

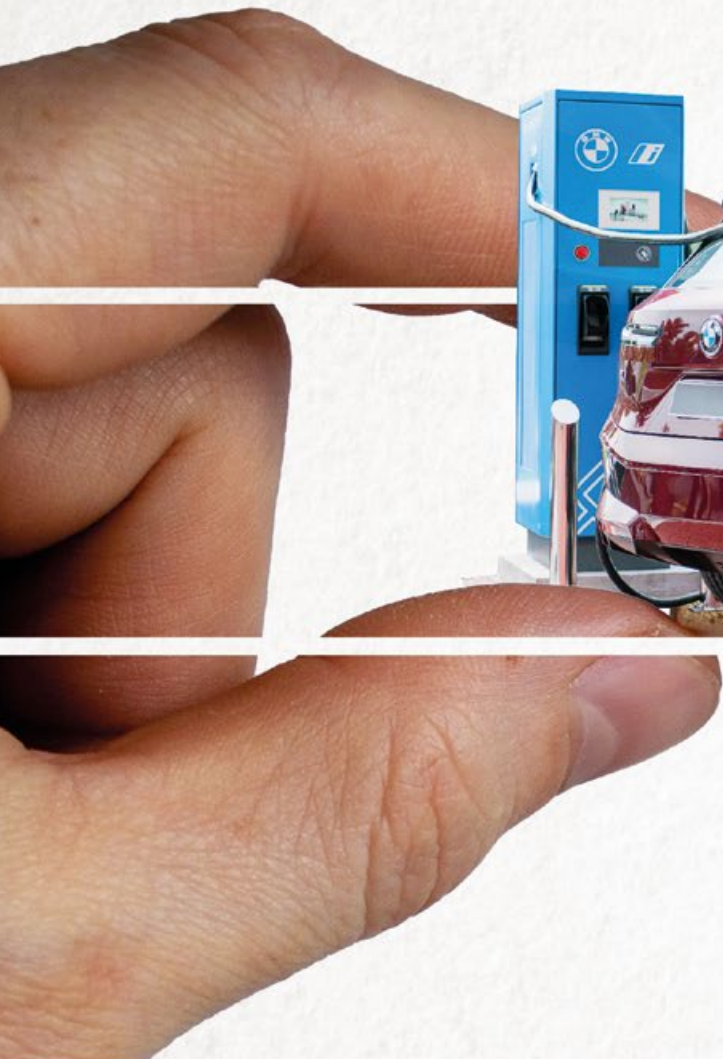


Delivering Sustainable Futures

STRENGTHENING FOUNDATIONS, DRIVING SUSTAINABLE GROWTH

ANNUAL REPORT 2023







STRENGTHENING FOUNDATIONS, DRIVING SUSTAINABLE GROWTH

In the last five years, we have strengthened our position in the automotive and industrial sectors by leveraging on our experience and expertise to deliver high-quality products and services to our customers. We have also diversified our portfolio, entering new markets and introducing new offerings with promising opportunities for growth, while remaining focused on our two core businesses of Motors and Industrial. Despite the uncertainties and challenges experienced in the last several years, we have consistently achieved strong financial and operational results, demonstrating our resilience and agility. Our theme for this year's annual report, Strengthening Foundations, Driving Sustainable Growth, describes how we have built a solid foundation for future success in our two core businesses, while pursuing new avenues for value creation and competitive advantage.

ABOUT OUR REPORT

Welcome to Sime Darby Berhad's Annual Report (SDAR) FY2023. It provides an overview of both the financial and non-financial performance of Sime Darby and serves as a means to communicate our key development highlights, challenges faced, solutions implemented and strategies formulated during this financial year to our stakeholders.

REPORTING PHILOSOPHY AND PRINCIPLES

The report offers comprehensive information about the Group's performance, initiatives and outcomes. It outlines our advancements towards achieving our medium to long-term objectives and provides valuable insights into our strategies, operations and long-term sustainability. The report aims to cater to the information requirements of stakeholders and allow them to make informed decisions.

SCOPE OF REPORTING AND BOUNDARIES

The SDAR presents the performance of Sime Darby's value-creating activities during the period from 1st July 2022 to 30th June 2023 and for material events up to 30th September 2023. This report encompasses data from all Sime Darby's subsidiaries unless stated otherwise. Our reporting boundaries consider the following:

Internal impact: Impact from all operations and entities managed by Sime Darby.

External impact: 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.

Through our materiality assessment, we have deciphered a range of development, impact and data that have a high material impact on Sime Darby's business performance. 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 <https://www.simedarby.com> for a comprehensive overview of the Group.

REPORTING FRAMEWORKS AND GUIDELINES

We continuously adhere to and comply with various international frameworks and guidelines to guide us during our reporting progress.

- Integrated Reporting Framework (<IR>)
- Malaysian Code on Corporate Governance 2021 (MCCG 2021)
- Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad
- Malaysian Financial Reporting Standards (MFRS)
- International Financial Reporting Standards (IFRS)

Throughout this report we are guided by the Global Reporting Initiative (GRI) and United Nations Sustainable Development Goals (UN SDGs). To adapt and align ourselves with the changing landscape, we plan to embark on the Task Force for Climate-Related Financial Disclosures (TCFD) in the upcoming financial year.

INDEPENDENT AUDIT

Our financial statements are independently audited and prepared in compliance with the Malaysian Financial Reporting Standards (MFRS).

FORWARD LOOKING STATEMENT

SDAR contains a range of forward-looking statements used in relation to our plans, objectives, goals, strategies, future operations and performance of our organisation. These statements are solely based on current assumptions and are not intended to guarantee future operating, financial or other results, thus involving uncertainty. Our actual results and outcomes may differ due to various factors. There is no obligatory requirement that needs to be followed in updating either these forward-looking statements or the historical information reported in SDAR.

NAVIGATION ICONS

HOW WE CAN FURTHER IMPROVE

We aim to continuously engage with all our stakeholders in a fair and transparent manner as their values and feedback can evidently improve Sime Darby's reporting method and content. To share your comments and feedback, please contact our Investor Relations team at:

☎ (603) 7623 2000

✉ investor.relations@simedarby.com

CROSS REFERENCES



Additional information about Sime Darby Berhad on our corporate website is accessible via a QR Code

United Nations Sustainable Development Goals Adopted



Our Capitals

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

Stakeholders

- Employees
- Customers
- Media
- Suppliers
- Investors/Shareholders
- Government and Regulators
- Community

Our Strategic Focus Area

- Operational Excellence
- Non-Core Asset Rationalisation
- Growth and Business Expansion
- Unlocking Value in Healthcare

Key Risks

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

Strategy Pillars

- Economic
- Environmental
- Social
- Governance

Material Matters

Theme 1: Optimising Our Environmental and Social Footprint

- | | |
|--|---------------------|
| 1 Climate Change (Including Financial Risk & Opportunities) | 5 Labour Practices |
| 2 Energy and Emissions Management (Including Renewable Energy) | 6 Health and Safety |
| 3 Water Management | 7 Diversity |
| 4 Waste and Effluent Management | |

Theme 2: Inspiring Our Employees to Deliver Meaningful Change

- | | |
|--|---|
| 1 ESG Oversight, Measurement & Reporting | 3 Community Contributions and Development |
| 2 Employee Training and Development | |

Theme 3: Engaging in Sustainable Partnerships

- | | |
|-------------------------|---|
| 1 Customer Satisfaction | 3 Business Ethics and Compliance (incl. Anti-Bribery/ Corruption) |
| 2 Business Continuity | 4 Responsible Supply Chain |

Theme 4: Driving Sustainable Innovation and Technology

- | | |
|--------------------------------|-----------------------------|
| 1 Sustainable Product Offering | 3 Data Privacy and Security |
| 2 Technology and Innovation | |



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Scan this QR code for a direct link to our Annual Report online.

<https://www.simedarby.com>

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Overview of **SIME DARBY BERHAD**

WHO WE ARE:

BRIEF PROFILE OF SIME DARBY BERHAD

Since its inception in 1910, Sime Darby Berhad (Sime Darby) has grown into a formidable global powerhouse, proudly securing its place as one of Malaysia's largest multinationals listed on the Bursa Malaysia stock exchange. Today, Sime Darby is a partner of choice for some of the world's most admired brands in the Industrial and Motors sectors. With operations in 17 countries and territories across Asia Pacific, we continue to grow, delivering sustainable value to our stakeholders through operational excellence, high performance standards and good corporate governance.

PURPOSE

WE BRING THE **BEST** PRODUCTS AND SOLUTIONS TO ENABLE **ASIA PACIFIC** TO **MOVE AND DEVELOP.**

VISION

TO BE THE **LEADING MOTORS AND INDUSTRIAL** PLAYER IN ASIA PACIFIC.

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.





CORE VALUES



A CT WITH INTEGRITY

We build trust by...

Doing the right thing, even when no one is watching.

Being responsible and accountable for our words and actions.

Communicating with honesty, transparency and openness.



C ARE FOR ALL

We create belonging by...

Understanding and listening with curiosity and empathy.

Respecting everyone and embracing differences.

Championing well-being, safety and sustainability.



W IN TOGETHER

We succeed by...

Putting relationships first, within and beyond our organisation, working together to achieve great outcomes.

Being bold in our ambitions and delivering them with passion.

Striving to continuously improve by proactively seeking and giving constructive feedback.

OUR PRESENCE

- | | | | |
|--------------------|--|-----------------|--|
| 1 Chinese Mainland | | 4 Macau SAR | |
| 2 Hong Kong SAR | | 5 South Korea | |
| 3 Japan | | 6 Taiwan Region | |



Total Employees
24,335



Sime Darby Industrial

10,177
Staff Strength



Sime Darby Motors

13,900
Staff Strength



Group Head Office

162
Staff Strength



Others Businesses
(Excluding RSDH)

96
Staff Strength



Countries & Territories
17



- | | |
|------------|--|
| 7 Maldives | |
|------------|--|

Legend:



With operations in **17 countries and territories**, we continue to grow, delivering sustainable value to our stakeholders.



8	Malaysia		
9	Brunei		
10	Indonesia		
11	New Caledonia		
12	Papua New Guinea		
13	Singapore		
14	Solomon Islands		
15	Thailand		



Total number of employees:
24,335

Malaysia:.....	6,626
Chinese Mainland:..	6,416
Australia:	5,739
New Zealand:	1,793
Hong Kong SAR:.....	1,073
Singapore:.....	984
Thailand:	632
Others:	1,072

16	Australia		
17	New Zealand		



MALAYSIA

Revenue
FY2023:
RM7,644 million

CHINA

Revenue
FY2023:
RM17,184 million

ASIA

excluding China and Malaysia

Revenue
FY2023:
RM5,598 million

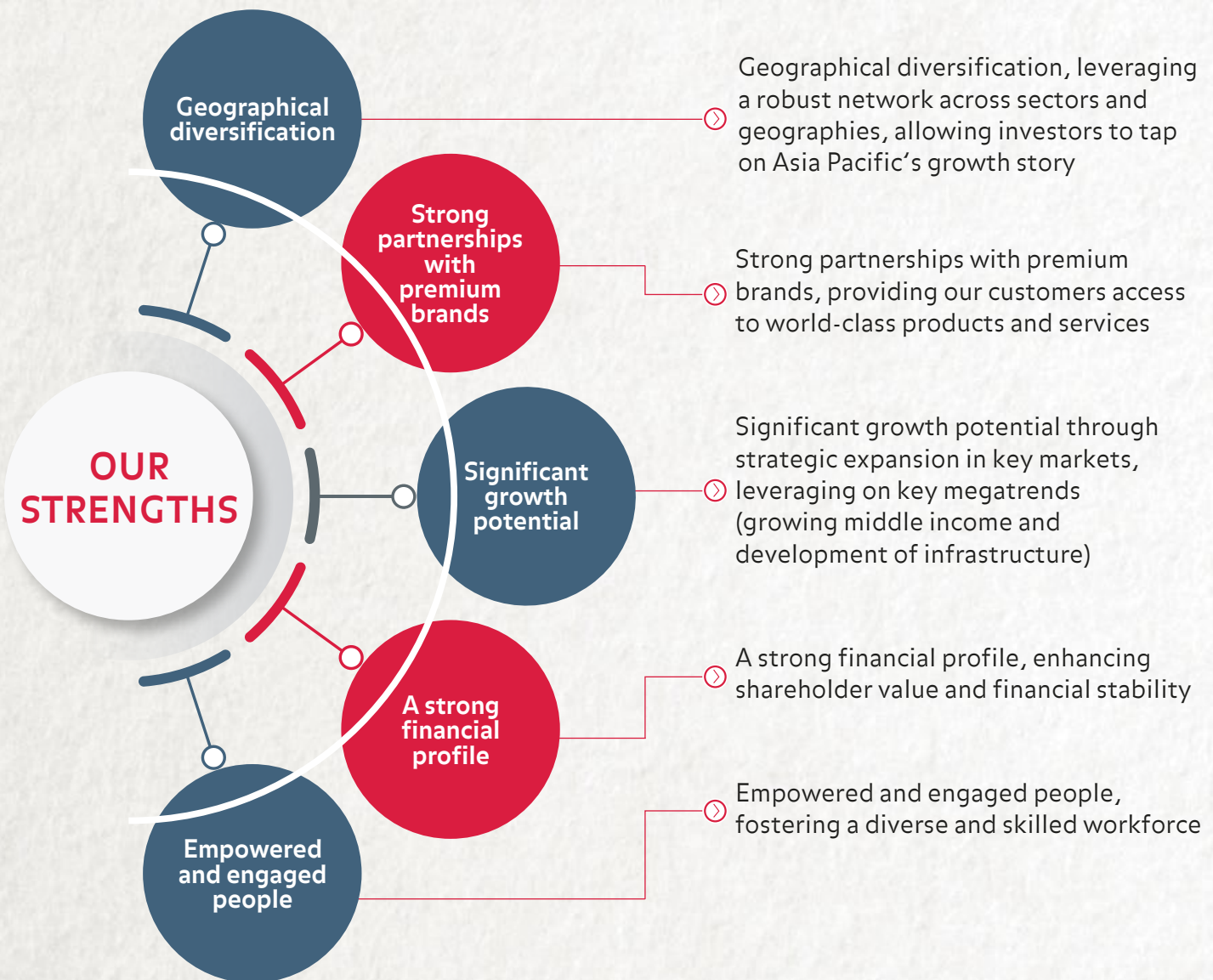
AUSTRALASIA

Revenue
FY2023:
RM17,862 million

OUR INVESTMENT CASE

We are committed to making a positive impact on our stakeholders through long-term strategies and actions. We prioritise not only financial achievements but also social and environmental considerations in the decisions we make.

With this approach, we aim to create a thriving business that contributes positively to society and the planet. By adopting a long-term perspective and placing stakeholder impact at the core of our operations, we're building a stronger, more resilient and responsible organisation for the benefit of all our stakeholders.



FY2023 FINANCIAL HIGHLIGHTS

<p>REVENUE* 13.6%</p> <p>RM48.3 billion</p> <p>FY2022: RM42.5 billion</p>	<p>The Group recorded its highest Net Profit since the demerger in 2017.</p>	<p>NET PROFIT 32.2%</p> <p>RM1.46 billion</p> <p>FY2022: RM1.10 billion</p>	
	<p>PROFIT BEFORE INTEREST AND TAX* 16.3%</p> <p>RM2.14 billion</p> <p>FY2022: RM1.84 billion</p>	<p>Improved results from the Industrial division's Australasia operations.</p>	<p>ROAIC 9.6%</p> <p>FY2022: 8.8%</p>
<p>Strong performance from the Motors business in Malaysia.</p>	<p>ROE 8.9%</p> <p>FY2022: 6.9%</p>		<p>EARNINGS PER SHARE 32.1%</p> <p>21.4 sen</p> <p>2022: 16.2 sen</p>
<p>IONIQ 6 - Electrified Streamliner</p>	<p>DIVIDEND PER SHARE 13.0%</p> <p>13.0 sen</p> <p>2022: 11.5 sen</p>	<p>Supported by gain on disposal of non-core assets.</p>	

* From continuing operations

OUR INVESTMENT CASE

SUSTAINABILITY COMMITMENT

Through practice we demonstrate our commitment to sustainability.

OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

<p>Increased solar energy generation to 2,812,555 kWh (FY2022: 986,962 kWh)</p>	<p>Achieved 2.99 total recordable injury frequency rate (TRIFR)* (FY2022: 3.30)</p>	<p>100% renewable-powered facilities at Terra Cat in New Zealand</p>	<p>Porsche Centre Penang installed a 82kW solar PV carport to power EV charging stations</p>
--	--	---	--

INSPIRING OUR EMPLOYEES TO DELIVER MEANINGFUL CHANGE

<p>Contributed RM25 million to Yayasan Sime Darby for philanthropic activities</p>	<p>Invested RM17.1 million in employee training and development</p>	<p>432,002 total hours of training</p>	<p>All Porsche assembly employees at Inokom are local residents which demonstrates our commitment to source from local communities</p>
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ENGAGING IN SUSTAINABLE PARTNERSHIPS

<p>Trained 18,027 employees on anti-corruption practices (FY22: 6,872)</p>	<p>5,613 employees have received Gift, Hospitality, and Donations Training across 3 regions</p>	<p>470 trees equivalent saved in paper through our Smart Aftersales Solution</p>
---	--	---

DRIVING SUSTAINABLE INNOVATION AND TECHNOLOGY

<p>Increased Electric Vehicle (EV) sales** to 17.8% (FY22: 4.5%)</p>	<p>Over 200 EV charging stations installed across Malaysia and Chinese Mainland</p>	<p>0 complaints of breaches to customer privacy or loss of data</p>	<p>Transitioned 54% of forklifts to electric at Sime Darby Motor Group New Zealand</p>
---	--	--	--

* Including 4 months of Logistics data, prior to divestment on 7th November 2022.

** Figure is based on new and demo vehicle sales only. Hybrid/PHEV and forklifts sales are not included.

OUR

ACHIEVEMENTS (FY2019 - FY2023)

Strengthened our presence in Australasia through acquisition of Gough, Salmon and Onsite. Announced the acquisition of Cavpower



Doubled our **automotive dealership footprint** in China since the demerger

Made our foray into the Indonesian automotive market through a joint venture company, **PT Performance Motors Indonesia**



Sime Darby Motors appointed as the **official exclusive distributor** of BYD vehicles in Malaysia and Singapore



Announced a conditional share purchase agreement with Permodalan Nasional Berhad to acquire PNB's **61.2% stake in UMW Holdings Berhad**

Launched **Kineta**, an Electric Vehicle (EV) charging and energy management solutions provider



Opened Sime Darby Motors City, one of **the largest technologically-advanced automotive complex in Southeast Asia**, featuring 11 flagship centres across nine brands



Secured **local assembly for Porsche**, a landmark project being the first **Porsche assembler** outside of Europe

Divested our **30%** stake in Tesco Stores (Malaysia) Sdn Bhd and **remaining stake** in Malaysian property developer **Eastern & Oriental Berhad**



Exited the Logistics business with the **sale of Weifang Port, Jining Ports** and our Water business in Shandong, China

OUR INVESTMENT CASE

AWARDS AND RECOGNITIONS

SIME DARBY **INDUSTRIAL**

- **Gold Rental Excellence Programme Dealer 2022**
- Sime Darby Industrial Sdn Bhd

- **Highest SEM Machinery (SEM) Pins in Asia Pacific 2022**
- Sime Darby Industrial Sdn Bhd

- **Global Rental Excellence Programme (Gold) from Caterpillar**
- China Engineers Ltd

- **Caterpillar 4-Star Contamination Control Facility**
- Sime Darby CEL Machinery (Jiangxi) Co Ltd

- **CI (Construction Industry) Services Growth Award**
- Terra Cat

- **Rental Excellence Gold Award at the Caterpillar Excellence Programme**
- Terra Cat

- **Best Dealer in Asia Pacific region**
- Hastings Deering

- **Excellence In Technician Development from Caterpillar**
- Tractors Singapore Limited

SIME DARBY **MOTORS**

- **Whispers Dealer of the Year 2022**
- Rolls-Royce Motor Cars Brisbane

- **Recognition at BMW Dealer Excellence Award 2022**
- Changsha Bow Yue Chinese Mainland

- **Best Strategic Charging Network Award**
- Sime Darby Charging, Hong Kong

- **Volkswagen Dealer of the Year**
- Continental Cars Volkswagen

- **Recognition at Marketing Excellence Awards Singapore (MEA) 2022**
- Performance Motors Ltd

- **Most Innovative Market On Brand Campaigns**
- Sime Darby Kia Taiwan

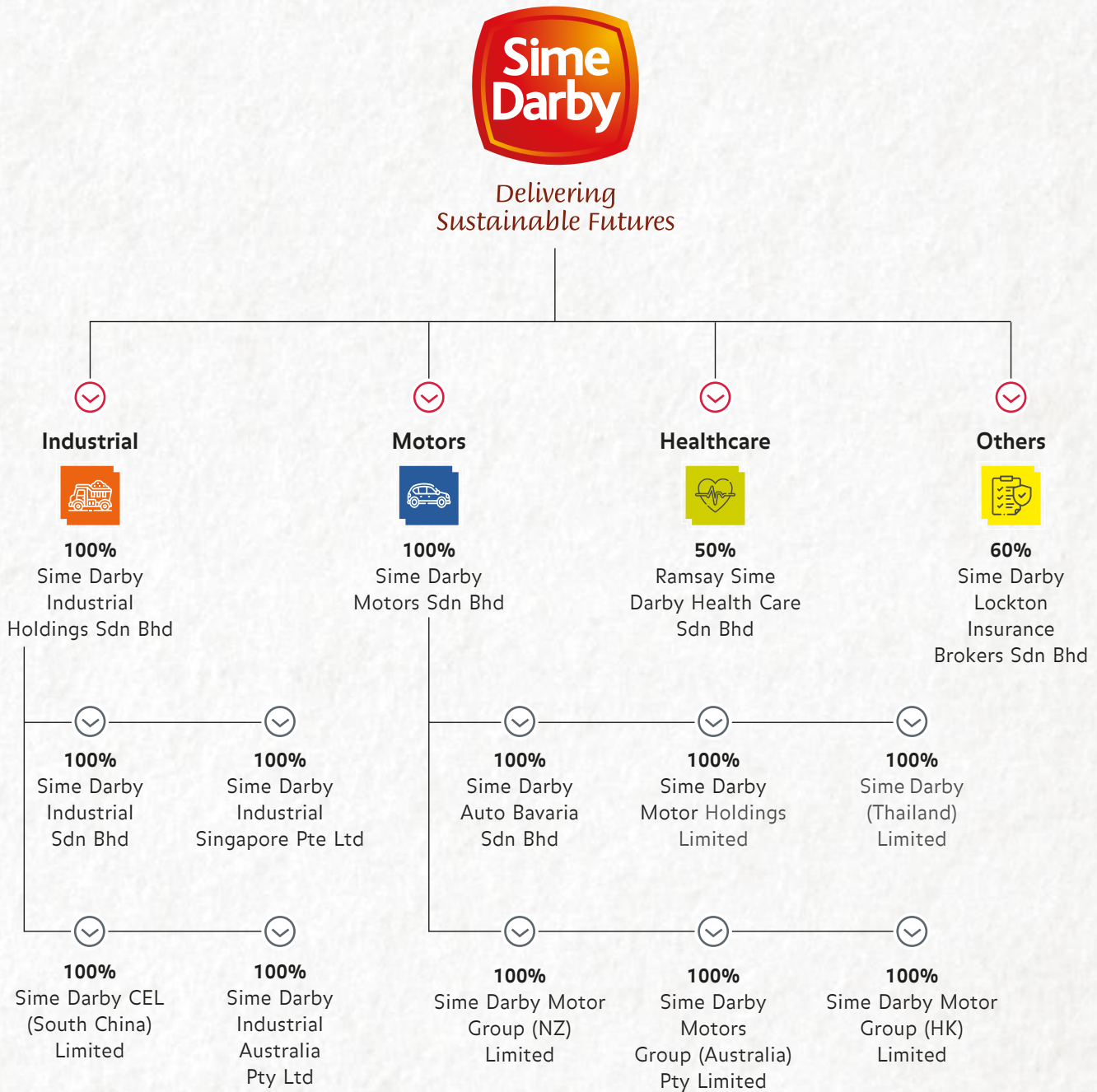
- **Best Employer For Best Employee Relations and Welfare Award 2022**
- Sime Darby Motors Thailand

- **BMW Excellence Club Award for the 12th consecutive year**
- Sime Darby Auto Bavaria

- **Henry Ford Excellence Award and President's Award 2022**
- Sime Darby Auto Connexion Sdn. Bhd.

- **Retailer of the Year (Asia Pacific) Award**
- Jaguar Land Rover (Malaysia) Sdn. Bhd.

HOW WE ARE STRUCTURED



Note:
Please refer to pages 363 to 385 for the list of companies in Sime Darby Berhad.

WHAT WE DO: CORE BUSINESS SEGMENTS

SIME DARBY **INDUSTRIAL**



Sime Darby Industrial is a market-leading industrial enterprise with operations spanning across Asia Pacific, offering customers equipment sales and rental, product support and innovative industrial solutions.

Brands we represent



SIME DARBY **MOTORS**



Sime Darby Motors is committed to delivering exceptional service across the automotive value chain with over 50 years of experience in vehicle sales and servicing, distribution, assembly and rentals.

Brands we represent

LUXURY BRANDS



PREMIUM BRANDS



EV BRANDS



MASS MARKET BRANDS



COMMERCIAL VEHICLES AND EQUIPMENT



MOTORCYCLES



RENTAL BUSINESS

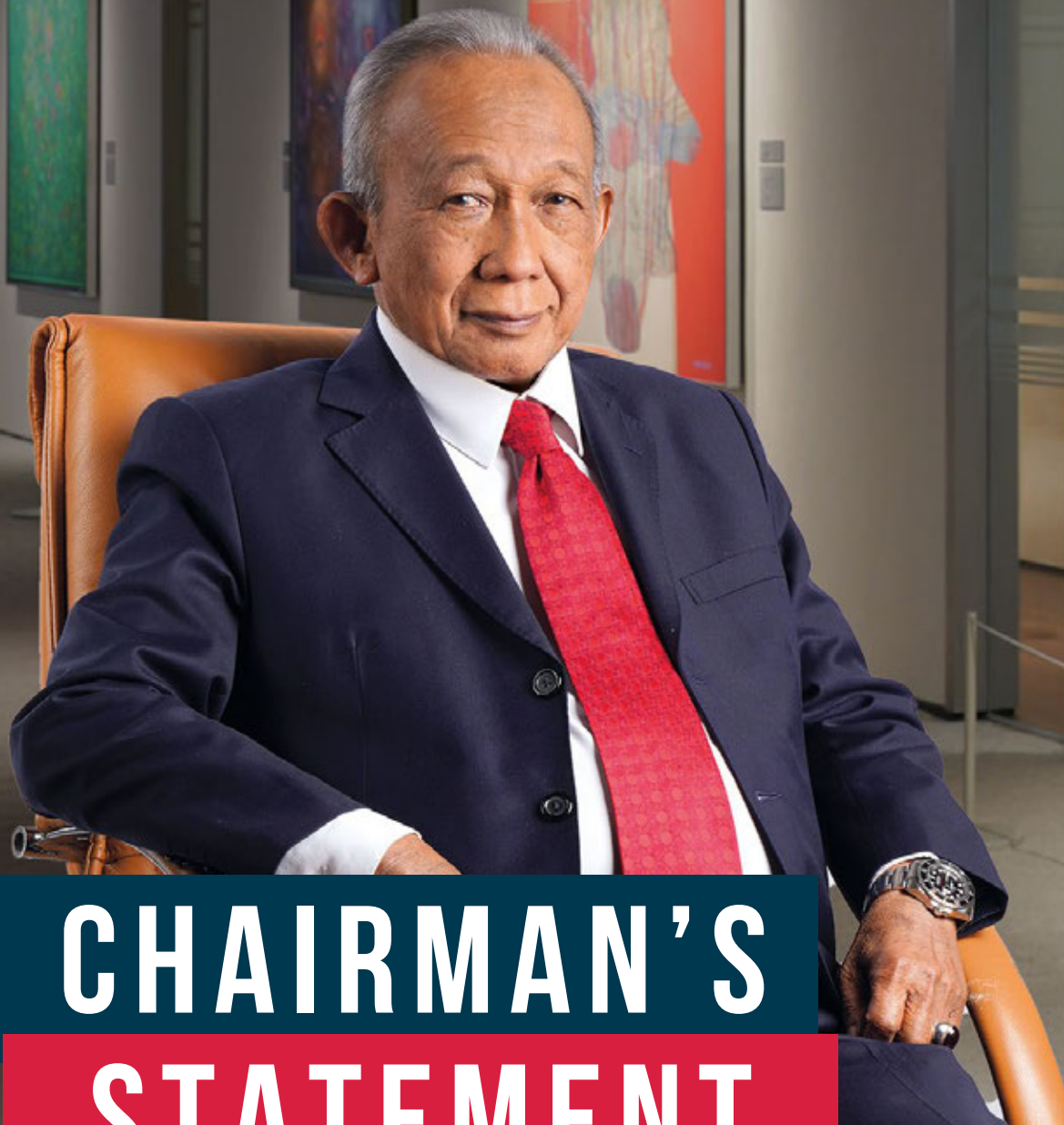




FOCUSED AND STREAMLINED



To further strengthen and expand our business, we have strategically divested non-core businesses and assets and reinvested the proceeds into our existing operations, operational assets and acquisitions. This approach allows us to focus on our core businesses while driving growth and enhancing our overall business portfolio for a more sustainable future.



Tan Sri Samsudin Osman
Chairman

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

FY2023 unfolded with new challenges and unique opportunities for Sime Darby Berhad. As the global community sought to regain its footing after the impact of the COVID-19 pandemic, new crises emerged, leaving a mark on communities and businesses alike. Climate extremities, geopolitical unrest, food and energy crises and disruptions in the global supply chain rippled across industries, reshaping the market landscape.

Through this volatility, I am pleased to report that Sime Darby continues to demonstrate exceptional resilience. Our focus on creating sustainable stakeholder value has stood us in good stead as we continue to pursue our plans for the future.

This year marks the final year of the Group's five-year Value Creation Plan (VCP) which commenced in 2019. I am proud of the hard work the Sime Darby team has put in to navigate the waters of constant change and continue to deliver on our purpose – to bring the best products and solutions to enable Asia Pacific to move and develop.

“
Over the past five years,
we have doubled our
net profit from RM618
million to RM1.46 billion.
”

REFLECTING ON THE YEAR

FY2023 was a year defined by challenges—highlighted by rising interest rates, concerns of an impending recession, exacerbated by the automotive price war in China. Nevertheless, we stood firm in navigating these difficulties, a testament to the strategic VCP we diligently executed over the past five years. Leveraging our extensive presence across various markets and armed with a diverse portfolio of products from renowned brands, we faced the hurdles head-on.

As we conclude the VCP, it is important to reflect on the progress we have achieved. Over the past five years, we have doubled our net profit from RM618 million in FY2018 to RM1.46 billion. Our Return on Average Shareholders' Equity has also steadily climbed over these five years, rising from 7.4% to 8.9%. We have also expanded the business significantly with landmark transactions such as the acquisition of Gough Group in New Zealand to expand our Caterpillar operations, Salmon Earthmoving and Onsite Rental Group (Onsite) in Australia to increase rental exposure, as well as the establishment of new auto dealerships in Australia and China.

A topic that the Board discussed during the year was the growing demand for Electric Vehicles (EVs). We recognised the enormous opportunity that EVs present to us, despite having fewer moving parts compared to Internal Combustion Engine (ICE) vehicles, potentially impacting our after-sales segment. We have since introduced multiple EV models from established OEMs, collaborated with emerging EV brands, initiated EV model assembly at our Inokom facility and launched KINETA, a business dedicated to EV charging products and solutions, catering to the needs of our new customer base.

FY2023 was a challenging year for our operations in China. It was marked by economic uncertainties, including the automotive price war, which led to heavy discounting, resulting in slimmer margins. While we remain steadfast in our commitment to the Chinese market, we acknowledge the cyclical nature of different markets and the importance of maintaining agility through a diversified geographical portfolio.

Amidst these market challenges, our proactive approach has been instrumental in ensuring our competitive strength. We embarked on strategic measures to mitigate risks and diversify our market exposure. A testament to this strategic agility is our recent foray into the Indonesian market for our automotive segment through the establishment of PT Performance Motors Indonesia. This venture represents a calculated move aimed at not only expanding our geographical footprint but also tapping into Indonesia's growth potential.



Onsite is a distinguished market leader in providing equipment rental solutions to clients across diverse industries in the Australian market.

Furthermore, as the global landscape transitions towards cleaner energy sources, the mining industry emerges as a beneficiary. Battery metals (e.g., lithium, cobalt and aluminium) remain central to mining for extraction. Our strong presence in Australia – home to high-quality vital ores and minerals—allows us to leverage on the global decarbonisation agenda. This commitment is exemplified by our strategic acquisition of Onsite, a distinguished market leader in providing equipment rental solutions to clients across diverse industries in the Australian market. This strategic acquisition not only allowed us to diversify industry segments and product segments (Onsite has a large and diverse fleet of over 60,000 assets), it allowed us to expand into Western Australia to increase our exposure to battery metals. This aligns seamlessly with our commitment to the Energy Transition and our aspiration to contribute to a more sustainable future.

CHAIRMAN'S STATEMENT

STRONG LEADERSHIP & GOVERNANCE

During times of uncertainty, the role of the Board becomes paramount. Strong leadership is essential for implementing effective governance and risk models that adapt to changing environments. Our Board has established a robust governance framework, clearly outlining the roles, responsibilities and accountabilities of all stakeholders, including Board members, Committees and Management.

Our Board governance mandate includes how we futureproof the Group against emerging risks and trends. In FY2023, the Board and Group Management Committee (GMC) regularly engages with industry experts, including management consultants, investment bankers and venture capitalists, to ensure we stay on top of global and industry developments. We also held GMC and Board strategy retreats every quarter and annually, respectively. These retreats allow the leadership team to debate and brainstorm ideas on how Sime Darby can grow along with global trends and disruptions. Board members also undergo continuous training and education to enhance their understanding of governance principles, regulations and emerging risks and trends.

Recognising that diversity enhances board effectiveness, we prioritise selecting diverse and independent Directors with relevant expertise and experience. This year, we welcome Scott Cameron and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz as Independent Directors, as well as Edree Ahmad, Alternate Director to Encik Mohamad Idros Mosin - enriching our Board with their extensive backgrounds. Our commitment to gender diversity is evident in our target to achieve 30% women representation on the Board, as articulated in the Board Composition Policy. While gender diversity is a priority, we're also dedicated to broadening diversity in terms of age, skills and experience.

The Board is saddened by the passing of Allahyarhamah Datuk Wan Selamah Wan Sulaiman and shares its deepest condolences with her family. Her invaluable contributions as a Board member of Sime Darby Berhad for more than seven years will forever be remembered. Throughout her distinguished career, she has displayed exemplary leadership and integrity, leaving an inspiring legacy for future generations.

“

The Board actively engages with key stakeholders—shareholders, employees, customers and communities, to incorporate their perspectives in decision-making.

”

STAKEHOLDER VALUE CREATION

Our commitment to delivering value beyond profits is deeply ingrained throughout Sime Darby. The Board actively engages with key stakeholders—shareholders, employees, customers and communities, to incorporate their perspectives in decision-making. We ensure regular interaction with various stakeholder groups to understand their needs and to maximise value. Throughout FY2023, we created value for our stakeholders in various ways:

1 Shareholders & Investors

We are committed to creating long-term value for our shareholders. In crafting our VCP, we consider not only financial performance but also long-term growth and sustainability of the business while ensuring that we operate in a socially and environmentally responsible manner.

The Group's policy is to distribute a dividend of not less than 50% of the full year's net profit. For FY2023, we declared a dividend payout of 13 sen per share, representing 61% of our net profit for the year. The total dividend payout was higher at RM886 million against RM783 million (or 11.5 sen per share) in FY2022. Our share price opened at RM2.13 per share at the start of the financial year and closed at RM2.05 per share. With the dividend declared, our Total Shareholder Return (TSR) was at 2.3%.

2 Employees

I am proud to witness the energy and dedication exhibited by colleagues across the Group in building new pathways for sustainable growth. Our employees are an essential part of our business expansion plans. We strive to offer rich and fulfilling career paths to a strong workforce of over 24,000 people across 17 countries and territories. We provide employees with world-class experiences working with a multinational company, with opportunities to engage with world-class principals. Our broad geographical and sectoral footprint accords endless opportunities to our employees. Our efforts are reflected in the Group's 2023 Global Employee Engagement Survey results, which showed an improvement from 65% to 67%. This progress is a testament to our commitment to fostering an engaging and fulfilling working environment for our people.

Our various subsidiaries have received notable recognitions for their endeavours in effective people management. Hastings Deering secured the esteemed 'Large Employer of the Year' Award at the Queensland Training Awards, awarded by the Queensland Government solidifying their reputation as an outstanding employer. Similarly, Sime Darby Motors Thailand's exceptional commitment to implementing positive labour practices earned them the Certificate of Excellence in Labour Management System from the Department of Labor Protection and Welfare, Thailand, for 2022.

3 Suppliers

We view our supply chain as an opportunity to empower underserved businesses. This includes supporting the Bumiputera Agenda through Bumiputera companies. Sime Darby has set aside an annual quota of goods and services to be procured from Bumiputera vendors. For our Inokom vehicle assembly operations in Kulim, Kedah, the Group sets a target to procure at least 10% of operating expenditure from Bumiputera vendors. This target is met by Inokom annually. We also provide training and capacity-building opportunities for Bumiputera suppliers to help them thrive in the changing market. Inokom undertakes a vendor development program to mentor and develop resilient Bumiputera companies. We believe that building a robust local vendors ecosystem localises cost, while giving opportunities to our local entrepreneurs.

“
For FY2023, we are proud to declare a dividend payout of 13 sen per share, which constitutes 61% of our net profit for the year.
”


4 Communities and Society

Sime Darby Berhad contributes annually to Yayasan Sime Darby (YSD). YSD, our philanthropic arm, supports five critical pillars: education, environment, community and health, sports and arts and culture. For FY2023, we contributed RM25 million to YSD.

In FY2023, 35% of YSD's contributions were allocated to education, underlining our belief that educating our youth is crucial for the nation's development. YSD's leadership in promoting Technical and Vocational Education and Training (TVET) in Malaysia stands strong, with RM67 million committed since 2007, benefiting 3,022 individuals under the YSD Skill Enrichment Programme.

Notably, with over 80% of our revenue being generated internationally, we have also been actively implementing CSR initiatives across all our markets to address specific needs and concerns. This strategic approach echoes our commitment to fostering positive change on both local and global fronts, thereby exemplifying our aspiration to create a sustainable and equitable future.

As a testament to our social impact programmes, we have been recognised in The Edge Malaysia's Best CSR Initiatives award under the Big Cap Companies category.

 For more information on our CSR initiatives, please refer to pages 152 to 153 of this report.



YSD supports community-based programmes and sustainable initiatives intended to improve the wellbeing of disadvantaged people and reduce socio-economic disparities.

CHAIRMAN'S STATEMENT

SUSTAINABILITY INTEGRATION & DIRECTION

We are continuously enhancing the integration of ESG into our business strategies, making consistent progress year after year. Our guiding framework is the Group's Sustainability Blueprint, established in 2021. Building on this, we introduced Seven Flagship Initiatives last year, supported by 31 Activities to drive sustainability outcomes in alignment with the Blueprint.

This year, we have taken substantial steps by instituting a Program Management (PM) ESG function to facilitate divisional alignment with the Flagship Initiatives. The primary objective of the PM ESG function is to oversee the integration of sustainability-based projects across our business units. This involves monitoring and evaluating our ESG reporting mechanism, which outlines project status and associated parameters for each sustainability initiative. ESG councils, comprising senior executives with decision-making authority, provide insights into the breadth of initiatives across business units.

Building on these advances, this year marks the first instance whereby Group businesses reported the progress in relation to the 31 Activities. This milestone underlines our commitment to ingraining sustainability within our operations and serves as a foundation for generating further positive impacts.

Furthermore, we have enhanced the Group Policies & Authority (GPA) to integrate sustainability into our existing policies. This ensures that our policies effectively address all pertinent matters and safeguard not only our business but also our people and the planet.

Our efforts extend to enhancing sustainability risk management and reporting. An important step this year is to align our sustainability reporting with the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations. This not only enhances our reporting to investors as climate change evolves but also prevents any climate-related blind spots in risk management. We have also initiated the limited assurance of our environmental data this year, advancing our commitment to transparency.

CLOSING REMARKS

The outlook for FY2024 remains uncertain and we anticipate continued economic and geo-political challenges. However, I hold steadfast confidence in our ability to navigate these adversities and ensure business sustainability. The future promises exciting developments as the Group embarks on its new 5-year Strategy Masterplan. We will continue to adapt and evolve in response to stakeholder needs, fostering green innovations and advancing sustained growth. Our businesses and geographical spread make Sime Darby truly a proxy to a growing Asia Pacific.

Our long-term success and achievements are driven by the trust our stakeholders have in us. Therefore, on behalf of the Board, I extend heartfelt gratitude for your unwavering support. I thank our shareholders for their continuous commitment, our principals for their trust, our customers for their confidence and our employees for their dedication and hard work. We look forward to continue serving you, as we strive to realise our vision to be the leading Motors and Industrial Player in Asia Pacific.

Tan Sri Samsudin Osman

Chairman

“

One of the major strategic thrusts of the VCP was to expand the business. We wanted to grow, organically through the expansion of our dealership networks, and also through acquisitions.

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FROM THE DESK OF THE

GROUP CHIEF

EXECUTIVE OFFICER

Dato' Jeffri Salim Davidson
Group Chief Executive Officer



FROM THE DESK OF THE GROUP CHIEF EXECUTIVE OFFICER

01 How would you describe the operating environment for Sime Darby Berhad in FY2023?

FY2023 was quite a challenging year. Rising interest rates have resulted in higher financing costs, impacting consumer demand and profit margins.

In China, we faced an intense price war amongst Chinese automotive players which significantly affected margins. Meanwhile, infrastructure spend was suppressed leading to a contraction of the heavy equipment market.

But on the positive side, demand for our products and services from the mining industry in Australasia remained very strong whilst the Malaysian automotive market proved to be extremely resilient.

02 Despite the challenging operating environment, Sime Darby recorded a net profit of RM1.46 billion in FY2023. What factors do you attribute to this success?

Yes, we had a relatively good year!

Sime Darby has a diversified portfolio of businesses in different countries. Whilst our profits from our operations in the Chinese Mainland have been affected this year, it has been more than offset by the strong performances of other businesses in Australia and Malaysia.

In Australia, Hastings Deering performed strongly on the back of increased demand from its customers for parts and maintenance work. To top it off, our FY2022 acquisition, Salmon, recorded improved rental fleet utilisation which positively contributed to Group earnings this financial year.

In Malaysia, car sales remained very strong, supported by the sales tax exemption and by incentives for electric vehicles, or EVs. Presently, about 12% of new and used vehicles sold by our Group are EVs, as compared to only 3% in 2021.

Our other major markets of New Zealand, Singapore, Hong Kong and Taiwan also performed well.

Of course, we also benefitted from the profits on the sale of properties in Hong Kong which were surplus to requirement.

03 Amidst the ever-changing market landscape, Sime Darby successfully expanded into new markets and industry segments. Can you elaborate on the strategic acquisitions and organic expansion initiatives that contributed to Sime Darby's enhanced market positioning and capabilities in FY2023?

We did have an active year in terms of acquisitions.

