	–[1]	6	6
Share of total comprehensive income	**32**	34	30	64
Unquoted shares, at costs	**166**	–	167	167
Share of post-acquisition reserves	**135**	–	119	119
Unrealised profit on transactions with associates	**(2)**	–	(2)	(2)
Impairment losses	**(1)**	–	(1)	(1)
	298	–	283	283

[1] Less than RM1 million

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

14 Associates – Group

a. Material associate

In the opinion of the Directors, there are no associates that are material to the Group for the financial year ended 30 June 2022. The material associate in the previous financial year was Eastern & Oriental Berhad group ("E&O"), which was disposed of in the financial year ended 30 June 2021.

Summarised financial information

The summarised statement of comprehensive income and dividends received from the material associate was as follows:

	2021 E&O
Revenue	166
Depreciation and amortisation	(17)
Profit before interest and tax	42
Interest income	5
Interest expense	(25)
Profit before tax	22
Taxation	(20)
Profit for the financial year	2
Non-controlling interests	–[1]
Profit attributable to owners of the associate	2
Other comprehensive loss	(3)
Total comprehensive (loss)	(1)
Share of results	–[1]
Reversal of impairment	34
Share of total comprehensive income	34
Dividends received	2

[1] Less than RM1 million

b. Commitments and contingent liabilities

There are no commitments nor contingent liabilities relating to the Group's interest in the associates.

15 Finance Income

	Group	
	2022	**2021**
Interest income from:		
– banks and other financial institutions	**9**	9
– discontinuing operations[1]	**4**	4
– other interest income	**1**	3
Islamic profit distribution	**13**	10
	27	26
Accretion of discount on receivables	**12**	9
	39	35

[1] Eliminated at Group (combined continuing and discontinuing operations)

The Company's finance income was from banks and other financial institutions and the amount is less than RM1 million.

16 Finance Costs

	Group	
	2022	**2021**
Interest expense payable to banks and other financial institutions	**49**	33
Islamic financing distribution payment	**–[1]**	2
Interest on borrowings	**49**	35
Interest expense on leases	**81**	78
Interest on payables and others	**18**	8
Total finance costs	**148**	121

[1] Less than RM1 million

The Company's finance costs in the current financial year arose from leases and the amount is less than RM1 million.

17 Taxation

	Group		Company	
	2022	**2021**	**2022**	**2021**
Income tax:				
In respect of current year				
– Malaysian income tax	**59**	75	**–[1]**	–[1]
– foreign income tax	**439**	493	**–**	–
In respect of prior years				
– Malaysian income tax	**1**	2	**–**	–
– foreign income tax	**–[1]**	12	**–**	–
Total income tax	**499**	582	**–[1]**	–[1]
Deferred tax:				
– origination and reversal of temporary differences	**4**	(3)	**–[1]**	–[1]
– deferred tax on unremitted earnings	**(14)**	9	**–**	–
– effects of recognition of previously unrecognised temporary differences and temporary differences not recognised	**(15)**	(15)	**–**	–
Total deferred tax	**(25)**	(9)	**–**	–
Total tax expense	**474**	573	**–[1]**	–[1]

[1] Less than RM1 million

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

17 Taxation (continued)

Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Profit before tax	**1,732**	2,159	**637**	1,094
Less: Share of results of joint ventures	**(54)**	(24)	**–**	–
Share of results of associates	**(37)**	(58)	**–**	–
	1,641	2,077	**637**	1,094
Applicable tax	**430**	536	**153**	263
Withholding tax on foreign income	**28**	26	**–**	–
Effects of tax incentives and non-taxable income:				
– non-taxable dividends	**(12)**	(27)	**(167)**	(281)
– tax incentives and other income	**(12)**	(12)	**–**	–
Effects of non-deductible expenses	**64**	84	**14**	18
Effects of income subject to different tax rates	**4**	(42)	**–**	–
Effects of deferred tax on unremitted earnings	**(14)**	9	**–**	–
Effects of deferred tax assets not recognised and previously unrecognised deferred taxes	**(15)**	(15)	**–**	–
Under provision in prior years	**1**	14	**–**	–
Tax expense for the financial year	**474**	573	**–[1]**	–[1]
Applicable tax rate (%)	**26.2**	25.8	**24.0**	24.0
Effective tax rate (%)	**28.9**	27.6	**–[2]**	–[2]

1 Less than RM1 million

2 Less than 0.1%

The Group's higher effective tax rate of 28.9% for the financial year ended 30 June 2022 was mainly due to the effects of non-deductible expenses.

The Group's higher effective tax rate of 27.6% 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.

18 Discontinuing Operations

On 3 July 2022, the Group entered into share sale agreements to divest its entire equity interests in the following Weifang port companies ("Weifang port companies"):

1. Weifang Sime Darby Port Co., Ltd and its associate, Weifang Ocean Shipping Tally Co., Ltd
2. Weifang Sime Darby Logistics Services Co., Ltd
3. Weifang Sime Darby General Terminal Co., Ltd
4. Weifang Wei Gang Tugboat Services Co., Ltd
5. Weifang Sime Darby Liquid Terminal Co., Ltd
6. Weifang Sime Darby West Port Co., Ltd
7. Weifang Senda Container Service Provider Co., Ltd

As this transaction was approved by the Board in June 2022 and would result in the Group's exit from the logistics business, the results and cash flows of the Logistics segment have been presented as discontinuing operations in the financial statements of the Group. The associated assets and liabilities are presented as a disposal group in Note 36 to the financial statements. The Group's equity interests in the Weifang port companies are disclosed in Note 54 to the financial statements.

18 Discontinuing Operations (continued)

Analysis of the results and cash flow information of the discontinuing operations are as follows:

	Group	
	2022	2021
Statement of Profit or Loss		
Revenue	**187**	181
Operating expenses	**(167)**	(192)
Other operating income	**15**	15
Other gains and (losses)	**(107)**	–
Operating (loss)/profit	**(72)**	4
Share of results of joint ventures[1]	**32**	(68)
Loss before interest and tax	**(40)**	(64)
Finance income	**17**	15
Finance costs	**(4)**	(5)
Loss before tax	**(27)**	(54)
Taxation	**(44)**[2]	(2)
Loss for the financial year	**(71)**	(56)
Loss for the financial year attributable to owners of the:		
– the Company	**(69)**	(54)
– non-controlling interests	**(2)**	(2)
	(71)	(56)

[1] Includes reversal of impairment of Weifang Sime Darby Liquid Terminal Co., Ltd. ("WSDLT") of RM56 million (2021: impairment of RM69 million) and impairment of Weifang Sime Darby West Port Co., Ltd.("WSDWP") of RM20 million (2021: Nil).

[2] Includes provision for deferred tax liability of RM36 million in relation to the reclassification of the assets and liabilities of the Weifang port companies to disposal group.

Significant operating expenses and other gains and losses of the discontinuing operations are as follows:

	2022	2021
Operating expenses		
Depreciation and amortisation	**48**	54
Employee costs	**48**	53
Stevedoring and transportation expenses	**48**	43
Other gains and (losses)		
Gain on disposal of property, plant and equipment	**–**	2
Loss on disposal of subsidiaries	**–**	(2)
Fair value gain on financial assets at FVTPL	**6**	3
Foreign exchange (loss)/gain	**(6)**	13
Impairment of property, plant and equipment	**(107)**	(16)

The Group carried out an impairment assessment of the Weifang port companies during the financial year ended 30 June 2022. The review led to an impairment of property, plant and equipment of RM107 million (2021: RM16 million), an impairment of RM20 million (2021: Nil) for the investment in WSDWP and a reversal of impairment of RM56 million for the investment in WSDLT (2021: impairment of RM69 million). The assessment was based on the fair value less costs to sell ("FVLCS") model.

The key assumptions used in the assessment are:

- The present value of the consideration of RMB1,920 million (approximately RM1,262 million) for the respective Weifang port companies;
- Expected dividends[1] of RM32 million from the Weifang port companies prior to completion of the transaction; and
- Estimated costs to sell of RM14 million based on estimated transaction value and duration of services.

[1] Expected dividends are estimated based on prior year audited financial statements and unaudited management accounts for part of the financial year ended 30 June 2022. The quantum of the expected dividends will be finalised upon conclusion of negotiations with the buyer.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

18 Discontinuing Operations (continued)

In the financial year ended 30 June 2021, the Group carried out an impairment assessment of WSDP, WSDLT and WSDWP.

The impairment assessment for WSDP was undertaken as a result of the deterioration in its financial performance and was undertaken together with Weifang Sime Darby General Terminal Co., Limited ("WSDGT") as one cash generating unit ("CGU"). WSDP and WSDGT were 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 ("Board").

The key assumptions in the impairment assessment of WSDP for the financial year ended 30 June 2021 were as follows:

- 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 had increased by 0.2 percentage point, the additional impairment would have been approximately RM17 million and if the revenue growth rate had reduced by 1 percentage point, the additional impairment would have been approximately RM20 million.

Management performed an impairment assessment on the recoverability of the investment in WSDLT in view of the net current liability position of WSDLT 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 key assumptions in the FVLCS calculation used in the financial year ended 30 June 2021 were as follows:

- Projection period of 8 years;
- Post-tax discount rate of 13%;
- Average annual revenue growth rate of 7% in the projection period;
- Average annual port operating and overhead costs growth rate of 6% in the projection period; and
- Long-term annual growth rates for revenue and port operating and overhead costs of 3% until 2062, being the end of the useful life of the key non-current assets.

If the discount rate had increased by 0.5 percentage point, the additional impairment would have been approximately RM13 million. If the revenue growth rate had reduced by 1 percentage point, the additional impairment would have been approximately RM5 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.

The key assumptions in the FVLCS calculation used in the financial year ended 30 June 2021 were as follows:

- 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 had increased by 0.5 percentage point, the impairment loss on the investment in WSDWP would have been approximately RM11 million. If the long-term revenue growth rate had reduced by 1 percentage point, the impairment loss would have been approximately RM8 million.

18 Discontinuing operations (continued)

	Group 2022	Group 2021
Statement of Comprehensive Income		
Loss for the financial year	**(71)**	(56)
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**38**	85
Share of other comprehensive income of joint ventures	**4**	17
	42	102
Reclassified to profit or loss:		
Currency translation differences on:		
– disposal of subsidiaries	**–**	(4)
Other comprehensive income for the financial year	**42**	98
Total comprehensive (loss)/income for the financial year	**(29)**	42
Total comprehensive (loss)/income for the financial year attributable to owners of:		
– the Company	**(27)**	41
– non-controlling interests	**(2)**	1
	(29)	42
Statement of Cash Flows		
Net cash from operating activities	**104**	35
Net cash used in investing activities	**(111)**	(33)
Net cash used in financing activities	**(4)**	(30)
Net decrease in cash and cash equivalents	**(11)**	(28)
Foreign exchange differences	**4**	10
Cash and cash equivalents at beginning of the financial year	**214**	232
Cash and cash equivalents at end of the financial year	**207**[1]	214

[1] Includes RM138 million under disposal group. The remaining RM69 million is held in subsidiaries of the Logistics Division that are not being divested.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

19 Dividends paid in cash

	Group/Company	
	2022	**2021**
Second interim dividend of 8.0 sen per share for the financial year ended 30 June 2021, paid on 30 September 2021 (2020: 7.0 sen per share, paid on 30 October 2020)	**544**	476
Special interim dividend of 1.0 sen per share for the financial year ended 30 June 2021, paid on 30 September 2021 (2020: 1.0 sen per share, paid on 30 October 2020)	**68**	68
First interim dividend of 4.0 sen per share for the financial year ended 30 June 2022, paid on 11 May 2022 (2021: 2.0 sen per share, paid on 11 May 2021)	**272**	136
Special interim dividend of 4.0 sen per share for the financial year ended 30 June 2021, paid on 11 May 2021	**–**	272
	884	952

The Board of Directors has declared a second interim dividend of 7.5 sen per ordinary share (amounting to RM511 million) in respect of the financial year ended 30 June 2022. The dividends will be paid on 30 September 2022.