After the de-merger exercise at the end of 2017, the Management team developed a 5-year strategy, what we called our Value Creation Plan (VCP). One of the major strategic thrusts of the VCP was to expand the business. We wanted to grow, organically through the expansion of our dealership networks, and also through acquisitions.

But we were clear that any growth would be in our core businesses of automotive and industrial equipment or in areas that are complementary to these existing businesses.

We were very measured in our approach. We wanted to increase our exposure to the mining industry, especially in the Western Australian region, where our presence has been limited. We believe that the energy transition that we are experiencing will see a significant increase in demand for copper and battery metals like lithium and nickel, all of which are in abundance in Australia. For example, demand for copper is expected to double over the next 10 to 15 years, and Australia has the second largest reserves in the world. We also believe that demand for metallurgical coal for the steel industry will remain strong in the medium to long term.

We acquired Salmon Earthmoving (Salmon) in October 2021 and we completed the acquisition of the Onsite Rental Group in April 2023. Salmon is one of Australia's largest heavy equipment rental companies supporting the mining and construction industries. Onsite is the second largest rental services company in Australia providing total rental solutions like access equipment, power generation, excavation and earthmoving equipment as well as accommodation to some of the largest mining, oil & gas, construction and industrial customers in Australia. Both Salmon and Onsite complements our own rental fleet of large mining trucks.



Hastings Deering performed strongly on the back of increased demand from its customers

More recently, in August 2023, we entered into a share sale agreement for the acquisition of Cavpower, the Caterpillar dealer for South Australia. South Australia is home to 175 mining companies with significant mining projects in the pipeline and we believe the opportunities for the heavy equipment and rental business is tremendous.

We also entered Indonesia, with the establishment of 2 BMW dealerships in Jakarta and Medan in a joint-venture with a local partner. We secured approval to set up more than 10 new dealerships in China representing brands such as BMW, Genesis, Kia and AVATR. This aligns with our greenfield expansion strategy in the world's largest automotive market. And in Malaysia, we also secured the distributorship of BYD.

So, it has been a busy year for growth!

04 The highlight this year has undoubtedly been Sime Darby's announcement on your acquisition of UMW. Can you tell us a little more about the strategic reasons behind this deal, and the plans moving forward?

In August 2023, we entered into a conditional share sale agreement to acquire 61.2% of UMW Holdings from Permodalan Nasional Berhad (PNB).

This is an extremely exciting opportunity for Sime Darby. As most Malaysians are aware, UMW is a household name in Malaysia. It operates largely in the automotive sector in Malaysia where it assembles and distributes Toyota. It also has a strategic 38.8% stake in Perodua, Malaysia's best-selling car.

Both Toyota and Perodua have performed extremely well over the years and currently have a combined share of around 52% of the Malaysian market.

So why are we doing this? We believe it is going to strengthen our Motors business in Malaysia and enable us to play a much bigger role in the local automotive industry. With Toyota and Perodua, the Group will significantly enhance our participation in the mass market segment to complement our strong share in the luxury segment. We will also add more distribution and manufacturing to complement our retail businesses.

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Our greenfield expansion plans in China, the world's largest automotive market, continued as we secured BMW, KIA and Volvo dealerships in Dali, Chongqing, Changsha, Beijing and Shenzhen. And in Malaysia, we also secured the distributorship of BYD.
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And what I like about this deal is that UMW is largely Malaysia based. Our current portfolio is skewed towards Australasia and China. With the rapid growth of our China operations over the past 5 years and with the acquisitions we have made in Australia and New Zealand recently, our Malaysian businesses account for less than 15% of our revenue and profits. With UMW, the Malaysian share will increase nearer to 30% to give us a more balanced exposure between these key markets.

And of course, we are proud to have the opportunity to partner with Toyota. Who wouldn't want to work with Toyota, one of the largest and most respected auto makers in the world?

We do believe that the combined strength and capability of Sime Darby and UMW will create significant growth opportunities not only for us, but also for our principals, suppliers, business partners as well as our employees.

On the plans moving forward, we will be undertaking a Mandatory General Offer to acquire the balance 38.8% of UMW, after which we plan to de-list UMW.

05 What is happening with Ramsay Sime Darby Healthcare?

RSDH has been a bit of an interesting conundrum for us.

It has been a great business for us over the years. It has been very profitable. Our flagship hospital, Subang Jaya Medical Centre, is generally regarded as one of the country's best private sector hospitals, regularly winning regional awards. Our doctors, nurses and employees are some of the industry's best, and our customers have always been loyal to RSDH. And for me personally, a Sime Darby employee for over 30 years, it has a strong emotional connection.

But we are really now an automotive and industrial equipment trading company. And clearly, the healthcare sector is no longer core for us.

The Asian healthcare sector is very much a growth sector, highly sought after by investors. Current valuations are very attractive, and so, we have made the difficult decision to undertake a sale process.

The sale process is currently on-going. There has been a tremendous amount of interest in the asset, and we are confident that we will be able to conclude a deal towards the end of the year.

FROM THE DESK OF THE GROUP CHIEF EXECUTIVE OFFICER

06 Will there be more divestments going forward?

As I had mentioned earlier, Management had developed our 5-year VCP soon after the de-merger. Aside from the growth pillar, another major strategic thrust of this plan was what we internally termed our “pots and pans” strategy, which really was the divestment of our non-core assets.

Over the past few years, we successfully divested our ports businesses in the Shandong province in China, our 30% stake in Tesco Malaysia, our 11% stake in Eastern & Oriental Berhad, our shared services business and some of our land in Labu, Negeri Sembilan.

Capital was re-deployed into our core businesses of automotive and industrial equipment trading.

Most of non-core assets have largely been disposed. Going forward, there remains some smaller assets and businesses which are non-core but largely profitable that we may consider divesting.

07 You talked a lot about the disruptive trends affecting the automotive industry last year. Are there any updates? And what is Sime Darby doing to adapt to these changes?

Last year, I talked about disruption to the automotive industry around the shift to the agency model and the transition from internal combustion engine (ICE) cars to EVs.

Firstly, the agency model. We are seeing more and more OEMs move from a more traditional dealership model to a “direct to customer” agency model. The agency model essentially involves a direct sale from the OEM to customers. The traditional dealer will revert to become an agent responsible for delivering the car to the customer, and, of course, providing the necessary after-sales support.



With a 350 kW charger, the Hyundai IONIQ 5 can charge from 10% to 80% in just 18 minutes.

BMW has announced a plan to switch to the agency model in Europe, as with many other major OEMs in different parts of the world. Some of our principals have introduced the agency model in our territories. For example, MINI in China has moved to an agency model. And, in Malaysia, Volvo has shifted to this model for their EV models. The questions are whether this will impact our profitability and whether more OEMs will go down this route.

I don't necessarily think that this switch is necessarily bad for a traditional dealer like us or that it will lead to a reduction in profitability. But I do think that it will mean that we will have to do things differently. Yes, revenues will fall, but I believe that the return from this business will remain at similar level to what we currently enjoy. Agency fees will likely be lower than the gross margin on a car sale, but costs are expected to significantly decline. For a start, inventory will be the responsibility of the OEM, resulting in a reduction in working capital for dealer groups like us. The after-sales business will be unaffected and will remain a major part of our revenue and profit stream.

In any case, our retail operations largely serve in the luxury and super-luxury sector where more personalised customer experience is expected and where “high touch” is a prerequisite. So, we should be less affected.

Nevertheless, I think the “jury is still out” on this model. The true test of this model will be in the next few years where competition is expected to get fiercer and where supply is expected to exceed demand.

On the second issue of the shift from ICE to EVs, it is clearly happening. And in a big way. China leads in terms of EV adoption. And in all our other markets we are seeing an increase in EV adoption. In Malaysia, 13% of cars sold are now EVs, compared to 3% only 2 years ago. In Hong Kong, over the past 3 years, we have moved from a fully ICE market to an almost fully EV market!

We are fortunate that we have principals that have a strong EV line-up. Being a dealer for over 30 marques across Asia Pacific, we have a wide array of EV offerings from our OEMs. In Malaysia, we have partnered with

BYD to distribute its EV in the local Malaysian market. And in China, we are working with new EV companies such as Li Auto, NIO and Smart to broaden our EV offerings.

The obvious issue that we are grappling with is the fact that there are fewer moving parts in an EV, compared to an ICE. So will we be expecting a decrease in our after-sales revenue and profitability? It is early days yet to come to a firm conclusion. We will have to learn from the experience of our fellow dealers, for example, in Europe. Yes, there are fewer parts that need to be replaced. But the parts are generally more complex and require more service hours to fix. There is more wear and tear on certain parts. And warranties are generally longer for EVs which means customers will continue to visit our workshops for a longer period. And, of course, there is a “long tail” of ICE cars in all our markets, which will provide us with after-sales revenue for many years yet.

Nevertheless, to “future proof” this situation we continue to invest in our used car businesses, additional retail revenue streams, assembly operations and in digital and data analytics to ensure a seamless on-line and off-line transaction to serve our customers. We are also investing in EV infrastructure in both Malaysia and Hong Kong and in mobility start-ups like CARRO.

08 Sime Darby has been investing heavily in the heavy equipment sector especially in Australasia. What is the longer-term strategy behind these investments and your expectations on the outlook for the sector?

Yes, we have been actively growing our heavy equipment businesses in Australasia in the past few years. As you, our shareholders, are well aware, the core businesses of our Industrial division are in the sale, after-sales and rental of heavy equipment and industrial solutions for customers, particularly in the mining and construction industries.

Today, we are seeing a major shift in how we, as humans, live and operate. There is a growing realisation that we just cannot continue to burn fossil fuels for our energy needs. We are seeing the transition from

fossil fuels to renewables. We are seeing a clear shift in the automotive industry as EVs displace more traditional internal combustion engine cars. And all this will require significant investments in infrastructure over the medium term. This will have a profound impact on demand for metals. Each electric battery that is produced, each solar panel that is manufactured or each EV that is built will require some form of mineral which needs to be mined. And Australia has these natural resources in abundance.

So, we are very positive on the future of mining, especially in Australia. And this is why we have taken the steps to further invest in a Caterpillar dealership in South Australia and in the two rental companies that will give us exposure to the mining sector throughout Australia.

09 Companies are facing more intense pressure to step up in the global effort to mitigate climate change. As one of the largest heavy equipment and automotive players in the region, can you provide us with an overview of what Sime Darby is doing to address the climate change and to manage climate change risks to your operations?

We have to accept the profound impact of our activities on the environment. There is no more argument; the world is getting warmer and the frequency and severity of natural disasters has been increasing and is expected to continue. And even in Malaysia, we have seen the impact in terms of the severe flooding affecting our country in 2021.

Sime Darby, as a responsible corporation, is absolutely committed to stepping up. The Board has tasked the Risk Management Committee, now re-named the Risk Management & Sustainability Committee, to be accountable in overseeing the sustainability agenda at Sime Darby.

We developed our Sustainability Blueprint 2 years ago. The prime target is to reduce Scope 1 and Scope 2 emissions by 30% in 2030, from our 2020 baseline. What we have done so far is to measure our Scope 1 and Scope 2 emissions – an important step in our sustainability journey. And we are developing detailed plans around education and training that will support our ability to review and identify opportunities across our geographic profile to reduce our CO₂ emissions.

A major development this year is the initiation of climate scenario analysis, a testament to our commitment to align with the Task Force on Climate-related Financial Disclosures (TCFD). This ensures we are better equipped to manage climate-related risks and provides our investors with a well-informed perspective on our actions.

This Annual Report includes a substantial section at pages 118 to 162 which highlights our initiatives and the progress we have made.

FROM THE DESK OF GROUP CHIEF EXECUTIVE OFFICER

10 What do you think has been the key to Sime Darby's success, especially in the years since the demerger?

I joined the Sime Darby Group in 1992, and as a "veteran", I am proud of the Sime Darby story, of how we have grown from a small rubber plantation company in Malacca more than 100 years ago, to what we are today - a leading motors and industrial player in the region. We are now no longer just a GLC. We are a Malaysian-based multinational corporation operating in 17 countries and territories across Asia Pacific.

Underpinning our recent growth and success is our people; our strong leadership team and the engaged workforce that we have at Sime Darby.

We have a clear strategy around attracting and retaining talent, enabling a highly engaged workforce and ensuring a safe work culture to deliver a leading employee experience to enable our people to be the best that they can be.

But a key reason for our success is our strong and diverse leadership team. They are the "best-in-class" with their deep industry knowledge and their understanding of what makes the business work in the different markets we are in. They are trusted and empowered to run their respective operations and have been instrumental in delivering the strong results that we have reported thus far.

The leadership team is well supported by an engaged workforce equipped with the technical knowledge and skills to provide the best possible service to our customers. Our technicians from both the Motors and Industrial division are well trained, through the comprehensive technical training curriculum that have been developed jointly with our principals.



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

But to me, what is most important is the culture of the organisation. I have recently been on a number of roadshows to meet our senior employees to communicate and to emphasise the importance of Sime Darby's core values of:

- **Act with Integrity** – we prioritise trust-building by consistently doing the right thing, acting responsibly and ethically, and communicating with transparency and honesty.
- **Care for All** – we foster a sense of belonging by championing well-being, safety and sustainability; creating a respectful and supportive environment for our employees and stakeholders.
- **Win Together** – we believe in collaboration, continuous improvement and being bold in our ambitions, to achieve great outcomes.

We have a clear 5-Year Strategy Master Plan, a strong leadership team and a clear set of core values driving the behaviours of our team. I am confident that we will see continued growth and success for Sime Darby!



GROUP CHIEF

FINANCIAL OFFICER'S REVIEW

Dear Valued Shareholders,

The Group recorded its highest net profit since the demerger in 2017 of RM1.46 billion for FY2023, 32% higher than the RM1.10 billion recorded in FY2022. This is mainly due to improved results from the Industrial division's Australasia operations, strong performance from the Motors business in Malaysia and gains on disposal of non-core assets, namely the properties in Hong Kong and the Weifang Port companies.

The Industrial division registered a 31% increase in Profit Before Interest and Tax (PBIT) to RM1.05 billion. This growth was primarily driven by the higher profit contribution from the Australasia operations. The division saw a substantial increase in parts revenue due to improved sales for mining equipment maintenance and higher parts prices. Additionally, our recent acquisitions, Salmon Earthmoving (Salmon, acquired in October 2021) and Onsite Rental (Onsite, acquired in April 2023), played a role in the higher PBIT. Profit contribution from Salmon more than doubled from RM23 million in FY2022 to RM57 million in FY2023, while Onsite contributed RM33 million (excluding acquisition costs). These acquisitions are expected to continue contributing positively to the division in the years to come.

In the Motors division, we registered a PBIT of RM1.05 billion in FY2023, a 3% increase from FY2022. This growth was partly driven by a gain of RM179 million from the disposal of properties in Hong Kong. Excluding this gain, PBIT for Motors declined by 14%, mainly due to the challenging market conditions in the Chinese Mainland, where intense price competition severely impacted margins.

GROUP CFO'S REVIEW

PBIT from Chinese Mainland operations declined by 89% in FY2023 to RM45 million (FY2022: RM395 million). However, this decline was offset by the strong performance of our Malaysian operations, where PBIT increased by 63% from RM279 million in FY2022 to RM455 million in FY2023. This was supported by a significant increase in dividend income of RM194 million (FY2022: RM48 million), strong vehicle deliveries from the recent Sales and Service Tax (SST) exemption and increased after-sales throughput.

Furthermore, in FY2023, we successfully completed the disposal of the Weifang Port companies, resulting in a net gain of RM126 million. This gain was mainly contributed by the realisation of exchange reserves amounting to RM123 million, which arose from the stronger RMB against the RM from June 2015 until the disposal.

However, it's important to note that in FY2023, our Group was impacted by higher finance costs, which more than doubled from RM148 million in FY2022 to RM333 million. This increase was attributed to higher interest rates and a rise in total debt (borrowings and leases). The majority of the Group's borrowings are in AUD and NZD, primarily from borrowings raised to finance the acquisitions in recent years. Several major economies raised interest rates significantly in FY2023 to combat inflationary pressures, with significant increases in AUD and NZD interest rates.

Despite these challenges, the Group registered overall strong results in FY2023, underscoring our resilience in the face of challenging business conditions.

In recent months, we have made significant announcements, most notably:

- The exploration of the sale of our Healthcare joint venture, Ramsay Sime Darby Health Care
- The proposed acquisition of the Cavpower group, the Caterpillar dealer for South Australia, for approximately RM1.5 billion
- The proposed acquisition of a 61.2% equity interest in UMW Holdings for RM3.6 billion, accompanied by a mandatory general offer

These transactions align with our strategic focus on growing our core business and divesting non-core ones – a direction we have consistently pursued since the Pure Play exercise. These prospective transactions, alongside recent developments like the acquisition of Onsite, the disposal of Malaysia Vision Valley (MVV) land and the sale of the Weifang Port companies, collectively hold the potential for a transformative impact on the Group in the years ahead.

ACQUISITIONS, EXPANSION AND DIVESTMENTS

A key aspect of the Group's Value Creation Plan (VCP) is our commitment to growing our core business operations and divesting non-core assets. This strategic direction has been consistently pursued since the demerger, leading to a series of significant transactions.

Acquisitions

The Group has actively undertaken several substantial acquisitions, representing the largest endeavours since the demerger. These acquisitions are poised to bring about a transformative impact, as their combined invested capital exceeds 50% of the Group's total invested capital as at 30 June 2022.

Acquisition	Investment (RM)
Onsite Rental	2.0 billion
Division	Status
Industrial	Completed in April 2023
Description	
Onsite stands as one of the largest business-to-business equipment rental service providers in Australia, primarily serving the mining and construction industries. This acquisition complements our existing rental offerings, strengthening our presence across the industrial equipment rental landscape in Australia. It also provides greater access to Australia's construction, energy and mining sectors, which are driven by government stimulus spending on infrastructure projects and the expansion of mineral commodities.	

Acquisition	Investment (RM)
Cavpower group	1.5 billion
Division	Status
Industrial	Expected to complete in Q2 FY2024 (subject to conditions precedent being met)
Description	
Cavpower, a Caterpillar dealership based in South Australia, primarily caters to the mining, construction, energy and transportation industries. This acquisition complements our Industrial division's existing dealership footprint while diversifying our exposure to coal to include critical materials (copper, lithium and cobalt) in South Australia. The state-of-the-art facilities presents a significant opportunity for Sime Darby Industrial to utilise.	

Acquisition	Investment (RM)
UMW Holdings group	Up to RM5.8 billion (including for the Proposed Mandatory General Offer)
Division	Status
Mainly Motors, but also includes Industrial businesses	Acquisition of 61.2% equity interest expected to complete in Q2 FY2024 (subject to conditions precedents being met)
Description	
UMW Holdings, a listed company on the Main Market of Bursa Malaysia, operates primarily in the automotive and industrial equipment segments. Additionally, it engages in manufacturing and engineering (automotive parts and lubricants), aerospace (fan case manufacture) and property development. This proposed acquisition will strengthen our Motors operations in Malaysia, while expanding the Industrial division's material handling business.	

Expansion in Chinese Mainland Motors operations

The Group had made significant investments in expanding its Motors business in the Chinese Mainland since the demerger. Invested capital has more than doubled from about RM1 billion as at 30 June 2018, to nearly RM2.6 billion as at 30 June 2023. Over RM1 billion of this total invested capital is attributed to new operations set up or acquired post-demerger, including:

- New BMW dealerships in Shenzhen, Shanghai, Changsha, Chengdu, Jiangmen, Foshan, Dali, Chongqing and one acquired in Qujing
- Volvo dealerships in Guangzhou, Shenzhen and Kunming
- Kia dealerships in Beijing, Shanghai, Shenzhen and Zhongshan
- Other new dealerships and service centres, including those for Genesis, Polestar and Smart.

While the substantial number of new dealerships and service centres initially impacted short-term results, they are expected to become profitable as they mature and market conditions in the Chinese Mainland improve, contributing positively to the Group and Motors division.

Disposals

The Group has also executed or is in the process of executing key disposals. This includes the completion of the Weifang Port companies' disposal in November 2022, which amounted to a total disposal value of RM1.6 billion and marked the Group's exit from the Logistics business.

The Group entered into agreements to dispose two parcels of MVV land to NS Corporation in FY2023 for total proceeds of RM905 million. The disposals are expected to be completed either towards the end of FY2024 or FY2025. In addition, the disposal of 760 acres of MVV land to Sime Darby Property for RM280 million was completed in August 2023.

Lastly in June 2023, the Group announced the exploration of the sale of its Healthcare joint venture, Ramsay Sime Darby Health Care (RSDH), as part of our strategic initiatives and ongoing portfolio evaluation.

CAPITAL ALLOCATION

The Group employs Invested Capital (excluding cash at corporate level) as a measure of capital allocation, which has increased from RM17.1 billion on 30 June 2018 to RM23.4 billion as at 30 June 2023, inclusive of the Onsite Rental acquisition. The increase is due to a combination of factors, including capital expenditures and acquisitions. This is funded by a mix of internally generated funds retained and debt (borrowings and leases).

The focus on growing the core businesses and disposal of non-core assets can be seen in the increase in the share of total invested capital, in Industrial and Motors rising from about 80% as of 30 June 2018 to nearly 96% as of 30 June 2023. When comparing the ratio between Industrial and Motors, Industrial retains a slightly higher share, at approximately 55:45.

Geographically, as most of the expansion since the demerger has been outside Malaysia, the share of invested capital in Malaysia has been declining from 24% as at 30 June 2018 to 18% as at 30 June 2023.

GROUP CFO'S REVIEW

KEY FINANCIAL PERFORMANCE INDICATORS

1 Revenue

Revenue from continuing operations increased by 13.6% from RM42.5 billion in FY2022 to RM48.3 billion in FY2023.

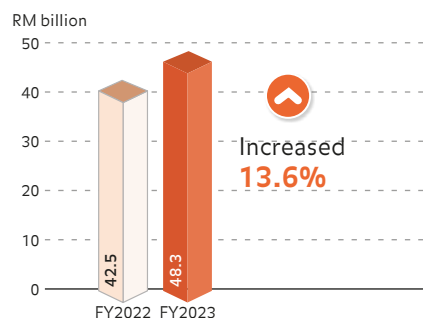
Within the Industrial division, we recorded an 11% growth in revenue for FY2023, reaching RM16.7 billion from RM15.1 billion in FY2022. This growth is mainly driven by our Australasian operations, which experienced increased equipment and parts revenues in FY2023. This was also supported by revenue contribution from Onsite and higher revenue from Salmon. Conversely, revenue for China fell by 10% to RM2.6 billion from RM2.9 billion in FY2022 as a result of contraction in the Chinese construction sector.

Meanwhile, the Motors division also recorded higher revenue, with a 16% increase to RM31.6 billion from RM27.3 billion in FY2022.

This upswing was observed across all major markets, especially in Malaysia, which benefited from vehicle deliveries from bookings during the SST exemption period. Additionally, new operations contributed to improved revenue, such as BYD in Malaysia and expansions in the Chinese Mainland. Strong vehicle sales also played a key role in driving revenue growth, particularly in the after-sales segment, encompassing parts sales and servicing.

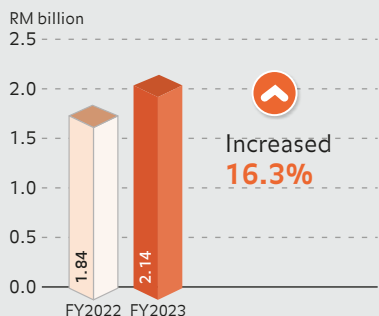
There is no revenue consolidated from Healthcare as it is represented by RSDH, a 50%-50% joint venture entity that is equity accounted.

In terms of geographical segments, approximately 84% of revenue is from overseas operations, mainly from China and Australasia.



2 Profit Before Interest and Tax (PBIT)

Group profit before interest and tax (PBIT) from continuing operations increased by 16.3% from RM1.84 billion in FY2022 to RM2.14 billion in FY2023.



The Industrial division's PBIT grew by 31% to RM1,051 million from RM803 million in FY2022, on the back of the division's strong performance in Australia. This was largely attributable to higher profits from parts segment and additional maintenance work for the mining sector. Despite the lower

revenue, the operations in China recorded improved PBIT of RM103 million against FY2022's RM94 million, supported by cost-reduction.

Overall, PBIT for the Motors division grew slightly from RM1,020 million in FY2022 to RM1,052 million in FY2023. The FY2023 results include a RM179 million gain from the disposal of properties in Hong Kong. Excluding this gain, PBIT declined by 14%. This decline was primarily a result of the challenging market conditions in the Chinese Mainland, which saw PBIT drop by 89% to RM45 million from RM395 million in FY2022. This was due to lower margins resulting from intense price competition among automotive suppliers. However, this decline was partially offset by strong

performances in Malaysia and improved results in Singapore. The Malaysian operations recorded higher revenue, supported by vehicle deliveries for bookings from the SST exemption period and also saw a significant increase in dividend income to RM194 million, compared to FY2022's RM48 million.

The RSDH joint venture's share of profit improved to RM57 million in FY2023, from RM45 million in FY2022 as the Malaysian operations were partly affected by COVID-19 restrictions in FY2022.

Geographically, about 80% of PBIT is from overseas operations, mainly from Australasia.

3 Finance Income and Costs

In FY2023, finance income from continuing operations increased from RM39 million to RM70 million, driven by higher interest rates coupled with higher average cash balances. The higher cash balance was mainly due to the retention of some proceeds from the disposal of Weifang Port operations for potential acquisitions and operational requirements.

Conversely, finance costs rose sharply from RM148 million to RM333 million in FY2023 due to higher debt (borrowings and leases) and increased interest rates resulting from interest rate hikes by monetary authorities in many major economies to control inflation. There were significant interest rate increases in Australia and New Zealand, where policy rates increased by 400 bps and 525 bps respectively since 2021. This significantly impacted the Group, as more than half of our borrowings are in AUD and NZD, primarily raised for the Onsite acquisition and other acquisitions in recent years.

While a portion of these borrowings has been hedged using interest rate swaps at effective rates lower than current rates, borrowings for the Onsite acquisition and other short-term borrowings remain exposed to the risk of rising interest rates. Hedging of the remaining long-term borrowings has been deferred to enable the Group to assess the swap rates to ensure the interest rates are hedged at acceptable rates. The increase in interest rates is reflected in the higher weighted average cost of borrowings as at 30 June 2023 of 5.1% compared to 3.0% as at 30 June 2022.



PBIT from continuing operations increased by 16.3% from RM1.84 billion in FY2022 to **RM2.14 billion** in FY2023.

4 Taxation

The Group recorded a higher tax expense from continuing operations of RM484 million in FY2023 compared to RM474 million in FY2022. The effective tax rate for FY2023 (excluding share of results of associates and joint ventures) was 27.5% compared to the applicable tax rate of 24.9%. This variance is mainly due to the impact of adjustments to previous year taxes, withholding taxes and non-deductible expenses. However, these effects were partly offset by non-taxable dividend income and gain on disposal of properties in Hong Kong.

5 Net Profit and Return on Equity (ROE)

The Group closed FY2023 with a post demerger record net profit of RM1.458 billion, 32.2% higher than the RM1.103 billion in FY2022, while ROE increased to 8.9% from 6.9% in FY2022.

To provide a more accurate assessment of the underlying profitability of the Group, it's important to consider core net profit, which excludes significant one-off items. Core net profit registered a 3.4% decline from RM1.195 billion in FY2022 to RM1.154 billion in FY2023. This is due mainly to the decline in profit of our Motors operations in China and higher finance costs, which have been elaborated upon earlier. Consequently, core ROE (calculated using core net profit) declined to 7.0% in FY2023 from 7.5% in FY2022.

6 Invested Capital and Return on Average Invested Capital (ROAIC)

The performance of each division is also assessed in terms of ROAIC to gauge the effectiveness of the capital employed in generating returns within the respective divisions.

ROAIC improved from 8.8% in FY2022 to 9.6% in FY2023 due to a higher profitability as measured by reported PBIT. However, when one-off items are excluded, core ROAIC declined from 9.0% in FY2022 to 8.2% in FY2023. This decline was primarily influenced by the impact of the Onsite acquisition (with only three months of PBIT), higher cumulative capital expenditure for new projects yet to generate profit and increased working capital in specific operating units. Management would continue focusing on working capital management to improve ROAIC.

GROUP CFO'S REVIEW

Statement of Financial Position

The Group's total assets increased from RM30.2 billion as at 30 June 2022 to RM37.0 billion as at 30 June 2023 due to assets acquired as part of the Onsite acquisition, capital expenditure by operating units (including rental fleet additions) and higher working capital (notably trade receivables and inventories), during the financial year.

Total debt (comprising borrowings and lease liabilities) increased from RM5.03 billion as at 30 June 2022 to RM8.45 billion as at 30 June 2023 due to borrowings raised for the Onsite acquisition of RM2.17 billion and drawdown of trade facilities by operating units to finance their working capital requirements.

Debt/equity ratio increased from 30.7% as at 30 June 2022 to 48.9% as at 30 June 2023 while the debt/ adjusted EBITDA ratio also increased from 1.69 as at 30 June 2022 to 2.47 as at 30 June 2023 primarily due to the higher debt as explained above.

The debt ratios are expected to increase further in the coming financial year with the proposed acquisitions of Cavpower and UMW Holdings. The Group intends to use the proceeds from disposal of the MVV land parcels and potential disposal of RSDH to reduce the borrowings raised for the UMW Holdings acquisition.

Statement of Cash Flows

Operating cash flow from continuing operations increased from RM0.7 billion in FY2022 to RM1.0 billion in FY2023. This was supported by higher dividends received from joint ventures, associates and investments. It is worth noting that, this is after a significant increase in working capital and expenditure for rental assets. This is an area of focus for FY2024, given the significant increase in working capital in FY2022 and FY2023.

Capital expenditure (excluding rental assets) for FY2023 was higher, mainly due to higher spend for the Motors expansion in Chinese Mainland as well as the upgrading of facilities in Industrial Australia.

There is a significant increase in spend for acquisitions due to the purchase of Onsite (this was largely reflected as borrowings of Onsite repaid in the statement of cash flows). Meanwhile, proceeds from disposals also increased following the disposal of the Weifang Port companies and Hong Kong properties.

The Group's total cash and cash equivalents increased from RM1.66 billion to RM2.94 billion mainly due to the proceeds from the disposal of the Weifang Port companies being retained to fund potential acquisitions and/or capital expenditures.

Dividend

For FY2023, the Group declared a total dividend of 13 sen per share amounting to RM886 million and equivalent to 61% of FY2023's net profit of RM1.46 billion. Although lower than the payout ratio of 71% of net profit for FY2022, the dividend payout was higher than FY2022's RM783 million (or 11.5 sen per share). It also takes into consideration the proposed acquisition of UMW Holdings, where a portion of the acquisition needs to be financed using internally generated funds or existing financing facilities.

Socially Responsible Financing

Sustainable financing is part of the supporting framework of the Group's Sustainability Blueprint. During FY2023, the Group developed Sime Darby Berhad's Group Sustainable Financing Framework (GSFF) to provide guidance on the raising sustainable borrowings by Group entities. The GSFF has been developed in alignment with recognised international market standards and best practices when issuing or borrowing sustainable financing instruments.

One of the Group's first sustainable financing facility is the USD50 million Islamic trade facility for Sime Darby Motors, which is unique as it is both Shariah compliant and a sustainable financing facility. The facility would be used by Sime Darby Motors to fund the purchase of EV inventories and parts. This is testimony of our commitment to engaging in sustainable partnerships and in driving sustainable innovation and technology.



The Group plans to conduct a comprehensive review of its capital allocation strategy following the completion of the proposed transactions and an in-depth assessment of UMW Holdings Berhad's businesses.

Outlook

Looking ahead, it's anticipated that the capital allocation landscape will experience changes post-30 June 2023, driven by the proposed acquisitions and disposals. Notably, the share of invested capital for Motors is expected to surpass that of Industrial, given the substantial portion of UMW's invested capital dedicated to the automotive business. Additionally, the share of invested capital in Malaysia is set to increase significantly, aligning with the concentration of UMW's capital investments within the Malaysian market.

The Group plans to conduct a comprehensive review of its capital allocation strategy following the completion of the proposed transactions and an in-depth assessment of UMW Holdings Berhad's businesses.

Furthermore, it's important to note that the Group's gearing, measured using the Debt/Equity ratio, is expected to increase from 49% in FY2023, to over 60% following the completion of the proposed acquisitions. To address this, the Group has set a target to reduce gearing to below 60%. This reduction will be achieved through proceeds generated from ongoing and proposed disposals, including the potential disposal of RSDH and MVV land sales. Additionally, the Group will explore the possibility of divesting other non-core assets or further MVV land sales to further reduce its debt burden.

While the Group will maintain its focus on enhancing operational efficiency, particularly with regard to working capital and operational expenditure, there will also be a concentrated effort on integrating the operations of the acquired companies in FY2024 and beyond. This integration aims to streamline processes and maximise synergies within the Group's expanded portfolio of businesses.

Mustamir Mohamad
Group Chief Financial Officer

PARTNERSHIPS AND PERFORMANCE

Through strategic partnerships across the value chain, we deliver high-quality products and solutions to our valued customers. These collaborations not only fuel our growth but also empower us to actively contribute to the global energy transition, whilst ensuring operational efficiencies and cost-effectiveness.





OUR INTEGRATED APPROACH TO VALUE CREATION

Our approach to value creation focuses on balancing financial and non-financial capital, bringing benefits to all our stakeholders and aligning with our sustainability agenda. We align with and integrate key <IR> elements to address Environmental, Social and Governance (ESG) matters that impact our ability to create value in the short, medium and long-term.

1 SETTING THE CONTEXT

OPERATING ENVIRONMENT

Refer to page 53

Ensure business resiliency towards changes in the operating environment, which include supply chain constraints and raw material shortages, by monitoring relevant market trends, business environments and regulatory requirements.

STAKEHOLDERS NEEDS

Refer to page 46

Engage with our internal and external stakeholders to understand their needs and expectations, enabling us to achieve our business aspirations and attend to their needs.

Our Stakeholders

- Employees
- Suppliers*
- Government and Regulators
- Customers
- Investors
- Community
- Media

* includes OEMs and Principals



2 SHAPING OUR STRATEGY

MATERIAL MATTERS

Refer to page 59

Apply the principle of materiality to guide our strategic direction and help us understand the topics that are material to our business operations and stakeholders.

Our Material Matters

- | | |
|--|---|
| <ul style="list-style-type: none"> 1 Climate Change (Including Financial Risk & Opportunities) 2 Energy and Emissions Management (incl. Renewable Energy) 3 Water Management 4 Waste and Effluent Management 5 Labour Practices 6 Health and Safety 7 Diversity 1 ESG Oversight, Measurement & Reporting 2 Employee Training and Development 3 Community Contributions and Development | <ul style="list-style-type: none"> 1 Customer Satisfaction 2 Business Continuity 3 Business Ethics and Compliance (incl. Anti-Bribery/ Corruption) 4 Responsible Supply Chain 1 Sustainable Product Offering 2 Technology and Innovation 3 Data Privacy and Security |
|--|---|

KEY CAPITALS

Refer to page 42

Embed the six key capitals of financial, manufactured, intellectual, human, social & relationship as well as natural into our strategic plan and create financial and non-financial value for our stakeholders to shape our long-term success.

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

RISKS AND OPPORTUNITIES

Refer to page 69

Provide effective risk management systems to ensure we are able to mitigate risk and leverage opportunities to improve our competitive advantage.





Our Key Risks

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

VALUE CREATION PLAN

Refer to page 85

Our Value Creation Plan (VCP), which was developed in 2018, outlines our business strategy and priorities. The VCP guides our approach to achieving stakeholder value by strategically positioning us as a key motors and industrial player. Our VCP is anchored by our four strategic pillars and focus areas, assisting us in creating long-term value.

-  Operational Excellence
-  Growth and Business Expansion
-  Non-Core Asset Rationalisation
-  Unlocking Value in Healthcare

FY2023 marks the final year of the Group's initial VCP. To further guide us on our strategic path, the Group has developed a new 5-year Strategy Masterplan around Operational Excellence, Continuous Business Expansion, while Future Readying our portfolio.

3 TRACKING OUR PROGRESS AND CREATING VALUE

BALANCE SCORECARD

Refer to page 90

Track and report relevant financial and non-financial indicators that are important to our business to set benchmarks, demonstrate progress and drive performance.

BUSINESS MODEL

Refer to page 44

Illustrate our value creation through our business priorities, inputs, outputs and outcomes.



ESTABLISHING VALUE

Refer to page 104

Create value for our key stakeholders through the guidance of our strategic initiatives and plans to contribute to the long-term success of the organisation.

- Resilient Business Products and Innovation 
- Sustainable Value Chain 
- Fair and Safe Employment Surroundings 
- Profitable Investor Returns 

4 INTEGRATING ESG PRACTICES

ESG COMMITMENTS

Refer to page 116

Our Sustainability Blueprint is our framework for implementing ESG throughout the Group, creating long-term value for our stakeholders and fostering sustainable business practices. Four Sustainability Themes are featured:

- Optimising Our Environmental and Social Footprint 
- Engaging in Sustainable Partnerships 
- Inspiring Our Employees to Deliver Meaningful Change 
- Driving Sustainable Innovation and Technology 

KEY CAPITALS

We create long-term growth for our business and value for our stakeholders through utilising the key capitals of Human, Financial, Manufactured, Social & Relationship, Intellectual and Natural.

HUMAN CAPITAL

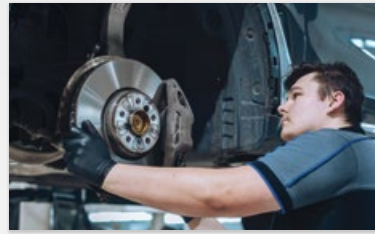


24,335
Total employees

Our human capital encompasses a diverse range of expertise, skills and experience. This dynamic group includes professionals, technicians, managers and specialists who collaborate to foster innovation, operational excellence and customer satisfaction. The wealth of expertise and knowledge within our human capital enables us to remain competitive in the rapidly evolving landscape of the Motors and Industrial sectors.

RM17 million
invested in
training and
development

FINANCIAL CAPITAL



Total Equity:
RM17,283
million

Total debt:
RM8,454
million

Debt/ Equity (%):
48.9

Our financial capital refers to the pool of funds accessible for producing goods, delivering services or expanding our business. These funds come from various financial sources, including debt, equity, grants, operations, or investments. We use these funds to strategically invest, explore growth opportunities, enter new markets and ensure the smooth functioning of day-to-day business operations.



MANUFACTURED CAPITAL



Our manufactured capital comprises tangible objects essential for producing goods and services in our Motors and Industrial sectors, including facilities and equipment. The processes, assembly lines, showroom facilities and production sites are integral components of the Group's manufactured capital, significantly contributing to our operational capacity.

Operations in **17 countries** and territories

More than **200** automotive dealerships across
10 markets

Total Assets
RM37,040 million



SOCIAL & RELATIONSHIP CAPITAL



Our social and relationship capital involves business and social networks within and between our communities and stakeholders. These include shared norms, values, behaviours, and the established trust and willingness to engage and interact with each other. It also reflects our positive workplace culture and contributes to the well-being of the communities we serve.

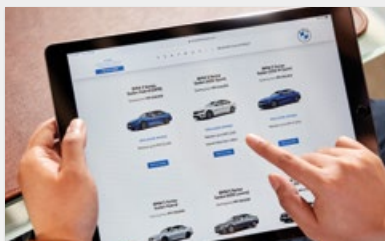
Partnership with more than **60** brands in the automotive and heavy equipment sectors across the Asia Pacific region

Contributed **RM25 million** to Yayasan Sime Darby for philanthropic activities in Malaysia

Support for environmental and community-based initiatives, ranging from pollution removal, donation of educational material, donation of solar panels and support for homelessness and mental health charities



INTELLECTUAL CAPITAL



Our intellectual capital represents all intangible knowledge-based assets, including intellectual property such as patents, copyrights, software, and various rights and licenses. Within our organisation, there are also management expertise, employee knowledge, systems, procedures, and protocols that help us operate efficiently and the expertise and insights we cultivate through research and development (R&D) are essential to foster continuous learning and innovation.

Launched Incendi and Decoda, operations aimed at accelerating digital transformation initiatives for employees and customers

YourTrust – Compliance Management Solutions app to record and monitor gifts and hospitality related activities across the Group
 RockAware™ - AI-based hazard detection system for mining haul truck tire protection and safety



NATURAL CAPITAL



Our natural capital consists of all renewable and non-renewable environmental resources and processes vital for supporting our past, present, and future sustainability. This includes resources such as air, water, land, minerals, forests, biodiversity, and ecosystem health. Our responsible environmental practices help us minimise negative environmental impacts and promote sustainable growth across our resource-heavy sectors.

902,000 kilolitres of water consumed

2,812,555 kWh total solar power generated

OUR VALUE CREATION BUSINESS MODEL

PURPOSE

We Bring the Best Products and Solutions to Enable Asia Pacific to Move and Develop

THE AVAILABILITY AND QUALITY OF OUR SIX CAPITAL INPUTS...

... ENABLE US TO DELIVER ON OUR STRATEGY...

... BY ENABLING BUSINESS ACTIVITIES...

INPUTS



FINANCIAL

- Total Equity: RM17,283 million
- Total Debt: RM8,454 million
- Debt/Equity (%): 48.9



MANUFACTURED

- Operations in 17 countries and territories
- More than 200 automotive dealerships across 10 markets
- Total assets RM37,040 million



INTELLECTUAL

- Launched Incendi and Decoda, operations aimed at accelerating digital transformation initiatives across the Group



HUMAN

- Total Employees: 24,335
- RM17.1 million invested in training and development



SOCIAL & RELATIONSHIP

- Partnership with more than 60 brands in the automotive, heavy equipment and industrial sectors across the Asia Pacific region
- Contribute RM25 million to Yayasan Sime Darby for philanthropic activities in Malaysia
- Support for environmental and community-based initiatives, ranging from pollution removal, donation of educational material, donation of solar panels and support for the homeless and mental health charities



NATURAL

- 902,000 kilolitres of water consumed
- 2,812,555 kWh total solar power generated

STRATEGIC PILLARS

Our Strategic Focus Area

- Operational Excellence
- Growth and Business Expansion
- Non-Core Asset Rationalisation
- Unlocking Value in Healthcare

Note:
The Group has developed a new 5-year Strategy Masterplan for FY2024 to FY2028.

MATERIAL MATTERS

- Climate Change (Including Financial Risk & Opportunities)
 - Energy and Emissions Management (Including Renewable Energy)
 - Water Management
 - Waste and Effluent Management
 - Labour Practices
 - Health and Safety
 - Diversity
- ESG Oversight, Measurement & Reporting
 - Employee Training and Development
 - Community Contributions and Development
- Customer Satisfaction
 - Business Continuity
 - Business Ethics and Compliance (Including Anti-Bribery/Corruption)
 - Responsible Supply Chain
- Sustainable Product Offering
 - Technology and Innovation
 - Data Privacy and Security

SUSTAINABILITY

- Optimising Our Environmental and Social Footprint
- Engaging in Sustainable Partnerships
- Inspiring Our Employees to Deliver Meaningful Change
- Driving Sustainable Innovation and Technology

MARKET TRENDS

- Growth across Asia Pacific
- Bullish Commodity Prices
- Global Energy Transition and Its Impact on Mining
- The Growth of the Chinese Luxury Market
- Introduction of the Agency Model by Car Manufacturers
- Accelerating Electric Vehicle (EV) Demand
- Competitive Landscape
- Regulatory Landscape



- Strategic Partnerships with World Class Brands
- Robust Value Creation Plan and Capital Allocation Framework
- Deep Focus on Governance
- Capable Leadership and Management

KEY ENABLERS

GOVERNANCE – Supported by strong governance and effective Board leadership – Robust corporate governance ecosystem

VISION

To be the leading Motors and Industrial player in Asia Pacific

CORE VALUES



...THAT PRODUCE PURPOSE-LED PRODUCTS, SERVICES...

...AND OUTCOMES...

...FOR LONG-TERM VALUE FOR OUR STAKEHOLDERS.

KEY RISKS

- SYSTEMS SALES
- Cybersecurity
- PROJECT SUPPORT
- EQUIPMENT RENTAL
- INDUSTRIAL SOLUTION
- REGULATORY COMPLIANCE
- PEOPLE AND CULTURE

INDUSTRIAL

OUTPUTS

ECONOMIC

- Net Profit: RM1.46 billion
- Vehicles Assembled: 32,127
- New Vehicles Sold: 115,175

ENVIRONMENTAL

- Produced 8,211 tonnes of scheduled waste
- Total Emissions: 105,000 CO₂e tonnes
- Emissions (Scope 1): 34,000 CO₂e tonnes
- Emissions (Scope 2): 71,000 CO₂e tonnes

SOCIAL

- Conducted 432,002 hours of training for employees in FY2023

OUTCOMES



FINANCIAL

- Total dividend payout: RM886 million (FY2022: RM783 million)
- Achieved an increase from 7.4% to 8.9% on our return on average shareholders' equity



MANUFACTURED

- Achieved a 30% increase in number of serviced vehicles
- RM4.59 billion in Industrial order book (FY2022: RM4.42 billion)
- Awarded 16 greenfield automotive outlets including three new EV brands in China



INTELLECTUAL

- Rolled out MyGarage in Australia to deliver an omnichannel experience for our used-car customers. Vehicle reservations increased by 140% in the first month
- Rolled out an e-commerce platform for TWL in New Zealand. Website users increased by 65% compared to same period last year



HUMAN

- Launched a new Training Academy at Sime Darby Motors City, offering certification programmes and focusing on technical non-technical and organisational skills
- Improved Total Recordable Injury Frequency Rate (TRIFR) to 2.99 from 3.30 in FY2022



SOCIAL & RELATIONSHIP

- Yayasan Sime Darby supported 150 beneficiaries in FY2023, spending a total of RM64.45 million for community enrichment
- 16 CSR projects organised by divisions throughout our markets



NATURAL

- Total GHG avoided 1,482 tCO₂-e
- Terra Cat New Zealand utilises 100% renewable electricity

FINANCIAL	+	×	✓	+	+	×	×
MANUFACTURED	×	×	+	×	+	✓	×
INTELLECTUAL	✓	+	×	+	+	×	×
HUMAN	+	✓	×	×	×	✓	×
SOCIAL & RELATIONSHIP	+	+	+	✓	×	×	+
NATURAL	✓	+	✓	+	+	✓	×

LEGEND + Value creation ✓ Value preservation - Value erosion × Not applicable

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

In an evolving business landscape marked by ever-shifting stakeholder expectations, we ensure active interactions with our stakeholders. These interactions are thoughtfully conducted through various channels, enabling us to gather feedback and insights that shape our course of action.

01 EMPLOYEES

Why We Engage

Our dedicated workforce of 24,335 skilled employees are instrumental in executing our strategy and achieving our business goals. We promote a culture of excellence and accountability to attract and retain top talent while providing fulfilling career opportunities and livelihoods.

Link to:

Material Matters



SDGs:



Engagement Platform	Engagement Frequency	Key Concerns
Townhalls	Q H	<ul style="list-style-type: none"> Creating an inclusive and healthy workplace culture Relevance of product and service offerings caused by rapid advancements in digitalisation and technology Attracting and retaining skilled key talent
Employee Focus Groups	R	
Leaders Coffee Chat	H	
Performance & Development (Check-in) Conversation	Q	
Training Programmes	M Q Y	
Recognition Programmes	H Y	
Communities of Practices	Q	
Cross-market Forums	Q	
Festive events	R	

Potential Risks	Opportunities
<ul style="list-style-type: none"> Lower morale High turnover rates Increased hiring and training cost 	<ul style="list-style-type: none"> Achieve organisational goals Retain highly skilled talents Build a positive and inclusive workplace culture

Our Response

- Improve communication across all levels of the organisation
- Identify key talents for accelerated career development and succession planning
- Revise and redefine our Leadership and Performance Management framework
- Implement upskilling training programmes across all business sectors
- Reward and recognise contributions and exemplary behaviours aligned with our leadership framework
- Foster cross-team and community building at various levels of the organisation

Value Created for Stakeholders	Value Created for Sime Darby
<ul style="list-style-type: none"> Increased sense of belonging and community Enhanced leadership competencies and career growth Improved workplace culture Increased access to resources, tooling and equipment Upskilled workforce through capabilities-building programmes 	<ul style="list-style-type: none"> Increase in productivity and quality of services Increased quality and diversity of the talent pipeline Strong leadership to steer the organisation towards achieving its goals

Value Creation Indicators
<ul style="list-style-type: none"> Employee Engagement Score Key Talent retention

Frequency of Engagement	D Daily	M Monthly	H Half-yearly	R As required
	W Weekly	Q Quarterly	Y Yearly	A Annually

02

CUSTOMERS

Why We Engage

Our customers’ feedback is highly valuable to us. Their insights provide us with guidance on how to deliver optimal services and solutions for an enriched customer experience. This attention to customer satisfaction generates long-term value through favourable customer reviews, referrals and repeat purchases.

Link to:

Material Matters



SDGs:



Engagement Platform	Engagement Frequency	Key Concerns
Face-to-face meetings	D W R	<ul style="list-style-type: none"> • Security of supply chain • Performance and reliability of equipment and vehicles sold and serviced • Low emission and decarbonisation solutions • Retail and after-sales service and support • Potential value-added and fleet mobility service opportunities
Business-to-Business (B2B) communication	D W R	
In-house digital customer platforms	D W R	
Retail and after-sales centres	D M Q A	
Tradeshows, exhibitions and product launches	D M Q A	
Online and social media platforms	D M Q A	
Customer relationship programmes	D M Q A	

Potential Risks

- Loss of customer loyalty and trust

Opportunities

- Boost customer experience and loyalty

Our Response

- Collaborate with customers for demand forecasting and base-level stocking of critical parts and labour
- Provide expert on-site representation for optimised machine performance
- Expand facilities and capacity to improve parts availability and reduce turnaround time
- Offer battery electric solutions, alternative fuels and Tier 4 engines
- Provide customers with omnichannel offerings, offering multiple touchpoints for our products and services
- Increase the representation of Battery Electric Vehicle (BEV) and Plug-in Hybrid Electric Vehicle (PHEV)

Value Created for Stakeholders

- Provided assured allocation of equipment and parts
- Facilitated quick and efficient transactions
- Developed high-quality machinery and equipment that fulfils performance demands
- Enabled access to equipment and solutions that mitigate emissions
- Offered a wide range of vehicles and products to suit different customer requirements
- Delivered solutions via after-sales to enhance customer satisfaction

Value Created for Sime Darby

- Growth in order book, as well as in sales and service activities
- Increase in reputation and positive testimonials relating to customer growth

Value Creation Indicators

- Number of processes digitalised and omnichannel offerings
- Results of customer feedback surveys
- Long term customer relationships and repeat orders

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

Frequency of Engagement

D Daily

M Monthly

H Half-yearly

R As required

W Weekly

Q Quarterly

Y Yearly

A Annually

03

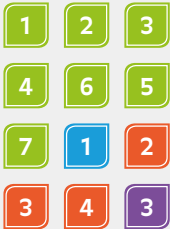
GOVERNMENT AND REGULATORS

Why We Engage

Collaborating with regulatory authorities helps us operate within the regulatory and legal framework of the respective markets in which we conduct business. By operating within the ambit of the law, we foster an environment of transparency and trust that is vital to sustainable growth.

Link to:

Material Matters



SDGs:



Engagement Platform	Engagement Frequency	Key Concerns
Reports and briefs	A	<ul style="list-style-type: none"> Workforce trade qualifications Changes to tax, custom duties framework and investment incentives Labour, safety and environmental regulations
Membership to industry bodies	R	
Working groups	R	
Industry forums and events	R	
Government assembly and import business departments	R	
Dialogue with industry associations and government departments	R	

Potential Risks	Opportunities
<ul style="list-style-type: none"> Operational disruptions and delays due to regulatory issues Penalties and fines for non-compliance Reputation risks and negative brand equity from regulatory missteps 	<ul style="list-style-type: none"> Develop skilled and efficient workforce Increase transparency and open communications Optimise financial strategies

Our Response

- Maintain continuous consultation with government and regulatory bodies to enhance trust
- Promote active dialogue with market regulators, industry associations and government departments to influence policy and regulatory changes
- Ensure labour, safety and environmental practices comply with local regulations

Value Created for Stakeholders	Value Created for Sime Darby
<ul style="list-style-type: none"> Contributed to local economies and jurisdictions of operation Received valuable feedback on opportunities and challenges from regulatory changes Ensured compliance with laws and regulations in every market 	<ul style="list-style-type: none"> Improved ease of doing business Maintained license to operate that enables ongoing representation of our brands Reduce risk of legal action and regulatory penalties Maintained reputation as a good corporate citizen

Value Creation Indicators

- Compliance with workplace safety, and supply chain and logistics regulations
- Number of major disputes with regulators or fines
- Number of penalties imposed by regulators


Frequency of Engagement	D Daily	M Monthly	H Half-yearly	R As required
	W Weekly	Q Quarterly	Y Yearly	A Annually

04

MEDIA

Why We Engage

The media serves as a valuable channel to communicate across to multiple stakeholders, including the public, investors and regulators. This shields our businesses from misinformation and ensures timely and accurate dissemination of information to our stakeholders.

<p>Link to:</p> <p>Material Matters</p> <p>1 3 2</p> <p>3</p> <p>SDGs:</p> 	Engagement Platform	Engagement Frequency	Key Concerns
	Web-based platforms	R	<ul style="list-style-type: none"> Operational and financial performance Strategy to address emerging trends Economic and industry perspective
	Social media	R	
	Press releases and media engagements	R	
	Media interviews and briefing sessions	W Q R	
Potential Risks	Opportunities		
<ul style="list-style-type: none"> Skepticism and confusion among stakeholders Lack of confidence among investors Negative impact towards reputation and brand 	<ul style="list-style-type: none"> Improve reputation Increase transparency and trust in the Group's operations 		
Our Response			
<ul style="list-style-type: none"> Respond swiftly to media queries Train various operating units (OUs) in crisis communication and media engagement Organise engagement sessions to share information transparently Communicate promptly and accurately on business developments 			
Value Created for Stakeholders	Value Created for Sime Darby		
<ul style="list-style-type: none"> Increase media visibility and impact as a trusted source of information and news The company is portrayed accurately and positively 	<ul style="list-style-type: none"> Enhanced brand and reputation in the public sphere Trust and credibility with customers, investors, potential employees and other key stakeholders More interest generated in our products and services 		
Value Creation Indicators			
<ul style="list-style-type: none"> Amount of media coverage and media sentiment gained among stakeholders 			

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

Frequency of Engagement

D Daily

M Monthly

H Half-yearly

R As required

W Weekly

Q Quarterly

Y Yearly

A Annually

05 SUPPLIERS

Why We Engage

Suppliers form a vital part of our business ecosystem. Our suppliers are Original Equipment Manufacturers (OEMs) and provide high-quality products and services that contribute to our success. Our strong partnerships with world-class OEMs enables us to achieve operational excellence by harnessing their expertise.

Link to:

Material Matters

SDGs:

Engagement Platform	Engagement Frequency	Key Concerns
OEM dealer advisory boards	A M R	<ul style="list-style-type: none"> Brand protection and market growth Utilisation of digital platforms Emphasis on Health and Safety (H&S) Evolving customer demands driven by emissions reduction goals Supply of products
Market/country-level meetings	M R	
Business reviews	Q R	
Ad-hoc interactions	R	
OEM conferences and events	Q A R	

Potential Risks	Opportunities
<ul style="list-style-type: none"> Increased risk of incidents Inconsistent product supplies Disruption to supply 	<ul style="list-style-type: none"> Increased productivity Mitigate overall operational risks

Our Response

- Progress towards best-in-class digital platforms to engage with customers and suppliers
- Strengthen ongoing initiatives to reinforce health and safety measures
- Invest in sustainable advances to achieve Environmental, Social and Governance (ESG) targets
- Engage in regular dialogues with OEMs to establish collaborative working relationships
- Achieve OEM performance targets
- Adhere to OEM best practices and guidelines

Value Created for Stakeholders	Value Created for Sime Darby
<ul style="list-style-type: none"> Established robust brand presence areas Communicated brand value proposition through brand and product engagement, along with usage information Reinforced our portfolio of brands quality and performance Promoted energy-efficient and advanced technology offerings Maintained a 'No Harm' operational environment Enhanced brand reputation and customer satisfaction levels Increased market share 	<ul style="list-style-type: none"> Allows us to maintain a portfolio of world-leading brands with high profitability and market share growth Provide sustainable product offerings Grow our geographical footprint through new and existing partnerships

Value Creation Indicators

- Low Total Recordable Incident Frequency (TRIFR)
- Representation on Caterpillar's global dealer advisory boards
- Additional store openings with existing and new OEMs
- Recognition from OEMs in the form of awards and accolades

Frequency of Engagement	D Daily	M Monthly	H Half-yearly	R As required
	W Weekly	Q Quarterly	Y Yearly	A Annually

06

INVESTORS

Why We Engage

Investors grant us access to financial capital which allows us to achieve our business goals whilst maintaining prudent debt gearing levels. This trust supports our expansion plans, which aim to create value for our shareholders. Our long-term relationship with investors enables us to access financial resources to pursue business opportunities in a fiscally prudent manner.

Link to:

Material Matters

SDGs:

Engagement Platform	Engagement Frequency	Key Concerns
Analyst briefings	Q	<ul style="list-style-type: none"> Shifting automotive trends, including the rise of electric vehicles (EVs) which affects our aftersales revenues and automakers opting for a direct-to-customer approach via the agency sales model Headwinds from China’s economic slowdown impacting consumer sentiment Impact of ESG factors within the industrial segments
Roadshows	Q	
Investor conferences	Q	
Meetings	R	

Potential Risks	Opportunities
<ul style="list-style-type: none"> Loss of investor trust Damage to reputation and brand 	<ul style="list-style-type: none"> Improved share price performance Access to capital

Our Response

- Embrace the growth of EVs by working together with our principals to roll-out more EVs, and to support Malaysia’s increasing acceptance of EVs through other means such as offering charging services and solutions
- Diversify into new portfolios of assembly, after-sales and used cars to broaden earnings base
- Cost optimisation initiatives in China to manage economic slowdown
- Set clear targets for carbon reduction, ESG innovation, and energy efficiency across our operations
- Reduce our environmental footprint through innovation and digitalisation
- Capitalise on new minerals for batteries in support of the energy transition

Value Created for Stakeholders	Value Created for Sime Darby
<ul style="list-style-type: none"> Sustainable returns on investments 	<ul style="list-style-type: none"> Enhanced prominence in the business community and continued inclusion in the benchmark index (KLIC)

Value Creation Indicators

- Total Shareholders Return
- Return of Equity (ROE)
- Percentage of foreign shareholders invested in Sime Darby

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

Frequency of Engagement	D Daily	M Monthly	H Half-yearly	R As required
	W Weekly	Q Quarterly	Y Yearly	A Annually

07 COMMUNITY

Why We Engage

We believe that nurturing community well-being builds long term brand equity and increases employee engagement. By organising impactful projects, strengthening community connections and empowering sustainable development, we build stronger connections within our communities. We will also cultivate a workforce culture that embodies compassion and make meaningful impact through volunteerism.

Link to:

Material Matters

3

SDGs:

Engagement Platform	Engagement Frequency	Key Concerns
Technical and Vocational Training	<div style="display: flex; justify-content: space-around; gap: 5px;"> D W R </div>	<ul style="list-style-type: none"> Impact of operations on community and environment Support for development of local community Employment/Job creation
Corporate Social Responsibility	<div style="display: flex; justify-content: space-around; gap: 5px;"> D M Q R </div>	
Donation Drive	<div style="display: flex; justify-content: space-around; gap: 5px;"> Q A </div>	

Potential Risks	Opportunities
<ul style="list-style-type: none"> Brand and reputational damage 	<ul style="list-style-type: none"> Address community concerns Build a positive brand image

Our Response

- Provide assistance to our communities in need through financial aid and other forms of support
- Offer disaster relief across all our areas of operations
- Increase environmental conservation efforts
- Provide opportunities through education and apprenticeship programmes
- Introduce fundraising activities

Value Created for Stakeholders	Value Created for Sime Darby
<ul style="list-style-type: none"> Enhanced quality of life through ongoing support Relief and support for recovery from disasters Opportunities to participate in environmental conservation efforts 	<ul style="list-style-type: none"> Stronger relationships with the communities in which we operate, enhancing social license to operate Improved reputation and brand image as a socially responsible organisation Increased talent attraction and retention

Value Creation Indicators

- Community participation and positive response to community programmes

OPERATING ENVIRONMENT

GLOBAL ECONOMIC REVIEW & OUTLOOK

GLOBAL ECONOMIC REVIEW & OUTLOOK

Overall

Sime Darby is a multinational company, with almost 84% of our revenue from outside Malaysia. Our key markets are China and Australia, which collectively generate more than 70% of the Group’s income, solidifying our position as a representation for the rising Asia Pacific area.

FY2023 was a challenging year, marked with an economic slowdown and impending fears of a recession, further dragged down by high inflation, an energy crisis and geopolitical turmoil. Despite facing challenges in some of our markets, Sime Darby fared well overall in FY2023, due to our geographical spread across Asia Pacific, which broadens our earnings base and provides diversification benefits.



Sime Darby Berhad is headquartered in Ara Damansara, Malaysia.

AUSTRALASIA

Overview

The Australian economy has remained resilient in FY2023 and achieved 3.7% in GDP growth, above the 10-year pre-pandemic average of 2.6%. The growth reflected a strong recovery in demand following the COVID-19 lockdowns in 2021.

After COVID-19 restrictions were lifted, the return of tourism and education-related travel to Australia boosted service exports. The upturn in China has also raised the price of Australian bulk commodities, though not as high as in 2022, when Australia experienced a commodity boom.

In addition, the Australian government has introduced a pipeline of public infrastructure projects to support the construction market, aiming to rejuvenate the economy since COVID-19 in 2022.

Impact

PBIT from our Australasia operations increased by 24% from FY2022 to FY2023. Sime Darby has benefited from the rise in commodity prices in Australia. In fact, Australia has contributed over 50% of profit, standing as the largest profit contributor for this financial year.

Looking Forward

Moving forward, Australia’s economy is expected to further improve and recover to pre-pandemic norms by 2024. This will be further fueled by the Energy Transition towards renewables (wind, solar, battery storage), as there will be fresh demand for new minerals (such as lithium, nickel, cobalt, copper, etc.), which will require mining for extraction.

STRATEGIC REVIEW

GLOBAL ECONOMIC REVIEW & OUTLOOK

CHINA

Overview

After three years of strict “zero-COVID” lockdowns, China’s economy was expected to quickly recover through the release of pent-up demand and increased consumption upon its reopening in January 2023. Yet retail sales, industrial output and investment all grew at a slower-than-expected pace, leading to an economic slowdown of 3%, which is the lowest growth rate that China has experienced in nearly 50 years. Slower consumption, coupled with strong production, has led to an automotive price war, further depressing margins.

Impact

Profit from China operations was lower by 19% in FY2023 compared to FY2022, partly supported by a gain on disposal of properties. This was due to a combination of dampened consumer sentiment post-COVID-19, which was exacerbated by ongoing automotive price wars within China. Nevertheless, China stands as one of our primary markets, contributing about 36% of Sime Darby’s overall revenue, and our adaptability remains key as we navigate these challenges in this pivotal market.

Looking Forward

The current slowdown in China may take some time to weather through. In the medium to long term, we remain committed to the market and will continue to strengthen our operations there.

MALAYSIA

Overview

The Malaysian economy showed rapid annual economic growth in 2022, at a pace of 8.7%, which was the highest GDP growth rate since 2000. The ease of COVID-19 restrictions in early 2022 helped drive a rebound in private consumption. Exports also posted strong growth, boosted by rising world commodity prices and buoyant growth in manufacturing exports. The global growth of Electric Vehicles (EVs) has become more apparent in Malaysia, fueled by favourable government policies, including an extension of excise duties and sales tax exemptions for EVs. This is a welcomed incentive that Sime Darby is well-positioned to capitalise on and drives our ambition of becoming the EV leader in Asia-Pacific.

Impact

Our profits from Malaysia rose 55% in FY2023, partly due to the sales tax exemption (applicable to cars registered before March 31, 2023), which benefited Sime Darby Motors in terms of order books and revenue. While Malaysia contributes approximately 15% of our Group’s revenue, it remains a key market for us as it is our home base.

Looking Forward

In 2024, the Malaysian economy is expected to fare reasonably well. While the continued global economic slowdown, inflation, and rate hikes by the US Federal Reserve diminish prospects for the year, these are countered by a recovery in tourism and continued government support to boost domestic consumption and tame inflation.

KEY MARKET TRENDS

1 RISING INFLATIONARY PRESSURES

POTENTIAL IMPACT

- The rapid reopening of the global economy has resulted in inflationary pressures, causing governments worldwide to raise interest rates to control inflation. In the US, the Federal Reserve announced in September 2023 that it would be leaving its benchmark interest rate unchanged at a 22-year high, ranging from 5.25-5.5%, and may hike rates again in its fight to bring down inflation.
- Tightened financial conditions from US interest rate hikes will cause a drop in global growth from 3.5% in 2022 to 3.0% in 2023 and 2024. China's economy also appears to be slowing down contracting despite reopening efforts.

HOW WE RESPONDED

We prioritise premium and luxury offerings due to their stability in pricing fluctuations. Nevertheless, this is complemented by a broad portfolio of brands that serves diverse market segments effectively.

In addition, we have stayed resilient through strong fundamentals, a diverse presence, and strategic dedication to operational excellence and growth.

These trends affect our key markets. Inflation may impact production costs in both the Motors & Industrial sector, while reduced purchasing power and higher interest rates could temporarily lower demand in the Motors sector. Our adaptable strategy will endeavor to navigate these dynamics.

OUTLOOK

We envision a continued inflationary environment, given the prevailing high prices and consistent increases in interest rates. Accordingly, we focused on operational excellence to derive enhanced value from our existing operations. This strategic orientation aligns with our commitment to optimise performance whilst capitalising on prevailing market dynamics.

2 BULLISH COMMODITY PRICES

POTENTIAL IMPACT

- **Record-high commodity prices** are expected to escalate due to swift economic reopening and infrastructure demand remain at elevated levels. For instance, metallurgical coal is at US\$230/t, Newcastle thermal coal at US\$138.528/t, and Brent crude at US\$88/75/b in September July 2023. The Bloomberg Commodity Spot Index peaked in June 2022, with prices forecast to stay at this level in the short term.
- **High resource prices**, accompanied by an elevated demand for minerals due to energy transition, will boost demand for mining and associated services. We anticipate a slight softening of commodity prices as demand and supply normalise, but we believe prices will still remain above breakeven points and thus stay profitable.

HOW WE RESPONDED

Our Industrial operations across Australia and Asia are strategically positioned to leverage the current robust commodity prices. We provided essential equipment and maintenance services to mining companies, which became particularly significant as commodity prices moderated. The high-margin equipment maintenance aspect of our business becomes more pertinent in such times. We prioritised operational excellence, enhancing offerings, productivity, efficiency, and data analytics for our clients.

OUTLOOK

Expanding from the "load and haul" segment, we aim to become an integrated provider in the mining industry to further capitalise on the mining surge and capture a larger share of customer wallets. We see a positive outlook ahead, as commodity prices are expected to stay strong due to increased demand as economies reopen. Also, improved relations between China and Australia since 2021 could further drive demand for commodities in Australia.

STRATEGIC REVIEW

KEY MARKET TRENDS

3 GLOBAL ENERGY TRANSITION AND ITS IMPACT ON MINING

POTENTIAL IMPACT

- **The global shift towards cleaner energy sources** is actively progressing, leading to an exceptional demand for essential minerals. According to International Energy Agency, as of 2021, renewables will constitute 38.3% of total electricity generation capacity by 2025, which showcases a significant transformation. This heightened demand for minerals such as copper, nickel and lithium, is attributed to the mineral-intensive nature of renewable energy equipment such as electric vehicle batteries solar panels and wind turbines.

This heightened mineral demand, including copper, nickel and lithium, is attributed to the mineral-intensive nature of renewable energy equipment such as electric vehicle batteries, solar panels and wind turbines.

- **The World Bank forecasts that a 500%** increase in the production of these essential metals and minerals will be required by 2050 to meet the growing demand for clean energy technologies globally. This surge in demand requires a significant increase in mining to ensure a sustainable supply of these vital resources.

HOW WE RESPONDED

The ongoing energy transition presents substantial prospects for the Group. With our expertise in large mining equipment, we're strategically positioned to supply machinery for mineral exploration and renewable energy equipment.

Leveraging our new businesses like Salmon and Onsite, we have expanded into mineral-rich regions through our rental businesses. Additionally, we have invested in cleaner fuel solutions through Mine Energy Solutions (MES) to provide high-density compressed natural gas options for mining equipment.

OUTLOOK

Wood Mackenzie predicts a US\$1 trillion capacity investment required by 2035 to meet renewable energy demand. Australia's battery mineral deposits position us advantageously to seize opportunities in this context.

4 THE GROWTH OF THE CHINESE LUXURY MARKET

POTENTIAL IMPACT

- **China is on track to become the world's biggest luxury market by 2030.** It is projected that its market will accelerate at a CAGR rate of 6.63% from 2021 to 2025, which will be the fastest pace among the regions. The catalyst for this expansion is China's progressively affluent and refined middle class. This demographic possesses a keen affinity for high quality luxury items, spanning from handbags to watches and premium vehicles. These segments are projected to double by 2030. While China's personal luxury sales contracted 10% year on year in 2022, ending its five-year run of exponential growth, Bain & Company expects growth to resume in 2023 as China recovers from COVID-19. The fundamentals of consumption in China are still intact. Compared to other emerging markets, China is a behemoth for luxury growth.

HOW WE RESPONDED

China's strong inclination towards luxury products aligns favourably with our Motors business. Notably, our brand portfolio in China predominantly consists of premium and luxury offerings, including distinguished names like BMW, Rolls Royce, and McLaren. Thus, we secured a greater stake in this thriving market by expanding our presence through a wider sales network and reinforcing our premium automotive reputation. We believe in the long term that China will continue to be Asia's growth driver for many years to come.

OUTLOOK

While the China luxury market contracted by 10% in 2022, following a decade of rapid growth, there are still opportunities in Tier 3 and Tier 4 cities that we aim to continue exploring, while strengthening our existing base.

5 INTRODUCTION OF THE AGENCY MODEL BY CAR MANUFACTURERS

POTENTIAL IMPACT

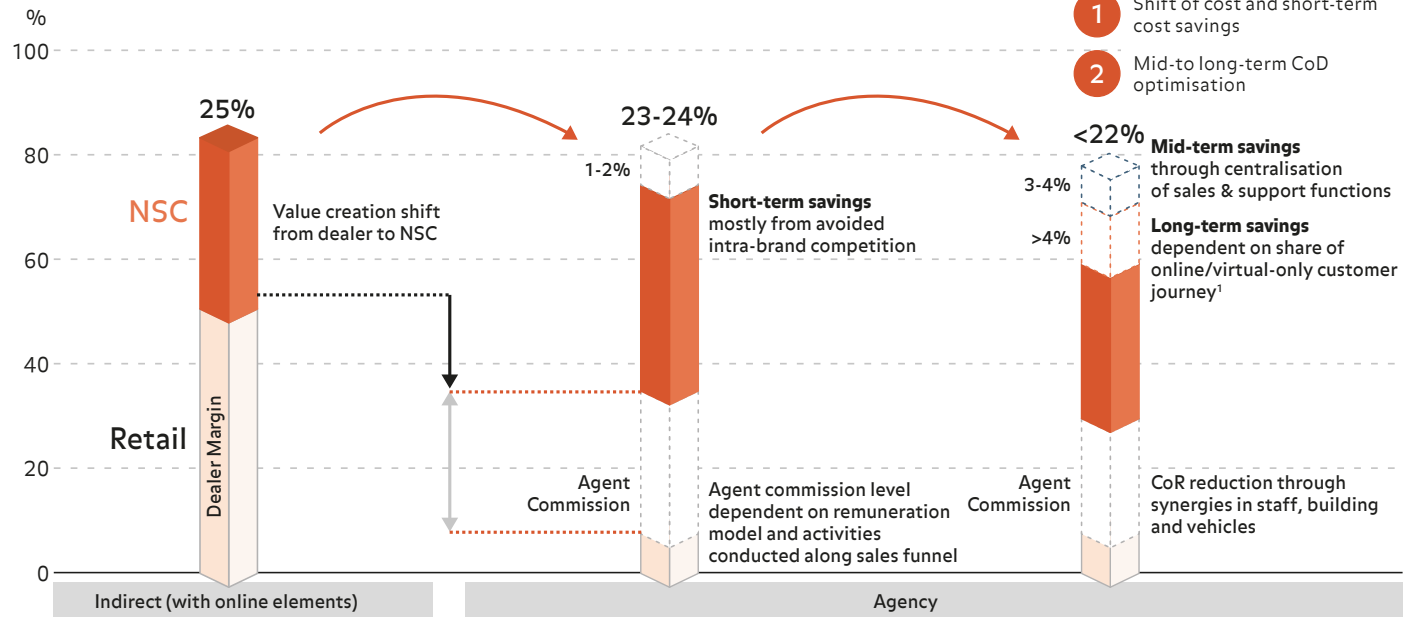
- **A transformative shift in the automotive market** is emerging with the rise of the Agency Model which alters traditional dealership dynamics. With this model, customers directly purchase vehicles from manufacturers online, bypassing dealers. Dealers pivot to fulfilment roles, handling deliveries, test drives, and service coordination.
- **Asia is expected to follow suit** with this Agency Model as it gains momentum in Europe. In China, MINI China has already embraced this model from January 2023, followed by Mercedes-Benz in July 2023, signifying an increase in the rate of adoption.

HOW WE RESPONDED

Our scale (geographically, segmentally and product wise), professionalism and local expertise position us as a preferred partner for regional Original Equipment Manufacturers (OEMs).

We are attuned to the potential disruptions from the Agency Model. To adapt and mitigate risks, we seek stability from other profit avenues like after-sales and used cars assembly. These segments offer lucrative margins and are less influenced by principals. Our strategic partnership approach with regional OEMs is instrumental in our operations and we are also actively diversifying our portfolio with additional brands and expanding into different geographies. This approach is rooted in our belief that the industry shift will not be uniform across all markets and will occur gradually.

Indirect vs. agency - Cost of Distribution effects of switching [in % of MSRP]



¹ Online share of >25% and agent contract negotiation with key impact on long-term Cost of Distribution savings

OUTLOOK

As more OEMs explore the Agency Model, we will emphasise running our operations more efficiently and building strong engagement with customers to secure preferred agent status to maximise commissions. We will also expand into other profit pools such as used cars, aftersales and assembly to broaden the earnings base.

STRATEGIC REVIEW

KEY MARKET TRENDS

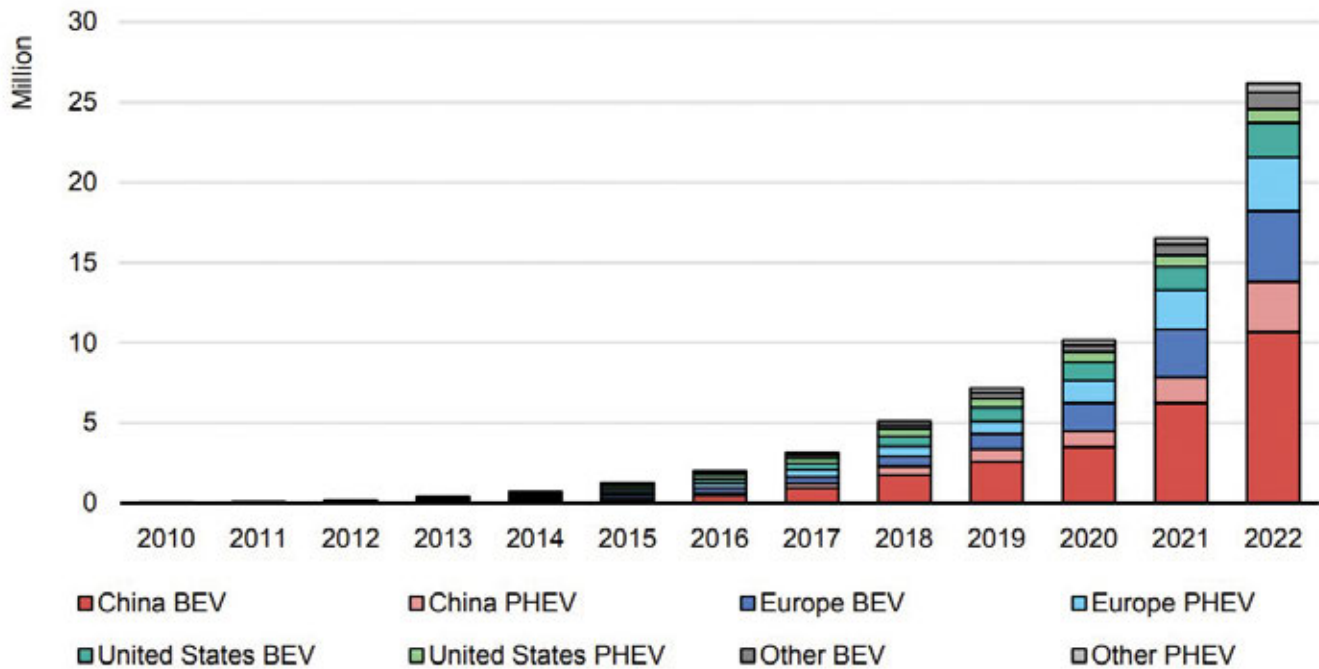
6 ACCELERATING ELECTRIC VEHICLE (EV) DEMAND

POTENTIAL IMPACT

- **Electric cars are seeing exponential growth** as EV global sales exceeded 10 million in 2022. Globally, a total of 14% of all new cars sold were electric in 2022, up from around 9% in 2021 and up from <5% in 2020. China remains the dominant leader in the EV market. With 5.67 million EVs sold in 2022, China made up to 59% of the global EV market.

HOW WE RESPONDED

In support of our key partners transitioning to a fully electric future, we have rolled out several successful EV models from renowned brands like BMW, MINI, Porsche, Hyundai, BYD and Volvo across key markets. With a robust presence in China, our Motors business has direct exposure to the world’s most advanced and sophisticated EV market. This strategic position facilitates partnerships with promising Chinese EV companies, enabling valuable knowledge exchange and cross-application of insights. We are also venturing into profitable segments of the EV value chain, including charging installation (KINETA), after-sales services and assembly.



OUTLOOK

The EV outlook remains optimistic as OEMs continue to introduce new models, aligning with the sustainability shift. We aim to capitalise on this trend by leveraging our strengths to maximise opportunities in the EV sector, through retail, after-sales, assembly and EV infrastructure.

MATERIAL MATTERS

Material matters are the Economic, Environmental, and Social (EES) factors that influence our ability to generate value for our stakeholders in the short, medium and long term. By understanding our stakeholders’ needs, preferences and concerns, we can prioritise the most important matters for both our stakeholders and our business. Our strategies and decisions are shaped by our material matters.

MATERIALITY PROCESS

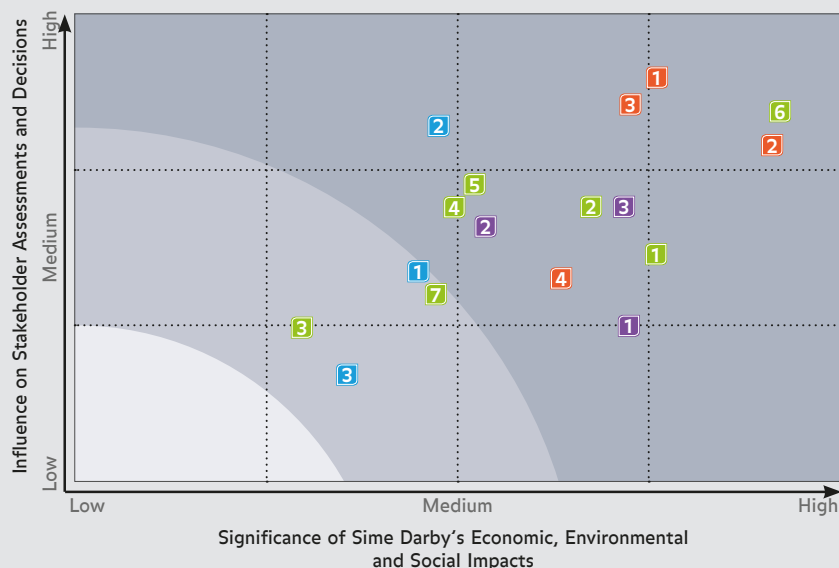
We conduct comprehensive materiality assessments every two years, with periodic reviews in between. This year, we undertook a materiality assessment to update the list, scope and definitions of our material matters. By regularly conducting a materiality assessment, we ensure our material matters align with our operations, stakeholder views and market changes.

We identified our material matters by considering EES factors that are most relevant to our business and prioritised them through stakeholder engagement and internal surveys. We then plotted the material matters on a materiality matrix to visualise the prioritisation. This approach supports our understanding of the interdependencies that exist among EES factors and the inclusive, comprehensive quality of sustainability.

MATERIALITY MATRIX

Our Materiality Matrix includes 17 material matters that will guide our sustainability direction and strategy for the next two years. The material matters are categorised according to Sime Darby’s four sustainability Themes, reflecting our strategic focus on EES.

Materiality Matrix (Sime Darby Berhad) FY2023



MAPPING OUR MATERIAL MATTERS

- 1 Review of Market**
We assessed 392 material matters published by our original equipment manufacturers (OEMs), competitors, customers, investors and Bursa Malaysia.
- 2 Analysis of Themes**
We considered our previous material matters, Bursa Malaysia’s common sustainability matters and market considerations during categorisation. This resulted in the identification of 17 material matters relevant to the Group.
- 3 Revision of Matters**
Our methodology for identifying, refining, selecting, and naming our material matters was presented to the Group Management Committee (GMC).
- 4 Prioritisation**
We engaged with GMC members and senior managers Group-wide to prioritise our material matters.
- 5 Approval**
The materiality matrix was presented to the GMC, the Risk Management & Sustainability Committee (RMSC) and the Board for final approval.

Theme 1: Optimising Our Environmental and Social Footprint

- 1 Climate Change (Including Financial Risks & Opportunities)
- 2 Energy and Emissions Management (including Renewable Energy)
- 3 Water Management
- 4 Waste and Effluent Management
- 5 Labour Practices
- 6 Health and Safety
- 7 Diversity

Theme 2: Inspiring Our Employees to Deliver Meaningful Change

- 1 ESG Oversight, Measurement & Reporting
- 2 Employee Training and Development
- 3 Community Contributions and Development

Theme 3: Engaging in Sustainable Partnerships

- 1 Customer Satisfaction
- 2 Business Continuity
- 3 Business Ethics and Compliance (including Anti-Bribery/Corruption)
- 4 Responsible Supply Chain

Theme 4: Driving Sustainable Innovation and Technology

- 1 Sustainable Product Offering
- 2 Technology and Innovation
- 3 Data Privacy and Security

STRATEGIC REVIEW

MATERIAL MATTERS

THEME 1 OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

1 CLIMATE CHANGE (INCLUDING FINANCIAL RISK & OPPORTUNITIES)

DEFINITION

Manage operational and financial risks and opportunities associated with climate change.

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> Damage to assets, natural capital, and loss of human lives results in the loss of production, output, and revenue. Loss of property or trade routes due to rising water levels, which affects property and insurance values. 	<ul style="list-style-type: none"> A climate change response strategy improves stakeholder trust and public perception. Awareness of the changing and emerging impacts of climate change supports better resilience and adaptation.

OUR APPROACH
<ul style="list-style-type: none"> Updated our Group Policies and Authorities (GPA) to include sustainability considerations. Decarbonisation efforts of our products and services, design and delivery of productivity solutions for customers and supporting our people to be future-ready.

OUTLOOK
<p>Introduce TCFD evaluation against the four TCFD pillars (governance, strategy, risk management, metrics and targets). The associated activity plans will ensure activities are undertaken to measure and report the reduction of our carbon footprint. We will continue to evaluate related risks and opportunities.</p> <p> For more information, please see page 127.</p>

Capitals

Strategy Pillars

Stakeholders

SDGs

2 ENERGY AND EMISSIONS MANAGEMENT (INCLUDING RENEWABLE ENERGY) **

DEFINITION

Our commitment to reduce our energy consumption and our emissions (Scope 1 and 2).

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> High operational costs related to energy consumption and the release of emissions (e.g. carbon tax). Loss of competitive edge as businesses transition to a low-carbon economy. 	<ul style="list-style-type: none"> Awareness of our carbon footprint to reduce overall energy and electricity consumption. Demonstrated commitment to decarbonisation through the establishment of a more energy-efficient portfolio. Engaging with our supply chain to reduce scope 3 emissions.

OUR APPROACH
<ul style="list-style-type: none"> Track carbon emissions to identify opportunities to reduce our carbon emissions. Increase adoption of renewable energy across our operations.

OUTLOOK
<p>We continue to identify new opportunities for carbon reduction throughout our operations, product portfolio and supply chain.</p> <p> For more information, please see page 128.</p>

Capitals

Strategy Pillars

Stakeholders

SDGs

** Two Bursa Malaysia Common Sustainability Matters are combined

3 WATER MANAGEMENT*

DEFINITION

Group-wide controls to reduce water consumption across all operations, including data collection, and monitoring mechanisms.

RISKS

- Overflows or leakage of untreated water into municipal waterways.
- Jeopardise aquatic life and cause subsequent effects.

OPPORTUNITIES

- Reduce water consumption habits.
- Increase water harvesting and recycling practices to improve availability and quality, respectively.
- Implement data collection, measurement, and monitoring practices.

OUR APPROACH

- Recycle wastewater and/or provide for purification before release.
- Harvest rainwater to save water and reduce clean water usage.
- Conserve potable water through recycling and harvesting practices.

OUTLOOK

We aim to enhance our current water management protocols and are working towards implementing a water management strategy across significant facilities.

For more information, please see page 131.

* Bursa Malaysia Common Sustainability Matter

Capitals

Strategy Pillars

Stakeholders

SDGs

4 WASTE AND EFFLUENT MANAGEMENT*

DEFINITION

Processes to reduce physical waste and properly dispose of or manage hazardous chemicals and substances.

RISKS

- Disposal of batteries containing hazardous chemical content.
- Limited waste and recycling data provided by vendors.
- Regulatory intervention including fines and penalties

OPPORTUNITIES

- Reduce our impact on the environment through efficient waste and effluent management.
- Create additional revenue streams by selling reusable or recyclable waste.

OUR APPROACH

- Conduct training sessions to implement waste reduction strategies.
- Monitor waste disposal and effluent management to reduce the risk of contamination and regulatory intervention.

OUTLOOK

We will continue to monitor and evaluate generated waste. This includes continuing our efforts to implement reduce, reuse, recycle waste management initiatives across the Group.