20 Other Comprehensive Income/(Loss) – Group

Other comprehensive income/(loss) and the tax effects are analysed as follows:

	Attributable to owners of the Company							
2022	Hedging reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total	Tax effects	Net of tax
Currency translation differences	**–**	**(82)**	**–**	**(82)**	**3**	**(79)**	**–**	**(79)**
Net change in fair value of cash flow hedges	**9**	**–**	**–**	**9**	**–**	**9**	**(1)**	**8**
Share of other comprehensive loss of joint ventures and associates	**(1)**	**(3)**	**–**	**(4)**	**–**	**(4)**	**–**	**(4)**
Reclassified to profit or loss:								
– currency translation differences on repayment of net investments	**–**	**(6)**	**–**	**(6)**	**–**	**(6)**	**–**	**(6)**
– changes in fair value of cash flow hedges as adjustment to other gains and losses	**(3)**	**–**	**–**	**(3)**	**–**	**(3)**	**1**	**(2)**
Reclassification of changes in fair value of cash flow hedges to inventories	**3**	**–**	**–**	**3**	**–**	**3**	**(1)**	**2**
Actuarial loss on defined benefit pension plans	**–**	**–**	**(1)**	**(1)**	**–**	**(1)**	**–**	**(1)**
Other comprehensive income/(loss) before tax	**8**	**(91)**	**(1)**	**(84)**	**3**	**(81)**	**(1)**	**(82)**
Taxation	**(1)**	**–**	**–**	**(1)**	**–**	**(1)**		
Other comprehensive income/(loss) from continuing operations	**7**	**(91)**	**(1)**	**(85)**	**3**	**(82)**		
Other comprehensive income from discontinuing operations	**–**	**42**	**–**	**42**	**–**[1]	**42**		
Total other comprehensive income/(loss) after tax	**7**	**(49)**	**(1)**	**(43)**	**3**	**(40)**		

[1] Less than RM1 million

20 Other Comprehensive Income/(Loss) – Group (continued)

Other comprehensive income/(loss) and the tax effects are analysed as follows: (continued)

2021	Attributable to owners of the Company: Hedging reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total	Tax effects	Net of tax
Currency translation differences	–	337	–	337	11	348	–	348
Net change in fair value of cash flow hedges	5	–	–	5	–	5	(2)	3
Share of other comprehensive loss of joint ventures and associates	(1)	–	–	(1)	–	(1)	–	(1)
Reclassified to profit or loss:								
– currency translation differences on repayment of net investments and disposal of an associate	–	14	–	14	–	14	–	14
– 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)	351	13	352	11	363	4	367
Taxation	4	–	–	4	–	4		
Other comprehensive (loss)/income from continuing operations	(8)	351	13	356	11	367		
Other comprehensive income from discontinuing operations	–	95	–	95	3	98		
Total other comprehensive (loss)/income after tax	(8)	446	13	451	14	465		

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

21 Property, Plant and Equipment – Group

2022	Freehold land	Buildings	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
At 1 July 2021	512	3,199	366	1,302	663	183	6,225
Acquisition of subsidiary [Note 46]	9	4	1	272	18	6	310
Additions	16	140	48	709	150	282	1,345
Disposals	–	–	(10)	–	(14)	(1)	(25)
Impairment losses	–	(104)	(4)	(1)	–	–	(109)
Reclassification	–	21	54	41	36	(152)	–
Depreciation	–	(121)	(73)	(287)	(168)	–	(649)
Exchange differences	(17)	(11)	(3)	(6)	5	2	(30)
Transfer to:							
– inventories	–	–	–	(424)	(2)	–	(426)
– disposal group [Note 36]	–	(764)	(76)	–	(8)	(53)	(901)
At 30 June 2022	520	2,364	303	1,606	680	267	5,740
Cost	520	3,411	952	2,221	1,786	267	9,157
Accumulated depreciation	–	(1,008)	(641)	(607)	(1,102)	–	(3,358)
Accumulated impairment losses	–	(39)	(8)	(8)	(4)	–	(59)
Carrying amount at end of the financial year	520	2,364	303	1,606	680	267	5,740

21 Property, Plant and Equipment – Group (continued)

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
Transfer (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

At 1 July 2020	Freehold land	Buildings	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
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	489	3,173	378	1,205	623	142	6,010

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

21 Property, Plant and Equipment – Group (continued)

a. Capital work in progress

Less than RM1 million of interest expense was capitalised during the financial year ended 30 June 2022 (2021: Nil).

b. Assets pledged as security

Property, plant and equipment with a total carrying amount of RM59 million (2021: RM67 million) were pledged as security for borrowings (see Note 41).

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 RM109 million (2021: RM16 million) and no reversal of impairment losses (2021: RM1 million). Of the impairment recognised for the financial year ended 30 June 2022, RM107 million (2021: RM16 million) relates to discontinuing operations. Details of the impairment assessment are set out in Note 18.

d. Reconciliation to the statements of cash flows

Reconciliation to the cash flow for purchase of property, plant and equipment is as follows:

	2022	2021
Additions for the financial year	**1,345**	1,277
Add/(less):		
Net changes in payables for purchase of property, plant and equipment	**2**	(6)
Net changes in prepayment for purchase of property, plant and equipment	**(5)**	34
Additions to rental assets, included as changes in working capital in the statements of cash flows	**(709)**	(783)
Unrealised profit adjustment for purchase of property, plant and equipment from a joint venture	**2**	–
Total cash payments during the financial year	**635**	522
Total cash payments during the financial year by:		
– continuing operations	**605**	459
– discontinuing operations	**30**	63
	635	522

22 Right-of-use assets – Group

2022	Leasehold land and sea-use rights	Buildings	Vehicles, equipment and fixtures	Rental assets	Total
At 1 July 2021	**599**	**1,200**	**96**	**143**	**2,038**
Acquisition of subsidiary [Note 46]	**–**	**38**	**–**	**–**	**38**
Additions	**50**	**390**	**36**	**97**	**573**
Disposals	**(1)**	**–**	**–**	**–**	**(1)**
Terminations/modifications	**20**	**8**	**10**	**(12)**	**26**
Depreciation	**(48)**	**(223)**	**(57)**	**(101)**	**(429)**
Sublease arrangement	**–**	**–**	**–**	**(24)**	**(24)**
Transfer to disposal group [Note 36]	**(124)**	**–**	**–**	**–**	**(124)**
Exchange differences	**2**	**(6)**	**(3)**	**(4)**	**(11)**
At 30 June 2022	**498**	**1,407**	**82**	**99**	**2,086**
Cost	**852**	**1,949**	**204**	**267**	**3,272**
Accumulated depreciation	**(258)**	**(542)**	**(122)**	**(168)**	**(1,090)**
Accumulated impairment losses	**(96)**	**–**	**–**	**–**	**(96)**
Carrying amount at end of the financial year	**498**	**1,407**	**82**	**99**	**2,086**

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)
Transfer 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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

22 Right-of-use assets – Group (continued)

At 1 July 2020	Leasehold land and sea-use rights	Buildings	Vehicles, equipment and fixtures	Rental assets	Total
Cost	1,099	1,285	174	481	3,039
Accumulated depreciation	(222)	(185)	(48)	(148)	(603)
Accumulated impairment losses	(41)	–	–	–	(41)
Carrying amount	836	1,100	126	333	2,395

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 2022 (2021: less than RM1 million).

a. Impairment losses

The impairment loss in the financial year ended 30 June 2021 was due to the change in intended use of the land in a subsidiary in Hong Kong in the Motors segment 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 were 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.

An impairment assessment was also undertaken for the financial year ended 30 June 2022 with largely the same assumptions as above other than a change in the estimated demolition and construction costs. However, as the recoverable amount is still above the carrying value, no impairment was required for the financial year ended 30 June 2022. The carrying value of the property as at 30 June 2022 was RM88 million (2021: RM88 million).

There are no reasonable possible changes in any of the key assumptions that will result in significant change in the recoverable amount.

23 Investment Properties – Group

	Freehold land	Leasehold land	Buildings	Total
2022				
At 1 July 2021	**45**	**26**	**204**	**275**
Depreciation	**–**	**(1)**	**(6)**	**(7)**
Transfer to assets held for sale	**(1)**	**–**	**–**	**(1)**
At 30 June 2022	**44**	**25**	**198**	**267**
Cost	**44**	**38**	**254**	**336**
Accumulated depreciation	**–**	**(13)**	**(55)**	**(68)**
Accumulated impairment losses	**–**	**–**	**(1)**	**(1)**
Carrying amount at end of the financial year	**44**	**25**	**198**	**267**
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
At 1 July 2020				
Cost	45	38	270	353
Accumulated depreciation	–	(11)	(45)	(56)
Accumulated impairment losses	–	–	(1)	(1)
Carrying amount	45	27	224	296

[1] Transfer due to the change in use of the asset.

The fair value of investment properties as at 30 June 2022 was RM2,940 million (2021: RM2,921 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:

	2022	2021
Rental income	**25**	19
Direct operating expenses	**(3)**	(4)

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

24 Intangible Assets – Group

	Acquired						
	Goodwill	Distribution/ dealership rights	Computer software	Trademarks and others	Total	Internally generated assets[1]	Total intangible assets
2022							
At 1 July 2021	**267**	**928**	**54**	**44**	**1,293**	**336**	**1,629**
Acquisition of subsidiary [Note 46]	**15**	**–**	**–**	**–**	**15**	**–**	**15**
Additions	**–**	**–**	**32**	**–**	**32**	**–**	**32**
Amortisation	**–**	**–**	**(14)**	**(5)**	**(19)**	**(57)**	**(76)**
Disposals and write-offs	**–**	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Transfer to disposal group [Note 36]	**–**	**–**	**(2)**	**–**	**(2)**	**–**	**(2)**
Exchange differences	**(8)**	**(26)**	**–**	**(1)**	**(35)**	**(10)**	**(45)**
At 30 June 2022	**274**	**902**	**69**	**38**	**1,283**	**269**	**1,552**
Cost	**443**	**902**	**130**	**64**	**1,539**	**579**	**2,118**
Accumulated amortisation	**–**	**–**	**(61)**	**(25)**	**(86)**	**(310)**	**(396)**
Accumulated impairment losses	**(169)**	**–**	**–**	**(1)**	**(170)**	**–**	**(170)**
Carrying amount at end of the financial year	**274**	**902**	**69**	**38**	**1,283**	**269**	**1,552**
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
At 1 July 2020							
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	252	869	55	46	1,222	374	1,596

[1] Internally generated assets consist of computer software and development costs.

24 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**	**2022**	**2021**
Industrial	Heavy equipment business	Goodwill	**41**	43
		Distribution rights	**724**	747
	Chroming business	Goodwill	**104**	107
	New enterprise resource planning system	Computer software	**269**	336
Motors	Australia	Goodwill	**48**	50
		Dealership rights	**154**	159

<u>Goodwill, distribution rights and dealership rights</u>

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.

<u>Computer software</u>

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%.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

24 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.

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 (defined in Note 6) 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:

	2022	2021
Discount rates (%) per annum	**9.0**	9.0
Range of forecast growth rates (%):		
– revenue	**1 – 5**	(2) – 3
– earnings before interest, tax, depreciation and amortisation ("EBITDA")	**2 – 9**	(20) – 7
– 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.

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:

	2022	2021
Discount rates (%) per annum	**9.0**	9.0
Range of forecast growth rates (%):		
– revenue	**6 - 12**	5 - 13
– EBITDA	**11 - 51**[1]	5 - 109[1]
– terminal	**2.5**	2.5

[1] The EBITDA growth for Year 1 of 51% and 109% were due to the low EBITDA base in Year 0. Excluding this, the EBITDA growth would have ranged from 11-24% (2021: 5-20%).

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.

24 Intangible Assets – Group (continued)

b. Intangible assets with indefinite useful lives (continued)

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:

	2022	2021
Discount rates (%) per annum	**9.9**	9.9
Range of forecast growth rates (%):		
– revenue	**2 – 29**	2 – 7
– terminal	**2.5**	2.4

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:

	2022	2021
Discount rates (%) per annum	**9.9**	9.9
Range of forecast growth rates (%):		
– revenue	**2 – 12**	2 – 6
– terminal	**2.5**	2.4

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.

The remaining goodwill allocated to other CGUs amounted to RM81 million (2021: RM67 million). Based on impairment assessments performed by management, no impairment was required for the current and previous financial years.

c. Intangible assets with finite useful lives

Intangible assets with finite useful lives are amortised over their useful lives. The amortisation charge of continuing operations for the financial year of RM76 million (2021: RM78 million) was recorded in profit or loss. Amortisation charge of discontinuing operations for the financial year was less than RM1 million (2021: RM1 million).

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

25 Subsidiaries – Company

The Company's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are disclosed in Note 54.

	2022	2021
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.

26 Amounts Due from Subsidiaries – Company

	2022	2021
Current	**857**	1,100

The amounts due from subsidiaries are unsecured, non-interest bearing and mainly consist of advances to Sime Darby Holdings Berhad ("SDHB") and dividend receivable of RM308 million. The advances to SDHB of RM548 million (2021: RM1,093 million) are classified as current as these amounts are short term advances which are expected to be settled in the next financial year.

27 Financial Assets at Fair Value Through Profit or Loss

	Unquoted shares	Others	Total
2022			
At 1 July 2021	**145**	**1**	**146**
Additions	**33**	**13**	**46**
Disposal	**(16)**	**–**	**(16)**
Changes in fair value	**2**	**–**	**2**
Exchange differences	**3**	**–**	**3**
At 30 June 2022	**167**	**14**	**181**

	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

[1] Subscription of shares in Jining Port and Shipping Port Services Co Ltd ("JPSPS") arising from the disposal of the Jining subsidiaries.

27 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% (2021: 15%) per annum. The fair value of the loan was based on the probability weighted discounted cash flows calculated under several scenarios. The loan was fully impaired in the financial year ended 30 June 2021 and there has been no material change in the conditions that resulted in the impairment.

The fair value of JPSPS is based on present value of the proceeds expected from the divestment in the next 2 years (2021: 3 years). The carrying value as at 30 June 2022 was RM117 million (2021: RM125 million).

The financial assets at fair value through profit or loss is categorised as follows:

	Group	
	2022	2021
Non-current	**140**	130
Current	**41**	16
	181	146

28 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	
	2022	2021
Deferred tax assets	**581**	590
Deferred tax liabilities	**(328)**	(307)
	253	283
Deferred taxes expected to be realised within 12 months	**273**	265
Deferred taxes expected to be realised after 12 months	**(20)**	18
	253	283
Tax losses for which the tax effects have not been recognised in the financial statements		
– Expiring within 10 years	**1,563**	1,611
– With no expiry period	**428**	381
	1,991	1,992

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the existing time limit to carry forward unutilised tax losses in Malaysia has been extended to 10 consecutive years (2021: 7 consecutive years). Any accumulated tax losses from year of assessment 2018 onwards can be carried forward for up to 10 consecutive years of assessment.