For more information, please see page 133.

* Bursa Malaysia Common Sustainability Matter

Capitals

Strategy Pillars

Stakeholders

SDGs

STRATEGIC REVIEW

MATERIAL MATTERS

5 HEALTH AND SAFETY*

DEFINITION

Commitment to 'No Harm' policies and practices that support the health and safety of our employees.

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> Loss of stakeholder trust due to unsafe working conditions. Financial and non-financial costs associated with workplace accidents. 	<ul style="list-style-type: none"> Ensure the productivity of the workforce through the physical and mental well-being of employees. Digitalise health and safety tracking.

OUR APPROACH

- Systemise health and safety efforts to keep track of employee well-being.
- Investigate incidents and take corrective action.
- Embed health and safety culture through Group-wide programme to encourage safe decisions.

OUTLOOK

Hazard reporting and safety interactions will remain a key part of our health and safety efforts. We are working towards expanding our safety culture programme, SELF, in Papua New Guinea, the Solomon Islands, and New Caledonia in FY2024 as well as to China in the future. We will continue to monitor TRIFR and LTIFR and take action as identified in investigation reports.

For more information, please see page 135.

* Bursa Malaysia Common Sustainability Matter

Capitals

Strategy Pillars

Stakeholders

SDGs

6 LABOUR PRACTICES *

DEFINITION

Capacity to educate, regulate, and enforce modern-day slavery prevention across our businesses.

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> Disciplinary or legal action when standards are breached. Increased dissatisfaction and turnover among employees due to unfair treatment. 	<ul style="list-style-type: none"> Uphold brand reputation by meeting regulatory requirements and following international best practice. Improve employee retention and satisfaction.

OUR APPROACH

- Introduce our Human Rights Charter to cover issues such as child labour and modern slavery across the Group.
- Conduct a region-specific risk assessment tailored to our operational areas.

OUTLOOK

We will continue to educate our employees on the Human Rights Charter and evaluate metrics to further understand our fair employment and labour practice performance.

For more information, please see page 139.

* Bursa Malaysia Common Sustainability Matter

Capitals

Strategy Pillars

Stakeholders

SDGs

7 DIVERSITY *

DEFINITION

Adhere to standards that emphasise equity, personal choice and cultural inclusiveness.

RISKS

- Challenges in talent attraction and retention.
- Loss of productivity and morale among employees.

OPPORTUNITIES

- Improved innovation and creativity by embracing diverse perspectives.
- Enhanced engagement and sense of inclusion among employees.

OUR APPROACH

- Foster equitable and inclusive workplaces.
- Support the freedom of personal choice and cultural beliefs.
- Comply with regulatory requirements across the jurisdictions where we operate.

OUTLOOK

We intend to continue progressing and expanding our female empowerment programme, including personalised coaching and mentorship opportunities.

For more information, please see page 141.

* Bursa Malaysia Common Sustainability Matter

Capitals



Strategy Pillars



Stakeholders



SDGs



THEME 2 INSPIRING OUR EMPLOYEES TO DELIVER MEANINGFUL CHANGE

1 ESG OVERSIGHT, MEASUREMENT & REPORTING

DEFINITION

Increased transparency and accountability processes, which complement and coincide with ESG disclosures and the avoidance of greenwashing.

RISKS

- Difficulty in executing ESG strategy into daily operations.
- Insufficient knowledge dissemination and capacity-building efforts related to ESG strategy alignment.
- Inadequate capacity for collecting, managing, and applying ESG data.
- Regulatory penalties due to ESG non-compliances.

OPPORTUNITIES

- Increase collaboration in the workforce to achieve ESG implementation.
- Improve brand reputation by abiding to ESG regulations.

OUR APPROACH

- Establish and evaluate ESG practices across the Group through our Sustainability Blueprint.
- Adopt, adhere to, and report on ESG criteria.
- Prevent greenwashing.
- Board oversight of ESG integration across the Group.

OUTLOOK

We will enhance the accuracy of our reporting through continued evaluation of systems and processes.

For more information, please see page 144.

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2 EMPLOYEE TRAINING AND DEVELOPMENT

DEFINITION

By developing a strong talent pool, we consistently have the capacity to address our business needs.

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> Disruption of business flow and compromise to values if employees are not trained well. Incorrectly targeted training ineffective and reduces overall job performance. 	<ul style="list-style-type: none"> Ensure efficient business operations by improving the knowledge and skills of employees. Improve employee morale and career advancement.

OUR APPROACH

- Cultivate a robust talent pool to meet our business requirements.
- Enhance our competencies through upskilling programmes.
- Foster career advancement and workforce retention.

OUTLOOK

We will embed our new Performance and Development framework that values personal connection, coaching, regular check-in and development conversations. We will continue to enhance ESG training to address commitments and identify priority areas.

For more information, please see page 145.

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3 COMMUNITY CONTRIBUTIONS AND DEVELOPMENT*

DEFINITION

Supporting community development and contributing to social causes.

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> Reduced support from surrounding communities, resulting in a reduction in business opportunities and growth. Reduced opportunities for investment or partnerships. 	<ul style="list-style-type: none"> Improve engagement and trust through community development. Increase opportunities to build stakeholder relationships.

OUR APPROACH

- Work with Yayasan Sime Darby to support community projects in Malaysia.
- Collaborate with local NGOs and community organisations to support the communities where we operate.

OUTLOOK

We are developing a CSR framework that will guide our CSR initiatives across the Group, improve our CSR reporting and allow us to drive positive outcomes in the communities where we operate.

For more information, please see page 151.

* Bursa Malaysia Common Sustainability Matter

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THEME 3 ENGAGING IN SUSTAINABLE PARTNERSHIPS

1 CUSTOMER SATISFACTION

DEFINITION

Reliability, consistency and our ability to meet the needs or demands of our business partners and customers.

RISKS

- Reduced customer commitment and altering purchasing decisions.
- Decline in the perception of our value proposition, including product quality, productivity, cost, and after-sales support.

OPPORTUNITIES

- Maintain a deep understanding of customer sentiment to retain market share.
- Align with customers' future product demands.

OUR APPROACH

- Exceed standards set by principals for sales and service.
- Maintain strong customer relationships.
- Maintain stringent quality control measures, including undergoing third-party audits.

OUTLOOK

We will continue to build customer trust and loyalty by offering exceptional customer experiences while maintaining industry-leading service standards.

For more information, please see page 154.

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2 BUSINESS CONTINUITY

DEFINITION

Sustain economic performance through our ability to prepare for and respond to events with the potential to impact our course of business.

RISKS

- Operational disruptions due to unexpected threats, crises and disasters.
- Business failure due to an ability to adapt to the external environment.

OPPORTUNITIES

- Proactive risk reduction and swift recovery, to demonstrate resilience.
- Demonstrate efficiency across business operations over the long run.

OUR APPROACH

- Mitigate disruptions caused by internal and external factors.
- Diversify product offerings, expand across platforms, and explore new markets for a competitive edge.
- Business Continuity Management (BCM) plan.

OUTLOOK

We will strengthen our business resilience by providing BCM awareness training, conducting regular reviews of our BCM plans, and testing our preparedness across our operations.

For more information, please see page 155.

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STRATEGIC REVIEW

MATERIAL MATTERS

3 BUSINESS ETHICS AND COMPLIANCE (INCLUDING ANTI-BRIBERY AND CORRUPTION)*

DEFINITION

Internal capabilities to uphold high ethical standards with complementary governance practices and meet regulatory requirements.

RISKS
<ul style="list-style-type: none"> Reputational harm due to bribery and corruption cases. Ethical lapses and non-compliance result in loss of stakeholder trust.

OPPORTUNITIES
<ul style="list-style-type: none"> Demonstrate a commitment to ethics. Continue to emphasise our commitment to ethics and provide training.

OUR APPROACH
<ul style="list-style-type: none"> Implementation of Anti-Bribery and Corruption (ABC) Policy and conduct self-assessments to address corruption risks. Promote ethics and transparency by enhancing our whistleblowing procedures through the Whistleblowing Charter & Procedures (WCP).

OUTLOOK
<p>We aim to conduct a phased self-control assessment on all aspects of our Anti-Bribery and Corruption (ABC) Policy to comprehensively assess corruption risks.</p> <p> For more information, please see page 156.</p>

* Bursa Malaysia Common Sustainability Matter

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4 RESPONSIBLE SUPPLY CHAIN*

DEFINITION

Address regulatory requirements and account for sustainability risks and opportunities throughout our supply chain.

RISKS
<ul style="list-style-type: none"> Decreased brand image due to concerns about environmental or social risks within the supply chain. Vendors' failure to comply with labour laws and standards resulting in legal and reputational risk.

OPPORTUNITIES
<ul style="list-style-type: none"> Sustainable supply chain practices lead to long-term cost savings. Identify and mitigate risks associated with ESG, avoiding potential disruptions and financial losses in the supply chain.

OUR APPROACH
<ul style="list-style-type: none"> Encourage vendors to align with responsible solutions. Provide equal opportunities to all qualified vendors. Support innovation and efficiency across our supply chain.

OUTLOOK
<p>We aim to launch our responsible sourcing programme with a focus on taskforce capabilities, governance, regional rollout, vendor segmentation, sustainability risk assessment, and integration into our procurement policy.</p> <p> For more information, please see page 158.</p>

* Bursa Malaysia Common Sustainability Matter

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THEME 4 DRIVING SUSTAINABLE INNOVATION AND TECHNOLOGY

1 SUSTAINABLE PRODUCT OFFERING

DEFINITION

Commitment to providing eco-friendly products and services that support decarbonisation.

RISKS

- Customer attrition to brands offering more sustainable product options.
- Potential negative brand perception due to a lack of sustainability integration.
- Market irrelevance due to failure to align with decarbonisation legislation and standards.

OPPORTUNITIES

- Collaborate with principals to develop and launch decarbonisation products.
- Diversify product range to accommodate niche markets.
- Enhance brand image through resource and waste reduction initiatives across the value chain.

OUR APPROACH

- Offer eco-friendly products and services that promote decarbonisation, including mobility solutions, electric vehicles/machinery, alternative fuels and drivetrain technologies.
- Prioritise product safety, quality management and innovation excellence to meet and exceed industry standards.

OUTLOOK

We will focus on expanding our EV portfolio and developing related services such as EV charging and battery recycling.

For more information, please see page 160.

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2 TECHNOLOGY AND INNOVATION

DEFINITION

The efficiency of our internal processes and product offerings.

RISKS

- New technologies can expose vulnerabilities to cyberattacks, data breaches, and raise ethical questions about job displacement and privacy.
- Privacy concerns are raised when customer data is used for innovation.
- Rapid technological advancements may render solutions obsolete.

OPPORTUNITIES

- Leverage data for improved sales.
- Expand sales channels through online platforms.
- Increase productivity and efficiency with data-driven operations.

OUR APPROACH

- Improve the efficiency of our processes, which includes automation.
- Support employee innovation and ensure our technology aligns with the latest trends.
- Innovate and explore new ways to refresh our sales approach.

OUTLOOK

We will continue to advance our efforts in technology and innovation by meeting customer needs through enhanced digitalisation and improved efficiency. We will explore harnessing data to provide value-added offerings to customers.

For more information, please see page 161.

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STRATEGIC REVIEW

MATERIAL MATTERS

3 DATA PRIVACY AND SECURITY*

DEFINITION

Ensure the protection of data, information and intellectual property.

RISKS	OPPORTUNITIES
<ul style="list-style-type: none"> • Cyberattacks including phishing and hacking of company data and stakeholder information. • Data breaches and unauthorised access. • Complexity of cross-border data transfers due to varying privacy laws. 	<ul style="list-style-type: none"> • Empower individuals and boost confidence using digital services. • Facilitate cross-border data sharing and global collaboration. • Establish a secure digital ecosystem.

OUR APPROACH

- Implement robust data protection, privacy and security measures.
- Educate and enhance employee data protection capabilities.
- Enhance risk management capabilities and establish contingency plans.


OUTLOOK

We are rolling out Privileged Access Management (PAM) for digital asset control. A cybersecurity awareness program will be rolled out to improve data privacy and security.


 For more information, please see page 162.

* Bursa Malaysia Common Sustainability Matter


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ENTERPRISE RISK MANAGEMENT

During FY2023, our key markets have gradually recovered from the COVID-19 pandemic. However, heightening global economic and geopolitical risks, inflationary pressures and high interest rates have collectively weighed on consumer confidence in the key regions and sectors we operate. Freight availability issues have eased from a year ago, but random supply shortages continue to occur in certain markets affected by the Russia-Ukraine war. And as markets progressively reopened, demand for skilled labour continues to increase leading to labour shortage issues and higher manpower costs.

In addition, the following key risk trends were also observed in FY2023:

- 1 Advent of more ESG related standards and regulations requiring more in-depth risk assessments and regulatory compliance disclosures.

- 2 Cyber security remains a key risk. Prevention becomes increasingly difficult as the mode and pattern of attack continues to evolve.


- 3 With increasing levels of cyber security, data sovereignty comes under more regulatory scrutiny especially in countries with stringent data privacy regulations like China.

- 4 China’s post-pandemic recovery has fallen short of expectations. Consumption rebound faced a slowdown amid weak income expectations and household deleveraging, while confidence levels remained fragile among businesses and consumer.

- 5 The advent of emerging tech and business disruptors such as the agency model, artificial intelligence that could have systemic impact on Sime Darby’s businesses.

The key risk and compliance management initiatives undertaken in FY2023 were largely focused on assessing and managing Sime Darby’s key emerging risks; instilling risk and compliance awareness via training and communication; as well as embedding ESG elements into key policies and processes. These activities are meant to complement our businesses as operations gradually normalises, and as ESG continues to gain prominence. These initiatives include:

- Appointed regional risk and compliance managers in both Industrial and Motors divisions to implement risk and compliance initiatives across all key business operations.
- Embedded sustainability elements and material matters into Group Policies and Authority as to align with Bursa Malaysia Sustainability Reporting Guide 2022, where private sector companies are expected to embrace good ESG principals in their decision making processes.
- Initiated a long-term programme to embed ESG into Sime Darby’s procurement and supply chain processes. This includes developing the Group’s inaugural Responsible Sourcing Framework, Policy and Roadmap.
- Developed a Human Rights Charter to address human rights impacts, including modern slavery risks in our operations and supply chain.
- Enhanced and aligned the Group Whistleblowing Charter with the latest ISO 37002 standards to ensure efficiency in managing whistleblowing cases.
- Conducted BCM Testing such as Desktop Walkthrough Exercise for key operating units. This is to ensure that our business remains resilient during crisis and disaster amidst the advent of ‘black swan’ events impacting the operations.

 For more details of FY2023 and FY2024 risk and compliance initiatives, please refer to pages 215 to 216.

STRATEGIC REVIEW

ENTERPRISE RISK MANAGEMENT

➤ ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) RISKS AND OPPORTUNITIES

In today's dynamic business landscape, understanding and addressing ESG risks and opportunities are crucial towards preserving long-term value and business resiliency. The focus on ESG metrics by the stakeholders especially investors, customers, and authorities is gaining notable traction across the Group's business footprint.

ESG risks and opportunities are currently assessed and managed as part of the Group's enterprise-wide risk management process. These risk factors encompass environmental impact, social responsibility, and corporate governance practices as further explained below:

ENVIRONMENTAL - CLIMATE CHANGE

The Group is exposed to different aspects of climate-related risks given its wide and diverse geographical presence. Assessing climate change risks and opportunities are pertinent to help us achieve our Sustainability Blueprint aspirations and optimise our environmental footprint. Preliminary assessment of the Group's climate change risks and opportunities are further explained in the following sections.

Physical Risks

Our presence in 17 different locations exposes our operations to different types of acute weather hazards including flood, cyclone, typhoon, hurricane, heat wave, drought and wildfire. For example, some of our operations in New Zealand were impacted by the Auckland floods in February 2023 which resulted in temporary closure of our facilities, with our employees and customers being stranded in affected locations. While there were no casualties or significant property damage reported, the occurrence of such climate-related hazards poses a significant risk to the safety of our employees and the wider community of people that we work with, damage to our assets, as well as operational disruptions.

In terms of chronic risks, a gradual increase of global average temperature and rising sea levels could have systemic wide-ranging impact on our business operations. For example, sea level rise could result in flooding to coastal areas, ultimately

leading to abandoned assets due to inaccessibility. Severe heat stress also poses safety risk to our employees. Extreme heat is recognised to contribute to lower productivity and reduced capabilities.

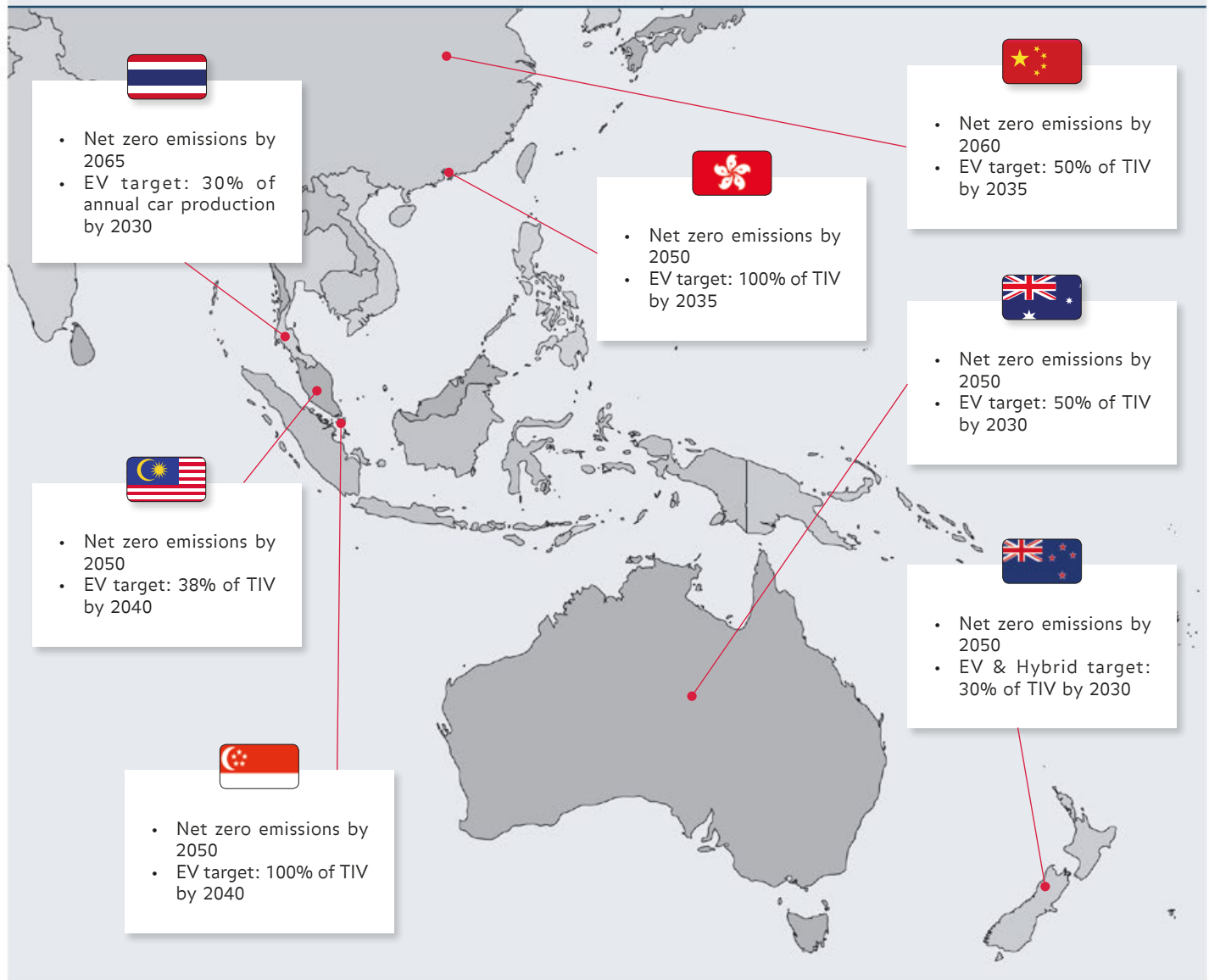
Addressing physical risks requires a greater understanding of how prolonged exposure can be addressed. Risk management processes for incremental temperature increases must account for the short, medium, and long term. Viable contingency plans must be incorporated into our risk management plan. The Group's operational resiliency is currently addressed in its business continuity management (BCM) programme. Please refer to page 155 for more information.

ENVIRONMENTAL - CLIMATE CHANGE

Transition Risks

Transition risk refers to financial and operational challenges that could arise as the business transitions to a reduced carbon future. This involves shifting policies, strategies, regulations, technologies and increased investment aimed at reducing greenhouse gas emissions and addressing climate-related issues. Our transition plan includes a greater dependence on clean energy.

Our business footprint, which expands across key markets of the Chinese Mainland, Australia, Malaysia, Singapore, Thailand, Hong Kong and New Zealand must demonstrate a concerted effort towards decarbonisation and clean initiatives. Decarbonisation efforts continue to gain momentum as global temperatures continue to rise and legislators and regulatory authorities continue to set targets for net zero emissions by 2050-2065.



Source: Government's Official website, Climate Action Tracker and Climate Change Tracker

STRATEGIC REVIEW

ENTERPRISE RISK MANAGEMENT

ENVIRONMENTAL - CLIMATE CHANGE

The impact of net zero targets on our business operations are explained below:

Policy Risks

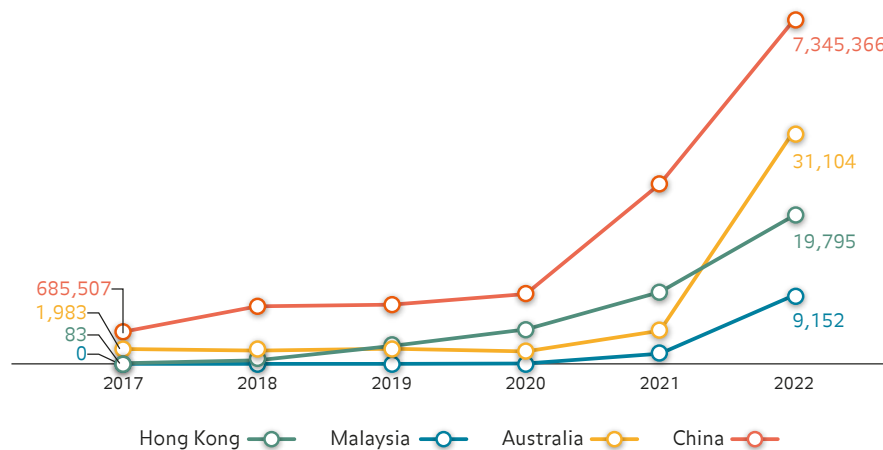
The advent of policies aimed at reducing emissions in the markets we operate, such as potential government mandated coal mine closures, implementation of financial or market instruments such as carbon taxes, emissions pricing or cap-and-trade schemes could lead to volatility in commodity-related segments such as thermal coal mining. This could

potentially impact our customers operating in that segment. In the automotive sector, increasingly stringent energy-efficient regulations aimed at limiting vehicle emissions could lead to assets becoming “stranded” or obsolete eventually resulting in inventory write-offs.

Technology Risks

The rising prominence and adoption of renewable energy represents a transition risk for older unsustainable technologies driven by fossil fuels. For example, the growth of EVs that are becoming more intense across our operations especially Hong Kong and the Chinese Mainland. This is

also seen as an opportunity for Sime Darby to restructure the products and service offerings to leverage on the potential opportunities and market trajectory in the EV segment as shown in the table below.



Global New Electric Vehicles (EVs) Sales Trend¹

Market and Other Transition Risks

This refers to shifting of consumer behaviour and demand from high-emission products to low-carbon alternatives. For example, the transition to cleaner fuels will likely lead to lower demand for fossil-based commodities such as thermal coal over the medium to longer term. Consequently, this shift may have implications for our equipment offerings within the thermal coal mining sector. Currently, our exposure to thermal coal is <5%, which may further decrease as the shift to alternate

fuel sources for power generation takes place. The transition to renewable energy sources also provides an opportunity for the Group to venture into new business segments that are less carbon intensive. The recent acquisition of Onsite exemplifies the Group’s commitment to expanding its presence in adjacent business streams, whilst also delivering commodity and industry diversification.

¹ Source: Bloomberg, Marklines

SOCIAL

“**Social**” encompasses a range of issues that affect the Group’s relationship with its employees, customers, communities and stakeholders. To mitigate risk, we have increased our efforts to include human rights and responsible supply chain safeguards. The Group is cognisant of the increased emphasis in human rights in some of the key markets where it operates. The Group has developed its Human Rights Charter to be applicable to the requirements of all jurisdictions the Group operates. The Charter enhances the Group’s policy to uphold ten commitments to Human Rights, which now includes combatting modern day slavery. The Group engaged an international law firm to advise on legal aspects of human rights and modern slavery to ensure the Charter is applicable across all the jurisdictions where it operates. The Group also ensures the Charter adheres to ESG requirements internally. As part of mitigating the risk, the Group has preliminarily initiated operational plans spanning a full year up to May 2024. Implementation internally, amongst the Group’s own employees, will be led by Group Human Resources whilst externally it will be led through the Procurement Leadership Council via responsible sourcing of external vendors.



The Human Rights Charter is available at

https://www.simedarby.com/sites/default/files/sime_darby_human_rights_charter_final.pdf

GOVERNANCE

“**Governance**” encompasses the robust structure, practices and policies established to address environmental and social challenges while maintaining strong ethical standards. This includes aspects like board composition and diversification, executive compensation, stakeholder rights and expectations, transparency in decision-making as well as ethical behaviour. Practically, evaluating governance practices assists investors to assess the impact of climate change on enterprise value. Sustainability reporting standards and disclosures are gaining more prominence with regulatory bodies across our key markets emphasising alignment and becoming more stringent evaluating a company’s ESG practices and public claims. In response to this, we are continuing our journey to fully align to TCFD and have published GHG disclosure with limited external assurance.

To account for ESG risks, the Group established a comprehensive Sustainability Blueprint as our roadmap for integrating and emphasising sustainability throughout our operations and as our path forward. We continue to conduct materiality assessment, which identify potential material risks, such as health and safety, climate change, emissions and energy management, and ESG oversight, monitoring, and reporting as key components to our regulatory requirements and to continue creating value for our stakeholders.



Read more on our Sustainability Blueprint, material matters and initiatives related to ESG at pages 118 to 162 of this report.

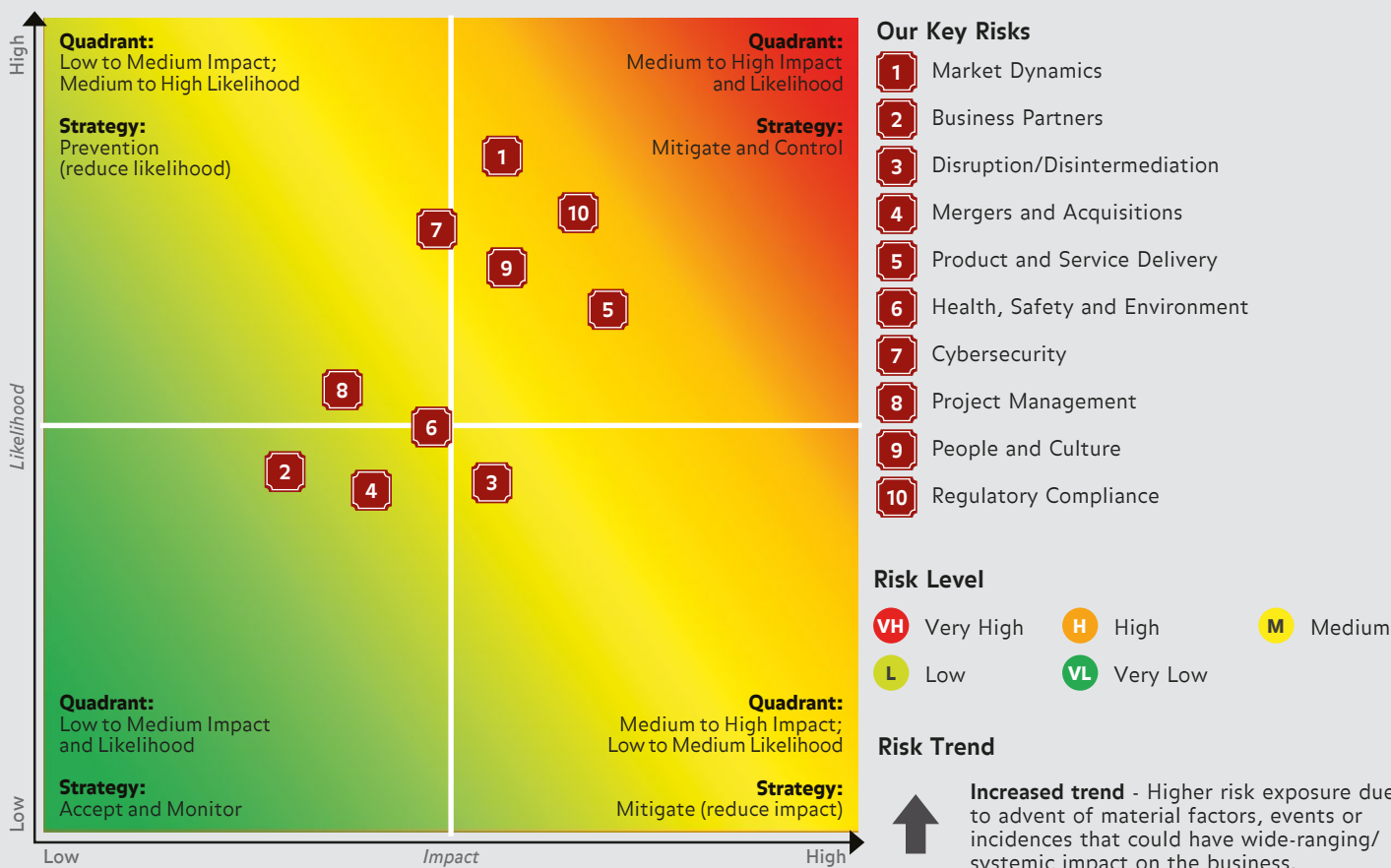
STRATEGIC REVIEW

ENTERPRISE RISK MANAGEMENT

➤ SIME DARBY'S TOP TEN RISKS

Effective risk management can be a source of competitive advantage. By understanding and effectively managing risks in a holistic manner, the Group provides greater certainty and strengthens stakeholder confidence.

The Group views and manages its risks on an enterprise-wide basis, with risk management embedded in critical business and decision-making processes, functions and activities. The heatmap below depicts the Group's Top Ten Enterprise Risks areas as at 30 June 2023:



RISK APPETITE

Sime Darby's risk appetite statements, risk tolerance and key risk indicators were developed in FY2020 and is tracked on a quarterly basis. In FY2022 as part of our bi-annual review process, the risk appetite statements and indicators have been revised to align with the Group's latest strategy blueprint, growth aspirations and business environment. In total, there are 11 risk appetite statements covering ten sub-enterprise risk areas.

The details of the top ten risks, applicable risk appetite statements and how the risks managed are detailed out on page 75 to 84.

1 MARKET DYNAMICS

Risk Trend: Risk Level: H

DESCRIPTION AND IMPLICATION FOR VALUE CREATION

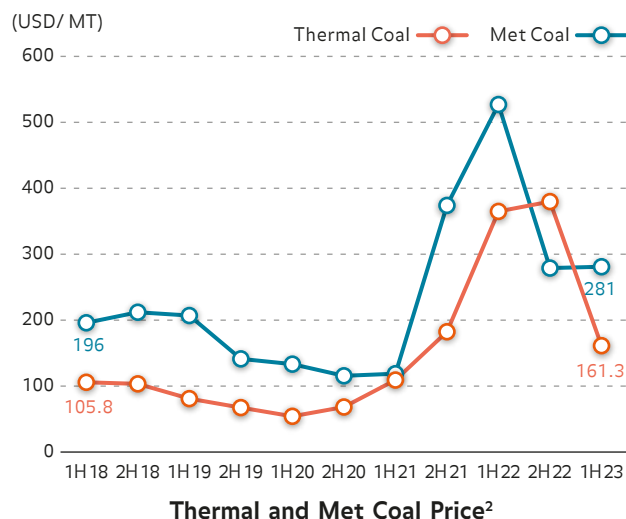
- Sime Darby is exposed to macroeconomic and geopolitical uncertainties, with a particular focus on Australia and China, as both of these countries account for a substantial portion of our business operations and revenue contribution.
- The Group is also primarily dependent on certain market segments such as coal mining, construction, and automotive. The market trends and trajectory of these segments will influence the demand for our products and services.

RISK IMPACT

- Economic downturns, currency fluctuations, political instability, and trade tensions within our operational footprint can impact consumer spending, investment, and demand for our products and services, affecting the Group’s revenue and profitability.

RESPONSE AND MITIGATING ACTIONS

- Continuous monitoring of geopolitical and macroeconomic development that could expose the Group to systemic risks.
- Ensure the adherence to the Group’s risk appetite to ensure diversification of investment and to prevent over-concentration of investment in a single industry or territory.
- Strengthen the business relationship and collaboration with principals to improve price competitiveness.



KEY HIGHLIGHTS FOR FY2023

- Coal prices are gradually returning to pre-pandemic levels after reaching an all-time high in 2022. The overall outlook for coal remains cautiously optimistic, amidst a changing energy landscape characterised by heightened competition from natural gas prices and the increasing prominence of renewable energy sources.
- In the industrial equipment and automotive sectors, the Group continues to experience intense competition driven by aggressive pricing and innovative products from market peers, especially in China.
- Inflationary pressures and high-interest rates have collectively weighed on consumer confidence in the key regions and sectors in which we operate.
- Supply chain issues driven by geopolitical events such as the Russia-Ukraine conflict continue to occur throughout the year.

RISK APPETITE STATEMENT

- We will pursue investments in key markets but remain cautious about over-concentrating our investments in a single country or region, especially in countries with high macroeconomic, geopolitical and bribery and corruption risks.
- We will continue to seek opportunities for diversification to spread concentration risk, but we will avoid over-diversifying our core trading business.

Capitals:



Stakeholders:



Material Matters:



Strategy Focus Area:



² Source: Bloomberg

STRATEGIC REVIEW

ENTERPRISE RISK MANAGEMENT

2 BUSINESS PARTNERS

Risk Trend:  Risk Level: L

DESCRIPTION AND IMPLICATION FOR VALUE CREATION

- Our trading business inherently carries a risk associated with the principals and business partners, and the performance of the Group’s dealership business is significantly dependent on the decisions and activities driven by them.

RISK IMPACT

- Any issues encountered by our business partners, such as operational hiccups or disruptions in the supply chain, could directly affect our operations. This could compromise our product supply, potentially causing delays in delivery to our end customers.
- Termination of the dealership by our key principals would adversely impact our financial position. However, this scenario is improbable due to our established rapport with key principals and the positive track record of our performance.

KEY HIGHLIGHTS FOR FY2023

- Concentration on key principals remains high as the Group continues to expand its Caterpillar and BMW businesses.
- Nevertheless, these are mitigated by continuously engaging and maintaining our relationship with key principals. The Group ensures that we comply with dealership terms and conditions.
- Other mitigation initiatives include diversification of our brand and business portfolios to optimise our product and service offerings.

RESPONSE AND MITIGATING ACTIONS

- Maintain ongoing communication with principals to ensure business goal alignment.
- Aim to broaden our business scope to reduce over-reliance on key principals, while strengthening relationships with them.

RISK APPETITE STATEMENT

- We acknowledge the risk of being highly dependent on our key principals and will avoid situations or actions that may adversely impact our relationship with them.

Capitals:



Stakeholders:



Material Matters:



Strategy Focus Area:



3 DISRUPTION/DISINTERMEDIATION

Risk Trend:  Risk Level: 

DESCRIPTION AND IMPLICATION FOR VALUE CREATION

- The Group’s automotive industry is exposed to disruptive factors such as electrification, autonomous driving, and the agency model.
- Transition to cleaner fuels will likely lead to lower demand for fossil-based commodities such as thermal coal in the medium to long term, impacting our demand for coal mining equipment and solutions in this segment.
- Nevertheless, our exposure to thermal coal is <5%, which may further decrease as the shift to alternate fuel sources for power generation takes place.

RISK IMPACT

- While the rise of the agency model could change how we operate our business, this also presents an opportunity for the Group to innovate its product and service offerings and improve customer experience and retention in the medium to longer term.
- The rising demand for EVs in key markets such as the Chinese Mainland, Hong Kong, and Malaysia have presented an opportunity for the Group to intensify its product offerings. Nonetheless, this could also impact our after-sales business given its unique drive train and motor specifications, which demand specialised skills for components like batteries and cooling systems.

KEY HIGHLIGHTS FOR FY2023

- Sale of EVs has intensified in the Chinese Mainland, Hong Kong, Australia and Malaysia (see graph on page 72).
- Automakers’ growing use of the agency model presents challenges for dealers as they adapt to changing market dynamics.

RESPONSE AND MITIGATING ACTIONS

- Re-evaluate our offerings, supply chains and customer engagement strategies to remain relevant and competitive.
- Approach mergers and acquisitions with a strategy that embraces the agency model’s challenges. Focus on enhancing services, strengthening manufacturer partnerships and diversifying revenue streams.
- Our Mobility unit is closely monitoring the growth possibilities within the automotive and industrial sectors, aiming to future proof our core business.
- We continue to partner with reliable service providers to establish a comprehensive network of EV charging stations across the countries we operate.

RISK APPETITE STATEMENT

- We will seek to minimise the risk of technological and business disruption by intensifying our digital proofing strategies.

Capitals:



Stakeholders:



Material Matters:



Strategy Focus Area:



STRATEGIC REVIEW

ENTERPRISE RISK MANAGEMENT

4 MERGERS AND ACQUISITIONS

Risk Trend: ↔ Risk Level: **M**

DESCRIPTION AND IMPLICATION FOR VALUE CREATION

- The Group is exposed to possible adverse consequences during mergers or acquisitions, which can impact the anticipated goals and results of the transaction. This encompasses potential risks occurring within the acquisition process (e.g., failure to secure shareholders’ approval, regulatory intervention, non-fulfilment of conditions precedents, inaccurate valuation) and after the acquisition (e.g., unknown claims or liabilities, earnings dilution, business unable to turn around or not performing within expectations).
- Insufficient or ineffective planning and integration before and after pursuing mergers and acquisitions pose a risk, potentially preventing the realisation of maximum value from such business expansions.

RISK IMPACT

- Unable to maximise return on investments.
- Failure to integrate an acquired entity with Sime Darby’s culture, systems, and processes can lead to strategic misalignment, cultural clashes, operational issues and talent loss due to leadership changes.

KEY HIGHLIGHTS FOR FY2023

- The Group continued its commitment to growth through strategic acquisitions and divestments of non-core assets, focusing on capital efficiency.
- Thorough risk assessments and due diligence were conducted to address investment and divestment risks.
- The acquisitions undertaken by the Group provided opportunities to eliminate unprofitable ventures.
- Integration strategies for these acquisitions are on track and showing positive signs.

RESPONSE AND MITIGATING ACTIONS

- A robust risk assessment framework guides the process, ensuring thorough due diligence on investments.
- The Board and Management oversee and approve key acquisitions and divestments based on the GPA.
- Integration teams are set up for major acquisitions.

RISK APPETITE STATEMENT

- We have low tolerance for investments that may adversely impact the Group’s financial position and reputation.
- We seek to avoid investing in businesses with high transaction multiples that could dilute our earnings.

Capitals:



Stakeholders:



Material Matters:



Strategy Focus Area:



5 PRODUCT AND SERVICE DELIVERY

Risk Trend: ⬅️ Risk Level: H

DESCRIPTION AND IMPLICATION FOR VALUE CREATION

- Our business nature warrants high dependence on the availability of products, the timeliness of supply delivery and the quality level of the products and services we deliver to the customer.

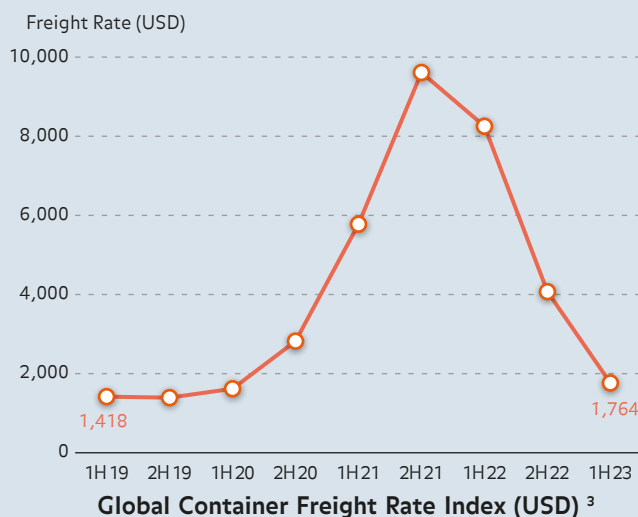
RISK IMPACT

- The extended delivery times for certain products affect our contractual commitments and expose the Group to late delivery penalties and potentially order cancellations.
- Supply chain risk could also affect our market share, as customers are shifting to competitors that offer shorter delivery times, particularly local OEMs.

KEY HIGHLIGHTS FOR FY2023

- The supply chain situation continues to present challenges; however, there has been gradual improvement compared to last year. CY2023 saw an improvement of global freight availability as evident in an improvement of freight rates depicted in the chart below:

Global Container Freight Rate Index 2019-2023



RESPONSE AND MITIGATING ACTIONS

- Regularly communicate with principals for better inventory management, especially for high-demand models.
- Customer orders are accepted with a focus on contractual delivery dates, contingent on stock availability and OEM delivery schedules.
- Mitigate liquidated damages risks through negotiations and the case-by-case inclusion of force majeure clauses in sales agreements.
- Keep a close watch on principals’ delivery schedules and develop a parts inventory strategy to address supply disruptions.

Capitals:



Stakeholders:



Material Matters:



Strategy Focus Area:



³ Source: Statista

STRATEGIC REVIEW

ENTERPRISE RISK MANAGEMENT

6 HEALTH, SAFETY AND ENVIRONMENT (HSE)

Risk Trend: ⬅️➡️

Risk Level: **M**

DESCRIPTION AND IMPLICATION FOR VALUE CREATION

- The Group places a strong emphasis on health and safety risks that could impact the well-being of our employees and stakeholders, as part of our commitment through “No Harm Policy” for our workforce.
- This risk also extends to environmental concerns and hazards linked to our operations, including those related to climate change.
- With widespread business operations across multiple locations, the Group confronts a spectrum of HSE-related risks, intensified by increasing global awareness of sustainability and climate change.

RISK IMPACT

The potential consequences can be categorised as follows:

- Environmental – Adverse effects from natural events and disasters that could disrupt our operations.
- Business – A damaging corporate image and reputation among investors, stakeholders, and authorities. This could result in reduced trust in our products and services, potentially leading to a decline in market share.
- Local Communities – Negatively impact the health, safety, and well-being of our employees, stakeholders, and the communities where we operate.

KEY HIGHLIGHTS FOR FY2023

- No major HSE incidents occurred in FY2023.
- Improved conditions surrounding COVID-19 lifted business sentiment and travel restrictions, aiding economic recovery.
- Climate change risks persist due to rising global temperatures and extreme weather events.

RESPONSE AND MITIGATING ACTIONS

- Introduced standardised processes for all business units to manage health and safety risks.
- Established a comprehensive safety programme to foster a safety culture among employees, with tailored awareness initiatives for leaders and employees.
- Conducted health and safety audits at all Divisions, and corrective action plans were implemented.

RISK APPETITE STATEMENT

- We will manage and minimise risks that may compromise the health, safety and environment of our employees, partners and local communities in all our areas of operations.

Capitals:



Stakeholders:



Material Matters:



Strategy Focus Area:



7 CYBERSECURITY

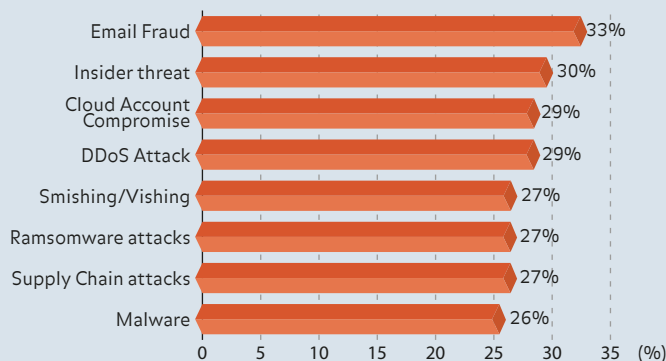
Risk Trend:  Risk Level: H

DESCRIPTION AND IMPLICATION FOR VALUE CREATION

- The Group is susceptible to the potential harm from digital vulnerabilities like unauthorised access, data breaches and cyberattacks that can disrupt our operations. As our reliance on technology grows, we must protect our digital assets and information to mitigate this risk.

KEY HIGHLIGHTS FOR FY2023

- There were no critical or high-risk cyber incidents during the year. Cyber security remains a key risk as the mode and pattern of cyberattacks continue to evolve.
- Global ransomware attacks are increasing due to more remote workers and higher technology use.
- Supply chain attacks are rising as businesses use suppliers from multiple countries, creating more entry points for cybercriminals.
- Depicted below are the ranks of cybersecurity threats in organisations worldwide according to a Chief Information Security Officers (CISO) survey conducted by Proofpoint in 2023.



Worldwide Ranks of Cybersecurity Threats ⁴

RISK IMPACT

- As the Group expands its business and relies more on the internet and remote network access, the risk of cybersecurity threat that could lead to data breaches, operational disruptions, and financial losses is expected to increase.

RESPONSE AND MITIGATING ACTIONS

- Conducted the first full-scale IT Disaster Recovery test to ensure critical applications recoverability.
- Established a Cyber Incident Response Plan for crisis management.
- Implemented key initiatives like data centre event monitoring and established Security Operations Centre.
- Organised IT security awareness programmes, vulnerability assessments, penetration tests, security audits and continuous cybersecurity awareness.

RISK APPETITE STATEMENT

- We will limit and mitigate the impact of cyber risk exposure on our business operations.

Capitals:



Stakeholders:



Material Matters:



Strategy Focus Area:



⁴ Source: Statista

STRATEGIC REVIEW

ENTERPRISE RISK MANAGEMENT

8 PROJECT MANAGEMENT

Risk Trend: ↔ Risk Level: **M**

DESCRIPTION AND IMPLICATION FOR VALUE CREATION

- The Group encounters potential uncertainties and challenges that may affect the effective planning, execution, and completion of its projects. These projects, particularly greenfield constructions and capital expenditure initiatives, entail project management risks such as possible cost overruns, schedule delays, and contractual issues. Inadequate management of these projects could lead to unfavourable outcomes and significantly impact the Group’s overall growth.

RISK IMPACT

- COVID-19 induced project delays brought forward from the previous financial year were managed and resolved as markets gradually resumed activities in mid-2022, and with the Chinese Mainland lifting all business and travel restrictions in early 2023, allowing the progress of new dealership facilities and other capital expenditure projects.
- Cost overruns are anticipated to occur due to increasing material prices driven by rising inflation and labour rate spikes resulting from a tight employment market. These effects are anticipated to impact projects in the medium term.

KEY HIGHLIGHTS FOR FY2023

- Our capital expenditures were primarily allocated to the upgrade of business showrooms and service centres.
- As the labour shortage in the construction industry gradually improves with the easing of business restrictions, ongoing projects are progressing according to schedule.

RESPONSE AND MITIGATING ACTIONS

- Project Oversight Committee supervises major capex projects, holding periodic meetings to monitor progress and address issues.
- The identification and mitigation of risks throughout the project lifecycle is done with capable teams, ensuring effective project execution.

Capitals:



Stakeholders:



Material Matters:



Strategy Focus Area:

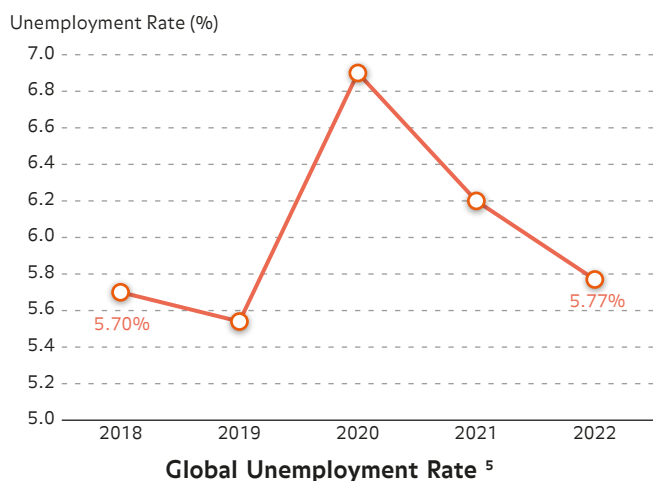


9 PEOPLE AND CULTURE

Risk Trend: ⬅️➡️ Risk Level: H

DESCRIPTION AND IMPLICATION FOR VALUE CREATION

- The Group is susceptible to the insufficient availability of talents possessing the necessary skills, knowledge, and expertise to execute the Group’s strategies. This potential shortage could result from key talent attrition as well as the absence of robust succession planning.
- With the global decline in unemployment, proactive recruitment strategies are essential to sustain our competitive edge as competition intensifies.



KEY HIGHLIGHTS FOR FY2023

- As borders reopened in late 2022, our operations in Australia and New Zealand faced labour shortages due to attractive compensation packages from rivals.
- China confronts an ageing workforce with a shrinking working-age population and a growing elderly population.
- Staff competency issues persist in most countries where the Group operates, due to intensified poaching of skilled workers by competitors.

RESPONSE AND MITIGATING ACTIONS

- Strategies have been devised to improve talent management and succession planning, ensuring strategic positions are filled with the right talent.
- Succession planning is a Key Performance Indicator for vital roles in the Group.
- Continuous training and development programmes are systematically organised to elevate employee skills and knowledge.

RISK IMPACT

- Insufficient availability of skilled talents throughout the Group’s business operations may lead to operational inefficiencies, hampering the smooth execution of critical business processes and potentially impacting productivity.
- Key talent attrition within the Group without robust succession planning could disrupt operations, leading to knowledge gaps, and affecting the continuity of critical business functions.
- Inadequate skills availability may pose challenges for the Group’s expansion into new geographic markets, potentially affecting its growth plans.

Capitals:



Stakeholders:



Material Matters:



Strategy Focus Area:



⁵ Source: Statista

STRATEGIC REVIEW

ENTERPRISE RISK MANAGEMENT

10 REGULATORY COMPLIANCE

Risk Trend:  Risk Level: H

DESCRIPTION AND IMPLICATION FOR VALUE CREATION

- The Group is committed to strict compliance with the laws, regulations and industry standards that govern its operations, with the risk stemming from the possibility of breaching these legal or regulatory requirements.
- Changes in the regulatory landscape within the Group’s operating markets could lead to higher compliance costs and increased scrutiny.

RISK IMPACT

- Non-compliance with laws and regulations can bring financial penalties, affecting the Group’s financial stability.
- Violations may lead to operational disruptions, including suspension of license or work stoppages.
- Regulatory breaches can harm the Group’s reputation, affecting stakeholders’ trust and investors’ confidence.
- Non-compliance may strain relationships with stakeholders, impacting collaborations.

KEY HIGHLIGHTS FOR FY2023

- Authorities in our key markets, especially in the Chinese Mainland, have rigorously enforced key laws and regulations, including stringent carbon emission standards for vehicles.
- Laws on environmental protection, anti-bribery, anti-corruption, personal data protection, anti-slavery, anti-trust and anti-competition are also becoming more important in the Group’s key markets.

RESPONSE AND MITIGATING ACTIONS

- Continuous engagement and communication with the authorities are necessary to comprehend and, where feasible, mitigate the potential consequences of proposed regulatory modifications.
- Established a regulatory compliance programme aimed at conducting a thorough evaluation of the Group’s compliance efforts concerning regulatory requirements.
- Implemented training and awareness programmes to ensure all employees are well-informed about relevant regulations and their implications, fostering a culture of compliance across the organisation.

RISK APPETITE STATEMENT

- We will comply with the legislation within the jurisdictions in which we operate and have no tolerance for significant non-compliance with regulations.

Capitals:



Stakeholders:



Material Matters:



Strategy Focus Area:



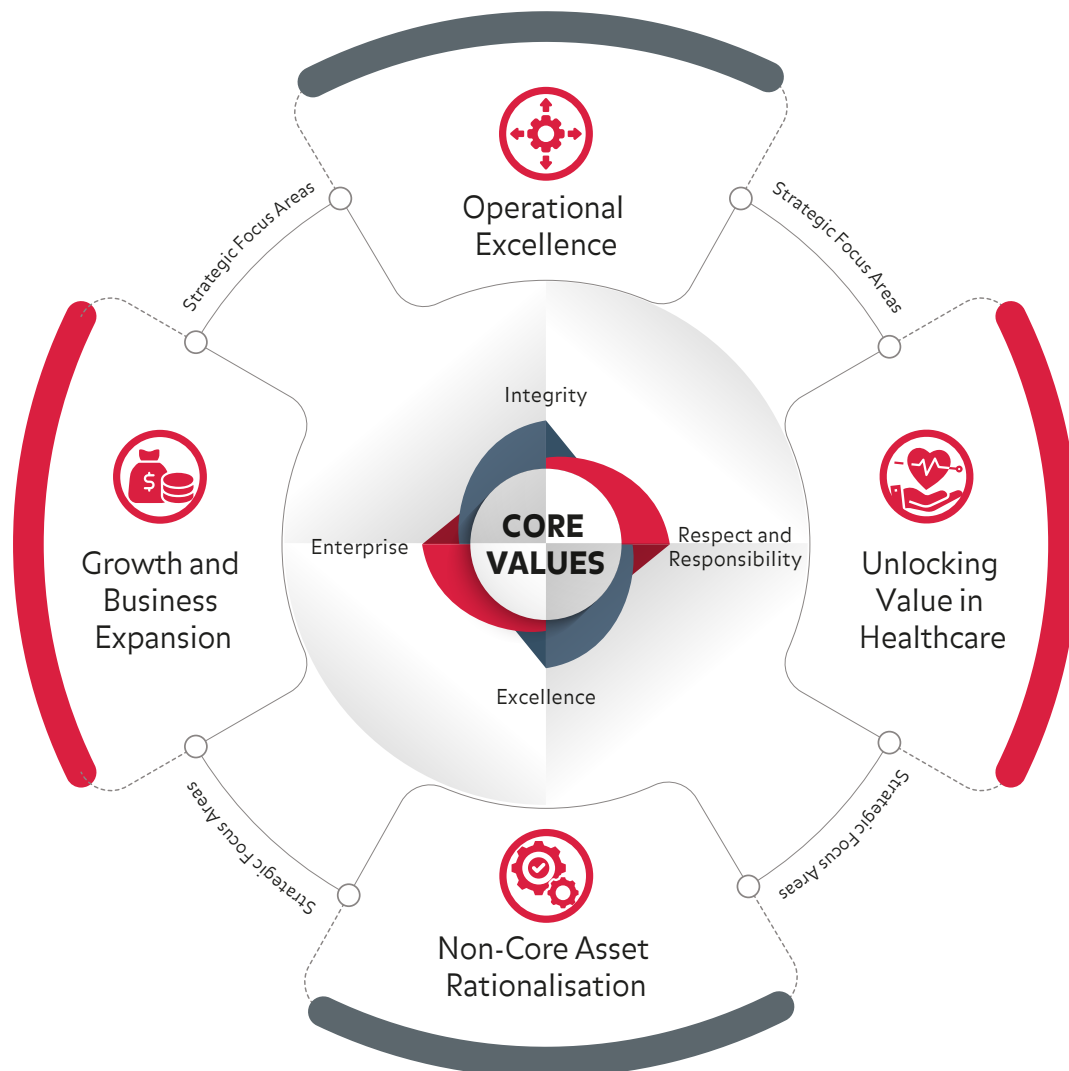
Tougher challenges and complexities are anticipated ahead in the new financial year, with growing uncertainties in the macroeconomic and geopolitical environments in the territories that make up the Group’s operational impact. In this challenging setting, managing risks will be key as the Group manoeuvres through these challenges in order to increase market share and grow shareholders’ values.

OUR STRATEGY: VALUE CREATION PLAN

Value Creation Plan (VCP) FY2019-FY2023 Strategy Recap

This year concludes our journey with Sime Darby’s Value Creation Plan (VCP) for FY2019-FY2023. Over the past five years, we have undergone a transformation across all aspects of our business, with the aim of creating value that benefits both current and long-term stakeholders. It has successfully allowed us to diversify our earnings base, expand our commercial footprint across our key sectors and geographies, as well as integrate sustainability principles into our operations.

The dynamic and adaptable nature of the VCP has played a pivotal role in our journey. It has enabled us to effectively navigate prevailing market trends and allowed us to thrive and emerge resilient despite the challenging conditions that have characterised recent years. We have also capitalised on new trends across the global Motors and Industrial sectors to position us for growth. As we move into the next phase of our journey, we have developed a new **5-year Strategy Masterplan** to guide our initiatives and take us into the future.



Value Creation Plan 2019-2023

STRATEGIC REVIEW

OUR STRATEGY: VALUE CREATION PLAN

1 Operational Excellence

In our continuous pursuit to ensure our businesses operate at full potential in delivering products and services to customers, we place focus on managing working capital, enhancing productivity, optimising cost structures and improving profit margins.

Key Priorities in FY2023

- Increase sales volume by strengthening distribution networks, venture into new markets and cultivate strategic partnerships across core industries.
- Enhance inventory management and optimise cost structure and overheads while raising profit margins to lift profitability.
- Leverage technology and innovation to streamline processes, increase overall business efficiency and widen sales channels.

RESOURCE ALLOCATION

- Deployment of valuable capital in our portfolio of high-quality, high-value facilities, infrastructure, and broad distribution networks.
- Efficient utilisation of water, energy and other natural resources to mitigate our environmental footprint.
- Cultivation of an inclusive, safe and collaborative workplace culture fostering a diverse, future-ready talent pool.
- Nurturing robust relationship with stakeholders, including local communities in our operational regions, as a source of social capital.

OUR APPROACH

- Implemented various initiatives to enhance operational productivity, optimise cost and improve working capital management.
- Focused on achieving higher revenue through unit sales volume and stronger market share.
- Improved profit margins by focusing on higher margin segments such as used cars, after-sales and equipment rental.

FY2023 ACHIEVEMENTS & HIGHLIGHTS

	FY2022	FY2023		FY2022	FY2023
Number of Used Cars Sold	25,543	28,573	Net Profit	RM1,103 million	RM1,458 million
Number of Vehicles Assembled	25,248	32,127	ROE	6.9%	8.9%

OUTLOOK

Our focus rests on improving day-to-day operations, including adeptly navigating the intricacies of product demand and efficient supply chain management. This entails a vigilant approach to inventory level management, cost optimisation, and margin enhancement, which are tailored to effectively serve our markets and grow our business.

Looking ahead to the medium and long term, our objectives become more expansive. We look to retain and grow market share in the various sectors and geographies that we operate in through both revenue and margin initiatives. On a group-wide level, we have mechanisms in place to ensure effective deployment of capital by region and businesses to maximise returns (e.g. Capital Allocation Plan). As we embark on large-scale acquisitions, effective integration of operations is crucial to ensure synergies are realised and value creation is captured. Our digitalisation efforts also need to be strengthened, to enhance customer touchpoints through digital channels while harnessing data for improved customer engagement.

We aim to continuously establish a high-quality portfolio of products within our Motors and Industrial sectors that will attract and retain loyal customers and foster investor confidence that is aligned to our purpose of 'Bringing the Best Products and Solutions to Enable Asia Pacific to Move and Develop'.

Key Risks:



Capitals:



Material Matters:



2 Growth and Business Expansion

We focus our initiatives on strategically expanding operations to position us for the future. We aim to grow the business across product segments, brands and geographies as we believe scale is a competitive advantage to succeed in the industries where we operate.

Key Priorities in FY2023

- Explore acquisitions that will build capabilities in new markets, brands or segments.
- Develop more distribution channels and access new customer bases to increase revenue streams and build recurring income.
- Expand our range of products, solutions and services to broaden offerings for our customers.

RESOURCE ALLOCATION

- Strong cash flows and balance sheet allow us to implement and execute our growth goals.
- Longstanding relationships with world-leading automotive and industrial equipment partners provide business expansion opportunities.
- Established track record that attracts new principals to work with us within the Industrial and Motors sectors.
- High management competency and strong technical skills in business operations, allowing us to increase in size and resources.

OUR APPROACH

- Explore and capitalise on opportunities to expand our automotive and industrial businesses in emerging markets with favourable demographics and large populations and across segments.
- Develop skills, expertise and service offerings across the mining and construction value chains to provide integrated solutions for our customers.
- Expand our sales footprint in the Chinese luxury car market, including in fast-growing Tier 3 and Tier 4 cities.
- Establish new partnerships for Electric Vehicle (EV) brands in China and bring them to our other markets.

FY2023 ACHIEVEMENTS & HIGHLIGHTS

- **Onsite:** The acquisition of Onsite Rental Group to expand our rental business to Western Australia and diversify our exposure to natural resources.
- **Entering into Indonesia:** A new joint venture was established with Galeon Group, marking our entry into the Indonesian automotive market through BMW.
- **China Greenfield Expansion:** Greenfield expansion was initiated in various Chinese cities through BMW (Dali, Chongqing, Changsha) and KIA (Beijing, Shenzhen).
- **BYD Malaysia:** Secured exclusive BYD distributorship in Malaysia, effectively securing the leading Chinese EV brand for the Malaysia market.
- **KINETA EV Charging:** Grew the KINETA business, achieving a total of 1,869 charger installations. In FY2023, we expanded the KINETA business from KL to Johor Bahru and Penang.
- **Assembly:** Rolled out first locally assembled Porsche Cayenne and secured assembly of Chery vehicles in Inokom.

OUTLOOK

Our goal includes continuously expanding with our OEMs by being their strategic partner to develop in new markets as well as segments. We will also expand across the value chain (such as used cars, after-sales, and rental) to capture new profit pools. In addition, we will position our portfolio for the future with investments in new trends such as the Energy Transition and mobility while staying true to our core businesses in the Industrial and Motors sectors.

Key Risks:



Capitals:



Material Matters:



STRATEGIC REVIEW

OUR STRATEGY: VALUE CREATION PLAN

3 Non-Core Asset Rationalisation

We exercise our resources and efforts on large-scale divestments with the aim of unlocking capital, streamlining our portfolio and increasing shareholder value. Given the substantial progress we've made on this strategic pillar in recent years, we were able to focus our efforts on other pillars instead in FY2023.

Key Priorities in FY2023

- Evaluate and divest our non-core assets with the goal of creating a more efficient and streamlined business portfolio.

RESOURCE ALLOCATION

- Highly experienced management team in merger and acquisition (M&A) transactions to maximise Sime Darby Berhad's value.

OUR APPROACH

- Divest non-core assets from our business operations to improve our financial health and build a more streamlined portfolio.

FY2023 ACHIEVEMENTS & HIGHLIGHTS

- Exit from Logistics business with the sale of Weifang Port companies for RMB1.92 billion.
- Entered into agreements to divest 2,663 acres of land in Malaysia Vision Valley to NS Corporation.

OUTLOOK

In the coming year, we aim to improve our strategies and continue undertaking divestments on our remaining non-core assets to streamline our portfolio and provide a sharper focus on our core Motors and Industrial businesses.

Key Risks:



Capitals:



Material Matters:



4 Unlocking Value in Healthcare

We maximise the value of our investments in healthcare, including hospitals and medical services, while ensuring the greatest patient-care performance.

Key Priorities in FY2023

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

RESOURCE ALLOCATION

- Proven track record of strong brand equity in the provision of healthcare services.

OUR APPROACH

- Create a culture of excellence in our healthcare system to provide the best possible care to our patients and become a benchmark for quality healthcare in the industry.

FY2023 ACHIEVEMENTS & HIGHLIGHTS

- Capitalised on the reopening of the economy following the COVID-19 pandemic and the rise of medical tourism in Malaysia.
- Ramsay Sime Darby Health Care (RSDH) continues to position itself as the “healthcare provider of choice”.
- RSDH won a total of ten awards at the Global Health Asia-Pacific Awards 2023, including the title of Stand-out Jury Hospital of the Year in Asia Pacific.
- In June 2023, announced decision to divest our healthcare operations to further streamline our portfolio to focus on our core businesses of Motors and Industrial.

OUTLOOK

We have announced our decision to divest our Healthcare division to reallocate resources to our core Motors and Industrial businesses. Our decision to divest is part of a carefully planned strategy to optimise our portfolio and focus on our core strengths. In the coming months, we will work diligently to ensure a seamless transition for our stakeholders, including employees, customers, and partners.

Key Risks:



Capitals:



Material Matters:



STRATEGIC REVIEW

BALANCE SCORECARD

To continuously create and deliver value to all our stakeholders, we measure and monitor our performance using key financial and non-financial measurements.

FINANCIAL MEASUREMENTS

MEASUREMENTS	DESCRIPTION/PURPOSE		PERFORMANCE		
			FY2021	FY2022	FY2023
Revenue* (RM billion)	Measures the size and growth of business units and the Group.	⏪	44.3	42.5	48.3
Profit Before Interest and Tax* (PBIT) (RM billion)	Measures operating profit of business units.	⏪	2.25	1.84	2.14
Net Profit (RM billion)	Profit attributable to shareholders of SDB.	⏪	1.43	1.10	1.46
Return on Average Shareholders' Equity (ROE) (%)	Measures book value return to shareholders of SDB.	⏪	9.2	6.9	8.9

* From continuing operations

NON-FINANCIAL MEASUREMENTS

MEASUREMENTS	DESCRIPTION/PURPOSE		PERFORMANCE		
			FY2021	FY2022	FY2023
Carbon Emissions CO ₂ e '000 tonnes	Allows us to monitor and reduce our carbon emissions as part of our commitment to combatting climate change.	⏪	Scope 1 Scope 2	FY21 FY22	FY23
			31 68	32 68	34 71
Employee Training hours ('000)	Measures the time spent on employee upskilling, enhancing competency and capability for goal achievement, as well as nurturing employee engagement and retention.	⏪	256	483	432
Total Recordable Injury Frequency Rate (TRIFR)	Monitors health and safety performance to promote the well-being and protection of all our stakeholders across our operations.	⏪	4.24	3.30	2.99

WHAT'S NEXT: 5-YEAR STRATEGY MASTERPLAN

Charting Our Path through our New 5-year Strategy Masterplan

Our new 5-year Strategy Masterplan, which will run from FY2024 to FY2028, is a strategic blueprint that will further enable us to capitalise on our strengths and expand capabilities across our entire value chain, thus bringing us closer to our aspirational vision of being the leading Motors and Industrial player in Asia Pacific. Our plan is centred around operational excellence while continuing to grow our core businesses and future-readying the portfolio. While we operate in a region with ample growth opportunities, we remain mindful of the risks and actively adapt to shifting trends in our Motors and Industrial businesses to ensure sustainability in our operations.





WE CREATE VALUE BEYOND THE NUMBERS

With two core businesses and a presence in 17 countries and territories, our financial performance is more than just a series of figures - it's our commitment and efforts for a sustainable future.



PERFORMANCE REVIEW

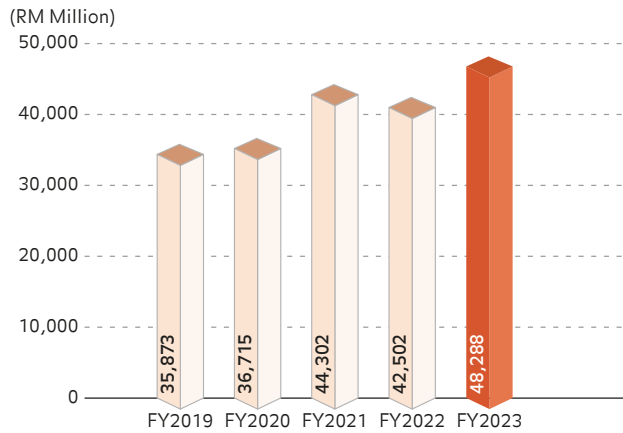
5 YEAR FINANCIAL HIGHLIGHTS

(including Statement of Financial Position)

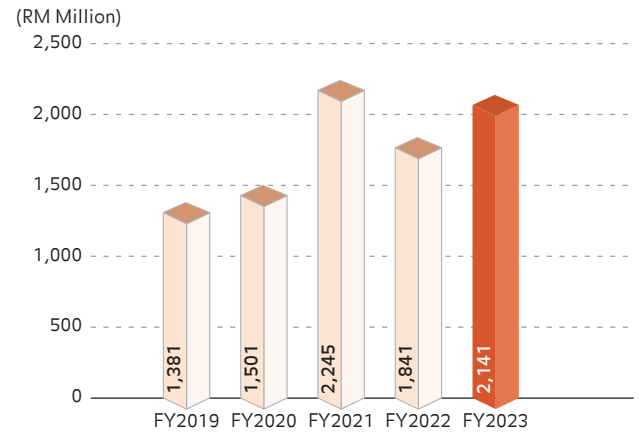
Financial Year Ended 30 June (RM million)	2023	2022	2021	2020	2019
Financial Results					
Revenue*	48,288	42,502	44,302	36,715	35,873
Profit before interest and tax*	2,141	1,841	2,245	1,501	1,381
Profit before tax*	1,878	1,732	2,159	1,367	1,295
Profit after tax	1,512	1,187	1,530	873	1,010
Non-controlling interests	(54)	(84)	(105)	(53)	(62)
Net Profit	1,458	1,103	1,425	820	948
Financial Position					
Share capital	9,330	9,318	9,302	9,300	9,299
Reserves	7,596	6,692	6,581	5,697	5,414
Shareholders' equity	16,926	16,010	15,883	14,997	14,713
Non-controlling interests	357	361	377	416	405
Total equity	17,283	16,371	16,260	15,413	15,118
Borrowings and leases	8,454	5,029	3,734	4,045	2,575
Weifang disposal group liabilities	-	127	-	-	-
Other liabilities	11,303	8,702	8,493	7,815	7,823
Total equity and liabilities	37,040	30,229	28,487	27,273	25,516
Non-current assets	15,413	11,684	12,537	12,552	10,346
Current assets excluding bank balances and cash	18,541	15,061	13,477	13,027	13,447
Weifang disposal group assets	-	1,712	-	-	-
Bank balances and cash	3,086	1,772	2,473	1,694	1,723
Total assets	37,040	30,229	28,487	27,273	25,516
Financial Ratios					
Operating margin (%)*	4.2	4.1	4.9	4.1	4.0
Return on average shareholders' equity (%)	8.9	6.9	9.2	5.5	6.5
Debt/Equity (%)	48.9	30.7	23.0	26.2	17.0
Per Share Information					
Basic Earnings per share (sen)	21.4	16.2	20.9	12.1	13.9
Net assets per share attributable to owners of the Company (RM)	2.48	2.35	2.33	2.21	2.16
Dividend per share (sen)	13.0	11.5	15.0	10.0	10.0

* The financial results have been restated to exclude discontinued operations

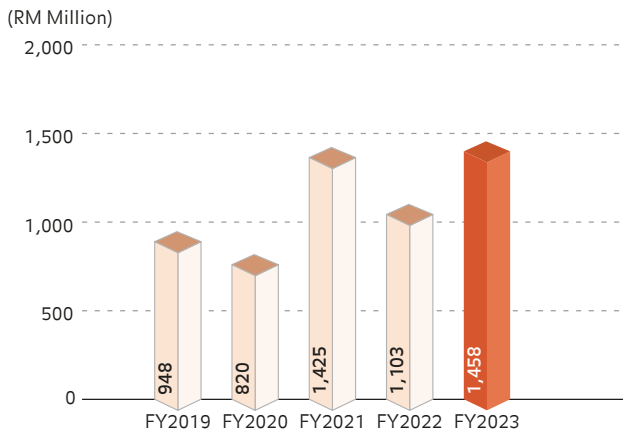
Revenue* (RM Million)



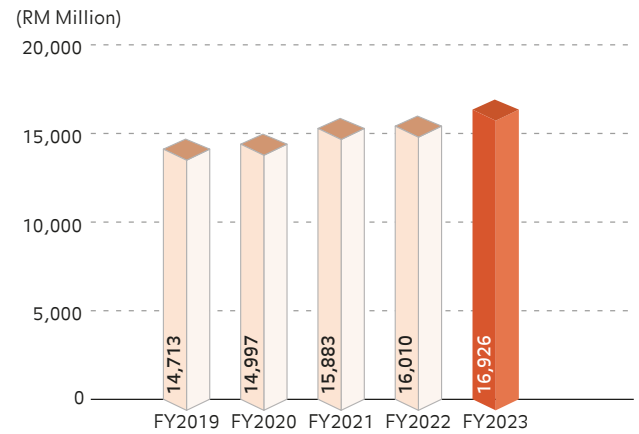
Profit Before Interest and Tax* (RM Million)



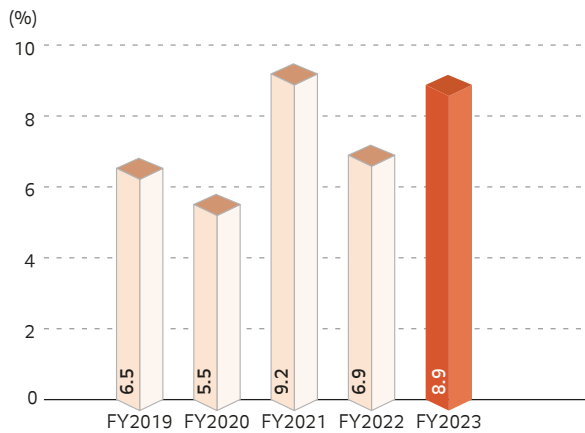
Net Profit (RM Million)



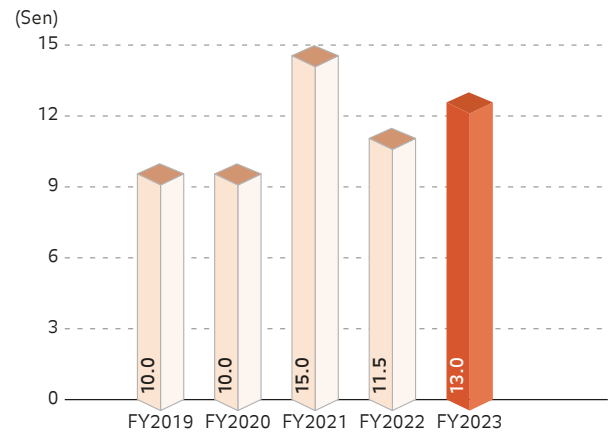
Shareholders' Equity (RM Million)



ROE (%)



Dividend Per Share (Sen)



* From continuing operations

PERFORMANCE REVIEW

STATEMENT OF VALUE ADDED

Value Added

	FY2023	FY2022
(RM*Million)		
Revenue*	48,288	42,502
Operating expenses excluding directors and employee expenses, depreciation & amortisation and CSR expenses*	(40,791)	(35,390)
Other operating income, other gains and losses and finance income*	695	249
Share of results of joint ventures and associates*	121	91
Income from discontinued operations	135	73
Total	8,448	7,525

*From continuing operations

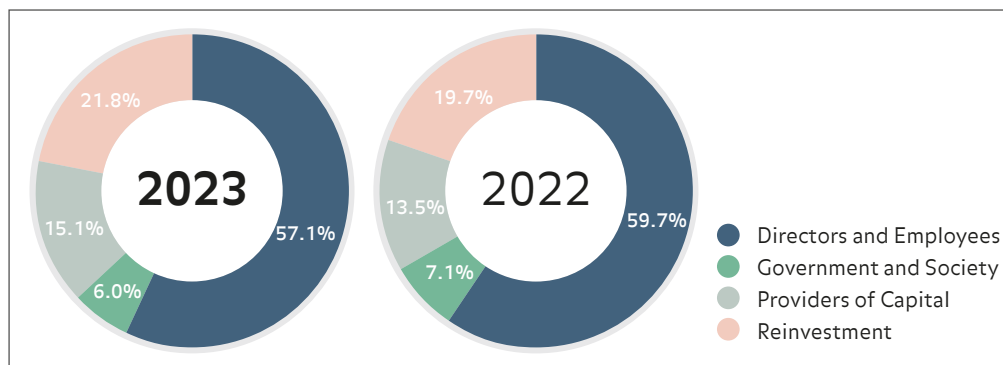
Value Distribution

	FY2023	FY2022
(RM*Million)		
Directors and employees	4,826	4,490
Government and society ¹	506	539
Providers of capital		
Dividends ²	886	783
Finance costs ³	335	148
Non-controlling interests	54	84
Reinvestment	1,841	1,481
Total	8,448	7,525

¹ Tax and CSR contribution

² Dividends refer to dividends declared for the respective financial years

³ Gross finance costs



QUARTERLY PERFORMANCE

RM million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	FY2023
Revenue	12,182	11,292	11,528	13,286	48,288
Segment results					
Industrial	216	224	236	375	1,051
Motors	176	151	170	555	1,052
Healthcare	19	16	13	9	57
Corporate and Others	(25)	30	(1)	(23)	(19)
Profit before interest and tax	386	421	418	916	2,141
Net finance costs	(46)	(56)	(57)	(104)	(263)
Taxation	(97)	(103)	(108)	(176)	(484)
Profit/(Loss) from discontinued operations	(16)	134	-	-	118
Non-controlling interests	(20)	(7)	(13)	(14)	(54)
Net Profit	207	389	240	622	1,458
Earnings per share (sen)	3.1	5.7	3.5	9.1	21.4

RM million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	FY2022
Revenue	10,635	10,492	10,524	10,851	42,502
Segment results					
Industrial	160	213	150	280	803
Motors	227	284	237	272	1,020
Healthcare	13	11	13	8	45
Corporate and Others	(9)	(14)	2	(6)	(27)
Profit before interest and tax	391	494	402	554	1,841
Net finance costs	(22)	(25)	(27)	(35)	(109)
Taxation	(106)	(109)	(121)	(138)	(474)
Profit/(Loss) from discontinued operations	4	15	10	(100)	(71)
Non-controlling interests	(31)	(30)	(20)	(3)	(84)
Net Profit	236	345	244	278	1,103
Earnings per share (sen)	3.5	5.1	3.6	4.1	16.2¹

Note¹: Numbers do not add up due to rounding

PERFORMANCE REVIEW

FINANCIAL CALENDAR



Announcement of Unaudited Consolidated Results

24 November 2022

1st Quarter
ended 30 September 2022

24 May 2023

3rd Quarter
ended 31 March 2023

23 February 2023

2nd Quarter
ended 31 December 2022

24 August 2023

4th Quarter
ended 30 June 2023



Dividends

1st Interim Dividend of 3.0 sen per Ordinary Share

Announcement of the Notice of Entitlement and
Payment: 23 February 2023

10 March 2023

Entitlement Date

2nd Interim Dividend of 10.0 sen per Ordinary Share

Announcement of the Notice of Entitlement and
Payment: 24 August 2023

8 September 2023

Entitlement Date

31 March 2023

Payment Date

29 September 2023

Payment Date

17th Annual General Meeting

18 October 2023

Notice Date

16 November 2023

Meeting Date

INVESTOR RELATIONS

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 shareholders and private investors, 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 Securities.

In FY2023, 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

Sime Darby Investor Engagements

1 — June 2022 Daiwa-Affin Hwang Malaysia Corporate Day	2 — July 2022 Maybank ASEAN Corporate Access 2022	3 — August 2022 Citibank HK & SG Investors Session	4 — September 2022 Sime Darby Corporate Investor Day (organised by CIMB)	5 — October 2022 CLSA Investor Forum 2022
6 — February 2023 SD x Credit Suisse Non-Deal Roadshow Singapore	7 — March 2023 CLSA Investor Forum 2023 (Bangkok)	8 — March 2023 Credit Suisse Asian Investment Conference	9 — July 2023 PNB Knowledge Forum	



See the Stakeholder Engagement and Value Creation section on page 51 to find out more about our investor engagement activities

PERFORMANCE REVIEW INVESTOR RELATIONS

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 <https://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.



Website:

- Up-to-date investor and media centre



Audience:

- Fund managers, analysts, bankers, shareholders and other stakeholders



<https://www.facebook.com/simedarbyberhad/>



<https://www.instagram.com/simedarbyberhad/>



<https://www.linkedin.com/company/sime-darby-berhad/>

SIME DARBY 17TH AGM



Engagement Date:

- 16 November 2023



Format:

- Virtual platform



Audience:

- Shareholders and proxies

The Annual General Meeting (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 Chairman of the Board and Board Committees as well as to 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 17th AGM of the Company will be held on 16 November 2023 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.

INDICES REPRESENTATION

We are proud to be recognised in key indices

FTSE4GOOD

KUALA LUMPUR
COMPOSITE INDEX (KLCI)

KL CONSUMER
PRODUCT (KLCM)

MSCI EMERGING
MARKETS INDEX



FTSE4Good



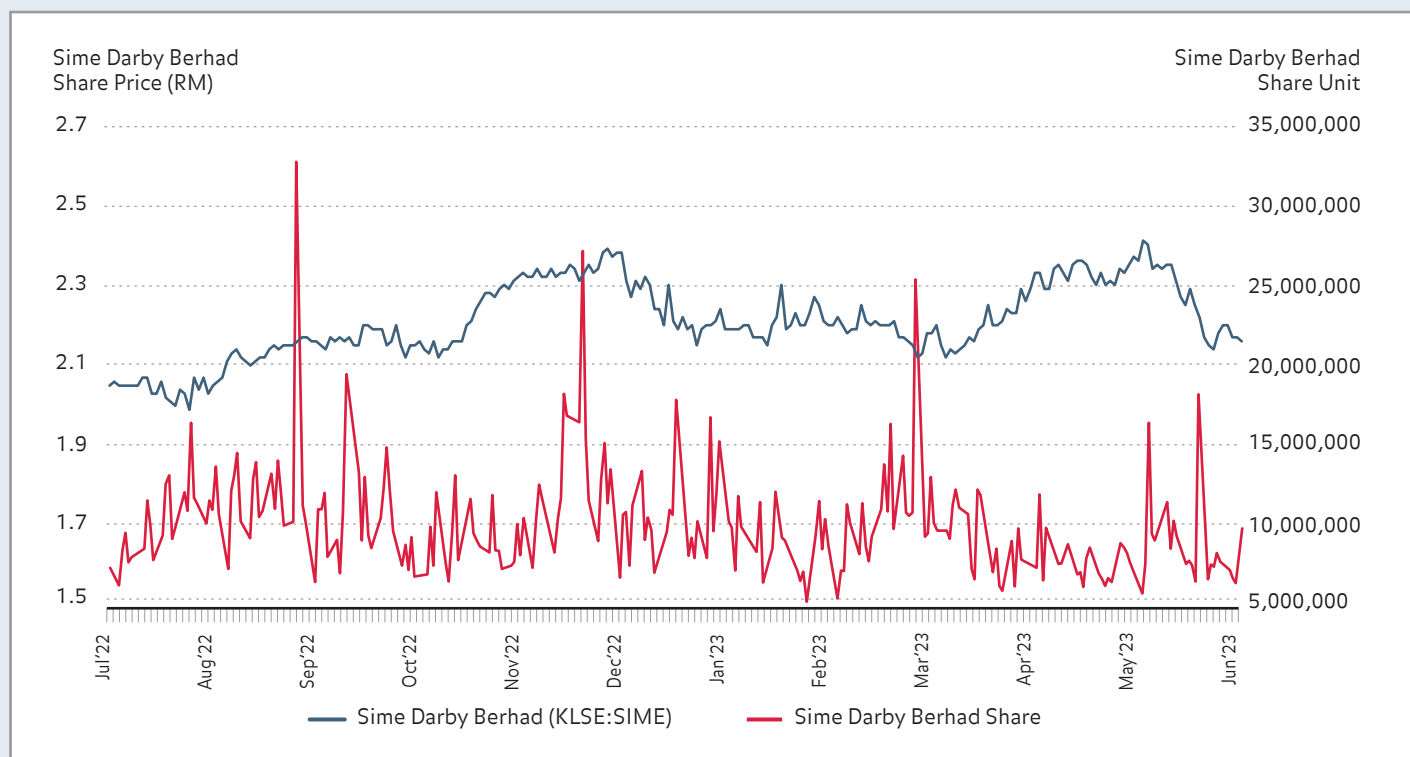
ANALYST COVERAGE

A total of 15 research houses issued analyst coverage of Sime Darby’s stock in 2023, as detailed below:

Affin Hwang Capital Afifah Ishak	AInvestment Bank Berhad Wan Zulyahya Amri	CIMB Investment Bank Berhad Mohd Shanaz Noor Azam	CLSA Asia Pacific Markets Paul Yap	Credit Suisse Securities (Malaysia) Danny Chan
Hong Leong Investment Bank Daniel Wong	Kenanga Investment Bank Bhd Wan Mustaqim Bin Wan Ab Aziz	Maybank Investment Bank Berhad Loh Yan Jin	Nomura Securities Malaysia Ahmad Maghfur Usman	RHB Research Institute Sdn Bhd Syahril Hanafiah
TA Securities Holdings Berhad Angeline Chin	Public Investment Bank Nur Farah Syifaa' Mohamad Fu'ad	UBS Securities Malaysia Nicole Goh	Citi Megat Fais	Macquarie May Koh

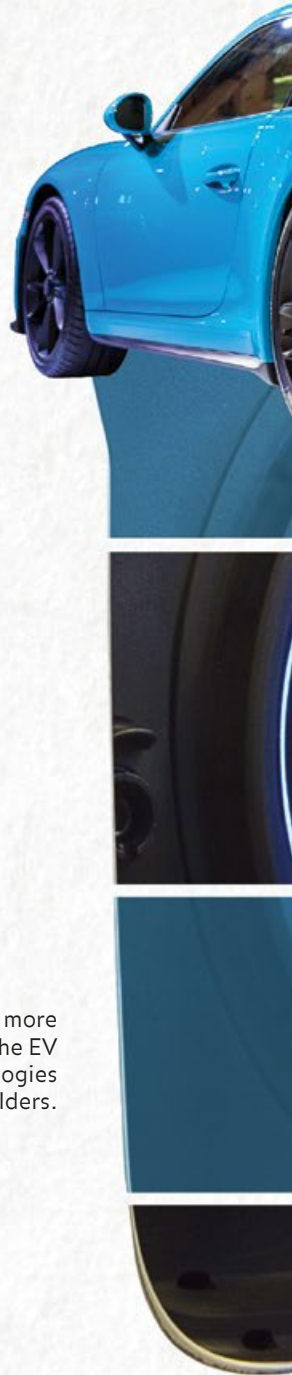
SHARE PERFORMANCE

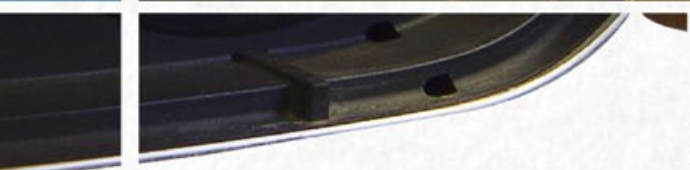
SIME DARBY BERHAD SHARE PRICE FY2023



INNOVATION AND TECHNOLOGY

We are actively exploring innovative solutions and technologies to ensure a greener, more sustainable future. We provide cutting-edge solutions for mobility needs within the EV ecosystem and we have integrated advanced technology and data-driven methodologies to future-proof our businesses and deliver long-term value to our stakeholders.