Unabsorbed capital allowances for which the tax effects have not been recognised in the financial statements amounted to RM92 million (2021: RM92 million).

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 RM182 million (2021: RM229 million) would be payable.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

28 Deferred Tax (continued)

The components and movements of the Group's net deferred taxes are as follows:

2022	Property, plant and equipment and investment properties	Intangible assets	Receivable impairment and provisions	Tax losses and unabsorbed capital allowances	Others	Total
At 1 July 2021	**157**	**(371)**	**358**	**94**	**45**	**283**
Credited/(charged) to profit or loss	**5**	**(3)**	**(62)**	**40**	**1**	**(19)**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Acquisition of subsidiary [Note 46]	**(5)**	**–**	**3**	**–**	**(1)**	**(3)**
Transfer to disposal group [Note 36]	**(1)**	**–**	**(12)**	**(5)**	**(1)**	**(19)**
Exchange differences	**(2)**	**11**	**1**	**–**	**2**	**12**
At 30 June 2022	**154**	**(363)**	**288**	**129**	**45**	**253**
Deferred tax assets (before offsetting)	**284**	**–**	**288**	**129**	**92**	**793**
Deferred tax liabilities (before offsetting)	**(130)**	**(363)**	**–**	**–**	**(47)**	**(540)**
Net deferred tax assets/(liabilities)	**154**	**(363)**	**288**	**129**	**45**	**253**

	Deferred tax before offsetting	Offsetting	Deferred tax after offsetting
Deferred tax assets	**793**	**(212)**	**581**
Deferred tax liabilities	**(540)**	**212**	**(328)**
Net deferred tax assets	**253**	**–**	**253**

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

29 Tax Recoverable

	Group 2022	Group 2021
Non-current	**34**	41
Current	**63**	48
	97	89

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.

30 Derivative Assets/Liabilities – Group

The Group's derivative assets and liabilities are as follows:

	2022			2021		
	Derivative assets	Derivative liabilities	Net	Derivative assets	Derivative liabilities	Net
Non-current						
Cash flow hedges:						
– interest rate swap contracts [note (b)]	**4**	**–**	**4**	–	–	–
Current						
Derivatives not designated as hedges:						
– forward foreign exchange contracts [note (a)]	**1**	**–**	**1**	1	(1)	–
Cash flow hedges:						
– forward foreign exchange contracts [note (a)]	**24**	**(46)**	**(22)**	3	(10)	(7)
– interest rate swap contracts [note (b)]	**3**	**–**	**3**	–	–	–
Total	**32**	**(46)**	**(14)**	4	(11)	(7)

These derivatives are entered into to hedge foreign currency and interest rate 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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

30 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:

	2022 Maturities	2021 Maturities
	Less than 1 year	Less than 1 year
Forward contracts used to hedge anticipated sales denominated in:		
– United States Dollar	**912**	953
– other currencies	**40**	59
	952	1,012
Forward contracts used to hedge receivables denominated in:		
– United States Dollar	**157**	136
– European Union Euro	**7**	6
– other currencies	**47**	13
	211	155
Forward contracts used to hedge intercompany balances denominated in:		
– Chinese Renminbi	**31**	33
– New Zealand Dollar	**–**	3
– European Union Euro	**–**	49
	31	85
Forward contracts used to hedge anticipated purchases denominated in:		
– United States Dollar	**671**	989
– European Union Euro	**210**	104
– Australian Dollar	**497**	381
– other currencies	**69**	95
	1,447	1,569
Forward contracts used to hedge payables and commitments denominated in:		
– United States Dollar	**563**	309
– European Union Euro	**29**	58
– Australian Dollar	**124**	113
– other currencies	**47**	23
	763	503
Forward contracts used to hedge borrowings denominated in:		
– United States Dollar	**14**	–
Total notional amount	**3,418**	3,324
Net fair value (liabilities)/assets	**(21)**	(7)

b. Interest rate swap contracts

The Group has entered into interest rate swap contracts for certain long-term borrowings to reduce the Group's exposure to volatility in interest rates. The notional amount, fair value and maturity periods of the interest rate swap contracts are as follows:

	Notional amount 2022	Fair value assets 2022
Maturity periods:		
– less than 1 year	**141**	**3**
– 1 year to less than 3 years	**156**	**4**
	297	**7**

There were no outstanding interest rate swap contracts as at 30 June 2021.

31 Receivables and other assets

	Group		Company	
	2022	**2021**	**2022**	**2021**
Non-current				
Trade receivables[1]	**10**	5	**–**	–
Amounts due from joint ventures [note (a)]	**–**	59	**–**	–
Finance lease receivables [note (b)]	**98**	152	**–**	–
Other receivables	**46**	50	**–**	–
Total receivables	**154**	266	**–**	–
Prepayments	**44**	88	**–**	–
Pension assets [note (c)]	**19**	19	**–**	–
Total receivables and other assets	**217**	373	**–**	–
Current				
Trade receivables[1]	**3,099**	2,766	**–**	–
Amounts due from joint ventures	**5**	100	**–**	–
Amounts due from associates	**1**	3	**–**	–
Finance lease receivables [note (b)]	**114**	123	**–**	–
Other receivables:				
– rebates from principals	**477**	506	**–**	–
– assembly purchases and expenses recoverable	**579**	550	**–**	–
– right to return assets	**36**	15	**–**	–
– warranty and parts claims	**104**	99	**–**	–
– others	**176**	177	**–[2]**	–[2]
Deposits	**82**	67	**–**	–
	4,673	4,406	**–[2]**	–[2]
Accumulated impairment losses:				
– trade receivables	**(123)**	(119)	**–**	–
– rebates from principals	**(3)**	–	**–**	–
– amounts due from joint ventures	**–**	(26)	**–**	–
– other receivables	**(74)**	(79)	**–**	–
Total receivables	**4,473**	4,182	**–[2]**	–[2]
Indirect taxes recoverable	**122**	141	**–**	–
Government grant receivable	**4**	–	**–**	–
Total receivables and other assets	**4,599**	4,323	**–[2]**	–[2]
Total non-current and current receivables (financial assets)	**4,627**	4,448	**–[2]**	–[2]

[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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

31 Receivables and other assets (continued)

a. Non-current amounts due from joint ventures

The non-current 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 2022, the loans to WSDLT and WSDWP amounted to approximately RMB183 million and RMB63 million (approximately RM120 million and RM41 million) (2021: RMB33 million and RMB59.5 million (approximately RM21 million and RM38 million)) respectively have been reclassified to disposal group. Long-term loans to joint ventures bear fixed interest rates of 6.0% per annum (2021: 6.0% per annum).

b. 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 1.7% to 10.7% (2021: 1.3% to 11.0%).

Movement in finance lease receivables is as follows:

	Group	
	2022	**2021**
At 1 July	**275**	152
Additions	**73**	–
Lease payments received during the financial year	**(143)**	(60)
Finance income	**12**	9
Transfer from property, plant and equipment	**–**	6
Reclassification from right-of-use assets arising from lease modification	**–**	177
Remeasurement/derecognition	**–**[1]	(7)
Exchange differences	**(5)**	(2)
At 30 June	**212**	275

1 Less than RM1 million

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	Group	
	2022	**2021**
Within 1 year	**120**	131
Between 1-2 years	**54**	111
Between 2-3 years	**21**	35
Between 3-4 years	**13**	7
Between 4-5 years	**11**	2
After 5 years	**4**	1
Total undiscounted lease payments	**223**	287
Unearned finance income	**(11)**	(12)
Net investment in the lease	**212**	275

c. 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 RM16 million (2021: RM27 million).

32 Inventories – Group

	2022	2021
Raw material and consumables	**36**	58
Work in progress	**479**	437
Trading inventories		
– equipment	**2,682**	2,913
– motor vehicles	**3,236**	2,987
– parts and accessories	**2,724**	1,919
– others	**2**	6
	9,159	8,320

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 RM73 million (2021: RM44 million). The carrying amount of trading inventories stated at net realisable value was RM1,280 million (2021: RM1,508 million).

Inventories with a total carrying amount of RM8 million (2021: RM9 million) were pledged as security for borrowings (see Note 41).

33 Contract Assets and Liabilities – Group

	2022	2021
Contract assets		
Current		
Engineering contracts [note (a)]	**86**	93
Contract liabilities		
Non-current		
Deferred income:		
– maintenance income and extended warranties [note (b)]	**180**	164
Current		
Engineering contracts [note (a) and (b)]	**12**	13
Deferred income:		
– maintenance income and extended warranties [note (b)]	**340**	359
– others	**12**	8
Customer deposits [note (c)]	**1,551**	1,546
Incentives payable and others	**25**	35
	1,940	1,961
	2,120	2,125

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

33 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:

	2023	2024	After 2024	Total
Deferred income	352	89	91	532
Engineering contracts	91	36	84	211
	443	125	175	743

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.

34 Prepayments – Group

	2022	2021
Prepaid inventories	**922**	480
Other prepayments	**162**	193
	1,084	673

35 Bank Balances, Deposits and Cash

	Group		Company	
	2022	2021	2022	2021
Deposits				
– Islamic	**703**	937	**150**	150
– conventional	**134**	412	**–**	–
	837	1,349	**150**	150
Cash at bank and in hand	**935**	1,124	**–**[1]	–[1]
Total bank balances, deposits and cash	**1,772**	2,473	**150**	150
Effective profit/interest rates per annum on deposits with licensed banks/financial institutions				
	%	%	%	%
– Islamic	**2.24**	2.07	**2.05**	1.80
– conventional	**1.20**	1.79	**–**	–

[1] Less than RM1 million

36 Disposal Group and Assets Held for Sale

The disposal group consists of the Weifang port companies under the Logistics segment (see Note 18). The results and cash flows of the Logistics segment are presented as discontinuing operations.

The assets and liabilities of the disposal group as at 30 June 2022 are as follows:

	2022
Assets of the disposal group	
– Property, plant and equipment	**901**
– Right-of-use assets	**124**
– Intangible assets	**2**
– Joint ventures and associate	**267**
– Deferred tax assets	**20**
– Bank balances, deposits and cash	**138**
– Receivables and other assets	**260**
	1,712
Liabilities of the disposal group	
– Government grants	**64**
– Payables and other liabilities	**58**
– Tax payable	**4**
– Deferred tax liabilities	**1**
	127

The remaining RM1 million under assets held for sale relate to the sale of parcel of land (previously classified as investment property) to a related party (see Note 55) which is expected to be completed in the financial year ending 30 June 2023.

37 Share Capital

	Group/Company			
	Number of shares (million)		Share capital	
	2022	2021	2022	2021
Issued and fully paid up:				
Ordinary shares with no par value				
At 1 July	**6,803**	6,801	**9,302**	9,300
Issuance of shares under Performance-Based Employee Share Scheme	**7**	2	**16**	2
At 30 June	**6,810**	6,803	**9,318**	9,302

During the financial year, the Company issued 7,381,100 new ordinary shares under the Performance-Based Employee Share Scheme as disclosed in Note 38. With the allotment of the new shares, the Company's issued and paid-up capital has increased from 6,802,537,377 ordinary shares to 6,809,918,477 ordinary shares.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

38 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.

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 or December of the applicable vesting year.

38 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 2021 '000	Reclassification[1] '000	Forfeited '000	Lapsed '000	Multiplier adjustment[2] '000	Vested '000	At 30 June 2022 '000
Group								
PS – Relative TSR target	2.52	799	215	–	–	–	(1,014)	–
PS – Financial targets	2.11	5,811	(215)	(183)	(801)	719	(5,331)	–
RS – Year 3 vesting	2.11	555	–	(16)	–	–	(539)	–

1 Reclassification due to transfer of employees/change in roles
2 The actual number of shares vested under PS is subject to the level of achievement of the performance targets

	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

Fourth Grant

	Fair value at grant date (RM)	At 1 July 2021 '000	Forfeited '000	Vested '000	At 30 June 2022 '000
Group					
PS – Relative TSR target	2.28	1,087	–	–	1,087
PS – Financial targets	1.95	5,097	(175)	–	4,922
RS – Year 2 vesting	2.05	511	(14)	(497)	–
RS – Year 3 vesting	1.95	520	(15)	–	505

	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

There are no eligible employees under the Company for both the third and fourth grants.

The fair value of the Sime Darby Shares granted was determined using the Monte Carlo Simulation model, taking into account the terms and conditions on which the shares were granted.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

38 Performance-Based Employee Share Scheme (continued)

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.

39 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 38
Exchange reserve	Arising from exchange differences on retranslation of the net investments in foreign operations

39 Reserves (continued)

Group	Share grant reserve	Capital reserve	Legal reserve	Hedging reserve	Exchange reserve	Total
2022						
At 1 July 2021	**21**	**243**	**119**	**(5)**	**624**	**1,002**
Other comprehensive income/(loss) [Note 20]	**–**	**–**	**–**	**7**	**(49)**	**(42)**
Transfer from retained profits	**–**	**3**	**29**	**–**	**–**	**32**
PBESS	**4**	**–**	**–**	**–**	**–**	**4**
Issuance of shares under the PBESS	**(16)**	**–**	**–**	**–**	**–**	**(16)**
At 30 June 2022	**9**	**246**	**148**	**2**	**575**	**980**
2021						
At 1 July 2020	15	233	111	3	178	540
Other comprehensive (loss)/income [Note 20]	–	–	–	(8)	446	438
Transfer from retained profits	–	10	8	–	–	18
PBESS	8	–	–	–	–	8
Issuance of shares under the PBESS	(2)	–	–	–	–	(2)
At 30 June 2021	21	243	119	(5)	624	1,002

Company

The reserves of the Company relates to the share grant reserve as disclosed in the statement of changes in equity.