BUSINESS REVIEW

SIME DARBY



INDUSTRIAL



Sime Darby Industrial's (SDI) continued focus on growing with our customers and capturing market opportunities has delivered another year of strong financial results. Revenue and Profit Before Interest and Tax (PBIT) have surpassed FY2022 results, proving the resilience and adaptability of our product and service portfolios. Our extensive equipment and industrial offerings continue to evolve and support our customers on their growth and decarbonisation journeys.

Key accomplishments in FY2023 span expansion to product offerings, increase in facility capacity and digitalisation of business processes. Our progress towards the Group's sustainability Flagship Initiatives (FI) demonstrates our commitment to empower communities and safeguard our environment.

BUSINESS ACTIVITIES



HEAVY EQUIPMENT SALES - NEW AND USED



POWER SYSTEMS SALES



PRODUCT SUPPORT



EQUIPMENT RENTAL



INDUSTRIAL SOLUTIONS



“

Sime Darby Industrial supports the growing resources, infrastructure and energy sectors through the provision of comprehensive solutions and representation of premier brands. Our mission extends beyond providing conventional services and into pioneering innovative and impactful solutions for our customers. This is our commitment to achieving sustainable outcomes and delivering exceptional value to our stakeholders.

”

Dean Mehmet
 Managing Director, Sime Darby Industrial

WHO WE ARE AND WHAT WE DO

SDI is a market-leading industrial enterprise with operations that span across the Asia Pacific region. Our operations deliver world-class solutions across diverse sectors such as resources, infrastructure, oil and gas, power generation, marine, agriculture, and materials handling. We offer our customers equipment sales, equipment rental, product support, power systems and innovative industrial solutions.

We pride ourselves on building and maintaining long-term partnerships with world-renowned premium industrial brands, including Caterpillar (CAT), Terberg, and Perkins. For over 90 years, our partnership with CAT has been an integral part of our journey, with SDI ranked among the world’s largest CAT Dealer Groups.



BUSINESS REVIEW

SIME DARBY INDUSTRIAL

➤ CREATING STAKEHOLDER VALUE

Stakeholder Expectations

Customers expect innovative technology for efficient equipment operations, facility capacity to support changing needs, support to maximise value of products and access to more environmentally friendly solutions



How We Created Value for Them

- Launched RockAware™ by Decoda, an AI-based hazard detection system for mining haul truck tire protection and safety.
- Invested in IR4 for robotics automation to increase the efficiency of hose handling and component rebuilds.
- Investment underway to expand our Mackay facility by more than double to 25,000 square meters, to deliver greater capacity and flexibility for the customer.
- Conducted training sessions, including Forklift Safety Competency and delivered seminars for customers on a broad range of market and technology topics to increase awareness of industry and innovation developments.
- Implemented a trial launch of Mine Energy Solutions (MES) technology to provide alternative fuel solutions that retrofit existing machinery and reduce carbon emissions by 30%.

To learn more about the value created for our customers, refer to pages 154.

Suppliers / Business Partners expect us to protect and grow our market position, deliver digital solutions to customers and maintain health and safety focus



- Strong brand representation to protect and grow market presence through promotion of product value proposition, product quality, reliability and after-market support.
- Promotion of advancements in technology and sustainability offerings.
- Reinforcement and demonstration of our continual focus on health and safety.
- Advancement towards best-in-class digital platforms through the development and implementation of highly engaging customer and supplier solutions.
- Delivery of Caterpillar-certified training for our Principal partners through the launch of the Tractors Singapore Limited (TSL) Learning Centre.

To learn more about the value created for our suppliers, refer to page 158.

Government / Authorities / Regulators care about our ability to meet local regulations in the markets we serve and support emissions reduction targets



- Aligned with China's NR4 engine regulations by offering compliant products.
- Introduced Tier 4 engines in Australia for cleaner GHG emissions.
- Investment underway for energy efficiency and renewable energy projects.

To learn more about the value created for our customers, refer to pages 154.

Employees expect a strong emphasis on well-being and development, including training and growth opportunities



- Collaborated with Queensland University of Technology (QUT) to establish a leadership development programme that equips existing workers with the tools and capacities to become future leaders.
- Launched the Respect at Work programme to promote employee well-being in and outside the workplace.

To learn more about the value created for our employees, refer to page 145.

➤ KEY FOCUS AREAS & RESULTS

01 EXPANSION OF PRODUCT OFFERINGS IN RAPIDLY GROWING MARKETS

Key Highlights

- Acquired Onsite Rental Group to broaden our portfolio of rental offerings to customers throughout Australia.
- Completed two out of five new cogen Engineering, Procurement, and Construction (EPC) projects by Sime Darby Energy Solutions (SDES) with work underway on the remaining three projects.
- Managed ten Long-term Service Agreements (LTSA).

02 ADVANCEMENTS IN THE DIGITAL REALM

Key Highlights

- Supported the Caterpillar digital priorities for enhancing operations, efficiency, and competitiveness.
- Aligned Enterprise Resource Planning (ERP) systems to manage various business processes.
- Consolidated and integrated HR systems to deliver efficiencies.
- Surpassed 55,000 connected assets, delivering enhanced support and solutions for customers.

03 EXPANSION OF FACILITY CAPACITY TO CAPTURE MARKET GROWTH

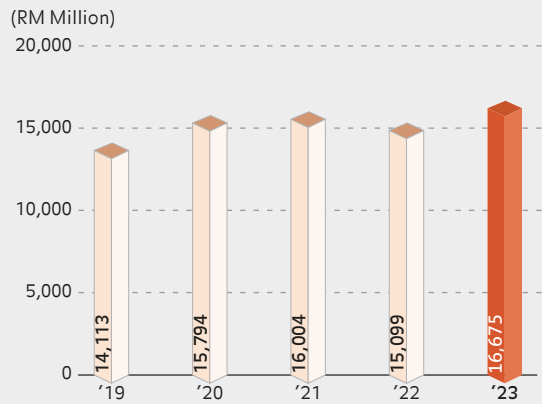
Key Highlights

- Investment underway to expand our Mackay facilities by more than double to 25,000 square metres, resulting in greater capacity and efficiency.
- Investment in warehouse automation to improve storage density and deliver process efficiencies.

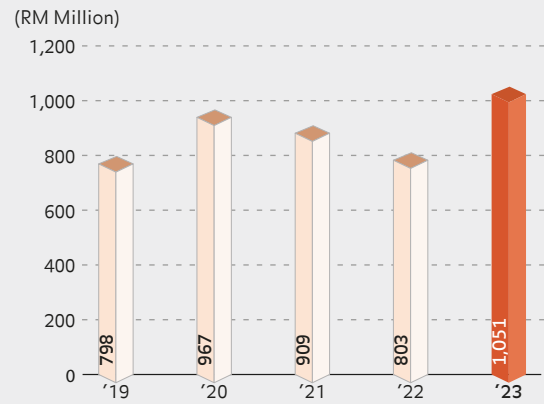
PERFORMANCE HIGHLIGHTS

Financial Performance

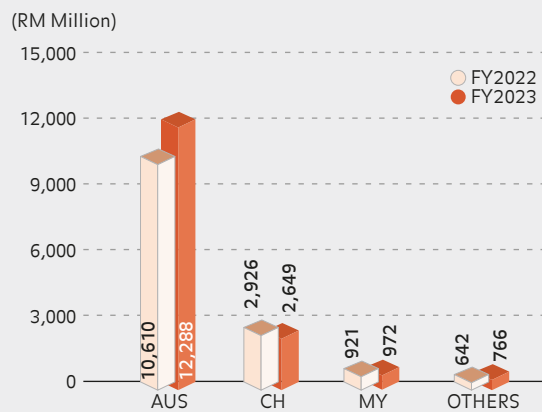
REVENUE (RM million)



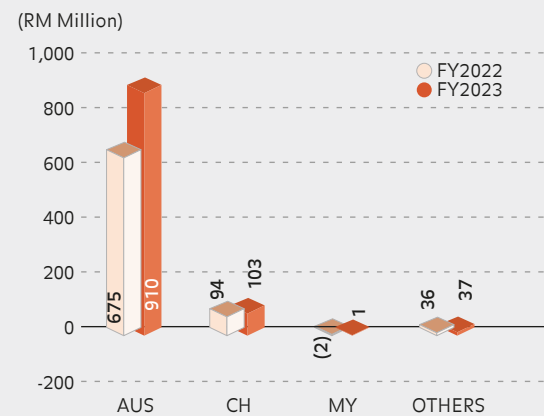
PBIT (RM million)



REVENUE BY REGION (RM million)



PBIT BY REGION (RM million)



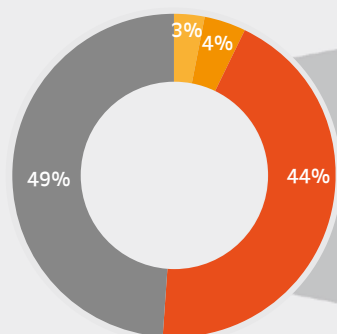
AUS: Australasia
 CH: Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan

OTHERS: South Korea, Japan, Singapore, Maldives, Brunei

Non-Financial Performance

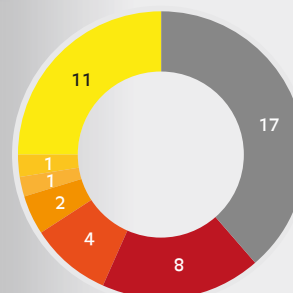
SPLIT OF REVENUE BASED ON CUSTOMER SEGMENTS (%)

- Construction
- Resources
- Marine / Oil & Gas
- Other



SHARE OF INDUSTRIAL REVENUE BY COMMODITY (%)

- Met Coal
- Thermal Coal
- Gold and Copper
- Bauxite
- Nickel
- Iron Ore
- Other Commodities



BUSINESS REVIEW

SIME DARBY INDUSTRIAL

➤ KEY RISKS & CHALLENGES

Risks & Challenges	Mitigation Strategies
<p>Disruption of global supply chain</p>	<ul style="list-style-type: none"> • Communicate and coordinate effectively with principals. • Manage inventory levels to match customer demand. • Offer rental equipment as bridging solutions to purchased equipment.
<p>Competitive market conditions in China</p>	<ul style="list-style-type: none"> • Expand product offerings to better meet varying needs of customers. • Targeted business development and promotion of product value proposition. • Active engagement to strengthen customer relationships with key accounts. • Promote product technology advancements and SDI's after-sales capability and network range. • Explore additional channels to market.
<p>Slowdown in economic growth</p>	<ul style="list-style-type: none"> • Monitor and scan market demand to capture opportunities and mitigate risks. • Analyse data on market trends and customer needs to support strategic and investment decision-making. • Develop strategies to strengthen product development as well as customer engagements. • Diversify product offerings within the markets to minimise risks.

➤ GROWTH OPPORTUNITIES

Opportunities	Our Approach
<p>Diversification of commodity exposure</p>	<ul style="list-style-type: none"> • Acquired Onsite Rental Group to broaden the range of products and services in regions with a high concentration of future-facing minerals. • Regular engagement with existing mining customers to secure presence within the pipeline of future-facing mineral projects in Queensland and the Northern Territory.
<p>Expansion of decarbonised solutions</p>	<ul style="list-style-type: none"> • Offered alternative fuel solutions, such as MES and Hydrotreated Vegetable Oil (HVO), to customers. • Introduced Caterpillar products with GHG and energy efficiency improvements. • Increased battery-powered product offerings, including Terberg all-electric terminal tractors.
<p>High infrastructure spending across the Asia Pacific</p>	<ul style="list-style-type: none"> • Explored products and services that support a broader range of infrastructure projects. • Engaged in strategic M&A and partnerships to build a robust and competitive range of offerings. • Grow digital capabilities and connected assets to offer customers more effective operational control and optimisation solutions.

➤ SUSTAINABILITY CONTRIBUTIONS OF FLAGSHIP INITIATIVES (FI)

Flagship Initiatives (FI)	Achievements & Highlights:
Investment in Renewable Energy Across All Countries of Operation	<ul style="list-style-type: none"> • Boosted our renewable energy production from 77.9 kW to 239.7 kW following China Engineers Limited's completion of Phase 2 of its solar energy installation. • Reduced carbon emissions by 563 tonnes through the installation of solar photovoltaic (PV) systems.
Responsible Supply Chain	<ul style="list-style-type: none"> • Sime Darby Industrial Solutions improved its wastewater treatment to reduce risk and improve cost efficiency. • Hastings Deering undertook a landfill intensity study to increase recycling opportunities and reduce waste. • Installed an atmospheric water generator at Caltrac in New Caledonia to improve drinking water quality and reduce dependency on importing potable water.
Investment in Cleaner/ More Efficient Technology	<ul style="list-style-type: none"> • Tested CAT engines with eco-friendly hydrotreated vegetable oil (HVO) for lower emissions at Tractors Singapore Limited. • Utilised CAT Biogas Generator at Sime Darby Industrial Solutions Berhad (SDISB) to transform waste into energy, leading to cost savings and effective organic waste management. • Terberg Tractors Malaysia launched an electric terminal tractor. • Trial underway to reduce diesel consumption by converting six diesel mining haul trucks into advanced dual-fuel gas and diesel systems through MES and Thies collaboration. • Expanded Hyster dealerships to four additional Chinese provinces and broadened its electric forklift range.
Mobility as a Service	<ul style="list-style-type: none"> • Integrated Product Link with CAT machines to check fuel efficiency, and receive maintenance notifications.
Consolidate ESG Understanding through Training and Development	<ul style="list-style-type: none"> • Developed training programmes focused on ESG education across several business units to improve employees' grasp of ESG-related issues.
Corporate Social Responsibility Activities Across All Countries of Operation	<ul style="list-style-type: none"> • Hastings Deering (HD) PNG organised pallets of books for library learning centres and school libraries. • HD (PNG) volunteers participated in two ocean clean ups, collecting up to 330 bags of rubbish and creating plastic pollution awareness. • HD (Australia): <ul style="list-style-type: none"> – Expanded community partnerships with charities Orange Sky and LIVIN, who support homelessness and mental health, respectively. – Initiated a new partnership with 4Voices for women in vulnerable situations.
Embed Inclusion and Diversity in Our Human Resources and Operational Activities	<ul style="list-style-type: none"> • Centred on diversity and inclusion, SDISB is focusing on the development of a talent development and retention strategy. • HD (Australia) achieved the following: <ul style="list-style-type: none"> – Introduced employee value proposition programme "Build Something Big" to attract and retain staff. – Increased female workforce participation to 21%. • Terra Cat produced 11 graduates from the Empower programme which focuses on gender balance amongst its leaders.

➤ OUTLOOK AND STRATEGIC PLANS

As part of the Group's 5-year Strategy Masterplan, we will be diving deeper into our core industrial sectors of resources, infrastructure and energy. Collaborating closely with our partners and suppliers within each sector, we strive to deliver our customers a range of optimal market offerings. This endeavour translates into a pursuit of pioneering new products and services that will seamlessly propel us towards a future defined by cleaner energy and sustainable breakthroughs. Concurrently, we remain steadfast in championing decarbonisation, as well as reinforcing our ESG commitments to our customers and other stakeholders.

BUSINESS REVIEW

SIME DARBY



MOTORS



FY2023 marked the second consecutive year where supply chain disruptions and inflationary headwinds exerted pressure on core profits. Nevertheless, we sold 30% more vehicles and equipment, serviced 7.5% more products and achieved a record PBIT of RM1,052 million in FY2023 on the back of higher dividend income and disposal gains from non-core properties.

As part of our strategy to further diversify and build operational scale, we have expanded our dealer network through the opening of 25 stores in China and five used car outlets in Malaysia and Australia, secured distributorship rights for EV specialist, Build Your Dreams (BYD) in Malaysia and entered Indonesia via a joint venture for two BMW dealers.

To support our rapid growth, we have continued to digitalise our internal processes to realise productivity improvements and elevate customer satisfaction whilst enhancing our cybersecurity systems. We also set up Environmental, Social and Governance (ESG) councils to oversee ESG activities in all our markets.

BUSINESS ACTIVITIES



ASSEMBLY



DISTRIBUTOR/
IMPORTER



RETAIL OF
NEW &
USED CARS



AFTER-
SALES



RENTAL

“

Sime Darby Motors is dedicated to delivering world-class service to our customers. Our vision is to create a seamless customer experience that is personalised across physical and online channels while respecting privacy. Our extensive regional presence uniquely positions us to capitalise on favourable socio-economic demographic trends and also emerging industry trends, such as digital retail and electrification. In recognition of the automotive industry’s environmental footprint, we are actively increasing our representation of EV brands, exploring mobility-as-a-service initiatives, and adopting cleaner, more efficient technologies as part of our decarbonisation strategy. This reinforces our commitment to a greener and more sustainable future.

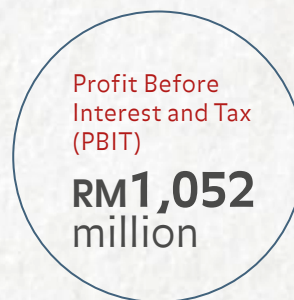
”

Andrew Basham
Managing Director, Sime Darby Motors

▶ WHAT WE ARE AND WHAT WE DO

Sime Darby Motors is committed to delivering exceptional service across the automotive value chain with over 50 years of experience in vehicle sales and servicing, distribution, assembly, and rentals. We have a presence in ten markets throughout the Asia Pacific region, making us a partner of choice for many of the world’s top automotive brands, including BMW, MINI, Rolls-Royce, Porsche, Volvo, Ford, Hyundai, and BYD. Our portfolio also includes premium truck brands such as Volvo Trucks, Hino, and Mack and industrial equipment brands such as Hyster and Palfinger.

We aspire to become a customer-first organisation that delivers an unparalleled customer experience in a safe and environmentally sustainable manner.



BUSINESS REVIEW

SIME DARBY MOTORS

➤ CREATING STAKEHOLDER VALUE

Stakeholder Expectations	How We Created Value for Them
<p>Business Partners need high-quality representation to showcase their brand's image and values</p>	<ul style="list-style-type: none"> Upgraded facilities and redeveloped five BMW showrooms in China to be consistent with BMW's corporate identity guidelines and to improve our corporate brand visibility. Launched BMW iSpace in Hong Kong, an environmentally friendly showroom to showcase EV product offerings and technology. Set up Ford Inner Circle in Malaysia to further enhance the Ford brand value. Organised product launch and sales events to promote our brand portfolio and increase sales across all markets.
<p>Customers expect a smooth omnichannel experience that works seamlessly whether through online or in-person interactions</p>	<ul style="list-style-type: none"> Progressively rolled-out Smart Aftersales solution across all Sime Darby Motors dealerships in Malaysia to provide a customer-oriented experience. 30% increase in vehicles serviced since the start of the project with over 200,000 vehicles serviced in FY2023. Increase in customer satisfaction scores across all Ara Damansara dealerships with Auto Bavaria recording the highest improvement from 70% in 2020 to 98% in 2022.
<p>Employees need effective tools and processes to enhance productivity and efficiency</p>	<ul style="list-style-type: none"> Implemented 'Kube', a workflow management system that connects all markets, offering valuable insights into process efficiency and harnessing the power of data to facilitate informed decision-making. Reduced stock ordering lead times from seven days to one day in Singapore. Increased the speed at which Head Office travel warrants were approved by a factor of three.

➤ KEY FOCUS AREAS & RESULTS

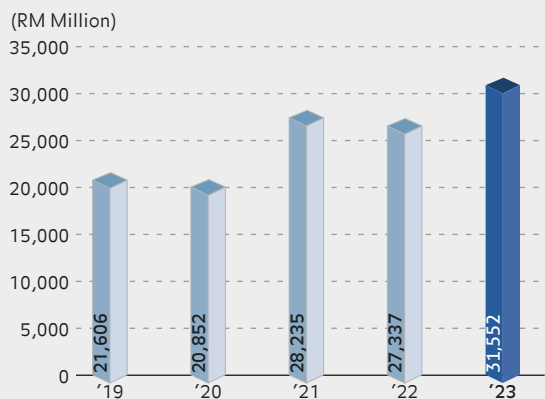
<p>01 GEOGRAPHIC EXPANSION INTO NEW MARKETS</p> <p>Key Highlights</p> <ul style="list-style-type: none"> Established a joint venture with the Galeon Group to operate two BMW dealerships through PT Performance Motors Indonesia in Jakarta and Medan. 	<p>02 AUTOMATION THROUGH DIGITALISATION</p> <p>Key Highlights</p> <ul style="list-style-type: none"> Introduced 'MyGarage', a solution that integrates with finance providers to deliver an omnichannel experience for our used-car customers in Australia. Launched an e-commerce platform for TWL in New Zealand¹ to offer seamless online shopping experience. Implemented 'Kube', a workflow management system that connects all our markets. 	<p>03 EXPANSION OF BUSINESS FOOTPRINT</p> <p>Key Highlights</p> <ul style="list-style-type: none"> Secured distribution rights for BYD in Malaysia, a total of 13 new dealerships in China for BMW, Genesis, AVATR and smart and one new dealership for each of BMW and Porsche in Thailand. Entered into a partnership with Chery for the assembly of Chery vehicles in Malaysia.
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¹ TWL NZ | Specialists in Truck and Trailer Parts

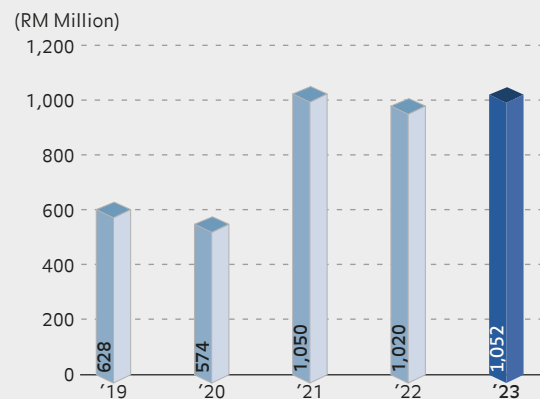
PERFORMANCE HIGHLIGHTS

Financial Performance

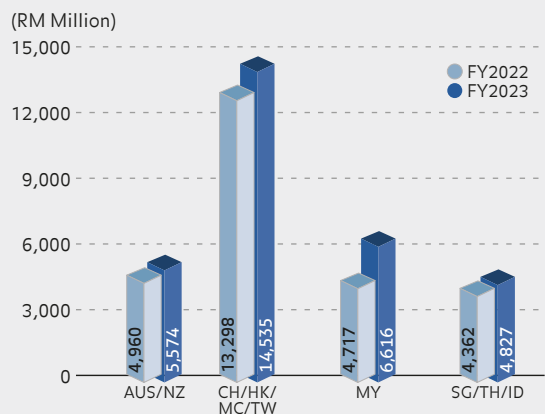
REVENUE (RM million)



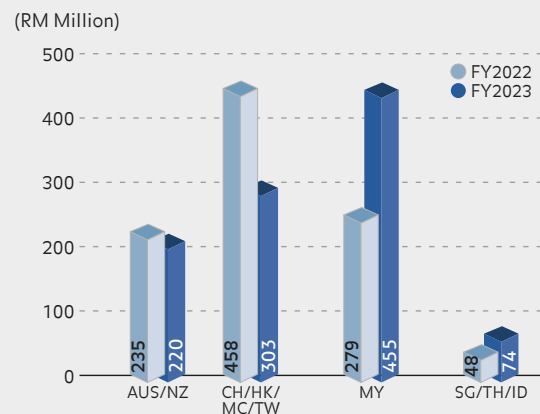
PBIT (RM million)



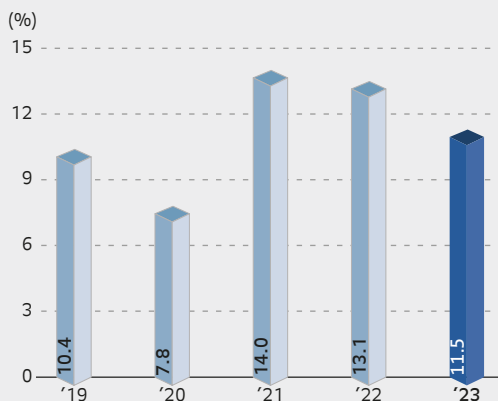
REVENUE BY REGION (RM million)



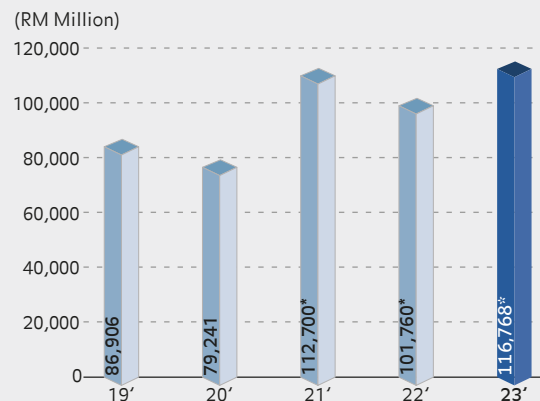
PBIT BY REGION (RM million)



ROAIC (%)



UNIT SALES



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

* Includes used cars sold on consignment

BUSINESS REVIEW

SIME DARBY MOTORS

➤ KEY RISKS & CHALLENGES

Risks & Challenges	Mitigation Strategies
Shift to Zero-Emission Vehicles	<ul style="list-style-type: none"> • Our conventional brand partners have a well-defined product roadmap for Battery Electric Vehicles (BEVs) and Fuel Cell Electric Vehicle (FCEVs). • Represent more BEV specialists, such as BYD in Malaysia and smart in China. • Establish high-performance Electric Vehicle (EV) charging infrastructure in partnership with Kineta, Shell Malaysia, New World Development and Shell Hong Kong.
Emergence of Agency Sales Model	<ul style="list-style-type: none"> • Engage in active conversation with Original Equipment Manufacturers (OEMs) to learn about their implementation strategies and seek sustainable solutions. • Diversify brand portfolio. • Align operating structures with the agency model.
Transition to Self-Driving Vehicles	<ul style="list-style-type: none"> • Monitor developments in vertical take-off and landing (VTOL) vehicles and autonomous driving technology.

➤ GROWTH OPPORTUNITIES

Opportunities	Our Approach
Rising popularity of New Energy Vehicles (NEVs)	<ul style="list-style-type: none"> • Successfully applied for dealership rights for smart in China. • Successfully applied for distribution rights for BYD in Malaysia.
Robust demand for premium and luxury goods among the middle and upper classes	<ul style="list-style-type: none"> • Entered the Indonesia automobile market through a joint partnership for two BMW dealerships. • Successfully applied for BMW and Porsche dealership rights in Thailand. • Successfully applied for BMW, smart, Genesis and Kia dealership rights in China.
Expansion of used car market	<ul style="list-style-type: none"> • Established additional used car outlets in Malaysia, China, New Zealand and Australia.

➤ SUSTAINABILITY CONTRIBUTIONS

Flagship Initiatives (FI)	Achievements & Highlights:
Investment in Renewable Energy Across All Countries of Operation	<ul style="list-style-type: none"> • Introduced an 81.5kW Solar Park Shade System at Sime Darby Auto Performance (SDAP) Porsche Centre Penang. • Installed a 278.3 kW solar system at Shenzhen Baoyue to reduce our CO2 emissions. • Installed solar photovoltaic (PV) systems at our facilities and showrooms to reduce 919 tonnes of carbon emissions. • Purchased 8,925 MWh of electricity generated from renewable sources to reduce scope two emissions at China Motors.
Responsible Supply Chain	<ul style="list-style-type: none"> • Received LEED certification for Shenzhen Baoyue and Foshan Baochuang operations. • Participated in a series of workshops and sessions to create a roadmap for integrating sustainability into our procurement process.

Flagship Initiatives (FI)

Achievements & Highlights:

Investment in Cleaner/ More Efficient Technology	<ul style="list-style-type: none"> • Transitioned 54% of forklifts to electric at Sime Darby Motor Group New Zealand (SDMGNZ). • Expanded our network of charging stations across China and Malaysia to over 200.
Mobility as a Service	<ul style="list-style-type: none"> • Introduced SOCAR services as an additional ride-sharing or ride-ownership option for customers.
Consolidate ESG Understanding through Training and Development	<ul style="list-style-type: none"> • Increased capacity-building initiatives and employee awareness about how to perceive sustainability across all Thailand-based branches. • Established nine ESG councils across our operations, most of which have been equipped with dedicated ESG training programmes for their workforce.
Corporate Social Responsibility Activities Across All Countries of Operation	<ul style="list-style-type: none"> • Conducted CSR activities such as beach clean-ups in Malaysia and mangrove tree planting in Thailand. • Initiated the Green Fast Lane and car wash opt-out to encourage aftersales customers to reduce water consumption at Performance Motors (PML) Singapore. PML customers that supported this initiative also received a free Microgreen Gardening Kit for farm-to-table harvesting.



PML has planted 23 trees in July 2023 based on their commitment to plant one tree for every 30 car washes forgone.

Embed Inclusion and Diversity in Our Human Resources and Operational Activities	<ul style="list-style-type: none"> • Sime Darby Motors Group Australia (SDMGA) implemented a Diversity and Inclusion (D&I) policy and established a D&I Committee across both retail and commercial divisions. • SDMGA organised activities during International Women’s Day and Harmony Week to build awareness around gender equality and cultural diversity. • Conducted a series of events to raise D&I awareness at Sime Darby Motor Group New Zealand (SDMGNZ).
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➤ OUTLOOK AND STRATEGIC PLANS

Our strategic focus revolves around three key pillars - operational excellence, growth-oriented investments, and digital and data analytics. Operational excellence is the core of our strategy and entails continuous innovation to enhance customer service, operational efficiency, and maximise shareholder returns through working capital efficiency. Our investment themes cover product and service diversification through greenfield investments and, mergers and acquisitions. Finally, our commitment to digital transformation and data analytics plays a vital role in enhancing business resilience for our shareholders, increasing productivity and connectivity for our employees and creating a seamless and secure experience for our customers.

CREATING SUSTAINABLE VALUE





Group Chief Safety and Sustainability Officer’s Message118
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Optimising Our Environmental and Social Footprint



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GROUP CHIEF SAFETY AND SUSTAINABILITY OFFICER'S MESSAGE



Dear Valued Shareholders,

During the year in review, we continued executing on our commitment to integrating sustainability into the way we do business through the Group's strategy while being fully mindful of the need to adapt to external influences with both agility and focus on intergenerational equity. 'Failure to mitigate climate change' and 'failure of climate-change adaptation' have emerged as two of the most pressing risks in the coming decade¹, as we build towards our collective Environmental, Social and Governance (ESG) goals, including to the mitigation of climate risk through the reduction of emissions, the creation of an energy efficient product portfolio and investments in sustainable innovation. We are cognisant of the broad spectrum of ESG challenges and opportunities and how our contributions affect the societies where we operate.

A BLUEPRINT FOR SUSTAINABLE EXCELLENCE

This past financial year marked our second full year of operating under the guidance of our Sustainability Blueprint (Blueprint), a strategic roadmap that shapes our journey towards sustainability and resilience. Our Blueprint is a dynamic framework that guides our contribution to a lower carbon economy, which we view as an opportunity to align with current market demands and regulatory requirements.

In FY2023, we present data on our journey towards our overall emission reduction target.

 **For more information on our Sustainability Blueprint, please see page 120.**



At Sime Darby, safety is our top priority, driven by a strong safety culture embedded across all our operations.

¹ World Economic Forum, Global Risks Perception Survey 2022-2023

STRENGTHENING OUR SUSTAINABILITY GOVERNANCE

Sustainability continues to be integrated into our governance processes.

Across the Group, we have embedded sustainability into our policies. This includes the release of the Human Rights Charter in June 2023.

To improve oversight and governance of our Sustainability Blueprint and material matters, we expanded the mandate of our Risk Management Committee in FY2023.

🔗 For more information, please refer to the Risk Management and Sustainability Committee Report on pages 212 to 217.

A major development this year is our commitment to the Task Force on Climate-related Financial Disclosures (TCFD) from FY2024 onwards, leading to the initiation of climate scenario analysis. This commitment ensures we will be better equipped to manage climate-related risks and be able to provide our investors with a well-informed perspective on our actions.

While our ESG reporting process is in its early stages, we are committed to making substantial progress in the coming year, leading to more comprehensive sustainability disclosures.

🔗 For more information on our Sustainability Governance, please see pages 124 to 126.

“
The Sustainability Blueprint guides our contribution to a lower carbon economy.
”



Porsche Malaysia doubles up its high performance charging facility to power up to 350 kW within its Porsche Centres and introduces a solar carport concept at Porsche Centre Penang.

BUILDING A CULTURE OF SUSTAINABILITY

Our Sustainability Blueprint is part of our corporate culture. To raise awareness about our sustainability journey, our sustainability portal is accessible by all employees, offering insights into the relevance of our Overall Targets, Themes and Flagship Initiatives to our daily operations. In addition, we use social media to communicate our efforts to our stakeholders.

Engagement sessions across the Group serve as platforms to articulate our sustainability journey, highlight improved performance and showcase enhanced regulatory compliance.

This year, our commitment to sustainability was further affirmed through a comprehensive materiality assessment. The inclusion of “ESG Oversight, Measurement, & Reporting” as an emerging material matter reflects our dedication to transparency and accountability.

OUTLOOK

As we look ahead, our commitment to enhancing sustainability capacity and processes continues as we look to utilise the Task Force on Climate-related Financial Disclosures (TCFD) to guide our practices.

Our focus on achieving sustainability targets remains as we continue to integrate sustainability-based initiatives into our future planning and operational decision-making. As our PM ESG function matures, we are expecting improvements in identifying, implementing and reporting on sustainable initiatives.

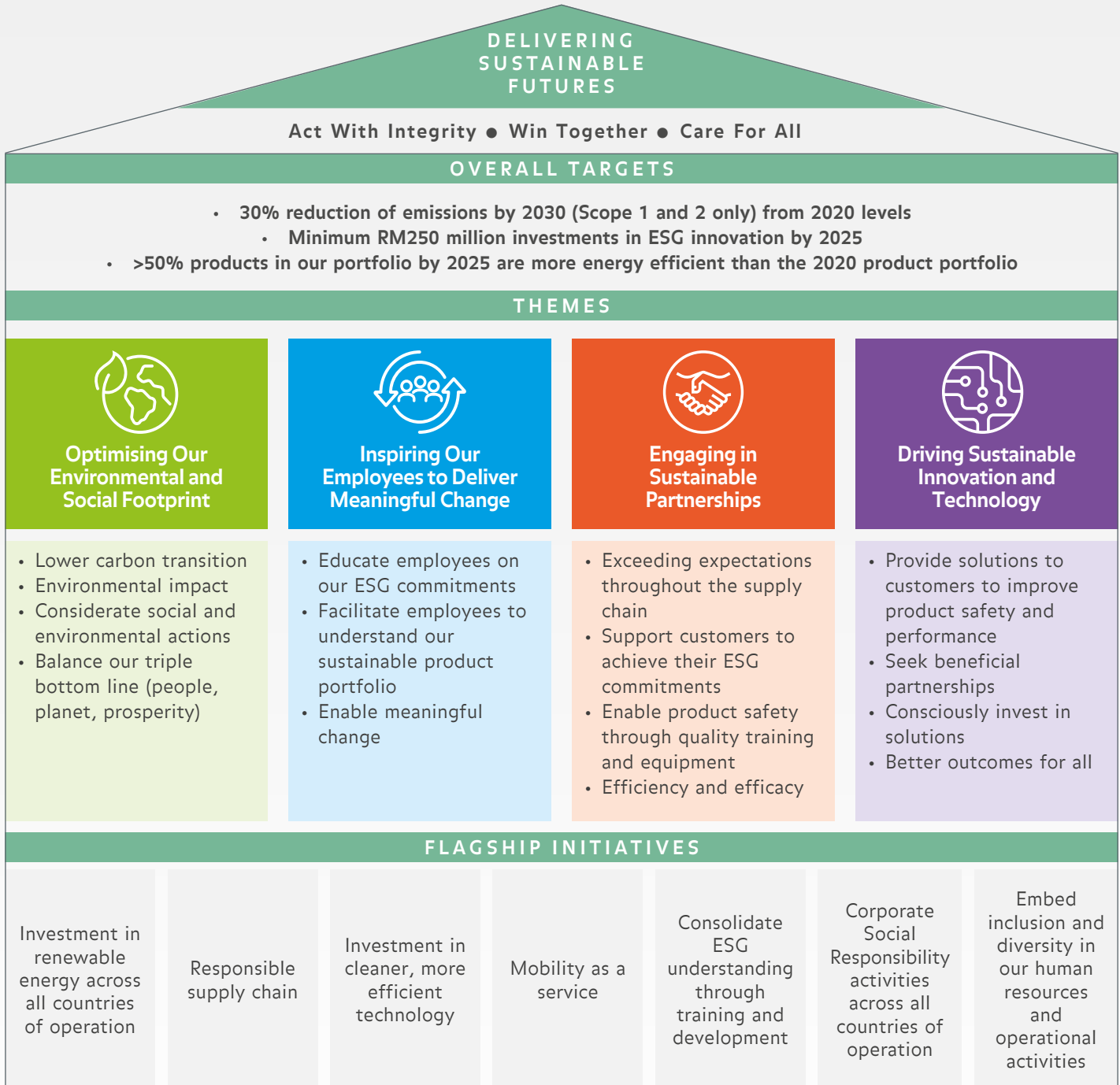
Glenn Sheahan
Group Chief Safety and Sustainability Officer

OUR SUSTAINABILITY BLUEPRINT JOURNEY

SUSTAINABILITY BLUEPRINT

Our Sustainability Blueprint (Blueprint) plays a pivotal role in determining the direction of our company’s strategy. We prioritise long-term sustainable value creation for our employees, clients, shareholders and the communities we serve. At the end of FY2023, we welcomed our new Core Values, which have been updated in our Blueprint to guide our culture and sustainability agenda.

Our Blueprint is embedded into our new 5-year Strategy Masterplan, making it an integral part of our organisational ethos.



➤ Reaching Our Overall Targets

Our Overall Targets (Targets) represent Sime Darby Berhad’s strategic vision, which guides our sustainability efforts. By addressing ESG issues, these Targets drive accountability and business performance.

Target #1

30% REDUCTION OF EMISSIONS BY 2030 (SCOPE 1 AND 2 ONLY) FROM 2020 LEVELS

How we will achieve:

- Increased education and training to support our ability to better identify opportunities to cut emissions
- Increased focus on implementing renewable energy production across our facilities
- Energy and asset efficiency measures
- Sourcing of renewable energy from the grid

Target #2

MINIMUM RM250 MILLION INVESTMENTS IN ESG INNOVATION BY 2025

How we will achieve:

- Develop a tracking mechanism to monitor our investments in ESG Innovation
- Continue to invest in ESG innovation

Target #3

>50% PRODUCTS IN OUR PORTFOLIO BY 2025 TO BE MORE ENERGY EFFICIENT THAN THE 2020 PRODUCT PORTFOLIO

How we will achieve:

- Motors Division - tracking energy efficiency through a software package that identifies and accounts for the differences in energy efficiency that exists between different model variations
- Industrial Division - increased remanufacturing and refurbishment efforts to support the achievement of our energy efficiency target

Optimising Our Environmental and Social Footprint:



Our efforts to minimise our greenhouse gas emissions includes generation of 2,813 MWh of renewable electricity in FY2023 through installation of solar PV across our facilities.

 For more information, see pages 127 to 143.

Inspiring Our Employees to Deliver Meaningful Change:



We contributed RM25 million to community enrichment initiatives through Yayasan Sime Darby. We also invested RM17.1 million in employee training and development, paving the way for a skilled and agile workforce, poised to meet the challenges of an evolving business landscape.

 For more information, see pages 144 to 153.

Engaging in Sustainable Partnerships:



We trained over 18,000 employees on anti-corruption practices. We also collaborated with Queensland University of Technology (QUT) to establish a leadership development programme that equips our workers with the tools and capacities to become future leaders.

 For more information, see pages 154 to 159.

Driving Sustainable Innovation and Technology:



We launched RockAware™ through Decoda, an AI-based hazard detection system for mining haul truck tire protection and safety. Our EV infrastructure network expanded to over 200 charging stations across Malaysia and the Chinese Mainland.

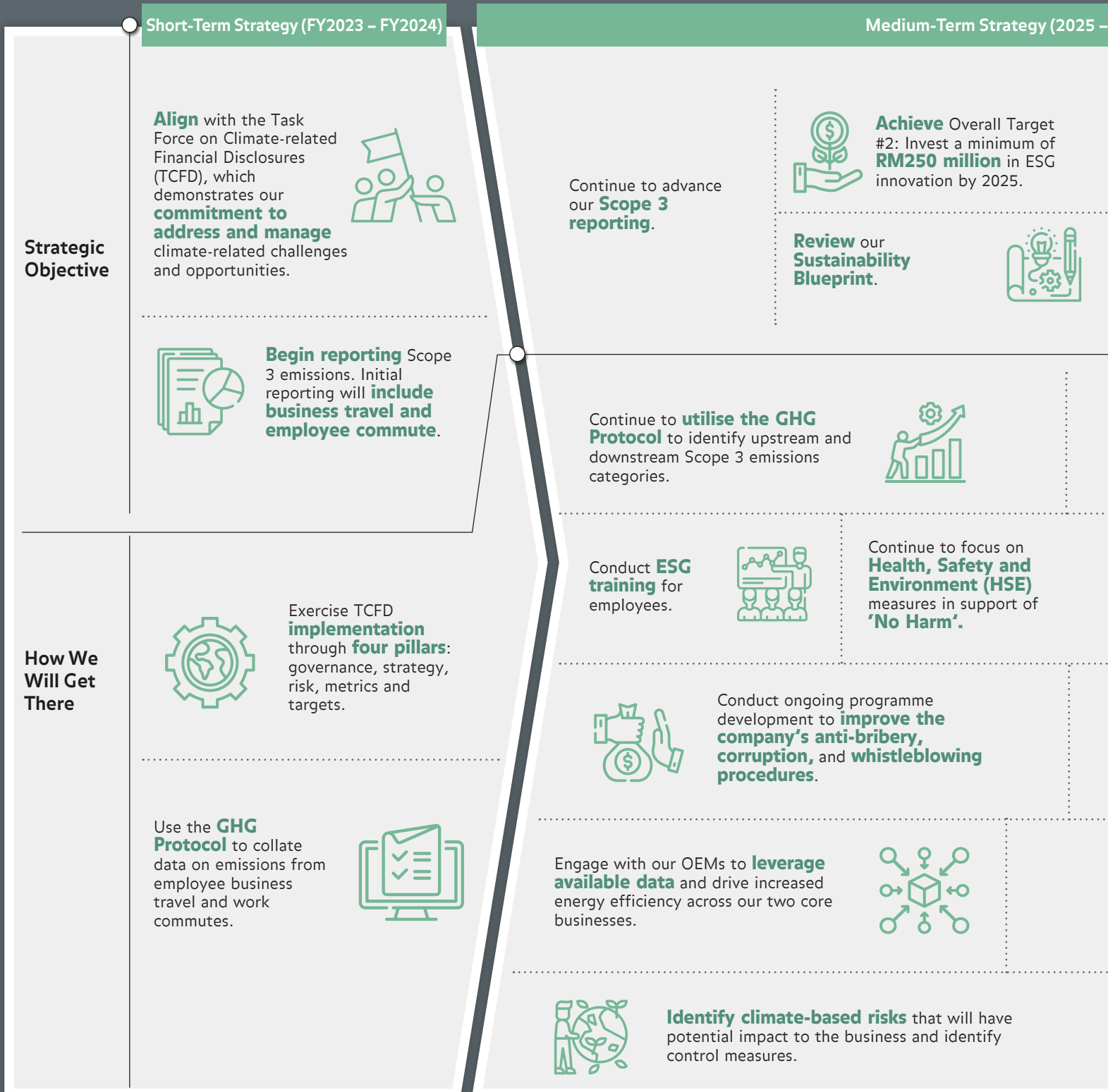
 For more information, see pages 160 to 162.

➤ Next Steps in our Journey

By FY2025, we aim to achieve two of our three targets. We will continue to seek opportunities to integrate sustainable practices in our operations. By aligning with and reporting on our Flagship Initiatives and Activities, our ability to track our progress against the Overall Targets will continue to improve.

Committed to DELIVERING A SUSTAINABLE FUTURE

Our strategic objectives and action plan represent our needs and those of our stakeholders. Our short, medium and long-term strategies collectively focus on sustainability and ESG implementation, the achievement of targets and continued alignment to regulatory requirements.



2027)



Complete our Climate Scenario Analysis, which assesses financial risks arising from climate change.

Consolidate Corporate Social Responsibility (CSR) activities to reflect a concerted focus across the Group.



Continue to roll out **health and safety behaviour-based programmes** across the Group.

Implement **green initiatives**, including a heightened commitment to renewable energy, green buildings that are more energy-efficient, and continue to **invest in more efficient technology** to reduce our environmental footprint.

Be aware of areas where new or continued focus will improve our business performance while mitigating our impact on the environment.



Long-Term Strategy (2028 – 2030)



Achieve Overall Target #1: **Reduce Scope 1 and Scope 2 emissions** by at least 30% from 2020 levels.



Demonstrate prolonged **commitment** to our overarching safety goal of **'No Harm.'**

Build on **short- and medium-term** strategies to meet emission reduction targets.



Place **continued emphasis** on minimising the Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR) **throughout our workplace.**



UNSDGs GOALS

SUSTAINABILITY GOVERNANCE

GOVERNANCE STRUCTURE AND PM ESG REPORTING STRUCTURE

Sime Darby’s sustainability governance structure ensures the delivery of our sustainability commitments and maintains the highest level of integrity across our operations. This structure clearly outlines the roles and responsibilities of our leadership team, enabling efficient planning and execution of our strategic sustainability objectives.

Sustainability Governance Structure



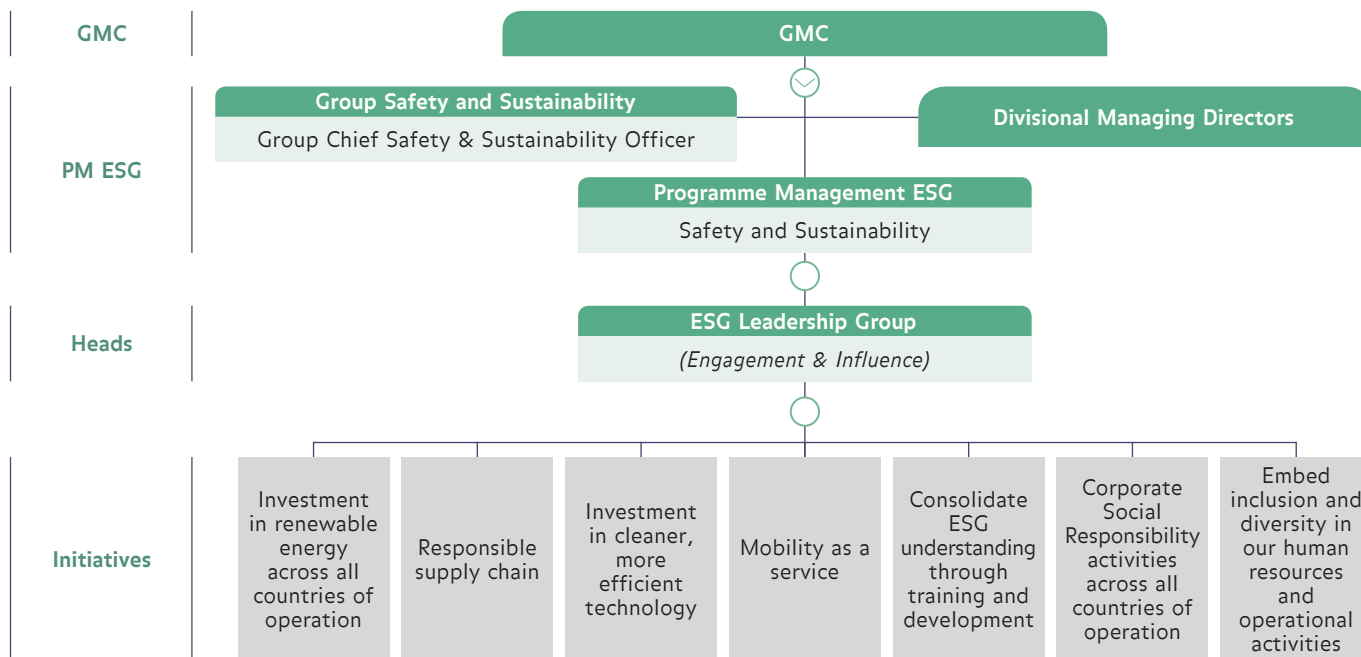
Key Developments in FY2023:

1. Risk Management and Sustainability Committee (RMSC)

In February 2023, the Group’s Risk Management Committee (RMC) expanded its oversight into the Group’s sustainability agenda, strategy and other economic, environmental and social risks. This resulted in the RMC renaming as the Risk Management and Sustainability Committee (RMSC).

To learn more about the RMSC, its responsibilities, and activities, please refer to pages 212 to 217.

2. Programme Management ESG (PM ESG) Office



Programme Management ESG (PM ESG) was established to support the implementation and reporting of the Group's sustainability initiatives. Quarterly reporting began in the second quarter of FY2023. Fifteen ESG Councils were developed across our regional markets, which comprised of senior executives tasked to integrate ESG principles into their business units (BU) and aligning their operations with Flagship Initiatives. ESG Councils provide enhanced support for the PM ESG Office and its function through their insights and ability to influence decision-making. Our PM ESG structure supports the cascading of information both downward and upward to support increased knowledge transfer and good governance.

The PM ESG enables us to develop internal sustainability reports that enhance knowledge sharing within the Group, particularly with the Board, RMSC, the GCEO and the GCSO.

➤ ESG Risk Management

A key element in creating sustainable value is establishing a robust ESG risk management system.

This system enhances our resilience against sustainability-related risks that may disrupt our operations. This year, we introduced the Health, Safety Environment (HSE) Governance Framework, setting standards and practices that govern the management of HSE risks.

 ***For more information on Risk Management, please refer to pages 69 to 84.***

➤ Sustainability-Related Policies and Guidelines

Policies and guidelines play a crucial role in guiding our operations and addressing key material matters across the Group.

In FY2023, we conducted a review of our Group Policies & Authority (GPA) with a primary focus on enhancing the integration of Environmental, Social, and Governance (ESG) principles into our policies. This strategic shift aims to embed ESG principles and promote sustainable practices throughout the Group.

➤ Statement of Assurance

PricewaterhouseCoopers PLT Malaysia was engaged to provide an independent limited assurance on the following information reported for FY2023, in accordance with the ISAE 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information":

- Total Recordable Injury Frequency Rate (TRIFR);
- Lost Time Injury Frequency Rate (LTIFR);
- Scope 1 (Direct) Emission; and
- Scope 2 (Indirect) Emission.

 ***Please refer to the Independent Limited Assurance Report on pages 410 to 413 for details of the subject matter information, scope of assurance and the assurance conclusion thereon.***

SUSTAINABILITY GOVERNANCE

➤ Sustainability Leadership

To strengthen our sustainability efforts, we often participate in various professional associations, events and memberships. By utilising these platforms, we are able to exchange ideas and knowledge on best practices to promote and support our sustainability agenda.

Engaging in Sustainable Partnerships

Membership & Associations	Our Contribution												
<p>CEO Action Network (CAN) </p>	<p>CAN is a Malaysian network of CEOs and board members focused on sustainability advocacy, capacity building, sustainability action plans and performance.</p> <p>Our Contribution: We participated in activities held by CAN to bolster our climate change management and mitigation strategy by joining working groups and workstreams, as well as working with active members to drive bespoke initiatives. In FY2024, we will be participating in the Sustainability Reporting and the TCFD workstream.</p>												
<p>Yayasan Sime Darby (YSD) </p>	<p>YSD is the philanthropic arm of Sime Darby that aims to support community enrichment and empowerment by focusing on five pillars, which are education, environment, community and health, sports and arts and culture.</p> <p>Our Contribution: In FY2023, we contributed RM25 million to YSD.</p> <p>Distribution of Funds</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #e0f2f1;">Pillar</th> <th style="background-color: #e0f2f1;">Contribution (%)</th> </tr> </thead> <tbody> <tr> <td>Education</td> <td>35</td> </tr> <tr> <td>Environment</td> <td>25</td> </tr> <tr> <td>Community and Health</td> <td>30</td> </tr> <tr> <td>Sports</td> <td>5</td> </tr> <tr> <td>Arts and Culture</td> <td>5</td> </tr> </tbody> </table>	Pillar	Contribution (%)	Education	35	Environment	25	Community and Health	30	Sports	5	Arts and Culture	5
Pillar	Contribution (%)												
Education	35												
Environment	25												
Community and Health	30												
Sports	5												
Arts and Culture	5												
<p>The Edge Billion Ringgit Club </p>	<p>The Edge Billion Ringgit Club is an elite club that is automatic and complimentary for all listed companies on Bursa Malaysia that have at least RM1 billion in market capitalisation. Currently, there are 178 members in the club.</p> <p>Our Contribution: We were awarded the Edge Billion Ringgit Club’s Best CR Initiatives award under the Big Cap category (companies with RM10 billion to RM40 billion market capitalisation) at The Edge Billion Ringgit Club 2022 awards as recognition of our strength to corporate responsibility (CR). The evaluation criteria focused on three key points which were economic, social and environmental.</p>												

The following chapters explore our Material Matters grouped by our four Sustainability Blueprint Themes.



OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

Climate Change (Including Financial Risk & Opportunities)

➤ WHY IS IT IMPORTANT?

Climate change presents both challenges and opportunities that require continuous review. Climate change and its subsequent impacts contribute to financial risks, including heightened insurance costs, potential damage to our physical assets due to extreme weather events, and the uncertainty of evolving regulatory landscapes. These risks have the potential to impact our ability to deliver stakeholder value.

Climate change also opens the door to new opportunities. It is a catalyst for increased investment in renewable energy, more energy-efficient practices, and heightened commitment to develop sustainable products and services that align with our customers’ needs. These initiatives enhance our competitiveness and generate long-term value for our shareholders, customers, and communities.

➤ WHAT IS OUR APPROACH?

We have updated our Group Policies and Authorities (GPA) to include sustainability considerations and proactive risk management, which ensures that we navigate these challenges effectively and position ourselves as responsible stewards of the environment in managing our business. We are currently in the process of aligning to the Taskforce on Climate-Related Financial Disclosures (TCFD) and conducting a climate scenario analysis. TCFD alignment supports and enhances our ability to identify climate-related risks and opportunities. We are also rolling out training to our senior executives so they better understand what is required for TCFD alignment and can actively identify climate-based risks and opportunities.

To manage our emissions, we track and report our energy emissions through an internal carbon calculator. Emission data is applied to facilitate our decarbonisation strategy.

➤ VALUE CREATION IN FY2023

1. Demonstrating Credibility through LEED

We implemented the Leadership in Energy and Environmental Design (LEED) Certification for some of our Motors dealerships in China. Achieving LEED certification requires meeting stringent standards and criteria related to energy efficiency, water conservation, waste reduction, and overall environmental sustainability.

As part of this, we implemented a range of eco-friendly measures in our construction projects, including the installation of solar panels, utilisation of sustainable materials, integration of advanced smart control systems, and the implementation of innovative water recycling systems. We also partnered with Bureau Veritas (BV) Group to extend these sustainability principles to the construction of new business centres in Shenzhen and Foshan.

> Key Highlights

- Shenzhen and Foshan City were first two BMW dealerships in the Chinese Mainland to comply with LEED requirements.
- Winner of BMW Green Star Reward Group Dealer Sustainability Award.

➤ OUTLOOK FOR FY2024

We aim to align to TCFD and to seek innovative ways to adopt sustainable practices, mitigating the impacts and associated risks of climate change.

OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

Energy and Emissions Management (including Renewable Energy)

➤ WHY IS IT IMPORTANT?

Emissions contribute to environmental issues like extreme weather, habitat loss and rising sea levels. We are actively working to reduce emissions. We recognise that responsible energy choices generates value.

Using renewable sources reduces our environmental impact, makes us more resilient and supports the supply of cost-effective energy.

➤ WHAT IS OUR APPROACH?

We have set a clear carbon-reduction target within our Sustainability Blueprint:

Overall Target #1:

Achieve a 30% reduction in emissions by 2030 (Scope 1 & 2 only)

To effectively work toward these targets, we have implemented a tracking and reporting process, including developing a carbon calculator to track electricity and fuel. The carbon calculator tracks data from facilities where we have operational control. Data input and emission factor review occurs bi-annually. To ensure precise emission factors, we utilise country-specific data and reputable sources such as the International Renewable Energy Agency. When data is limited, we adhere to established standards like the GHG Protocols to determine energy factors, ensuring precision in calculating energy consumption and emissions across various fuel types and regions. This year we obtained limited assurance for our Scope 1 and 2 emissions data.

We are also installing solar photovoltaic (PV) panels across our facilities. Solar power is our primary choice for renewable energy as we can easily capitalise on available rooftop space and land at our properties. We are also finding other innovative ways to incorporate solar PV panels, such as solar shades.

➤ VALUE CREATION IN FY2023

1. Improving Our Energy Efficiency and Transitioning to Renewables

We have continued to increase our renewable energy profile across our sectors and operations (see page 130). Additionally we have implemented energy-efficient initiatives to reduce our overall emissions. These include:

Adopt Cleaner, Energy-Efficient Solutions

This involves deploying technologies and solutions that reduce our energy consumption and emissions. For instance, we have replaced outdated equipment and machinery with more energy-efficient models. These new technologies consume less energy and often provide better performance, contributing to cost savings as well as emissions reduction.

Improving our Energy Efficiency and Transitioning to Renewables

We continue to enhance the efficiency of our assets. An example of this is the transformation of our mercury vapour and metal halide lighting system to LED (Light Emitting Diode) lighting, which uses significantly less energy compared to traditional lighting systems.

What We Did	Achievements & Highlights:
As a carbon reduction initiative, Motors China has purchased International Renewable Energy Certificates (I-RECs).	<ul style="list-style-type: none"> One megawatt-hour (MWh) of electricity generated from each I-REC, resulting in 8925 MWh generated from renewable sources.
Salmon Earthmoving upgraded 64 high bays (400W each) with high efficiency LED high bays (approximately 90W each).	<ul style="list-style-type: none"> Electricity demand from high bay lighting was reduced by 77% at Salmon Earthmoving and estimated the upgrades could save 40 MWh of electricity and 20 tonnes of carbon emissions annually.
Performance Motors Limited (PML) in Singapore transitioned to a new electricity provider, offering 100% certified renewable energy in FY2023. PML purchased 142.6 MWh of renewable energy.	<ul style="list-style-type: none"> 57.9 tonnes of carbon emissions avoided* <p><small>* Considering PDI's average monthly electricity consumption of 14 MWh.</small></p>

2. Our Overall Progress

We are continuing to identify opportunities for energy and emissions reduction. Our alignment to TCFD and our ESG training initiatives will support our ability to identify opportunities to reduce our greenhouse gas (GHG) emissions and energy dependency.

Scope 1 (Direct) Emissions	FY2021	FY2022	FY2023
GHG Emissions (CO ₂ e '000 tonnes)	31*	32*	34#*

This data was subjected to an external limited assurance by an independent 3rd party. Refer to the independent assurance report on pages 410 to 413.
 * During the financial year, the Group completed its divestment of Logistics Division on 7 November 2022 which resulted in the Group no longer having operational control in the Logistics operation. The FY2023 emission currently excludes 4 months of emission arising from the Logistics division. Consequently, the Group has also revised the FY2021 and FY2022 comparative to exclude the Logistics emission for comparison.

This increase is attributed to the organic growth of our company, which led to higher energy consumption. However, it is important to note that this increase in energy demand has been effectively countered by our investment in renewable energy sources, primarily solar energy.

OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

Scope 2 (Energy Indirect) Emissions	FY2021	FY2022	FY2023
GHG Emissions (CO ₂ e '000 tonnes)	68*	68*	71**

This data was subjected to an external limited assurance by an independent 3rd party. Refer to the independent assurance report on pages 410 to 413.

* During the financial year, the Group completed its divestment of Logistics Division on 7 November 2022 which resulted in the Group no longer having operational control in the Logistics operation. The FY2023 emission currently excludes 4 months of emission arising from the Logistics division. Consequently, the Group has also revised the FY2021 and FY2022 comparative to exclude the Logistics emission for comparison.

Solar Energy Generated (kWh)

Country/year	FY 2021 and earlier*	FY2022	FY2023
Australia	683,682	219,887	561,540
China	755,921	213,038	232,408
Hong Kong	157,487	91,371	281,714
Malaysia	0	417,381	1,667,856
New Zealand	87,686	45,285	69,037

* This column reflects an amalgamation of solar energy generated prior to and through FY2021.

➤ OUTLOOK FOR FY2024

In Malaysia, the drive for sustainable energy is gaining momentum. Terberg Tractors Malaysia (TTM)'s solar panel installation and eco-friendly office renovation will contribute to the annual reduction of our environmental footprint. Terra Cat's CRC solar system showcases corporate citizenship and green energy integration. These initiatives represent a broader shift towards business sustainability, which will be the continued focus in FY2024 for our operations.

The Group is in the process of recalculating its FY2020 baseline emissions to account for the divestment and will be updating it in due course. In line with Bursa Malaysia's 3rd Edition Sustainability Reporting Guide, we aim to report Scope 3 GHG emissions, which will include Category 6 (Business Travel) and Category 7 (Employee Commuting) in the near future.

Water Management

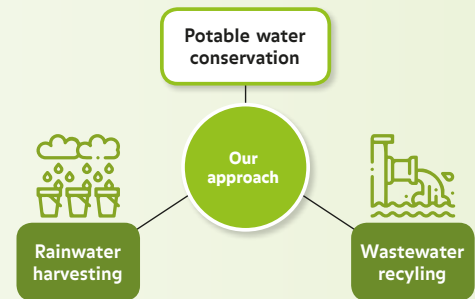
➤ WHY IS IT IMPORTANT?

Water management is not just an environmental concern, it is also an important asset to manage. Given our use of natural resources for operational needs, efficient water management is both a financial and environmental advantage.

Incorporating sustainable water sources, such as rainwater harvesting, complements our water requirements and actively contribute to freshwater preservation. Effective management of our water consumption practices not only ensures a secure water supply but also drives cost efficiency.

➤ WHAT IS OUR APPROACH?

Responsible utilisation of water resources through monitoring and effective management of our water consumption including rainwater harvesting, water conservation and wastewater recycling.



➤ VALUE CREATION IN FY2023

1. Rainwater Harvesting and Wastewater Recycling

This year, we have continued with our ongoing water-saving initiatives in the Motors and Industrial divisions. Rainwater harvesting and wastewater recycling have reduced our water footprint and operational costs.

BMW Northshore

What We Did:

- Installed an advanced stormwater system with two networks handling roof water and car wash wastewater.
- Collected roof water in a 60kL harvesting tank.
- Treated and attenuated car wash wastewater is at an on-site detention tank.
- Discharged recycled wastewater into the public stormwater network after treatment.

Our Impact

- Approximately 90% of car wash water is recycled.

Sime Darby China (Shenzhen, Chengdu, and Chongqing)

What We Did:

- Equipped with wastewater recycling that is capable of treating tonnes of wastewater per hour.
- Treated water used for car washing.

Our Impact

- Reduced potable water usage by approximately 50% to 60%.

OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

Hastings Deering (HD), China Engineers Limited (CEL) and Motors operations in China

What We Did:

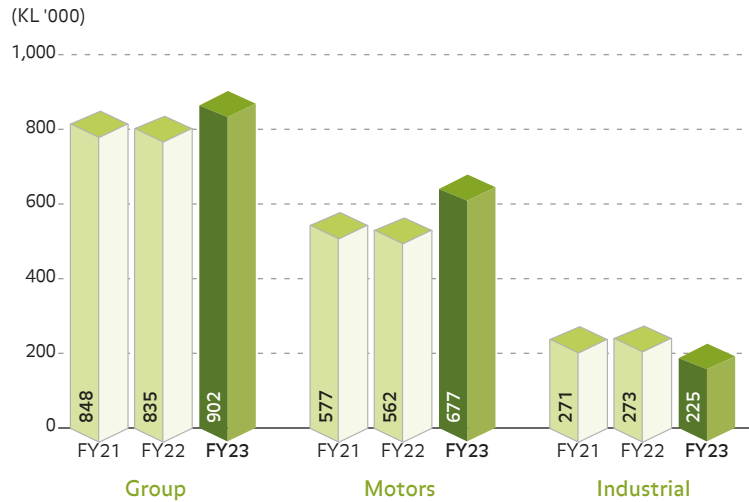
- Treated, recycled and reused water at several of our facilities for secondary purposes, particularly in regional areas.



- Reduced our reliance on potable municipal water supply and contributed to water conservation.

2. Our Overall Performance

Industrial division reported a decline in water consumption while for our Motors division, there was an increase, contributed by both heightened product demand and the opening of additional sites in the Chinese Mainland. Specifically for FY2023, contributing factors included increased washing of trucks due to flooding and loss resulting from a burst fire pipe.



Note: This excludes Logistics. Estimated values reported in FY2022, updated with new data provided in FY2023. FY2023 data includes estimated figures.

➤ OUTLOOK FOR FY2024

We aim to enhance our current water management protocols and are working towards implementing a water management strategy across significant facilities. The checking of storm and wastewater across relevant businesses will continue to identify potential contaminants and target the need for improved treatment systems. We will continue to support the use of smart water readers across several of our businesses to identify high water usage areas. Rainwater harvesting continues to grow interest to reduce our dependency on potable water and wastewater recycling will remain a priority at new builds and upgrades.

Waste and Effluents Management

➤ WHY IS IT IMPORTANT?

Responsible waste management is an essential component of our sustainability efforts. Our actions impact the environment and our communities. Failing to address this issue poses grave risks, both to our reputation and the ecosystems we depend on.

As a major industry player with a wide presence, we recognise that sustainable practices are integral to long-term success and to successful long-term partnerships with our customers, principals and investors.

➤ WHAT IS OUR APPROACH?

Our responsible waste management approach consists of four key components:



To ensure that our waste management approach is effectively communicated and implemented, we conduct training programmes for employees on our waste management guidelines and compliance requirements. Through this approach, they can effectively assess the types of waste and select appropriate disposal methods across our business operations.

Additionally, we employ a systematic approach to evaluate the effectiveness of our waste reduction initiatives:

Waste Stream Analysis	➤ We conduct waste stream analysis and waste audits to assess and determine the most suitable disposal management practices and waste avoidance.
Performance Monitoring	➤ We monitor our waste performance by reporting against targets and objectives set by our Group Safety and Sustainability team.

➤ VALUE CREATION IN FY2023

Waste Management Systems

We have implemented several methods to reduce waste generation, including new systems in the Chinese Mainland and New Zealand to facilitate efficient waste disposal management and proactively embrace the 3Rs strategy; Reduce, Reuse and Recycle.

OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

China

What We Did

- Purchased engine oil by barrels (200L) instead of bottles (1L).

Key Highlights

- Introduced a centralised engine oil injection system to reduce spills and waste.
- Reduced plastic and hazardous waste generation
- Barrels are reusable.

Our Impact

- Reduces hazardous waste generation and reduces costs associated with disposal fees (approximately RM32,300 per annum).

The 3Rs Strategy

What We Did

- Developed a new environmental reporting procedure.

Our Impact

- All business units have incorporated battery disposal management, including for FY2024, data on both recycled waste and disposed waste into their monthly reports.

A Case Study: Inokom's Waste Recycling Process

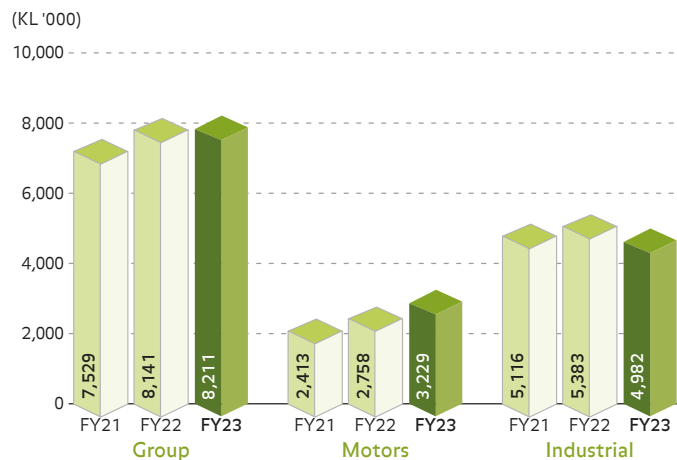
- **Wooden Pallets** find new life through a third-party partner, who dismantles and refines the wood for sale to a furniture company.
- **Metal Scraps** are transported to a furnace, where it is re-smelted and cast into products such as manhole covers for clients like Telekom Malaysia.
- **Carton Boxes** are efficiently compressed into sizable cubes, simplifying transportation before they undergo recycling to become secondary fibre products.
- **Plastic Materials** undergo a crushing and melting process to transform them into raw materials to be moulded into new innovative products.
- **Wastewater** is managed through a treatment plant, where sludge separation and filtered water reuse translate to a reduction in waste generation.



Inokom's initiative not only demonstrates environmental responsibility but also showcases its ability to turn waste into valuable opportunities.

OUR OVERALL PROGRESS

There has been an increase in Motors' scheduled waste from FY2022 to FY2023. This rise is attributed to our business recovery from the pandemic lockdown. During FY2021 and the first half of FY2022, the business was operating below capacity, while FY2023 saw growth in the Motors business with additional sites being opened in the Chinese Mainland. However, there has been a significant improvement in waste management across the Industrial division.



Note: This data excludes Logistics division. Estimated values reported in FY2022, updated with new data provided in FY2023. FY2023 data includes estimated figures.

OUTLOOK FOR FY2024

Vigilance in monitoring and evaluating the Group's generated waste will be maintained, while efforts to implement waste reduction initiatives across the Group will continue.

Health and Safety

➤ WHY IS IT IMPORTANT?

The well-being and safety of our workforce takes precedence at all times. By setting and enforcing rigorous standards and practices, we have developed a strong safety culture. This reduces injury, lost time, and potential turnover, which in turn benefits performance.

Our commitment to health and safety extends beyond our operations. Work-related injuries and illnesses can negatively impact our bottom line and the communities where we operate. Health and safety incidents carry direct costs, such as medical expenses and compensation, and indirect costs, including diminished capacity and an increased burden on the healthcare system. By ensuring health and safety is a top priority, we are able to positively influence livelihoods without having a negative economic or social burden on our communities.

➤ WHAT IS OUR APPROACH?

Our commitment to safety is encapsulated in our guiding principle of ‘No Harm.’ It is more than just a safety goal, it is a mindset that shapes our performance at our facilities and in our offices. ‘No Harm’ extends beyond our employees to include contractors, supply chain partners, and the communities where we operate. It also goes beyond taking care of our workers’ physical health, but also includes mental health and personal well-being.

➤ VALUE CREATION IN FY2023

A Culture of Health & Safety

To reinforce our ‘No Harm’ principle, we have established a safety culture programme, SELF, which is an acronym for Safe, Engage, Lead, Focus. The programme encourages everyone to reflect on safety at work and in their personal lives by observing safety practices and making safer decisions.



SELF was established in Australia and over the past year, SELF has been successfully established in Malaysia and Singapore. During the past year, SELF was also launched in New Zealand.

Following the recent programme extension, we anticipate greater balance of SELF adoption across markets.



Total SELF Training Hours in FY2023:



OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

Promoting Healthy Lifestyles

In addition to the SELF programme, we have implemented various initiatives designed to promote health and well-being across the Group. These include:

Happy Workplace Programme

Sime Darby Motors Thailand participated in the Happy Workplace Programme organised by the Thai Health Promotion Foundation. The Department of Industrial Promotion and the Thai Health Promotion Foundation recognised Sime Darby Motors Thailand as an exemplary organisation in promoting workplace wellness.

Programmes advocating mental health awareness have also been implemented within the organisation. Our notable efforts include:

Employee Assistance Programme

Our businesses in Australia and New Zealand offer an Employee Assistance Programme (EAP), focusing on mental health awareness. We provided employees and their immediate families with free and confidential counselling services.

Leveraging Digital Solutions

We have been leveraging on digital solutions and tools to facilitate the improvement of our health and safety initiatives.

Noggin

What Is It ⌵ A Software as a Service (SaaS) and mobile applications that plays crucial roles in enhancing safety reporting among our employees.

What We Did ⌵ We embedded Noggin, a health, safety, environment and quality reporting system, across the Group. Noggin was translated into six languages to streamline hazard, health, safety and environment event reporting and lead indicator reporting.

Significant Incident Report & Initial Incident Notification

What Is It ⌵ A comprehensive system designed to facilitate the sharing of incidents and corrective actions across the Group.

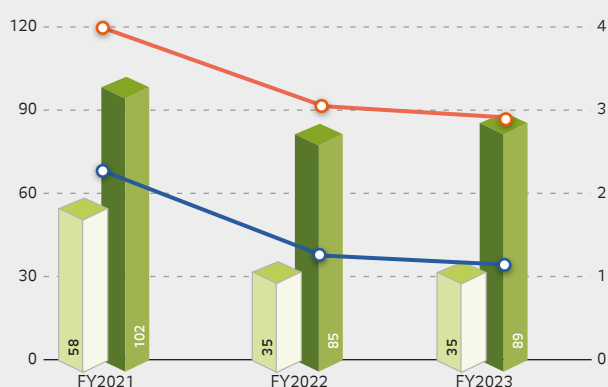
What We Did ⌵ We continuously improved the checks and balances within the process to identify and learn from past incidents that occurred. This aligns with our risk management strategy, allowing us to detect and mitigate potential incidents before they occur.

Our Overall Progress

The Group has used Total Recordable Injury Frequency Rate (TRIFR) as its primary injury performance metric for the past 3 years. TRIFR is considered a more comprehensive metric than Lost Time Injury Frequency Rate (LTIFR) because it provides a more complete view of the injury risk profile by recording more than just injuries resulting in lost time. As with all incidents, a full investigation, utilising a detailed root cause analysis methodology, was undertaken in each LTI 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. To further understand our safety definitions, please refer to page 411.

Sime Darby Motors

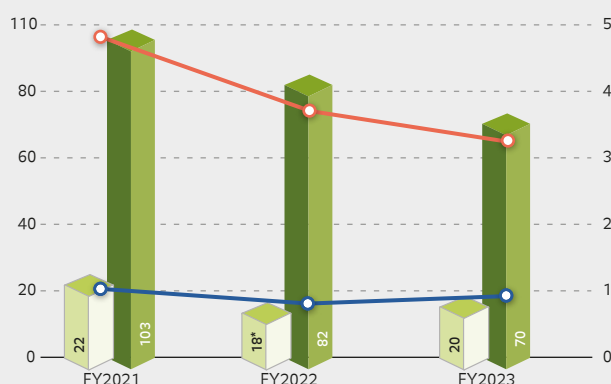
The Motors Division recorded a reduction in both TRIFR and LTIFR for FY2023 with no fatalities recorded for employees or contractors.



	FY2021	FY2022	FY2023
Lost Time Injury (LTI)	58	35	35
Lost Time Injury Frequency Rate (LTIFR)	2.27	1.26	1.14*
Total Recordable Injury (TRI)	102	85	89
Total Recordable Injury Frequency Rate (TRIFR)	3.99	3.05	2.89*

Sime Darby Industrial

The Industrial Division reported a reduction in TRIFR with no employee or contractor fatalities for FY2023. A slight increase in LTIFR was recorded but it remained below the FY2021 level.



	FY2021	FY2022	FY2023
Lost Time Injury (LTI)	22	18*	20
Lost Time Injury Frequency Rate (LTIFR)	1.03	0.81*	0.93*
Total Recordable Injury (TRI)	103	82	70
Total Recordable Injury Frequency Rate (TRIFR)	4.82	3.71	3.26*

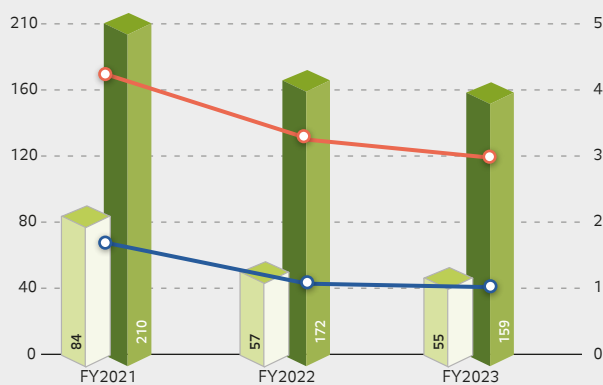
This data was subjected to an external limited assurance by an independent third party. Refer to the independent assurance report on pages 410 to 413.
 * Subsequent to the disclosure made in the previous year's Annual Report a reclassification of an injury (in the Industrial Division) has resulted in an increase of the LTI cases in FY2022 from 17 to 18 and the LTIFR from 0.77 to 0.81. The comparative disclosure has been restated to factor in the impact of reclassification.

OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

Group Performance

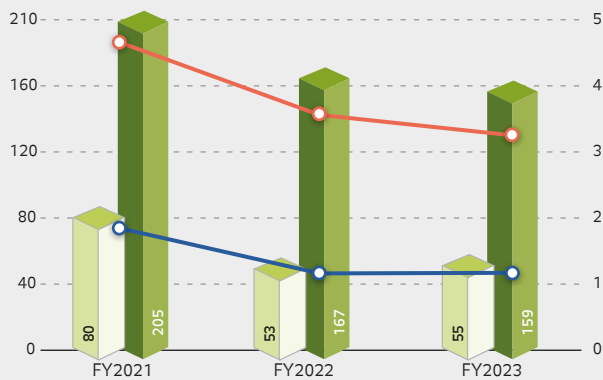
Across the Group, figures for both TRIFR and LTIFR saw a decline. There were no fatalities for our employees and contractors in FY2023.

Group Total (Including Logistics)



	FY2021	FY2022	FY2023
Lost Time Injury (LTI)	84	57*	55
Lost Time Injury Frequency Rate (LTIFR)	1.69	1.09*	1.03 #
Total Recordable Injury (TRI)	210	172	159
Total Recordable Injury Frequency Rate (TRIFR)	4.24	3.30	2.99 #

Group Total (Excluding Logistics)



	FY2021	FY2022	FY2023
Lost Time Injury (LTI)	80	53*	55
Lost Time Injury Frequency Rate (LTIFR)	1.69	1.05*	1.05 #
Total Recordable Injury (TRI)	205	167	159
Total Recordable Injury Frequency Rate (TRIFR)	4.34	3.32	3.02 #

This data was subjected to an external limited assurance by an independent third party. Refer to the independent assurance report on pages 410 to 413.

* Subsequent to the disclosure made in the previous year's Annual Report, a reclassification of an injury (in the Industrial Division) has resulted in an increase of the Group Total LTI case in FY2022 from 56 to 57 and the LTIFR from 1.08 to 1.09 (with the Logistics Division). The Group Total LTI (excluding the Logistics Division) case has increased from 52 to 53 and the LTIFR has increased from 1.03 to 1.05 (without the Logistics Division). The comparative disclosure has been restated to factor in the impact of reclassification.

➤ OUTLOOK FOR FY2024

Hazard reporting and safety interactions will remain a key part of our health and safety efforts. We are currently working towards expanding SELF to Papua New Guinea, the Solomon Islands and New Caledonia in FY2024, then expanding to the Chinese Mainland. We will continue to monitor TRIFR and LTIFR and take action as identified in investigation reports.

Labour Practices

➤ WHY IS IT IMPORTANT?

Fair labour practices are an important part of our sustainability strategy, ensuring we meet our ethical responsibilities and fair employment standards. It reflects our commitment to treat all individuals with respect and to foster an environment that protects their well-being and is a positive influence on their livelihood. Exploitative labour conditions or human rights violations can result in legal ramifications, fines and damage to our brand and reputation.

➤ WHAT IS OUR APPROACH?

Our labour practices focus on upholding the dignity and rights of all workers throughout our operations and supply chain. We have established various policies and guidelines across jurisdictions to ensure fair compensation and treatment for our employees. Recently, we launched the Group's Human Rights Charter. The Charter, which covers issues such as child labour and other labour-related issues, will be implemented by the Group Human Resources team and communicated to our Procurement Leadership Councils so that it can be shared with our vendors.

Our Human Rights Charter includes a region-specific risk assessment tailored to our operational areas where breaches will result in disciplinary or legal action, as specified in the relevant agreements or laws.

➤ VALUE CREATION IN FY2023

Staying Ahead of Labour Laws

In FY2023, we updated our policies specific to our Malaysian workforce in preparation for the new Malaysian Employment Act (Amendment) of 2022. These revisions reflect our commitment to align with evolving labour regulations while fostering a fair and supportive workplace.

The key modifications made to our policy include:

Reduction of Weekly Working Hours

We reduced the maximum allowable weekly working hours from 48 to 45. This adjustment promotes a healthier work-life balance for our employees.

Extension of Maternity Leave

We extended maternity leave from 60 days to an enhanced period of 98 days. This extension acknowledges the importance of maternal health and bonding time with newborn babies.

Paid Paternity Leave

We introduced paid paternity leave, allowing eligible employees to take seven consecutive days off when welcoming a new child into their families. This initiative promotes gender equality and acknowledges the vital role fathers play in caregiving.

Hospitalisation Leave

We introduced a separate entitlement of 60 days for Hospitalisation Leave for employees facing severe health challenges, distinct from Sick Leave. This adjustment ensures that employees can focus on their recovery without worrying about the security of their jobs.

To further support these policy changes, we organised a series of informative webinars for our employees. These webinars were designed to educate our workforce about their rights and the enhancements made to their working conditions.

OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

Protecting Workers' Rights

Through our newly established Human Rights Charter, we continue to strive to create equal access to rewards, resources and opportunities for all employees.

	FY2021	FY2022	FY2023
Number of Incidents of Violations Involving Indigenous Rights	0	0	0

Our Overall Progress

Throughout the year, we will continue to measure our employee performance data to assess our efforts in fair labour practices, workforce strength and retention. By regularly assessing these metrics, we ensure that our commitment to fair labour practices are upheld, and any areas needing improvement are addressed promptly.

Employee Count Group-Wide	FY2021	FY2022	FY2023
Malaysia	5,516	5,794	6,626
China	6,499	6,704	6,416
Australia	4,416	4,899	5,739
New Zealand	1,797	1,793	1,793
Hong Kong	1,130	1,112	1,073
Singapore	1,408	1,029	984
Thailand	626	607	632
Others	551	924	1,072
TOTAL	21,943	22,862	24,335

Employee Attrition Rate	FY2021	FY2022	FY2023
Overall	10.4%	13.5%	13.1%

➤ OUTLOOK FOR FY2024

We will continue to educate our employees on the Human Rights Charter, while evaluating additional metrics as a method for further understanding our performance in fair labour practices.

Diversity

➤ WHY IS IT IMPORTANT?

Embracing diversity and inclusion (D&I) reflects our dedication to responsible corporate citizenship. Our diverse workforce enables us to better understand the varied needs and preferences of our customer base, catering to their different needs. Moreover, when our workforce feels valued and included, they are more engaged, leading to higher productivity, retention and overall satisfaction. These are all critical components of delivering value to our stakeholders.

Different perspectives and backgrounds bring a multitude of ideas, sparking innovation and driving the development of ground-breaking solutions.

➤ WHAT IS OUR APPROACH?

Sime Darby Motors New Zealand (NZ) and Australia have both developed and implemented workplace Diversity and Inclusion (D&I) policies.

The policies outlines the objectives, strategies and metrics aimed at enhancing workplace diversity and inclusivity. The policies are applicable to all employees, contractors, and representatives, emphasising our commitment to creating an inclusive and collaborative workplace culture. Sime Darby Motors NZ's primary goals are to increase the representation of women and to foster cultural intelligence within the workforce.

To ensure the effective implementation of the policy, both locations have established D&I Committees. These committees play a pivotal role in advocating and monitoring while guiding various D&I initiatives. Notably, Sime Darby Motors NZ's D&I Committee actively hosts events that promote diversity and culture, often aligning with Corporate Social Responsibility (CSR) initiatives.



With operations in 17 countries and territories, the diversity of our employees brings together different skills, backgrounds, knowledge, experience and cultures, making us stronger as a Group.

OPTIMISING OUR ENVIRONMENTAL AND SOCIAL FOOTPRINT

➤ VALUE CREATION IN FY2023

Gender Diversity

Promoting gender diversity is essential to creating an inclusive and equitable workplace. We continue to implement and track our diversity initiatives, focusing on gender representation and inclusivity.

We are reviewing ways to reduce the gender gap and support greater female representation in leadership positions.

Employee by Gender (Headcount)

Disclosure	FY2021	FY2022	FY2023
Male	16,765	17,109	18,025
Female	5,178	5,753	6,310
Total	21,943	22,862	24,335

Breakdown of Positions by Female (Headcount)

Disclosure	Female			Male		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Top Management	3	4	5	29	33	36
Senior Management	20	18	21	64	73	78
Middle Management	144	167	183	453	480	519
Junior Management	1,150	1,313	1,386	2,580	2,685	2,924
Non-Executive	3,474	3,851	4,183	7,461	7,209	7,668
Workers	387	400	532	6,178	6,629	6,800
Total	5,178	5,753	6,310	16,765	17,109	18,025

Percentage of Women in Board

Disclosure	FY2021	FY2022	FY2023
Male	73%	75%	82%*
Female	27%	25%	18%*

* As at 30 September 2023

Parental Leave (Headcount)

Disclosure	FY2023
Days of leave (Australia, Malaysia, Papua New Guinea & Singapore)	102

Age Diversity

Age diversity brings valuable perspectives, ideas, and visions to our workforce. This brings comprehensive approach to problem-solving and innovation, reflecting our commitment to harnessing the strength of generational attributes into the Group.

Employee by Generation Group (Headcount)

Disclosure	FY2021	FY2022	FY2023
Baby Boomers (1962 and earlier)	801	786	668
Gen X (1963-1979)	7,424	6,161	6,069
Gen Y (1980 and beyond)	13,718	15,915	17,598
Total	21,943	22,862	24,335

➤ OUTLOOK FOR FY2024

In FY2024 we intend to continue progressing and expanding our female empowerment programme, including personalised coaching and mentorship opportunities in the regions. Additionally, we will strive to improve our workforce diversity, especially at the mid-manager level.