40 Non-Controlling Interests – Group

The profit, comprehensive income and net assets attributable to owners of non-controlling interests are as follows:

	2022	2021
Profit for the financial year	**84**	105
Other comprehensive income	**3**	14
Total comprehensive income	**87**	119
Net assets	**361**	377

The Group had no non-controlling interests which were material as at 30 June 2022.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

41 Borrowings

Group	2022 Secured	2022 Unsecured	2022 Total	2021 Secured	2021 Unsecured	2021 Total
Non-current						
Term loans	**31**	**345**	**376**	24	349	373
Current						
Term loans due within one year	**14**	**249**	**263**	9	29	38
Bank overdrafts	**–**	**252**	**252**	–	56	56
Revolving credits, trade facilities and other short-term borrowings	**–**	**2,092**	**2,092**	–	1,360	1,360
	14	**2,593**	**2,607**	9	1,445	1,454
Total borrowings	**45**	**2,938**	**2,983**	33	1,794	1,827

a. Other information on borrowings

i. Effective interest rates

The average effective interest rates of borrowings per annum are as follows:

	Group 2022 %	Group 2021 %
Term loans	**3.44**	1.75
Other borrowings	**2.93**	2.36

The Group's floating rate term loans that are subject to contractual interest rates repricing within 1 year amounted to RM594 million (2021: RM378 million).

ii. Secured financing

As at 30 June 2022, borrowings amounting to RM45 million (2021: RM33 million) are secured by property, plant and equipment with a carrying value of RM59 million (2021: RM67 million) and inventories with a carrying value of RM8 million (2021: RM9 million).

42 Lease liabilities

	Group 2022	Group 2021
Non-current	**1,657**	1,506
Current	**389**	401
	2,046	1,907

a. Undiscounted contractual cash flows

	Group 2022	Group 2021
Future minimum lease payments:		
– within 1 year	**472**	459
– between 1 to 2 years	**347**	366
– between 2 to 5 years	**673**	599
– above 5 years	**1,057**	924
	2,549	2,348
Less: unexpired finance charges	**(503)**	(441)
	2,046	1,907

b. Currency profile

All lease liabilities are denominated in the functional currency of the respective subsidiaries.

c. Lease commitments

As at 30 June 2022, commitments for short term leases and low value leases amounted to RM10 million (2021: RM6 million) and RM7 million (2021: RM9 million) respectively.

d. Other information on lease liabilities

The lease terms range from 2 to 40 years (2021: 2 to 40 years).

The average effective interest rates of lease liabilities range from 1.1% to 9.6% (2021: 1.3% to 9.6%) 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 2022 was RM1,097 million (2021: RM1,023 million) and range between 2 to 20 years (2021: 2 to 20 years).

f. Cash outflows during the financial year

The total cash outflows for leases that were disclosed in the statements 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).

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

43 Payables and other liabilities

	Group		Company	
	2022	**2021**	**2022**	**2021**
Non-current				
Employee benefits	**14**	12	**–**	–
Other payables	**68**	8	**–**	–
Payables and other liabilities	**82**	20	**–**	–
Current				
Trade payables	**3,574**	3,252	**–**	–
Vehicle financing [note (a)]	**307**	300	**–**	–
Accruals and other payables [note (b)]	**734**	714	**2**	2
Refund liabilities	**37**	16	**–**	–
Amounts due to joint ventures	**2**	38	**–**	–[1]
Amounts due to associates	**4**	–[1]	**–**	–
Payables	**4,658**	4,320	**2**	2
Employee benefits	**746**	829	**–**	–
Indirect taxes payable	**110**	132	**–**	–
Government grant [Note 44]	**–[1]**	4	**–**	–
Payables and other liabilities	**5,514**	5,285	**2**	2
Non-current and current payables (financial liabilities)	**4,726**	4,328	**2**	2

[1] Less than RM1 million

a. Vehicle financing

In certain markets, the Group finances the purchase of vehicles using vehicle financing arrangements and have maturities up to 365 days. The Group is normally required to repay the outstanding amounts on the earlier of the sale of the associated vehicle inventories or the agreed repayment date. These arrangements carry interest rates ranging from 1.6% to 5.5% (2021: 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 RM19 million (2021: RM26 million).

44 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 RM64 million has been reclassified to disposal group and RM3 million (2021: RM4 million) has been amortised to profit or loss of the discontinuing operations.

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 been recognised in profit or loss.

45 Provisions – Group

	Warranties	Risk sharing	Disputes	Others	Total
2022					
At 1 July 2021	**191**	**30**	**198**	**25**	**444**
Additions	**162**	**–**	**–**	**10**	**172**
Reversals	**(68)**	**(5)**	**–**	**(1)**	**(74)**
Translation differences	**–**	**–**	**11**	**–**	**11**
Charged to profit or loss	**94**	**(5)**	**11**	**9**	**109**
Utilised	**(106)**	**(6)**	**–**	**–**	**(112)**
Provision for reinstatement costs capitalised to right-of-use assets	**–**	**–**	**–**	**3**	**3**
Exchange differences	**(1)**	**1**	**–**	**–**[1]	**–**
At 30 June 2022	**178**	**20**	**209**	**37**	**444**
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

[1] Less than RM1 million

The provisions are subject to the following maturity periods:

	2022	2021
Non-current		
Due later than one year	**29**	24
Current		
Due no later than one year	**415**	420
	444	444

a. Warranties

Provision is recognised on warranties provided for the sale 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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

46 Significant changes in the composition of the Group

a. Acquisition of a subsidiary

On 1 October 2021, the Group completed the acquisition of the entire equity interest of Salmon Earthmoving Holdings Pty Ltd ("Salmon") for a total purchase consideration of AUD122 million (approximately RM368 million), consisting of the purchase consideration for the equity interest and properties of AUD89 million (approximately RM267 million) and settlement of Salmon Earthmoving's borrowings of AUD33 million (approximately RM101 million).

The following table summarises the net assets and net cash outflow arising from the acquisition of Salmon.

	Book value	Fair value
Property, plant and equipment	162	310
Right-of-use assets	36	38
Cash and cash equivalents	16	16
Other current assets	47	54
Borrowings	(101)	(101)
Lease liabilities	(37)	(38)
Deferred tax liabilities	(5)	(3)
Other liabilities	(24)	(24)
Net assets acquired	94	252
Goodwill on acquisition		15
Purchase consideration		267
Less : Cash and cash equivalents of subsidiary acquired		(16)
Balance consideration payable		(88)
Net cash outflow on acquisition		163

For the financial year ended 30 June 2022, the acquisition contributed revenue of RM203 million and profit after tax and non-controlling interests of RM16 million.

Had the acquisition been completed at 1 July 2021, the acquisition would have contributed additional revenue of approximately RM61 million and additional profit after tax and non-controlling interests of approximately RM5 million.

b. Purchase of additional interest in a subsidiary

On 28 October 2021, the Group acquired the remaining 40% equity interest in Performance Premium Selection Limited ("PPSL") for a consideration of SGD23 million (approximately RM71 million), resulting in PPSL becoming a wholly-owned subsidiary of the Group.

Details of net cash outflow is as follows:

Non-controlling interest acquired	26
Premium on acquisition	45
Net cash outflow on acquisition of non-controlling interest	71

47 Segment Information – Group

The Group's main businesses comprise Industrial, Motors and Healthcare. The Industrial and Motors 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 results of the Logistics segment has been reclassified as discontinuing operations as explained in Note 18.

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.

47 Segment Information – Group (continued)

Segments comprise:

Continuing operations

Industrial	Sale, rental and servicing of equipment and engineering services
Motors	Assembly, sale and rental of vehicles and the provision of after-sales services
Healthcare	Investment in the Ramsay Sime Darby Health Care Group, providers of healthcare services
Others	Insurance broking and other general investments

Discontinuing operations

Logistics	Management of port facilities

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.

a. Segment results

	Continuing operations						Discontinuing operations	
2022	Industrial	Motors	Healthcare	Others	Corporate and intra-group adjustments	Total	Logistics	Total
Segment revenue:								
External	**15,099**	**27,337**	**–**	**66**	**–**	**42,502**	**187**	**42,689**
Inter-segment	**3**	**13**	**–**	**2**	**(18)**	**–**	**–**	**–**
	15,102	**27,350**	**–**	**68**	**(18)**	**42,502**	**187**	**42,689**
Segment results:								
Operating profit/(loss)	**772**	**1,005**	**–**	**23**	**(50)**	**1,750**	**(72)**	**1,678**
Share of results of joint ventures and associates	**31**	**15**	**45**	**–**	**–**	**91**	**32**	**123**
Profit/(loss) before interest and tax	**803**	**1,020**	**45**	**23**	**(50)**	**1,841**	**(40)**	**1,801**
Included in operating profit/(loss)								
Depreciation and amortisation	**(594)**	**(504)**	**–**	**(4)**	**(11)**	**(1,113)**	**(48)**	**(1,161)**
(Impairment losses)/reversal of impairment (net):								
– non-current assets	**(1)**	**(1)**	**–**	**–**	**–**	**(2)**	**(107)**	**(109)**
– receivables	**(12)**	**1**	**–**	**–**	**–**	**(11)**	**(3)**	**(14)**
Fair value (loss)/gain on financial assets at FVTPL	**–**	**(4)**	**–**	**–**	**–**	**(4)**	**6**	**2**
Gain/(loss) on disposals/ liquidation (net)	**1**	**3**	**–**	**(1)**	**–**	**3**	**–**	**3**
Inventory write-down and provision (net)	**(28)**	**(45)**	**–**	**–**	**–**	**(73)**	**–**	**(73)**

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

47 Segment Information – Group (continued)

a. Segment results (continued)

	Continuing operations						Discontinuing operations	
2021	**Industrial**	**Motors**	**Healthcare**	**Others**	**Corporate and intra-group adjustments**	**Total**	**Logistics**	**Total**
Segment revenue:								
External	16,004	28,235	–	63	–	44,302	181	44,483
Inter-segment	2	13	–	4	(19)	–	–	–
	16,006	28,248	–	67	(19)	44,302	181	44,483
Segment results:								
Operating profit/(loss)	888	1,038	–	323	(86)	2,163	4	2,167
Share of results of joint ventures and associates	21	12	15	34	–	82	(68)	14
Profit/(loss) before interest and tax	909	1,050	15	357	(86)	2,245	(64)	2,181
Included in operating profit/(loss)								
Depreciation and amortisation	(621)	(465)	–	(5)	(10)	(1,101)	(54)	(1,155)
(Impairment losses)/reversal of impairment (net):								
– non-current assets	–	(88)	–	–	–	(88)	(16)	(104)
– receivables	(2)	1	–	–	–	(1)	–	(1)
Fair value (loss)/gain on financial assets at FVTPL	(2)	–	–	–	–	(2)	3	1
(Loss)/gain on disposals (net)	(1)	39	–	293	–	331	–	331
Reversal of inventory write-down and provision/(inventory write-down and provision) (net)	10	(54)	–	–	–	(44)	–	(44)

47 Segment Information – Group (continued)

b. Segment assets and liabilities and additions to non-current assets

	Continuing operations						Discontinuing operations	
2022	**Industrial**	**Motors**	**Healthcare**	**Others**	**Corporate and intra-group adjustments**	**Total**	**Logistics[1]**	**Total**
Segment assets	**12,669**	**13,017**	**698**	**149**	**1,095**	**27,628**	**1,923**	**29,551**
Segment liabilities	**(3,023)**	**(4,805)**	**–**	**(368)**	**(8)**	**(8,204)**	**(133)**	**(8,337)**
Segment invested capital	**9,646**	**8,212**	**698**	**(219)**	**1,087**	**19,424**	**1,790**	**21,214**
Net tax assets/(liabilities)						**223**	**(37)**	**186**
Borrowings and lease liabilities						**(5,029)**	**–**	**(5,029)**
Total equity						**14,618**	**1,753**	**16,371**
Associates and joint ventures included in segment assets	**269**	**96**	**698**	**–**	**–**	**1,063**	**267**	**1,330**
Additions to non-current assets are as follows:								
Capital expenditure	**784**	**1,076**	**–**	**3**	**19**	**1,882**	**68**	**1,950**
Addition to financial assets at FVTPL	**–**	**33**	**–**	**–**	**13**	**46**	**–**	**46**
	784	**1,109**	**–**	**3**	**32**	**1,928**	**68**	**1,996**

[1] The assets and liabilities of the Logistics segment includes the assets and liabilities of the Weifang port companies classified under disposal group and the assets and liabilities of the remaining Logistics subsidiaries (investment holding and corporate subsidiaries).

	Continuing operations						Discontinuing operations	
2021	**Industrial**	**Motors**	**Healthcare**	**Others**	**Corporate and intra-group adjustments**	**Total**	**Logistics**	**Total**
Segment assets	11,973	11,792	659	154	1,337	25,915	1,893	27,808
Segment liabilities	(2,981)	(4,450)	–	(355)	(19)	(7,805)	(149)	(7,954)
Segment invested capital	8,992	7,342	659	(201)	1,318	18,110	1,744	19,854
Net tax assets						116	24	140
Borrowings and lease liabilities						(3,734)	–	(3,734)
Total equity						14,492	1,768	16,260
Associates and joint ventures included in segment assets	260	84	659	1	–	1,004	232	1,236
Additions to non-current assets are as follows:								
Capital expenditure	879	753	–	–	2	1,634	31	1,665
Addition to financial assets at FVTPL	2	–	–	–	–	2	–	2
Addition to interest in associates	1	–	–	–	–	1	–	1
	882	753	–	–	2	1,637	31	1,668

Notes to the Financial Statements
For the Financial Year Ended 30 June 2022
Amounts in RM million unless otherwise stated

47 Segment Information – Group (continued)

b. Segment assets and liabilities and additions to non-current assets (continued)

Capital expenditure consists of the following:

	Continuing operations	Discontinuing operations	Total
2022			
Property, plant and equipment	**1,289**	**56**	**1,345**
Right-of-use assets	**561**	**12**	**573**
Intangible assets other than goodwill	**32**	**–**	**32**
	1,882	**68**	**1,950**
2021			
Property, plant and equipment	1,249	28	1,277
Right-of-use assets	375	3	378
Intangible assets other than goodwill	10	–	10
	1,634	31	1,665

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
Segment total	**29,551**	27,808	**8,337**	7,954
Tax assets/liabilities	**678**	679	**492**	539
Borrowings	**–**	–	**2,983**	1,827
Lease liabilities	**–**	–	**2,046**	1,907
	30,229	28,487	**13,858**	12,227

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	
	2022	2021	2022	2021	2022	2021
Malaysia	**5,697**	5,130	**277**	621	**2,713**	2,541
China[1]	**16,226**	18,869	**558**	616	**2,214**	3,402
Other countries in Asia	**5,009**	5,930	**96**	138	**755**	655
Australasia[2]	**15,570**	14,373	**910**	870	**5,089**	4,912
	42,502	44,302	**1,841**	2,245	**10,771**	11,510

[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.

47 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:

	2022	2021
Non-current assets other than financial instruments and tax assets	**10,771**	11,510
Financial assets at FVTPL	**140**	130
Deferred tax assets	**581**	590
Tax recoverable	**34**	41
Derivative assets	**4**	–
Receivables	**154**	266
	11,684	12,537

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.

48 Related Parties

Significant related party transactions and balances other than as disclosed in Notes 6, 8, 15, 25, 26, 27, 31 and 43 are as follows:

Group	2022	2021
a. Transactions with joint ventures and associates		
Continuing operations		
Purchase of products and services from Sitech Construction Systems Pty Ltd	**15**	19
Contribution paid to Yayasan Sime Darby	**20**	10
Purchase of goods from Terberg Tractors Group	**1**	15
Discontinuing operations		
Loans to Weifang Sime Darby West Port Co Ltd[1]	**5**	36[1]
Loans repaid by Weifang Sime Darby West Port Co Ltd[1]	**3**	36[1]
Loans to Weifang Sime Darby Liquid Terminal Co Ltd	**131**	28
Loans repaid by Weifang Sime Darby Liquid Terminal Co Ltd	**34**	29
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 Includes prepayment of RM25 million.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

48 Related Parties (continued)

Significant related party transactions and balances other than as disclosed in Notes 6, 8, 15, 25, 26, 27, 31 and 43 are as follows: (continued)

Group	2022	2021
b. Transactions between subsidiaries and significant owners of non-controlling interests		
Continuing operations		
Contract assembly service provided by Inokom Corporation Sdn Bhd ("ICSB") to Mazda Malaysia Sdn Bhd ("Mazda Malaysia")[1]	**77**	99
Rental income received by ICSB from Mazda Malaysia and Bermaz Motor Trading Sdn Bhd ("BMT")[1]	**3**	2
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd ("JLRM") to Sisma Auto Sdn Bhd[2]	**6**	23

1 Bermaz Auto Berhad is a major shareholder of ICSB and indirect major shareholder of Mazda Malaysia. BMT is an indirect subsidiary of Bermaz Auto Berhad.

2 Sisma Auto Sdn Bhd is a major shareholder of JLRM.

Group	2022	2021
c. Transactions with Directors and key management personnel and their close family members		
Continuing operations		
Sale of motor vehicles by the Group	**2**	2

	Group		Company	
	2022	2021	2022	2021
d. Remuneration of Directors and key management personnel ("KMP")				
Salaries, other emoluments and benefits	**37**	35	**4**	4
Defined contribution pension plan	**3**	3	**–**	–
Performance-based employee share scheme	**2**	4	**–**	–
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.

48 Related Parties (continued)

Significant related party transactions and balances other than as disclosed in Notes 6, 8, 15, 25, 26, 27, 31 and 43 are as follows: (continued)

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 2021 '000	Changes in KMP[1] '000	Multiplier adjustment[2] '000	Vested '000	At 30 June 2022 '000
Third grant						
PS – Relative TSR target	2.52	646	182	–	(828)	–
PS – Financial targets	2.11	1,410	(336)	(233)	(841)	–
RS3 – Year 3 vesting	2.11	172	(13)	–	(159)	–
Fourth grant						
PS – Relative TSR target	2.28	868	(133)	–	–	735
PS – Financial targets	1.95	1,063	(328)	–	–	735
RS2 – Year 2 vesting	2.05	161	(39)	–	(122)	–
RS3 – Year 3 vesting	1.95	162	(39)	–	–	123

1 Due to transfer of employees/change in roles
2 The actual number of shares vested under PS is subject to the level of achievement of the performance targets

f. Transactions with shareholders and the Government

Continuing operations

As at 30 June 2022, Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together owned approximately 50.5% (2021: 51.7%) 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:

	2022	2021
Sales, servicing and leasing of equipment and vehicles	**31**	30
Royalty income charged	**2**	2
Rental income	**17**	11
Foreign currency payment arrangement	**–**	54

On 27 October 2021, the Group entered into a Sale and Purchase Agreement with a subsidiary of Sime Darby Property Berhad for the disposal of 760.12 acres of land in Labu, Negeri Sembilan, for a cash consideration of RM280 million, as disclosed in Note 55.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

48 Related Parties (continued)

Significant related party transactions and balances other than as disclosed in Notes 6, 8, 15, 25, 26, 27, 31 and 43 are as follows: (continued)

g. Outstanding balances with related parties

The significant outstanding balances between the Group and related parties are as follows:

		2022	2021
i.	Amounts due from/(to) joint ventures		
	Malaysia – China Hydro Joint Venture	**–**[1]	(23)
	Included under disposal group		
	Weifang Sime Darby Liquid Terminal Co Ltd	**256**	174
	Weifang Sime Darby West Port Co Ltd	**46**	44
ii.	Amount due from YPB group companies		
	Sime Darby Plantation Berhad group	**9**	7

[1] Less than RM1 million

As at 30 June 2022, the amounts due from joint ventures under discontinuing operations are included under disposal group.

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 2022 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.

49 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 fair value of interest rate swap contracts are calculated as the present value of the estimated future cash flows based on observable yield curves.

49 Financial Instruments (continued)

a. Financial instruments measured at fair value (continued)

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
2022				
Financial assets				
Financial assets at FVTPL	**–**	**–**	**181**	**181**
Derivative assets				
– forward foreign exchange contracts	**–**	**25**	**–**	**25**
– interest rate swap contracts	**–**	**7**	**–**	**7**
	–	**32**	**181**	**213**
Financial liabilities				
Derivative liabilities				
– forward foreign exchange contracts	**–**	**46**	**–**	**46**
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

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 2022 (2021: Nil).

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 2022 and 30 June 2021 approximated their fair values.

The Company did not have any long-term financial assets and liabilities measured at amortised cost as at 30 June 2022 and 30 June 2021.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

50 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
2022							
Financial assets at FVTPL	**13**	**117**	**–**	**–**	**–**	**51**	**181**
Receivables (net)	**339**	**26**	**21**	**–**	**41**	**4,200**	**4,627**
Bank balances, deposits and cash	**80**	**10**	**1**	**7**	**13**	**1,661**	**1,772**
Borrowings	**(14)**	**–**	**–**	**–**	**–**	**(2,969)**	**(2,983)**
Payables	**(468)**	**–**	**(298)**	**(118)**	**(37)**	**(3,805)**	**(4,726)**
	(50)	**153**	**(276)**	**(111)**	**17**	**(862)**	**(1,129)**
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

The Company did not have any significant (less than RM1 million) financial assets or liabilities denominated in foreign currency as at 30 June 2022 and 30 June 2021.

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 RM14 million were hedged using derivatives (2021: US Dollar borrowings of RM45 million were designated as a hedge for US Dollar receivables).

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 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 inter-company balances within the Group of approximately RM288 million (2021: RM378 million) that are not denominated in the functional currency of at least one of the counterparties. These balances consists mainly of current accounts between Australasia subsidiaries and dividend payable by China subsidiairies. Most of these balances are not hedged. The inter-company balances hedged are disclosed in Note 30.

50 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

a. Foreign exchange risk (continued)

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
2022					
Financial assets at FVTPL, receivables and bank balances	HKD	RMB	153	(5%)	(8)
2021					
Financial assets at FVTPL, receivables and bank balances	HKD	RMB	229	(5%)	(11)

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.

b. Interest rate risk

The percentages of fixed rate borrowings held by the Group, to the total borrowings are as follows:

	Group	
	2022	2021
Total borrowings	**2,983**	1,827
Fixed rate borrowings	**45**	33
Floating rate borrowings (swapped to fixed)	**297**	–
Total fixed rate borrowings after swap	**342**	33
Percentage of fixed rate borrowings over total borrowings		
– Before swap (%)	**1.5**	1.8
– After swap (%)	**11.5**	1.8

The borrowings on floating rates that have not been swapped consist mainly of short term borrowings used for working capital purposes in the Industrial and Motors Divisions.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

50 Financial Risk Management (continued)

Details of each financial risk are as follows: (continued)

b. Interest rate risk (continued)

As at 30 June 2022, the Group's floating rate borrowings not swapped to fixed stood at RM2,641 million (2021: RM1,794 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 continuing operations' profit after tax will be lower by:

	Impact
2022	
Profit after tax	
– Continuing operations	**(20)**
2021	
Profit after tax	
– Continuing operations	(13)

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	
	2022	2021	2022	2021
Maximum exposure				
Amounts due from subsidiaries	**–**	–	**857**	1,100
Loans to joint venture	**–**	92	**–**	–
Receivables	**4,627**	4,448	**–**[1]	–[1]
Derivative assets	**32**	4	**–**	–
Bank balances, deposits and cash	**1,772**	2,473	**150**	150
	6,431	7,017	**1,007**	1,250
Collateral and credit enhancement				
Receivables	**2,068**	1,228	**–**	–

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.

50 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
2022						
Borrowings						
– principal	**2,603**	**348**	**28**	**–**	**2,979**	**2,979**
– interest	**26**	**9**	**1**	**–**	**36**	**4**
Derivative liabilities	**46**	**–**	**–**	**–**	**46**	**46**
Payables	**4,658**	**39**	**29**	**–**	**4,726**	**4,726**
	7,333	**396**	**58**	**–**	**7,787**	**7,755**
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

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
2022						
Payables	**2**	**–**	**–**	**–**	**2**	**2**
2021						
Payables	2	–	–	–	2	2

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

51 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	
	2022	2021	**2022**	2021
Continuing operations				
Performance and advance payment guarantees to customers of:				
– subsidiaries	**–**	–	**1,582**	1,582
– the Group	**2,078**	2,228	**–**	–
Discontinuing operations				
Guarantees of discontinuing operations in respect of credit facilities granted to certain joint ventures	**77**	197	**–**	–
	2,155	2,425	**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 2022, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM305 million (2021: RM431 million).

b. Claims

As at 30 June 2022, claims not taken up in the statement of financial position are as follows:

Group	**2022**	2021
Continuing operations	**10**	13
Discontinuing operations	**6**	5
	16	18

These claims include disputed amounts for the supply of goods and services.

There were no claims against the Company as at 30 June 2022 (2021: Nil).

c. Capital commitments

Contracted capital expenditure not provided for in the financial statements:

Group	**2022**	2021
– Property, plant and equipment	**480**	342
– Other capital expenditure	**19**	6
	499	348

The Company did not have any capital commitments as at 30 June 2022 (2021: Nil).

52 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 RM348 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 "Consent Judgement"). 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.

The hearing for the assessment of damages proceeded on 10, 11, 13 January 2022 and 10 March 2022. The hearing will continue on 7 to 11 November 2022.

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. 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 RM2.7 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 RM335 million).

On 22 March 2018, the tribunal ordered ONGC to pay the Consortium a net sum of USD5.12 million (approximately RM23 million), together with interest at 14% per annum, 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 enforcement proceedings against ONGC to seek recovery of the arbitration award. The warrant of attachment for movable properties was issued by the Court. On 19 April 2021, ONGC deposited a sum of INR 447 million (approximately RM25 million) to the Court, which includes interest at 14% on the principal sum awarded from the period of 22 March 2018 to 25 August 2020.

As a result of the sum deposited by ONGC, the award rendered by the arbitral tribunal 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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

53 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.

54 List of Subsidiaries, Joint Ventures and Associates

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows:

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	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

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
Industrial – Subsidiaries (continued)					
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
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
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
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
CICA Vietnam Company Limited	Vietnam	**100.0**	100.0	3	Supply of industrial equipment, machinery, spare parts and after-sales services
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 Energy Company Limited (formerly known as 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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	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	
Sime Darby CEL Machinery (Xinjiang) Company Limited	China	**100.0**	100.0	2	
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
Sime Darby Elco Power Japan Limited	Japan	**100.0**	100.0	4	Sale, rental, assembly, maintenance, repair and technical support of engines and power systems and related services
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
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
Austchrome Pty Ltd	Australia	**100.0**	100.0	2	Chroming and hydraulic repairs
Decoda Digital Services Pty Ltd	Australia	**100.0**	–	2	Provision of technology solutions to the mining industry
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

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
Industrial – Subsidiaries (continued)					
HMG Hardchrome Pty Ltd	Australia	**100.0**	100.0	2	Manufacture, refurbishment and surface finishing of equipment used in the heavy industrial sector
Salmon Earthmoving Holdings Pty Ltd	Australia	**100.0**	–	2	Rental and servicing of equipment
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
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
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	2	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
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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
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	2	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
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

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
Motors – Subsidiaries					
Auto Bavaria Sdn Bhd	Malaysia	**100.0**	100.0	1	Investment holding
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, distribution and retail of motor vehicles and spare parts and provision of after-sales services
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 and retail of motor vehicles, spare parts and accessories and provision of after-sales services
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 and trading of completely knocked down motor vehicles
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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Sime Darby Motors Manufacturing Sdn Bhd (formerly known as Ford Malaysia Sdn Bhd)	Malaysia	**51.0**	51.0	1	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	Investment holding
Sime Darby Rent-A-Car Sdn Bhd	Malaysia	**100.0**	100.0	1	Hiring of vehicles to the general public and sourcing, purchasing and supplying of vehicles
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	**100.0**	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
Vantage Automotive Limited	Singapore	**100.0**	100.0	2	Motor vehicles dealership
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	Thailand	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
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	Retail of motor vehicles and spare parts and provision of after-sales services
Beijing Sime Darby Chuang Jie Motors Sales and Services Company Limited	China	**100.0**	–	2	Retail agent of motor vehicles and retail of spare parts and provision of after-sales services
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**	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

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Chengdu Bow Chuang Vehicle Sales & Service Company Limited	China	**100.0**	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
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)	
Dongguan Chuang Yi Motor Sales and Services Limited Company	China	**100.0**	100.0	2)	
Foshan Bow Chuang Motors Sales and Services Company Limited	China	**100.0**	–	2)	
Guangdong Bow Yue Motors Sales and Services Company Limited (formerly known as Guangdong Deda Bow Ma Motor Service Co Ltd)	China	**100.0**	100.0	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
Guangzhou Xiang Yue Motors Sales and Services Company Limited	China	**100.0**	–	2	Retail of spare parts and provision of after-sales services
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)	
Jiangmen Yue Zhi Bow Motors Sales and Services Company Limited	China	**100.0**	–	2)	
Kunming Bow Chuang Motor Sales and Services Co Ltd	China	**65.0**	65.0	2)	
Kunming Sime Darby Fu Yue Motors Sales and Services Company Limited	China	**100.0**	100.0	2)	
Nanjing Sime Darby Motors Sales & Services Co Ltd	China	**60.0**	60.0	2)	
Qujing Bow Kai Motors Sales & Services Company Limited	China	**65.0**	65.0	2)	
Shanghai Sime Darby Motor Commerce Co Ltd	China	**60.0**	60.0	2	Investment holding and retail of motor vehicles

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
Motors – Subsidiaries (continued)					
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	
Shanghai Sime Darby Motor Enterprises Co., Ltd	China	**60.0**	60.0	2	
Shanghai Yue Zhi Bow Motors Sales and Services Company Limited	China	**100.0**	100.0	2	
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	
Shenzhen Bow Chuang Sime Darby Motors Sales and Services Company Limited (formerly known as 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 Bow Yue Motors Sales & Services Company Limited	China	**100.0**	–	2	Retail of motor vehicles and spare parts and provision of aftersales services
Shenzhen Sime Darby Chen Yue Motors Sales and Services Company Limited	China	**100.0**	–	2	Retail agent of motor vehicles and retail of spare parts and provision of after-sales services
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	
Shenzhen Sime Darby Zhi Yue Motors Sales and Services Company Limited	China	**100.0**	–	2	Retail agent of motor vehicles and retail of spare parts and provision of after-sales services
Sime Darby Greater China Enterprise Management (Shenzhen) Company Limited	China	**100.0**	–	2	Provision of consultation services to Sime Darby Motors China group of companies
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

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
Motors – Subsidiaries (continued)					
Bow Ma Motors (South China) Limited	Hong Kong	**100.0**	100.0	2	Investment holding, leasing of motor vehicles and provision of electric vehicle charging service
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 Insurance Brokers (Hong Kong) Limited	Hong Kong	**100.0**	100.0	2	Insurance brokers
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
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
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
Sime Darby Kia Taiwan Co Ltd	Taiwan	**100.0**	100.0	2	Importation and wholesale of vehicles, parts and accessories and repairs, maintenance of vehicles and other automotive services

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
Motors – Subsidiaries (continued)					
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
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
SD Distributors (NZ) Limited	New Zealand	**100.0**	–	2	Import and distribution business
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**	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	)

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
Motors – Subsidiaries (continued)					
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
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
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
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

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
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
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	**44.1***	49.0*	3	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

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint ventures and associates which are active as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors	Principal activities
Others – Subsidiaries (continued)					
Sime Darby Ventures Sdn Bhd	Malaysia	**100.0**	100.0	1	Investment holding
Sime Darby Eastern International Limited	Singapore	**100.0**	100.0	2	Investment holding
Sime Darby Insurance Brokers (Singapore) Pte Ltd	Singapore	**100.0**	100.0	2	Insurance brokers and consultants
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	Investment holding
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 – Associate					
Yayasan Sime Darby	Malaysia	@	@	1	Administration of scholarship awards and educational loans and undertake sports, environmental conservation and sustainability projects

Subsidiaries, joint venture and associates which are dormant/inactive as at 30 June 2022 are as follows:

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors
Industrial – Subsidiaries				
Associated Tractors Sendirian Berhad	Malaysia	**100.0**	100.0	1
Mecomb (Thailand) Limited	Thailand	**100.0**	100.0	2
Sime Darby Yangon Limited	Myanmar	**100.0**	100.0	4
CICA Limited	Channel Islands	**100.0**	100.0	3
Motors – Subsidiaries				
Associated Motor Industries Malaysia Sendirian Berhad	Malaysia	**51.0**	51.0	1
Hyundai-Sime Darby Berhad	Malaysia	**100.0**	100.0	1
Sime Darby Auto Britannia Sdn Bhd	Malaysia	**100.0**	100.0	1
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
Palfinger Australia Pty Limited	Australia	**100.0**	100.0	2
Continental Cars Limited	New Zealand	**100.0**	100.0	2

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Amounts in RM million unless otherwise stated

54 List of Subsidiaries, Joint Ventures and Associates (continued)

Subsidiaries, joint venture and associates which are dormant/inactive as at 30 June 2022 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors
Others – Subsidiaries				
Golden Hope Plantations Berhad	Malaysia	**100.0**	100.0	1
Highlands & Lowlands Berhad	Malaysia	**–**	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 Nominees Sendirian Berhad	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	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

Subsidiaries, joint venture and associate placed under members' voluntary liquidation/deregistered are as follows:

Name of company	Country/ territory of incorporation	Group's effective interest (%) 2022	2021	Auditors
Industrial – Joint venture				
Sime Darby Gas Malaysia BioCNG Sdn Bhd	Malaysia	**51.0+#**	51.0+	1
Motors – Subsidiaries				
Europe Automobiles Company Limited	Vietnam	**100.0#**	100.0#	2
Performance Motors Vietnam Company Limited	Vietnam	**100.0#**	100.0#	2
Hangzhou Sime Darby Motors Sales and Services Company Limited	China	**–**	60.0	2
Sime Darby Hong Kong Group Company Limited	Bermuda	**–**	100.0	4
Others – Associate				
Union Sime Darby (Thailand) Ltd	Thailand	**–**	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 or auditors yet to be appointed

+ – 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

– liquidation in progress

55 Material Events During The Reporting Period

a) On 27 October 2021, Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of the Group entered into a Sale and Purchase Agreement ("SPA") with Sime Darby Property (MVV Central) Sdn. Bhd. ("MVV Central"), a wholly-owned subsidiary of Sime Darby Property Berhad, for the disposal of 760.12 acres of land in Labu, Negeri Sembilan, to MVV Central for a cash consideration of RM280 million. The agreement is expected to be completed within 15 months from the date of SPA, subject to further extension as may be mutually agreed.

b) On 22 March 2022, the Group announced that it received a non-binding indicative proposal for its 50% joint venture interest in Ramsay Sime Darby Health Care Sdn. Bhd. Discussions have concluded subsequent to the financial year end and it did not result in a binding transaction.

56 Material Events After The Reporting Period

a) On 3 July 2022, the Group entered into share sale agreements to divest its entire equity interest in the Weifang port companies for a total cash consideration of RMB1,920 million (approximately RM1,262 million), whereby 90% of the consideration will be paid by completion of the disposal and the remaining 10% will be paid on or before the second anniversary of the completion date. The proposed divestments are expected to be completed by the fourth quarter of 2022.

b) On 24 August 2022, the Group entered into a Sale and Purchase Agreement ("SPA") with NS Corporation for the disposal of 1,382.2 acres of land in Labu, Negeri Sembilan, for a cash consideration of RM460 million. The agreement is expected to be completed within 15 months from the date of SPA, subject to further extension as may be mutually agreed.

57 Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 22 September 2022.

Corporate Information

As at 8 September 2022

BOARD OF DIRECTORS

Tan Sri Samsudin Osman
(Non-Independent
Non-Executive Chairman)

Dato' Ahmad Pardas Senin
(Senior Independent
Non-Executive Director)

Thayaparan Sangarapillai
(Independent
Non-Executive Director)

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

Dato' Sri Abdul Hamidy Abdul Hafiz
(Independent
Non-Executive Director)

Datuk Wan Selamah Wan Sulaiman
(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)

Tan Sri Muhammad Shahrul Ikram Yaakob
(Independent
Non-Executive Director)

Dato' Jeffri Salim Davidson
(Non-Independent
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
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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))

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Vertical Podium
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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 8 September 2022

Number of Issued Shares : 6,809,918,477 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	2,725	9.10	68,486	0.00[1]
100 to 1,000	7,494	25.01	4,547,759	0.07
1,001 to 10,000	14,660	48.93	51,983,136	0.76
10,001 to 100,000	3,809	12.71	108,662,744	1.60
100,001 to less than 5% of issued capital	1,271	4.24	2,562,602,882	37.63
5% and above of issued capital	4	0.01	4,082,053,470	59.94
Total	**29,963**	**100.00**	**6,809,918,477**	**100.00**

Note:
[1] less than 0.01%

Classification of Shareholders	No. of Shareholders	%	No. of Shares Held	%
Individuals	24,051	80.27	161,963,873	2.38
Banks/Finance Companies	82	0.27	4,059,425,896	59.61
Investment Trusts/Foundations/Charities	17	0.06	725,756	0.01
Industrial and Commercial Companies	574	1.91	86,605,824	1.27
Government Agencies/Institutions	2	0.01	1,365,652	0.02
Nominees	5,235	17.47	2,499,726,201	36.71
Others	2	0.01	105,275	0.00[1]
Trustee	0	0.00	0	0.00
Total	**29,963**	**100.00**	**6,809,918,477**	**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 166 to 170, none of the Directors of the Company has any interest, direct or indirect, in the Company and its related corporations.

Analysis of Shareholdings

As at 8 September 2022

30 Largest Shareholders as per the Record of Depositors

No.	Name of Shareholder	No. of Shares Held	%
1.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	2,698,903,100	39.63
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	482,436,910	7.08
3.	Kumpulan Wang Persaraan (Diperbadankan)	482,354,549	7.08
4.	Permodalan Nasional Berhad	418,358,911	6.14
5.	AmanahRaya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	108,975,300	1.60
6.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	72,000,000	1.06
7.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (NOMURA)	68,047,300	1.00
8.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	66,228,528	0.97
9.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	66,159,379	0.97
10.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	56,227,627	0.83
11.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Kuwait Investment Office (KIO)	51,791,200	0.76
12.	AmanahRaya Trustees Berhad Amanah Saham Malaysia 3	51,634,900	0.76
13.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	49,556,236	0.73
14.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	47,816,649	0.70
15.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	47,162,374	0.69
16.	Lembaga Tabung Haji	44,050,000	0.65
17.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	28,674,300	0.42
18.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Victory Market Neutral Income Fund	28,114,100	0.41
19.	Pertubuhan Keselamatan Sosial	27,653,065	0.41
20.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Norges Bank (FI 17)	22,560,684	0.33

30 Largest Shareholders as per the Record of Depositors (continued)

No.	Name of Shareholder	No. of Shares Held	%
21.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	21,608,292	0.32
22.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	21,418,400	0.31
23.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	21,286,899	0.31
24.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	21,184,100	0.31
25.	Citigroup Nominees (Asing) Sdn Bhd CB Spore GW for Government of Singapore (GIC C)	21,100,037	0.31
26.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	20,007,202	0.29
27.	Hong Leong Assurance Berhad As Beneficial Owner (LIFE PAR)	19,422,731	0.29
28.	DB (Malaysia) Nominee (Asing) Sdn Bhd BNYM SA/NV for People's Bank of China (SICL ASIA EM)	19,152,648	0.28
29.	Citigroup Nominees (Asing) Sdn Bhd Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	18,439,229	0.27
30.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Blackrock Institutional Trust Company, N.A. Investment Funds for Employee Benefit Trusts	18,026,000	0.26

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	2,697,177,100	39.61	–	–
2.	Employees Provident Fund Board	488,398,210	7.17	164,100,166	2.41
3.	Kumpulan Wang Persaraan (Diperbadankan)	484,354,549	7.11	42,734,975	0.63
4.	Permodalan Nasional Berhad	418,358,911	6.14	–	–
5.	Yayasan Pelaburan Bumiputra[1]	–	–	418,358,911	6.14

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	26-42	Single-storey office building, factory, workshop and warehouse	1
Semambu Industrial Estate, Kuantan	Leasehold expiring 2041	3	1982	42	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	29	Land, 5-storey commercial office, training centre, workshop and warehouse	43
Tuaran Road, Kota Kinabalu	Leasehold expiring 2025	1	1982	42	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	22-42	Office buildings with detached factory, workshop and warehouse	3
Singapore						
Benoi Sector, Jurong Pier	Leasehold expiring 2025-2032	9	1978-2004	14-51	Office building, warehouse and workshop	^
Brunei						
Beribi Industrial Estate, Bandar Seri Begawan	Leasehold expiring 2029	*	2003	19	Office, service centre and warehouse	^
China						
Changsha Economic Technological Development Area, Changsha, Hunan	Leasehold expiring 2063	4	2013-2020	6	Industrial land, 2-storey office buildings, warehouse and workshop	40
Ji Mei District, Xiamen, Fujian	Leasehold expiring 2062	1	2012-2015	8	Land, 3-storey office buildings, warehouse and workshop	14

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	11	3-storey office building, warehouse and workshop	5
Nanning, Guangxi	Leasehold expiring 2064	3	2014-2019	3	Industrial land, 3-storey office building with carpark, warehouse and workshop	35
Shunjiang Juweihui Industrial Park, Shunde, Foshan, Guangdong	Leasehold expiring 2045	2	1996-2011	11-25	Land, 2 blocks of 4-storey and 2-storey buildings, warehouse and workshops	9
Yifu Garden, Dongguan, Guangdong	Leasehold expiring 2072	–	2014	9	Staff quarters	^
Urumqi, Xinjiang	Leasehold expiring 2060	4	2010-2012	10	Land, office building, warehouse and workshop	23
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	1992-2003	16-55	Single-storey office buildings, warehouse and workshops	22
Archerfield Facility, Kerry Road, Archerfield, Bellrick Street, Beaudesert Road, Acacia Ridge, Brisbane	Freehold Leasehold expiring 2037	6 13	1992-2012	12-76	Single-storey and 2-storey commercial offices, warehouse, training facilities and workshops	100
Boundary Road, Richlands, Brisbane	Freehold	1	2010	12	Land, 2 blocks of 2-storey and single-storey office buildings, warehouse and workshop	17
Cairns Facility, Kenny Street, Comport St, Portsmith, Cairns	Freehold	1	1992-2008	42	Single-storey commercial office, workshop and warehouse	16

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)						
Australia (continued)						
Emerald, Biloela, Moranbah, Weipa	Freehold	13	1992-1996	25-48	Single-storey commercial offices, workshops and staff hostels	10
Mackay Facility, Farrellys Lane, Connors Road, Broadsound Road, Commercial Avenue, Mackay	Freehold	59	1992-2013	6-40	2-storey commercial offices, training facilities, workshops and warehouses	349
Mt Isa Facility, Kolongo Crescent Kalkadoon, Mt Isa	Freehold	2	1992-2011	44	Single-storey commercial office, workshop and warehouse	23
Saleyard Drive and Ann Street, Nebo	Freehold	5	2021	17-22	Workshops, warehouse and residential house	14
Rockhampton Facility, Port Curtis Road, Richardson Road, Rockhampton	Freehold	35	1992	7-48	13 blocks of single-storey commercial office, workshop, warehouse and training facility	109
Toowoomba Facility, Carrington Road, Torrington	Freehold	4	1992-2012	22-50	Single-storey commercial offices, workshop and warehouse	46
Townsville Facility, Corner Woolcock Street and Blakey Street, Garbutt, Townsville	Freehold	2	1992	48	2-storey commercial offices, workshop and warehouse	24
New Zealand						
276 & 280 Te Ngae Road, Rotorua	Freehold	1	2019	43	Land, commercial office, workshop and warehouse	15
24 Branston Street, Hornby, Christchurch	Freehold	*	2019	10	Commercial office, workshop and warehouse	23
New Caledonia						
Canala, Kouaoua	Freehold	2	2000-2004	28	Commercial office, workshop and warehouse and residential dwelling	1
Lot 1 & 2 Lotissement ZICO II, Paita	Freehold	2	2010	8	Land, administrative facility, warehouse and workshop	59

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	26-70	Land, 2-storey and single- storey office buildings, sales service and parts facility, and staff hostels	48
Solomon Islands						
Honiara Facility, Guadalcanal Island, Panatina Village, Honiara	Leasehold expiring 2091	3	1992	38	Office, industrial building, warehouse and 2-storey staff hostels	^
Total Industrial Division						**1,058**
MOTORS DIVISION						
Malaysia						
Padang Meha, Kulim	Freehold	78	2004	25	Assembly plant	75
Sime Darby Motors City, Ara Damansara	Freehold	9	2014-2017	3	Office buildings, showrooms and workshops	458
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	8	2-storey office building, showroom and workshop	3
362, Jalan Tun Razak	Freehold	*	2010	12	4-storey 4S service centre and workshop	48
Lot 48493, Johor Bahru	Leasehold expiring 2039	*	2021	–	Building under construction	25
Persiaran Desa Tebrau, Tebrau	Leasehold expiring 2027	1	2020	2	Showroom, aftersales service & workshop	3
Kajang, Balakong	Freehold	*	2018	–	Showrooms and land for development of a 4S centre	52
Singapore						
303 & 305 Alexandra Road	Leasehold expiring 2047-2057	9	2002-2005	14-16	6-storey 4S showroom, service centre, workshop and building under construction	209
Kampung Arang Road	Leasehold expiring 2034	*	1982	53	2-storey service centre and workshop	8
1 Ubi Road 4	Leasehold expiring 2041	*	2022	30	4-storey 3S centre and offices	74

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)						
Thailand						
Paradise Road, Bangkok	Freehold	*	2013-2016	6-9	Land, showrooms, workshops and offices	45
Ratchapruk, Bangkok	Leasehold expiring 2042	4	2021	1	Showrooms, workshops and offices	10
Branches in Bangkok and Samutprakarn	Leasehold expiring 2023-2049	5	2002-2019	7-22	3S showrooms, workshops and offices	27
China						
Jinkai Avenue, Chongqing	Leasehold expiring 2031	2	2016	7	5-storey 5S centre	30
Liaobuduan, Dongguan City, Guangdong	Leasehold Expiring 2028	1	2020	19	1-storey 4S centre	2
Yingbin Road, Panyu, Daguang Nan Road, Tianhe, Guangzhou, Guangdong	Leasehold expiring 2023-2032	3	1999-2015	7-24	2-storey and 4-storey 4S centre	17
Tianshan Road, Shantou, Guangdong	Leasehold expiring 2022	*	2002	18	2-storey 4S centre	2
Shen Nan Road, Yue Liang Wan Road, Nanshan District, Shenzhen, Guangdong	Leasehold expiring 2042	1	1994-2004	18-27	2-storey and 8-storey 4S centres	14
Huadu district, Guangzhou, Guangdong	Leasehold expiring 2031	1	2021	–	Building under construction	6
Hai Yu Zhong Xian Road, Nanhai Road, Haikou District, Hainan	Leasehold expiring 2059-2070	2	2000-2004	16-27	2-storey 4S centre	23
Hongqiao land, East 3rd Ring, Yunnan	Leasehold expiring 2027	2	2010	12	3-storey 4S centre	9
Qilin Central Business District, Qujing, Yunnan	Leasehold expiring 2038	*	2019	11	6-storey BMW 4S centre	18
Gaodian Road West Section, Pidu District, Chengdu, Sichuan	Leasehold expiring 2059	2	2021	7	2-storey and 5-storey 4S centres	58
Jinke Nan Road, Jin Niu District, Chengdu, Sichuan	Leasehold expiring 2052	1	2008-2011	11-14	7-storey 4S showrooms, service centres and workshops	81
West of Houzishi Bridge, Yue Lu District, Changsha, Hunan	Leasehold expiring 2028	1	2011	11	2-storey 4S centre, building under construction	16
North Jinxing Road, Changsha, Hunan	Leasehold expiring 2052	1	2019	7	2-storey 4S centre	41
Songjiang district, Shanghai	Leasehold expiring 2040	1	2021	–	Building under construction	33

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	31	3 floors of a 20-storey office building and service centre	20
Matauwei Road, Tokwawan, Kowloon	Leasehold expiring 2035	*	1978	59	11-storey service centre, showroom and petrol filling station	12
Castle Peak Road, Tsuen Wan, New Territories	Leasehold expiring 2047	*	1972	50	6-storey 4S centre	8
Fanling, New Territories	Leasehold expiring 2047	1	2015	–	Land held for development	88
3 & 4 Floor, Topsail Plaza, 11 on Sum Street, Shatin	Leasehold expiring 2047	–	1992	27	2 floors of a 16-storey office building and service centre	50
3719D, 3719E, 3719F6, 3719I & 3723F, Yuen Long District	Leasehold expiring 2047	4	1984	116	4 separate plots of land for pre-delivery inspection/ commercial repair/storage	^
120-158 Rua dos Pescadores, Macau	Leasehold expiring 2026	*	1977	46	5-storey industrial building with BMW showroom and service centre	^
Australia						
Church Street, Granville, New South Wales	Freehold	1	2015-2019	13-23	Offices, showrooms and workshops	300
Mangrove Rd, Ferry Rd Sandgate, New South Wales	Freehold	*	2019	57	Land and building	7
Littlefield St, Fortitude Valley, Monier Road, Queensland	Freehold	1	2014	14-42	Single-storey and two-storey offices, showrooms and workshops	171
New Zealand						
Great South Road, Manukau Road, Maranui Avenue, Silverfield Street, Auckland	Freehold Leasehold expiring 2022-2029	2 9	1998-2022	6-57	Showrooms, offices, workshops, and warehouses	39
12 Crowley Place, Albany	Leasehold expiring 2025	*	2019	4	Workshop	6
Malden Street, Palmerston North	Freehold	3	2005	19-53	Workshop, office and central parts warehouse	14
Wairau Road, Wairau Valley, Auckland	Freehold	1	2014	2	3S centre	95
Total Motors Division						**2,206**

Properties of the Group

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
OTHERS						
Malaysia						
Labu, Negeri Sembilan	Freehold	3,211	1978-1991	–	Malaysia Vision Valley land	8
Ara Damansara, Selangor	Freehold	2	2017-2018	4-5	Office towers	279
Jalan Tandang, Petaling Jaya	Leasehold expiring 2065-2066	15	1985-1994	29-59	Industrial land and building	38
Apartments and holiday bungalows in Malaysia	Freehold Leasehold expiring 2026	* 1	1982-1999	31-93	Apartments/holiday bungalows	1
Total Others						**326**
TOTAL GROUP PROPERTIES						**3,590**

Note – The list excludes capitalised lease payments and properties under disposal group or assets held for sale

* Less than 0.5 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 shareholders and/or proxies at the AGM and/or other general meeting(s);

    (f) 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;

    (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**).

Notice to Shareholders

Under the Personal Data Protection Act 2010

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 (**Sime Darby** atau **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 (**MAT**) dan/atau mesyuarat agung lain;

   (e) pengesahan kehadiran pemegang saham dan/atau proksi di MAT dan/atau mesyuarat agung lain;

   (f) pengesahan dan pengiraan undi semasa latihan mengundi diadakan di MAT dan/atau mesyuarat agung lain pemegang kelas saham Sime Darby;

   (g) penyediaan minit mesyuarat dari perjumpaan MAT 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 MAT 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.

Notis Kepada Pemegang Saham

Di Bawah Akta Perlindungan Data Peribadi 2010

7. Kami mendedahkan atau boleh mendedahkan data peribadi untuk Maksud-maksud tersebut kepada pihak berikut:

    (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 Annual General Meeting (**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 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 partner;

   (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**).

Notice to Proxies

Under the Personal Data Protection Act 2010

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

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 (**Sime Darby** atau **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 Mesyuarat Agung Tahunan (MAT) 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 MAT dan/atau mesyuarat agung lain;

   (d) pengesahan dan pengiraan undi semasa latihan mengundi diadakan di MAT dan/atau mesyuarat agung lain pemegang kelas saham Sime Darby;

   (e) penyediaan minit mesyuarat dari perjumpaan MAT 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).

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 MAT 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.

Notis Kepada Proksi

Di Bawah Akta Perlindungan Data Peribadi 2010

7. Kami mendedahkan atau boleh mendedahkan data peribadi anda untuk Maksud-maksud tersebut kepada pihak berikut:

    (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 (2022)

We have been engaged by Sime Darby Holdings Berhad ("Sime Darby") to perform an independent limited assurance engagement on selected Sustainability Information (hereinafter 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 2022 ("Sime Darby Annual Report 2022").

Management's Responsibility

Management of Sime Darby is responsible for the preparation of the Selected Information included in the Sime Darby Annual Report 2022 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 2022 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 2022:

1. Sime Darby's Total Recordable Injury Frequency Rate (TRIFR) for the financial year ended 30 June 2022; and
2. Sime Darby's Lost Time Injury Frequency Rate (LTIFR) for the financial year ended 30 June 2022.

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 *Creating Sustainable Value* sections of the Sime Darby Annual Report 2022 and as set out below:

"Total Recordable Injuries ("TRI") include:

- *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 (refer to the LTI full definition below);*
- *Restricted Work Injuries (RWI): occupational injuries and/or illnesses where the worker has some capacity for work but cannot undertake all of their routine job functions; and*
- *Medical Treatment Injuries (MTI): occupational injuries and/or illnesses 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. For a LTI, this includes any full scheduled work day a worker was unable to work, excluding the day of injury; for a 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 and Lost Time Injury Frequency Rate are 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

T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

Independent Assurance Report

"Total Recordable Injury Frequency Rate (TRIFR)

- *Total recordable injuries (fatal injury + permanent disabling injury + lost time injury + restricted work injury + medical treatment injury) per one million hours worked.*

Calculation
TRIFR = (total number of recordable injuries/total hours worked) x 1,000,000)"

"Lost Time Injury Frequency Rate (LTIFR)
- *Total number of Lost Time Injuries (fatal injury + permanent disabling injury + lost time injury) per one million hours worked*

Calculation:
LTIFR = (total number of lost time injuries/total hours worked) x 1,000,000"

"Hours worked:
The number of hours that the employee or worker has worked during the reporting period include the following:
- *Actual hours obtained from time/attendance capture systems*
- *Calculated hours using a reasonable formula in absence of actual hours*
- *Overtime hours (if any)*
- *Hours worked by contractors"*

LTI and first aid treatment, as referred to within the aforementioned definitions, are further defined within Sime Darby's Safety and Sustainability Performance Reporting Standard and as set out below:

"LTI: Occupational injury or illness that results in a fatality, permanent disablement or that causes the injured worker to be unable to work for any full shift, subsequent to that on which the injury occurred. An LTI is registered as a safety statistic when the injury is confirmed as a work-related compensable case. The injury must also be confirmed by a medical practitioner/physician, as deemed appropriate by the jurisdictional Workers' Compensation Board or appropriate regulatory authority. Lost Time Injury does not include situations where the injured worker is medically capable of performing either restricted work activities or his or her normal work but had been provided medical leave by a medical practitioner or physician. Less than a full day lost (that is, 0.5 LTID) is not considered an LTI day but rather a Restricted Work Injury day."

"Injury Classification – First Aid: Occupational injuries or illnesses receiving the following treatment are considered to have received First aid treatment:

Treatment using non-prescription medication at non-prescription strength, administration of immunisations, cleaning, flushing or soaking of wounds on the surface of 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 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 2022 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquiries of personnel responsible for data collection, collation and reporting 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, where applicable, to support the Selected Information for accuracy including observation of management's controls over the processes;
- System-wide classification search of the Selected Information; and
- Checking the formulas 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 2022. 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 2022 and to be disclosed online at www.simedarby.com, in respect of the 2022 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
LLP0014401- LCA & AF 1146
Chartered Accountants
Kuala Lumpur
22 September 2022

Safety Definitions

Total Recordable Injuries (TRI)	Total Recordable Injuries include: • 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 (Refer to LTI full definition under Lost Time Injury (LTI) section below); • Restricted Work Injuries (RWI): occupational injuries and/or illnesses where the worker has some capacity for work but cannot undertake all of their routine job functions ; and • Medical Treatment Injuries (MTI): occupational injuries and/or illnesses where the worker has received medical treatment beyond first aid and continues to work. A TRI is registered as a safety statistic where the injury is confirmed as a work-related compensable case and/or is confirmed by a medical practitioner as a work-related injury, as deemed appropriate by the jurisdictional regulatory authority. For a LTI, this includes any full scheduled work day a worker is unable to work, excluding the day of injury; for a RWI the restriction must affect a significant part of an 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.
Total Recordable Injury Frequency Rate (TRIFR)	• The total Recordable Injury Frequency Rate is calculated per million total hours worked by permanent and contract employees. • Total recordable injuries (fatal injury + permanent disabling injury + lost time injury + restricted work injury + medical treatment injury) per one million hours worked. • Calculation: TRIFR = (total number of recordable injuries/total hours worked) x 1,000,000
Lost Time Injury (LTI)	Occupational injury or illness that results in a fatality, permanent disablement or that causes the injured worker to be unable to work for any full shift, subsequent to that on which the injury occurred. An LTI is registered as a safety statistic when the injury is confirmed as a work-related compensable case. The injury must also be confirmed by a medical practitioner/physician, as deemed appropriate by the jurisdictional Workers' Compensation Board or appropriate regulatory authority. Lost Time Injury does not include situations where the injured worker is medically capable of performing either restricted work activities or his or her normal work but had been provided medical leave by a medical practitioner or physician. Less than a full day lost (that is, 0.5 LTID) is not considered an LTI day but rather a Restricted Work Injury Day.
Lost Time Injury Frequency Rate (LTIFR)	• Total number of Lost Time Injuries (fatal injury + permanent disabling injury + lost time injury) per one million hours worked • Calculation: LTIFR = (total number of lost time injuries/total hours worked) x 1,000,000
Lost Days	The number of full scheduled work days (consecutive or not) a worker was unable to work due to an occupational injury or illness, from the first rostered day absent after the day of the injury. The day of the injury is not included.
Injury Classification – First Aid	Occupational injuries or illnesses receiving the following treatment are considered to have received First aid treatment: • Treatment using non-prescription medication at non-prescription strength, administration of immunisations, cleaning, flushing or soaking of wounds on the surface of 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 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.
Hours Worked	The number of hours that the employee or worker has worked during the reporting period include the following: • Actual hours obtained from time/attendance capture systems • Calculated hours using a reasonable formula in absence of actual hours • Overtime hours (if any) • Hours worked by contractors

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth 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 Tuesday, 15 November 2022 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 2022 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 Sixteenth 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 Sixteenth AGM until the next AGM of the Company. **(Resolution 2)**

   Refer to Explanatory Note 2

4. To elect Tan Sri Muhammad Shahrul Ikram Yaakob who retires pursuant to Rule 82.2 of the Constitution of the Company and who being eligible, offers himself for election. **(Resolution 3)**

   Refer to Explanatory Note 3

5. 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) Datuk Wan Selamah Wan Sulaiman **(Resolution 4)**

   (ii) Thayaparan Sangarapillai **(Resolution 5)**

   Refer to Explanatory Note 3

6. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 30 June 2023 and to authorise the Directors to determine their remuneration. **(Resolution 6)**

   Refer to Explanatory Note 4

AS SPECIAL BUSINESS

7. 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 percent (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.

Notice of Annual General Meeting

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 7)**

Refer to Explanatory Note 5

(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 17 October 2022, 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 8)**

Refer to Explanatory Note 6

(iii) **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 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 17 October 2022, 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 6

8. 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)

Petaling Jaya,
Selangor Darul Ehsan
17 October 2022

Notice of Annual General Meeting

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 in accordance with Rule 64 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA), to issue to the Company, a Record of Depositors as at 7 November 2022. Only a Member whose name appears on this Record of Depositors as at 7 November 2022 shall be entitled to attend this AGM or appoint a proxy 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 Sixteenth 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 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 Monday, 14 November 2022 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 2022**

   The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act. There is no requirement to seek shareholders' approval and hence, this agenda item is meant for discussion only and will not be put forward for voting.

2. **Resolutions 1 and 2 – Directors' Fees and Benefits**

   Section 230(1) of the Act provides that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the Directors' fees and benefits payable to the Non-Executive Directors (NEDs) be maintained as per the previous AGM. Accordingly, the Company is seeking the shareholders' approval at the Sixteenth AGM on the payment of Directors' fees and benefits of an amount up to RM4,400,000 and RM1,500,000 respectively, to the NEDs with effect from the Sixteenth AGM until the next AGM of the Company as follows:

   (i) The payment of Directors' fees for the NEDs is based on the following fee structure:

Board/Board Committee	NED Fees (RM/Year) Chairman	NED Fees (RM/Year) Member
Board	560,000	240,000[1] 380,000[2]
• Governance & Audit Committee • Risk Management Committee	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

   (ii) The benefits payable for the NEDs comprising the following:
   (a) Company car, petrol and driver for the Non-Executive Chairman
   (b) Telecommunication devices/facilities
   (c) Club membership subscription
   (d) Medical and insurance coverage
   (e) Discount on purchases of Group/Company products on terms not more favourable than those given to the public/employees
   (f) Other claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Directors

   In determining the estimated total amount of Directors' fees and benefits payable for the NEDs, the Board has considered various factors including the number of scheduled and special meetings for the Board, Board Committees and boards of subsidiaries, based on the current number of NEDs including a provisional sum as a contingency for future appointment of NEDs on the Board, Board Committees and boards of subsidiaries.

   The proposed Resolutions 1 and 2, if passed, will give authority to the Company to pay the Directors' fees and benefits on a monthly basis and/or as and when incurred. The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' fees and benefits on a monthly basis and/or as and when they are incurred, particularly after the Directors have discharged their responsibilities and rendered their services to the Company and its subsidiaries.

3. **Resolutions 3 to 5 – Election and re-election of Directors**

   (i) Rule 82.2 of the Constitution of the Company expressly states that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for election.

   Tan Sri Muhammad Shahrul Ikram Yaakob was appointed during the year, being eligible, has offered himself for election at the Sixteenth AGM pursuant to Rule 82.2 of the Constitution of the Company. Tan Sri Muhammad Shahrul has completed his Mandatory Accreditation Programme pursuant to the provision of the Listing Requirements.

Notice of Annual General Meeting

(ii) 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.

The Directors who are subject to re-election at the Sixteenth AGM of the Company are Datuk Wan Selamah Wan Sulaiman, Dato' Sri Abdul Hamidy Abdul Hafiz, Dato' Ahmad Pardas Senin and Mr Thayaparan Sangarapillai. Datuk Wan Selamah and Mr Thayaparan, being eligible, have offered themselves for re-election at the Sixteenth AGM pursuant to Rule 104 of the Constitution of the Company while Dato' Sri Abdul Hamidy and Dato' Ahmad Pardas have expressed their intention not to seek re-election at the Sixteenth AGM and therefore they will retain office until the conclusion of this AGM.

The NRC and the Board have considered the results of the Board Effectiveness Assessment conducted for the financial year ended 30 June 2022 that the performance of each of the retiring Directors was found to be satisfactory and met the fit and proper assessment criteria.

4. Resolution 6 – Re-appointment of Auditors

The Governance & Audit Committee (GAC) at its meeting held on 19 September 2022 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 considered:

(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 communications 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 22 September 2022 approved the GAC's recommendation that the shareholders' approval be sought at the Sixteenth AGM on the re-appointment of PwC as external auditors of the Company for the financial year ending 30 June 2023 under Resolution 6. The present external auditors, PwC, have indicated their willingness to continue their services for the next financial year.

Explanatory Notes on Special Business

5. Resolution 7 – Proposed Share Buy-Back

The proposed Resolution 7, if passed, will give authority to the Company to purchase its own shares through Bursa Malaysia Securities Berhad up to ten percent (10%) of the total number of issued shares of the Company. Please refer to the Share Buy-Back Statement dated 17 October 2022 for further information.

6. Resolutions 8 and 9 – Proposed Shareholders' Mandate

The proposed Resolutions 8 and 9, if passed, will respectively renew the existing shareholders' mandate to enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature 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 17 October 2022.

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 election and re-election (as per Resolutions 3 to 5 as stated above) at the Sixteenth AGM of Sime Darby are set out in the "Board of Directors" section on pages 121 to 125 of the Company's Annual Report 2022.

The details of any interest in securities held by the said Directors are set out in the "Directors' Report" section on pages 166 to 170 of the Company's Annual Report 2022.

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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 Sixteenth 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 Tuesday, 15 November 2022 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 2022 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 Sixteenth 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 Sixteenth AGM until the next AGM of the Company	2		
4.	To elect Tan Sri Muhammad Shahrul Ikram Yaakob who retires in accordance with Rule 82.2 of the Constitution of the Company	3		
5.(i)	To re-elect Datuk Wan Selamah Wan Sulaiman who retires in accordance with Rule 103 of the Constitution of the Company	4		
5.(ii)	To re-elect Thayaparan Sangarapillai who retires in accordance with Rule 103 of the Constitution of the Company	5		
6.	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to determine their remuneration	6		
Special Business				
7.(i)	To approve the Share Buy-Back Authority for the Company to purchase its own shares	7		
7.(ii)	To approve the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties Involving Interest of AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	8		
7.(iii)	To approve the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties Involving Interest of Bermaz Auto Berhad	9		

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 2022 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 ______________ 2022

____
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 in accordance with Rule 64 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA), to issue to the Company, a Record of Depositors as at 7 November 2022. Only a Member whose name appears on this Record of Depositors as at 7 November 2022 shall be entitled to attend this AGM or appoint a proxy 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, all resolutions set out in the Notice of the Sixteenth 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 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 Monday, 14 November 2022 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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Affix
Postage Stamp

THE SHARE REGISTRAR

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Malaysia

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Company No. 200601032645 (752404-U)

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