INSPIRING OUR EMPLOYEES TO DELIVER MEANINGFUL CHANGE

ESG Oversight, Measurement & Reporting

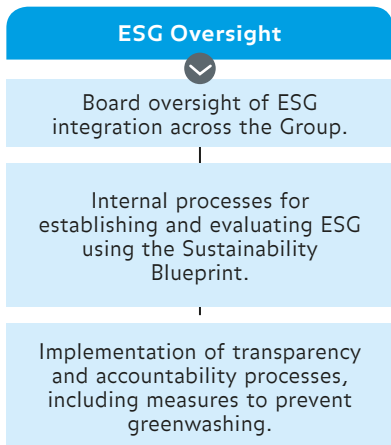
▶ WHY IS IT IMPORTANT?

The rapidly evolving regulatory environment means that businesses today need to take action to continuously keep up with disclosure requirements. Effective Environment, Social and Governance (ESG) risk management can reduce environmental and societal risks.

As a new material matter, we understand how ESG oversight, measurement and reporting strongly reflect value creation for our stakeholders. There has been heightened interest among investors emphasising a strong ESG profile, reinforcing the need to drive accurate, transparent, and accountable business practices that are communicated through ESG disclosures and reduce claims of greenwashing. Our ability to measure, monitor and manage influences our operations and our ability to meet our sustainability targets. Therefore, we have a responsibility to ensure that ESG oversight, measurement and reporting are incorporated into our strategies and managed accordingly.

▶ WHAT IS OUR APPROACH?

To address regulatory requirements, market trends and the demands of our stakeholders, we cascade ESG oversight, measurement and reporting throughout our business operations.



ESG Measurement*

- Implementation of an internal carbon calculator to monitor and report our energy usage and emissions.
- For countries that do not publish emission factors for purchased electricity, we use the emission factors published by the International Renewable Energy Agency.

* We had previously obtained limited external assurance for safety data. This year, we are expanding assurance to include emissions data using our internally developed carbon calculator.

[Refer to the independent assurance report on 410 to 413.](#)

ESG Reporting

- We adhere to and report on ESG criteria, which includes Bursa Malaysia’s Sustainability Reporting Framework and the Task Force on Climate-related Financial Disclosures (TCFD).

▶ VALUE CREATION IN FY2023

Progression of PM ESG

The PM ESG function plays a pivotal role in integrating sustainability practices across the Industrial and Motors divisions. We have developed fifteen ESG councils across the Group and initiated our PM ESG internal reporting mechanism. We have also improved ESG governance through the transformation of the RMC into the RMSC. Further to that, we have increased the number of Activities that support our Flagship Initiatives from 26 to 31.

[For more information, see page 124.](#)

▶ OUTLOOK FOR FY2024

Moving forward, the focus for FY2024 is to enhance the timeliness and accuracy of our reporting processes and systems through the review and evaluation of existing and potential processes and systems.

Employee Training and Development

➤ WHY IS IT IMPORTANT?

Employees are the driving force that propel us forward. To carve our place as industry leaders, we need to keep our employees upskilled, focused and involved in the business. Thus, training and development are integral parts of navigating our business to success. By equipping our employees with the essential tools to steer the changing currents of market demands and evolving business landscapes, we are investing in the growth of our employees, and inadvertently, our business.

➤ WHAT IS OUR APPROACH?

Our approach to training and development works seamlessly with the progression outlined in our Human Resources (HR) Five-Year Strategic Plan.



Our employee development strategy is also guided by the Sime Darby Learning Framework. We integrate challenging assignments to provide supportive guidance and purposeful training. We also offer a diverse range of learning opportunities, from core skills to personal growth, combining structured courses, social learning and hands-on experience to create a comprehensive approach to development. By linking these approaches together, we promote growth, skills and fulfilment that resonates throughout our divisions.

INSPIRING OUR EMPLOYEES TO DELIVER MEANINGFUL CHANGE

▶ VALUE CREATION IN FY2023

Sime Darby Leadership and Performance Management Framework (LEAP)

This year, we redefined our LEAP framework to future-proof employee performance and development. Aligned with our 5-year Strategy Masterplan, LEAP guides positive behaviours and leadership skills, essential for present and future success. LEAP fosters action-oriented conversations to ensure alignment and growth opportunities.



Training and Development Programmes

One of our priorities in strengthening the next-generation talent includes identifying and building potential talent with the right exposure, experience and environment to thrive and succeed. The following are some of the key employee training and development programmes that run across different markets.

Core Executive Programme (CEP)

Our ongoing CEP initiative aims to upskill our junior to mid-managers leadership capabilities as part of their career progression milestones across the Group. We have updated the following CEP programmes this year to ensure market relevancy and learning effectiveness in keeping us ahead of the competition.

CEP	
What We Do	<ul style="list-style-type: none"> ⌚ A 3.5 day programme (CEP 1) focuses on self-leadership and effective workplace skills, while a four-week programme (CEP 2) focuses on building team leadership skills to achieve higher business and functional results.
FY2023 Key Highlights	<ul style="list-style-type: none"> ⌚ Over 137 employees from Malaysia, Singapore and China participated in CEP. Motors and Industrial divisions pitched business project ideas in CEP 2 and received an evaluation by internal business leads and project sponsors.

Queensland University of Technology (QUT) Strategic Leaders & Enterprise Leaders Programme

These eight-month programmes, consisting of workshops, case studies and high-impact projects, are designed to accelerate the company’s future senior leadership cohort and build enhanced leadership skills to drive the business forward. This comprehensive approach equips leaders at all levels with relevant skills, knowledge and confidence for effective leadership.

Our Impact

Sime Darby Industrial Australia has upskilled 32 AVPs and 15 VPs through this programme, accelerating their career and fostering advanced skills to drive business growth.

Leadership Coaching Programmes

We successfully advanced our leader-as-coach development through this six-month programmes. These emerging leaders will be able to embed a coaching mindset into their daily work environments while aligning with our performance achievement principles.

Our Impact

We have empowered 26 VPs as emerging leaders across divisions.

Motors Division Management Trainee Programme

Our programme for young talent in the last two years (FY2022 and FY2023) involved 30 management trainees across Malaysia, Singapore, Chinese Mainland and Hong Kong. Through cross-district rotations, targeted training, project involvement and final placements, we have garnered high employee satisfaction across all markets.

Sime Darby Industrial Australia Apprenticeship Programme

Focused on Caterpillar-specific technical skills, our Apprenticeship Programme provide training on maintenance, diagnosis and servicing of mobile plant engines, braking and steering systems through:

- Hands-on training at our Brisbane-based facility
- Classroom theory with simulated workshop tasks

This year, we selected 50 diverse apprentices out of 1,133 applications to participate in this programme.

Our Assessment

We conduct knowledge tests, practical demonstrations and real-world document assessments to ensure effective knowledge transfer and learning outcomes.

Our Impact

Approximately 600 apprentices have been trained in the last five years.

INSPIRING OUR EMPLOYEES TO DELIVER MEANINGFUL CHANGE

EMPOWER by Terra Cat

Tailored for Terra Cat, EMPOWER enhances female talent retention rates and leadership gender balance. In its second year, the programme’s success is evident, with two graduates promoted to Terra’s executive leadership team and numerous others advancing in their careers. By providing personalised coaching on career planning, we have instilled impactful communication for stakeholder management and effective influence across Terra Cat departments.

Our Impact

11 female participants from various functions in Terra Cat have graduated from EMPOWER.

China Engineering Limited Management Trainee Programme

As a programme developed to cultivate well-rounded talent with management and professional skills, we have successfully groomed trainees to assume key leadership positions in China.

Our Impact

- A total of 12 employees in FY2023.
- Achieved an overall 60% retention rate.

Sime Darby Industrial Australia Graduate Programme

Launched in FY2016, we have made notable progress in FY2023 in our Graduate Programme, where participants get a head start into a specialist career track. This programme is a vital talent development investment within the Australian market as it has produced quality talent for key leadership and succession roles.

Our Impact

Sime Darby Industrial Australia has employed five new employees through the graduate programme.

Environment, Social and Governance (ESG) Employee Training

We have placed a strong emphasis on educating employees on our sustainability and ESG commitments. Through this initiative, our employees have improved their knowledge and capacity to support ESG initiatives.

What We Did	Our Achievements
Group Corporate Assurance (GCA) ESG Training	<ul style="list-style-type: none"> • Delivered to 38 GCA employees based in Malaysia, Brisbane, Auckland, Sydney and Guangzhou.
ABC Wellness Day at Malaysia Retail & Distribution	<ul style="list-style-type: none"> • Created awareness of ESG through safety and staff engagement activities conducted over a series of roadshows. • Achieved 85.5% satisfaction rate from our employees.
Certified Environmental Professional in Scheduled Waste Management (CEPSWAM)	<ul style="list-style-type: none"> • Trained Sime Darby Auto Performance (SDAP) employees responsible for managing scheduled waste to be certified and competent to ensure scheduled waste is managed according to legal requirements.

Motors Retail & Distribution Training Academy

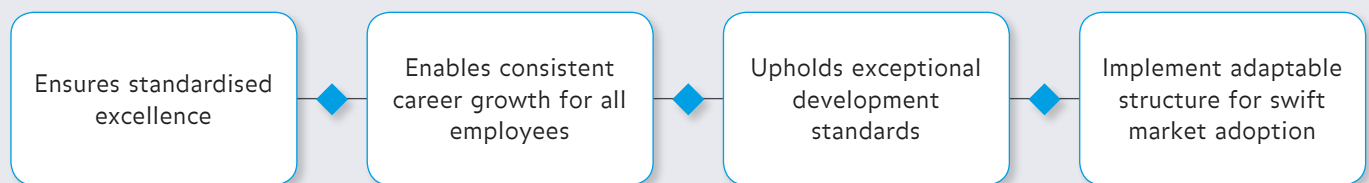
Sime Darby Motors Malaysia launched its Training Academy at Sime Darby Motors City offering certification programmes. Focusing on technical, non-technical and organisational skills, the academy has enhanced employee skills in the retail and aftersales services. These programmes include personal development, customer service and Electric Vehicle (EV) expertise to help future-proof our business.

Career Upscaling and Development

Motors’s Ultimate Learning & Development (MoULD) Framework

We developed MoULD as a guide to creating consistent employee experiences and practices in Talent Management and Talent Development at Sime Darby Motors.

MoULD Framework



Future Skills Project

Hastings Deering launched the Future Skills project to engage across its council of SMEs and business leaders. This cross-functional council serves as a way for us to address evolving industry trends, customer demands and operational priorities across workplace environments.

Caterpillar Sales Career Development

Across Australia, we have enhanced leadership skills among divisional managers to address competition and achieve more market shares in a volatile market situation. As a result, Caterpillar sales managers were able to navigate intense competition and secure greater market share.

Core Focus Areas			
Process and Structure	Planning and Sourcing		
Sales Training Capability	Job Performance and Sustainability		
	FY2021	FY2022	FY2023
Total Number of Employees Trained	NA	179	274

INSPIRING OUR EMPLOYEES TO DELIVER MEANINGFUL CHANGE

Technician Career Development Process (TCDP)

Designed as a role-based curriculum to help Sime Darby technicians and mechanics bridge their knowledge and understanding in order to accelerate their career progression.

Four Key Markets

- China
- Malaysia
- Singapore
- Australia

Our Impact

Over 800 mechanics and technicians trained.

Motors Division After-sales Forum

The Motors division’s cross-market aftersales forum plays a key role in identifying and developing potential talents across the market.

Additional Initiatives Through After-sales Forum

Technician recognition programme

Tailored aftersales competitions

BMW High Voltage Expert (HVE)

In Malaysia, the Motors division introduced the BMW High Voltage Expert programme to target high-potential and dealership-qualified technicians, to develop expertise within the retail sphere.

Our Overall Performance

	FY2021	FY2022	FY2023
Investment in employee training and development (RM)	13,298,838	13,280,024	17,103,125
Total hours of training for employee *	259,791	483,159	432,002
Total training hours on job-specific (%) *	57.9%	65.7%	79.1%
Total training hours on core skills (%) *	32.5%	26.1%	8.6%
Total training hours on personal effectiveness (%) *	6.8%	5.0%	6.7%
Total training hours on leadership skills (%) *	2.8%	3.2%	5.6%

* Data provided is relevant to the Sime Darby Learning Framework.

➤ OUTLOOK FOR FY2024

Next year we will focus on operationalising and embedding our new performance and development framework that values personal connection, coaching, regular check-ins, and development conversations in supporting our employees’ career aspirations and growth. Additionally, as a priority Flagship Initiative in our Sustainability Blueprint, the Group will be developing strategic ESG training to be conducted in FY2024.

Community Contributions and Development

▶ WHY IS IT IMPORTANT?

Our business has an impact on the communities in the areas where we operate. With operations in 17 countries and territories, it is imperative that we continue to nurture community well-being. By organising projects to help our stakeholders in our community, we build stronger connections and strengthen our social license to operate.

Empowering sustainable community development is also an essential part of our business. In addition to empowering local communities, volunteer programmes cultivate a sense of purpose for our employees. A strong commitment to community has been found to improve compassion, connectivity and influence positive outcomes.

▶ WHAT IS OUR APPROACH?

We create meaningful social impact within the communities we serve. In Malaysia, our Corporate Social Responsibility (CSR) focus is spearheaded by Yayasan Sime Darby (YSD), which receives an annual financial contribution from Sime Darby. YSD is supported by a strong governance system. The Group CEO sits on YSD’s council and the Board remains updated on our CSR donations and activities.

In FY2023, we contributed RM25 million towards YSD, which provides philanthropical support to various beneficiaries under

the education, environment, community & health, youth & sports as well as arts & culture development pillars.

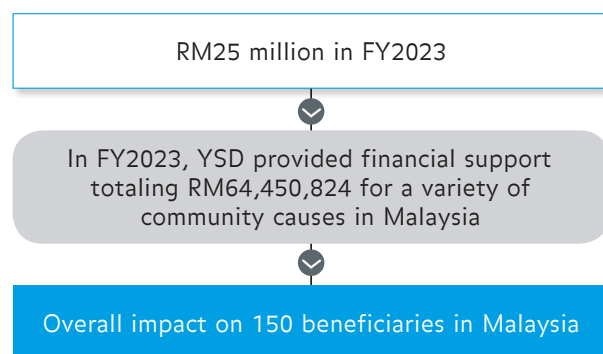
Apart from extending support to YSD for community programmes in Malaysia, our divisions operating outside of Malaysia aid local initiatives across their markets by getting involved with local communities. From collaborating with community partners to employee volunteerism, we are actively developing a strong CSR culture.

▶ VALUE CREATION IN FY2023

Supporting Communities Through YSD

YSD has become a beacon of value creation for communities across multiple purpose-driven initiatives. This year, we have undertaken several key initiatives that have contributed to community education, health and welfare.

Through YSD, our contributions have empowered partners of local non-governmental organisations to drive positive outcomes in the areas where we operate.









For more information on YSD’s projects and beneficiaries, please visit the YSD website at www.yayasansimedarby.com

INSPIRING OUR EMPLOYEES TO DELIVER MEANINGFUL CHANGE

Our Other CSR Initiatives Across Asia Pacific

Outside of Malaysia, our operating units are deeply involved in a range of social causes that generate substantial value within their local communities. In FY2023, our impact has been exemplified by notable initiatives across the region.

Country	Activities	Impact/results
 Papua New Guinea	Hastings Deering participated in ocean clean-ups organised by the Royal Papua Yacht Club, together with 12 Hastings Deering’s Papua New Guinea employees and 200 corporate and community volunteers.	<ul style="list-style-type: none"> • Educated local community members on plastic pollution effects. • Collected 160 trash bags of rubbish from Manuabada Island. • Collected 170 trash bags from Fisherman’s Island.
 Papua New Guinea	Hastings Deering partners with Buk Bilong Pikinini to distribute educational resources to various libraries, learning centres and school libraries.	<ul style="list-style-type: none"> • 11 pallets of books were distributed across Papua New Guinea.
 Australia	Hastings Deering supported LIVIN Charity to foster a healthier mindset among young individuals.	<ul style="list-style-type: none"> • Achieved the fundraising goal of AUD300,000. • Delivered mental health education sessions to schools all over Australia.
 Australia	Hastings Deering partnered with Orange Sky to support Fitzroy Valley communities.	<ul style="list-style-type: none"> • Provided flood aid and solace to the communities within Fitzroy Crossing, Yungnora and Yakanarra.
 New Zealand	Terra Cat worked together with a B Corp-certified apparel manufacturer to recycle and repurpose old Terra Cat uniforms that are no longer ‘fit for purpose’.	<ul style="list-style-type: none"> • Produced 100% recycled items for home insulation, furniture, mattress and pillow fillings, garments and more.
 China	CEL Guangdong and Headquarters hosted a charity event at Paifu Primary School in Jiayi Town of Yunfu, Guangdong.	<ul style="list-style-type: none"> • Donated school supplies, including 155 school bags, nine sets of school furniture and stationeries. • Renewed several directional signs to improve school facilities.

Country	Activities	Impact/results
 New Zealand	Mack provided financial aid to mitigate and reduce suicide death rates in New Zealand.	<ul style="list-style-type: none"> • Raised \$13,000 to offer free counselling services to young New Zealanders.
 Taiwan	Volunteers from Kia Taiwan participated in food packing activities organised by to aid children in Taiwan’s rural areas, kindergartens and orphanages.	<ul style="list-style-type: none"> • Food packs were sent out to more than 10 kindergartens and orphanages.
 Malaysia	Organised a computer bidding event to encourage the ongoing use of company computers with a long lifespan.	<ul style="list-style-type: none"> • Received high participation rates and feedback from employees.
 Malaysia	Sime Darby Rent-A-Car Sdn Bhd (SDRAC) held a fundraising campaign for cancer awareness in Malaysia. For every SDRAC car rental transactions, RM40 was donated to Cancer Research Malaysia (CRMV).	<ul style="list-style-type: none"> • Donated a total of RM41,280 to CRMV.
 Thailand	Sime Darby Motors Thailand organised a mangrove tree planting CSR activity at the Bangpoo Royal Thai Army Nature Education Centre.	<ul style="list-style-type: none"> • Planted 240 baobab tree and increased mangrove area by 900 square meters.
 China	Guangzhou Bow Yue Vehicle Trading Co. Ltd. First Branch initiated a BMW Children’s Traffic Safety Training Camp, aimed at enhancing children’s self-protection abilities and to promote traffic safety.	<ul style="list-style-type: none"> • 33 children were trained during the Safety Training Camp.

➤ OUTLOOK FOR FY2024

Our focus in the upcoming year is to develop a comprehensive CSR framework to provide guidance across the diverse regions we operate in. The framework will align with our core values and purpose. Simultaneously, we are working to establish a structured reporting mechanism.



ENGAGING IN SUSTAINABLE PARTNERSHIPS

Customer Satisfaction

WHY IS IT IMPORTANT?

Investing in customer satisfaction is an investment in the future. Satisfied customers transform into loyal brand advocates, resulting in reduced customer acquisition costs through repeat purchases and referrals. These advantages extend beyond conventional performance metrics as they are often intangible and unquantifiable, yet they hold invaluable significance in shaping the success of a business.

WHAT IS OUR APPROACH?

We implement stringent quality control measures, participate in third-party audits and undertake customer satisfaction surveys to maintain strong relationships with both business-to-business (B2B) and business-to-consumer (B2C) customers. Over our many years of operation, we have built an extensive customer base and sales and service network.

VALUE CREATION IN FY2023

Elevating Customer Satisfaction

During the past year, we invested in digital initiatives designed to elevate customer experience as well as drive long-term value creation.

Key Initiatives in FY2023

What We Did	Achievements & Highlights:
We introduced Smart Aftersales Solutions, a digital platform that offers a seamless omnichannel car service experience to customers. The platform was implemented across all Sime Darby Motors dealerships in Malaysia.	<ul style="list-style-type: none"> • 30% increase in vehicles serviced since the start of the project with over 200,000 vehicles serviced annually. • Increased customer satisfaction scores across all Ara Damansara dealerships with Auto Bavaria recording the highest improvement from 70% in 2020 to 98% in 2022. • Recognised in Bursa Digital Enabling publication. • Nominated for the ASEAN Innovation Business Platform (AIBP) Enterprise Innovation Award.
Sime Darby Industrial’s laboratory services introduced smart digital solutions that enhance the productivity of our mining customers.	<ul style="list-style-type: none"> • Supports industrial equipment running at maximum potential.
We acquired engineering services company NEAMCO, and shareholding in robotics automation technology company, IR4, to deliver improved capacity and productivity solutions for customers.	<ul style="list-style-type: none"> • Expanded Hastings Deering’s Cairns operations. • Boosted component throughput. • Enhanced customer support capabilities across Queensland.

OUTLOOK FOR FY2024

We will continue to build customer trust and loyalty by offering exceptional customer experiences while maintaining industry-leading service standards.

Business Continuity

➤ WHY IS IT IMPORTANT?

Business continuity goes beyond surviving disruptions; it's about thriving in adversity while solidifying our position as a trusted partner.

➤ WHAT IS OUR APPROACH?

Our Business Continuity Management (BCM) approach is guided by rigorous risk assessment, strategic planning, testing and continuous improvement in alignment with ISO 22301 standards.

Our Sustainability Strategies to Tackle Market Competitiveness

- 1 Diversify and expand the portfolio of products and service offerings across various delivery platforms
- 2 Enhance the efficiency of business operations
- 3 Cultivate and sustain strong relationships with business partners and suppliers
- 4 Reduce dependency on any single major business partner, supplier, or customer
- 5 Proactively mitigate and manage risks of operational disruptions that are caused by internal and external factors

➤ VALUE CREATION IN FY2023

Enhancing Our Resiliency

Since FY2020, we have made significant progress in strengthening our BCM practices, from setting a strong foundation to completing Phases I and II of the Group-wide BCM programme. This involved identifying mission-critical objectives, business functions, and comprehensive documentation of continuity and recovery strategies.

➤ OUTLOOK FOR FY2024

The Group will be conducting BCM awareness training, regularly reviewing BCM plans and performing comprehensive testing and exercises to fortify the overall resiliency of the Group.

 **For further understanding on BCM, please refer to our Enterprise Risk Management section on pages 69 to 84.**

ENGAGING IN SUSTAINABLE PARTNERSHIPS

Business Ethics and Compliance

➤ WHY IS IT IMPORTANT?

Our strong commitment to ethical standards and legal compliance mitigates risks associated with legal and regulatory violations.

➤ WHAT IS OUR APPROACH?

We adopt a strong top-down approach to compliance and integrity, with the Board playing a key role. The Board receives quarterly compliance reports from the Risk Management and Sustainability Committee (RMSC), while our Anti-Bribery and Anti-Corruption Steering Committee collaborates with divisional businesses.

 *To read more about this, please refer to our Statement on Risk Management and Internal Controls on pages 219 to 227.*

➤ VALUE CREATION IN FY2023

Monitoring an Anti-Bribery Culture

Our Anti-Bribery Management System was independently validated to determine the adequacy of internal controls. We closely monitored our anti-bribery efforts and conducted a comprehensive review of corruption incidents/instances of misconduct. One case of corruption was detected and managed through thorough investigations, which resulted in disciplinary action or resignation. We instilled initiatives, conducted training and sent regular communications to enforce a strong anti-bribery culture. We also continuously engage with our partners and suppliers about our Vendor Code of Business Conduct.

Anti-Corruption Performance (sourced from Whistleblowing Data)

Disclosures	FY2021	FY2022	FY2023
Number of operations assessed for corruption	3	3	0
Number of confirmed incidents of corruption	5	2	6
Number of confirmed cases where employees were dismissed/ disciplined for corruption	1	0	1
Number of confirmed cases where business partners/suppliers were terminated due to violations related to corruption	1	0	1
Number of misconduct/malpractice reports received	9	3	9
Number of investigations conducted	9	3	9

Raising Awareness of Ethics & Integrity

Gift, Hospitality and Donations (GHD) Training

- Increased awareness on what constitutes a bribe, ways to distinguish ethical and unethical behaviour, types of gifts and hospitality, revision on GHD Procedures and GHD cascaded Limit of Authority.

Highlights

- 5,613 employees have been trained across 3 regions i.e. Australasia (168), Southeast Asia (213) and China (5,232).

YourTrust Application (App) Implementation

- This user-friendly app streamlines the GHD registration process and serves as an educational tool.

Highlights

- 1,571 employees on YourTrust application.

Business Ethics and Compliance (Anti-Corruption)

	FY2021	FY2022	FY2023
Number of employees who received training in anti-corruption briefing/policies and procedures	0	6,872	18,027

➤ OUTLOOK FOR FY2024

We will:

- conduct a corruption risk assessment that covers all areas of the Anti-Bribery and Corruption (ABC) Policy to determine major, medium and minor risk areas.
- monitor the implementation of our corruption risk assessment across the Group’s key business operations and the implementation of due diligence guidelines across the Group’s key business operations.
- conduct various training and awareness events to create greater awareness about code of business conduct and anti-bribery/anti-corruption.

ENGAGING IN SUSTAINABLE PARTNERSHIPS

Responsible Supply Chain

➤ WHY IS IT IMPORTANT?

By ensuring our partners adhere to our sustainable principles and requirements, we minimise the carbon footprint of our supply chain operations and foster a sustainable ecosystem.

➤ WHAT IS OUR APPROACH?

As part of our commitment to ethical and sustainable practices within our supply chain, we consistently monitor our partners' adherence to our procurement policies. We are also developing a Responsible Sourcing policy which aims to preserve the integrity of responsible sourcing practices while promoting an ethical and sustainable supply chain. It will also act as a guide for vendor selection and performance evaluation during our sourcing process. The policy is expected to be finalised and approved in FY2024.

The Human Rights Charter articulates our approach and commitment to protect the rights of all workers across our value chain, including our suppliers. It will be communicated to the Procurement Leadership Council for implementation to vendors.

Code of Business Conduct covers our high standards of business ethics and integrity in all business dealings, including with our vendors and suppliers.

 *For more information, please see page 139.*

 *For more information, please see page 139.*




➤ VALUE CREATION IN FY2023

Responsible Sourcing Programme

A major initiative in our sustainable supply chain this year is the development of Sime Darby's Responsible Sourcing Programme which aims to align our sourcing practices with the Group's Sustainability Blueprint.

Addressing Suppliers' Concerns

As key stakeholders in our business, it is important to maintain a strong and meaningful relationship with our suppliers. Throughout the year, we captured their common pain points and implemented measures to resolve these issues.

Top 3 Supplier Concerns	How We Resolved Them
Delayed Payment	 We requested vendors to submit invoices through an online platform to streamline payment tracking.
Withheld Payment for Online Vendor Registration*	 We addressed their payment concerns on a case-to-case basis to understand their perspective and challenges.
Dissatisfaction with Lack of Business	 We actively engaged with suppliers to explain and clarify business-related issues, such as product quality and price competitiveness.

* As covered under the Digital Procurement Process below

Digital Procurement Process

We utilise digital solutions to streamline the procurement journey to make it simpler and more efficient for our procurement team and suppliers.

ESG Integration into the Supply Chain

We understand that different businesses have varying degrees of ESG maturity. Some companies, particularly Small to Medium Enterprises (SMEs), will require more support in transitioning to sustainable practices. As part of our Responsible Sourcing Programme, vendors will be progressively guided to align their practices with our responsible sourcing aspirations.

Empowering Local Businesses

Our Responsible Sourcing Programme will prioritise local suppliers and vendors.

➤ OUTLOOK FOR FY2024

We will initiate our Responsible Sourcing journey once the framework, policy and roadmap are approved. This involves building the right capabilities and resources, and reinforcing its governance and oversight of the Responsible Sourcing Programme. We will also conduct sustainability risk assessments across the supply chain to identify sustainability-related risks and opportunities. This will potentially lead to the integration of sustainability into the key sourcing to contracting and procure to pay processes.



DRIVING SUSTAINABLE INNOVATION AND TECHNOLOGY

Sustainable Product Offering

➤ WHY IS IT IMPORTANT?

The increased focus on sustainable consumption is shaping consumer preferences and influencing brand perceptions. In response to this trend, we are transitioning to electric vehicles (EVs), alternative fuel-powered vehicles and other solutions to expand our market share and enhance brand loyalty.

➤ WHAT IS OUR APPROACH?

We are committed to seeking out solutions that prioritise excellence, safety and environmental stewardship. In addition, we are actively nurturing relationships with stakeholders who share our values of decarbonisation, enhanced safety and innovative technological advancements.

➤ VALUE CREATION IN FY2023

EV Transformations

We are embracing the shift towards EVs, driven by increased customer demand for environmentally friendly products as well as favourable government regulations and incentives. Over the past year, we've significantly broadened our range of EV products and services and made progress in reducing our operational carbon footprint through the electrification of our internal fleet.

Our EV Journey

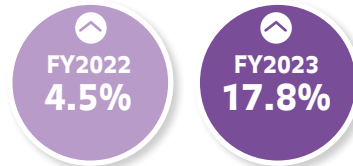
Our Progress and Initiatives

- Eight of our nine brands in Malaysia offer EV and hybrid models.
- We work with 6 Battery Electric Vehicle (BEV)-only brands across the Asia-Pacific region.
- KINETA one of our subsidiaries, offers EV charging products and solutions to the Malaysian and Hong Kong markets.
- Our network expanded to over 200 charging stations across Malaysia and the Chinese Mainland.
- We transitioned 54% of forklifts to electric at Sime Darby Motors Group New Zealand (SDMGNZ).

Our Achievements

- These initiatives have resulted in a dramatic increase in EV sales compared to the previous year.

Total EV sales (%)*



* Figures are based on new and demo vehicle sales only. Hybrid/PHEV and forklift sales are not included.

Global Portfolio Expansion

📖 To read more about this, refer to our Business Review on pages 104 to 115.

➤ OUTLOOK FOR FY2024

We will continue to increase our EV product portfolio and introduce ancillary services such as EV charging and battery diagnostics to provide our customers with a holistic EV experience.

We will continue to collaborate closely with our OEM partners to bring sustainable products to our Industrial customers. By leveraging our strong partnerships with suppliers, customers and stakeholders, we aim to introduce optimised design, reduced emissions and energy-efficient products into our portfolio.



Sime Darby Berhad offers end-to-end solutions for the EV market through the sale of EVs via Sime Darby Motors as well as the supply and installation of EV chargers and EV charging solutions via KINETA, a subsidiary of Sime Darby Berhad.

Technology and Innovation

➤ WHY IS IT IMPORTANT?

Companies that embrace advanced technologies, such as renewable energy solutions, circular economy models and data-driven analytics, gain a competitive edge and are better prepared for evolving market dynamics.

➤ WHAT IS OUR APPROACH?

We adopt a people-centric approach to technology and innovation. Cross-departmental teamwork fuels our innovative ideas and ensures the technological solutions implemented are aligned with the latest trends to bring value to the customer and are user-friendly. Our ability to shape the future through creative solutions supports our strategic direction.

➤ VALUE CREATION IN FY2023

Innovative Advancements

We have strategically leveraged on innovative technological enhancements to establish a distinctive edge over our competitors in both the automotive and heavy equipment sectors.

Sime Darby Industrial	Sime Darby Motors
<ul style="list-style-type: none"> Utilised Remote Operating Systems to monitor machine rollover regulations to ensure seamless operations for mining clients. Launched RockAware™ by Decoda, an AI-based hazard detection for mining haul truck tire protection. Tested CAT engines with eco-friendly vegetable oil for lower emissions at Tractors Singapore Limited (TSL). 	<ul style="list-style-type: none"> MyGarage was rolled out in Australia to deliver an omnichannel experience for our used-car customers. The platform connects customers with finance providers and allows them to transact online. Vehicle reservations increased by 140% in the first month. In New Zealand, we have rolled out an e-commerce platform for TWL. Website users increased by 65% compared to same period last year.

➤ OUTLOOK FOR FY2024

We will continue to advance our efforts in technology and innovation by meeting the needs of our customers through enhanced digital capabilities and improved operational efficiency.

DRIVING SUSTAINABLE INNOVATION AND TECHNOLOGY

Data Privacy and Security

➤ WHY IS IT IMPORTANT?

Cyber security has become the foundation upon which customer-business relationships are built. Data security is integral for demonstrating dependability and integrity. We place the utmost importance on the protection of data, information and intellectual property belonging to our valued stakeholders.

➤ WHAT IS OUR APPROACH?

Our security measures are designed to protect the Group and our stakeholders. We approach data privacy and security with clear policies and guidelines for handling sensitive information. We also educate and build employees’ capacities on the importance of data protection and the risks that come with exposing sensitive company data. We continuously improve our technological infrastructure to keep our data safe. We encrypt our laptops to ensure the information stays secure across our operations. Tools like Microsoft Intune enable us to protect company data and applications on employees’ mobile devices.

➤ VALUE CREATION IN FY2023

Cyber Security Enhancement

Our data privacy and security initiatives aim to strengthen our employee’s awareness on the cyber attacks, as well as to protect our customers against cyber threats and data breaches.

Data Loss Prevention (DLP) Project

Rolled out Microsoft Intune, a powerful tool that enables us to centrally manage and secure data and applications on various devices.

Our Impact

- Improved IT management and security posture by enforcing policies and compliance rules on devices.

Penetration Trial Operation

Conducted authorised simulated attacks on our computer systems and servers, with the primary goal of uncovering any weaknesses that malicious actors could exploit.

Our Impact

- Identified vulnerabilities that may not be apparent through automated vulnerability scanning tools.

Privileged Access Management (PAM) System

We implemented PAM as an advanced security solution to control and monitor privileged users. This solution efficiently manages their access and ensure that only authorised personnel can log in and perform activities on the system.

Our Impact

- Reduce the risk of unauthorised access to our critical system and help us meet regulatory compliance requirement.

We are pleased to report zero breaches to customer privacy.

➤ OUTLOOK FOR FY2024

In the coming year, we plan to roll out PAM throughout the Group, which will significantly strengthen our defence against cyber attacks.

ESG PERFORMANCE DATA

Target: 30% Reduction of Emissions by 2030 (Scope 1 and 2 only) from 2020 levels

OPTIMISING ENVIRONMENTAL AND SOCIAL FOOTPRINT

Energy and Emissions Management (incl. Renewable Energy)[^]

Description	FY2021	FY2022	FY2023
Scope 1 GHG Emissions (CO ₂ e '000 tonnes)	31*	32*	34**
Scope 2 GHG Emissions (CO ₂ e '000 tonnes)	68*	68*	71**
Energy Consumption (GJ)	1,019,021	1,003,446	972,268
Solar PV System Installed (kW)			
– Australia	200	100	0
– Chinese Mainland	199	0	0
– Hong Kong	78	0	240
– Malaysia	0	1,209	82
– New Zealand	50	0	0
	Generated to FY2021	FY2022	FY2023
Solar Energy Generated (kWh)			
– Australia	683,682	219,887	561,540
– Chinese Mainland	755,921	213,038	232,408
– Hong Kong	157,487	91,371	281,714
– Malaysia	0	417,381	1,667,856
– New Zealand	87,686	45,285	69,037

[#] This data was subjected to an external limited assurance by an independent third party. Refer to the independent assurance report on pages 410 to 413.

^{*} During the financial year, the Group completed its divestment of Logistics Division on 7 November 2022 which resulted in the Group no longer having operational control in the Logistics operation. The FY2023 emission currently excludes 4 months of emission arising from the Logistics division. Consequently, the Group has also revised the FY2021 and FY2022 comparative to exclude the Logistics emission for comparison.

[^] Sime Darby will be reporting Categories 6 (Business Travel) and 7 (Employee Commuting) Scope 3 GHG Emissions for FY2024 reporting period. In addition, the materiality and relevance of other Scope 3 categories to be assessed at the same time. This is aligned to the requirements of Bursa Malaysia's 3rd Edition Sustainability Reporting Guide. The Scope 3 emissions will be measured using the GHG Protocol framework. Where available, emission factors and assumptions will be sourced from country-specific databases managed by governments such as the Ministry of Environment and Water (Malaysia) and the Department of Climate Change, Energy, the Environment and Water (Australia). Otherwise, internationally recognised sources will be used such as the IPCC Fifth Assessment Report (2014).

ESG PERFORMANCE DATA

OPTIMISING ENVIRONMENTAL AND SOCIAL FOOTPRINT (CONTINUED)

Water Management

Description	FY2021	FY2022	FY2023
Water Consumption			
Group (KI '000)	967	961*	927
Group excluding the Logistics division (KI '000)	848	835*	902
– Motors	577	562*	677
– Industrial	271	273*	225
– Logistics	119	126	25

* Note variation in reported water have occurred due to estimations system maturity at cut-off for Annual Report FY2022 subsequently updated with new data provided in FY2023.

Waste and Effluents Management

Description	FY2021	FY2022	FY2023
Scheduled Waste			
Group (Tonne)	7,551	8,170*	8,221
Group excluding the Logistics division (Tonne)	7,529	8,141*	8,211
– Motors	2,413	2,758*	3,229
– Industrial	5,116	5,383*	4,982
– Logistics	22	29	10

* Note variation in reported waste have occurred both due to system maturity and additional reporting outside cut-off for Annual Report FY2022 subsequently updated with new data provided in FY2023.

OPTIMISING ENVIRONMENTAL AND SOCIAL FOOTPRINT (CONTINUED)

Health and Safety

Description	FY2021	FY2022	FY2023
Group Total (Including the Logistics division)			
– Lost Time Injury (LTI)	84	57*	55
– Lost Time Injury Frequency Rate (LTIFR)	1.69	1.09*	1.03 [#]
– Total Recordable Injury (TRI)	210	172	159
– Total Recordable Injury Frequency Rate (TRIFR)	4.24	3.30	2.99 [#]
Group Total (Excluding the Logistics division)			
– Lost Time Injury (LTI)	80	53*	55
– Lost Time Injury Frequency Rate (LTIFR)	1.69	1.05*	1.05 [#]
– Total Recordable Injury (TRI)	205	167	159
– Total Recordable Injury Frequency Rate (TRIFR)	4.34	3.32	3.02 [#]
Sime Darby Motors			
– Lost Time Injury (LTI)	58	35	35
– Lost Time Injury Frequency Rate (LTIFR)	2.27	1.26	1.14 [#]
– Total Recordable Injury (TRI)	102	85	89
– Total Recordable Injury Frequency Rate (TRIFR)	3.99	3.05	2.89 [#]
Sime Darby Industrial			
– Lost Time Injury (LTI)	22	18*	20
– Lost Time Injury Frequency Rate (LTIFR)	1.03	0.81*	0.93 [#]
– Total Recordable Injury (TRI)	103	82	70
– Total Recordable Injury Frequency Rate (TRIFR)	4.82	3.71	3.26 [#]

[#] This data was subjected to an external limited assurance by an independent third party. Refer to the independent assurance report on pages 410 to 413.

* Subsequent to the disclosure made in the previous year's Annual Report a reclassification of an injury (in the Industrial Division) has resulted in an increase of the Group Total LTI case in FY2022 from 52 to 53 and the LTIFR from 1.03 to 1.05 (without the Logistics division). The Group Total LTI (including Logistics) case has increased from 56 to 57 and the LTIFR has increased from 1.08 to 1.09 (with the Logistics division). This has also resulted in increase of Industrial LTI case in FY2022 from 17 to 18 and the LTIFR from 0.77 to 0.81. The comparative disclosure has been restated to factor in the impact of reclassification.

ESG PERFORMANCE DATA

OPTIMISING ENVIRONMENTAL AND SOCIAL FOOTPRINT (CONTINUED)

Health and Safety (Continued)

Description	FY2021	FY2022	FY2023
Sime Darby Logistics			
- Lost Time Injury (LTI)	4	4	Divested
- Lost Time Injury Frequency Rate (LTIFR)	1.73	2.26	Divested
- Total Recordable Injury (TRI)	5	5	Divested
- Total Recordable Injury Frequency Rate (TRIFR)	2.16	2.83	Divested
Workers covered by an occupational health and safety management system (Headcount)	21,943	22,862	24,335
Safe, Engage, Lead, Focus (LEAD) Programme training hours			
- Sime Darby Motors (Hours)	464	6,384	7,832
- Sime Darby Industrial (Hours)	16,272	12,840	20,320
Total (Hours)	16,736	19,224	28,152

Labour Practices

Description	FY2021	FY2022	FY2023
Incidents of violations involving rights of indigenous peoples (No.)	0	0	0
Grievances received and resolved through formal grievance mechanism from employees or community (No.)	2	4	5

OPTIMISING ENVIRONMENTAL AND SOCIAL FOOTPRINT (CONTINUED)

Diversity

Description	FY2021	FY2022	FY2023
Employee by Group-Wide (Headcount)			
– Malaysia	5,516	5,794	6,626
– Chinese Mainland	6,499	6,704	6,416
– Australia	4,416	4,899	5,739
– New Zealand	1,797	1,793	1,793
– Hong Kong	1,130	1,112	1,073
– Singapore	1,408	1,029	984
– Thailand	626	607	632
– Others	551	924	1,072
Total (Headcount)	21,943	22,862	24,335
Employee by Generation Group (Headcount)			
– Baby Boomers (1962 and earlier)	801	786	668
– Gen X (1963-1979)	7,424	6,161	6,069
– Gen Y (1980 and beyond)	13,718	15,915	17,598
Total (Headcount)	21,943	22,862	24,335
Employee Attrition Rate (%)			
– Overall	10.4	13.5	13.1
Breakdown of Positions by Headcount (Female)			
– Top Management	3	4	5
– Senior Management	20	18	21
– Middle Management	144	167	183
– Junior Management	1,150	1,313	1,386
– Non-Executive	3,474	3,851	4,183
– Workers	387	400	532
Total (Headcount)	5,178	5,753	6,310

ESG PERFORMANCE DATA

OPTIMISING ENVIRONMENTAL AND SOCIAL FOOTPRINT (CONTINUED)

Diversity (Continued)

Description	FY2021	FY2022	FY2023
Breakdown of Positions by Headcount (Male)			
– Top Management	29	33	36
– Senior Management	64	73	78
– Middle Management	453	480	519
– Junior Management	2,580	2,685	2,924
– Non-Executive	7,461	7,209	7,668
– Workers	6,178	6,629	6,800
Total (Headcount)	16,765	17,109	18,025
Parental Leave (Headcount)	Not available	Not available	102
Percentage of Women in Board (%)	27	25	18*

* As at 30 September 2023

INSPIRING OUR EMPLOYEES TO DELIVER MEANINGFUL CHANGE

Employee Training and Development

Description	FY2021	FY2022	FY2023
Investment in employee training and development (RM)	13,298,838	13,280,024	17,103,125
Total hours of training for employees (Hours)	259,791	483,159	432,002
Total training hours on job-specific (%)	57.9	65.7	79.1
Total training hours on core skills (%)	32.5	26.1	8.6
Total training hours on personal effectiveness (%)	6.8	5.0	6.7
Total training hours on leadership skills (%)	2.8	3.2	5.6

Community Contributions and Development

Description	FY2021	FY2022	FY2023
Total investment/contributions for community initiatives (RM)	20,000,000	20,000,000	25,000,000

ENGAGING IN SUSTAINABLE PARTNERSHIPS

Business Ethics and Compliance (incl. Anti-Bribery/Corruption)

Description	FY2021	FY2022	FY2023
Operations assessed for corruption (No.)	3	3	0
Employees who received training in anti-corruption briefing/policies and procedures (Headcount)	0	6,872	18,027
Confirmed cases incidents of corruption (No.)	5	2	6
Confirmed cases where employees were dismissed/disciplined for corruption (No.)	1	0	1
Confirmed cases where business partners/suppliers were terminated due to violations related to corruption (No.)	1	0	1
Misconduct/malpractice reports received (No.)	9	3	9
Investigation on misconduct/malpractices conducted (No.)	9	3	9

DRIVING SUSTAINABLE INNOVATION AND TECHNOLOGY

Data Privacy and Security

Description	FY2021	FY2022	FY2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data (No.)	0	0	0



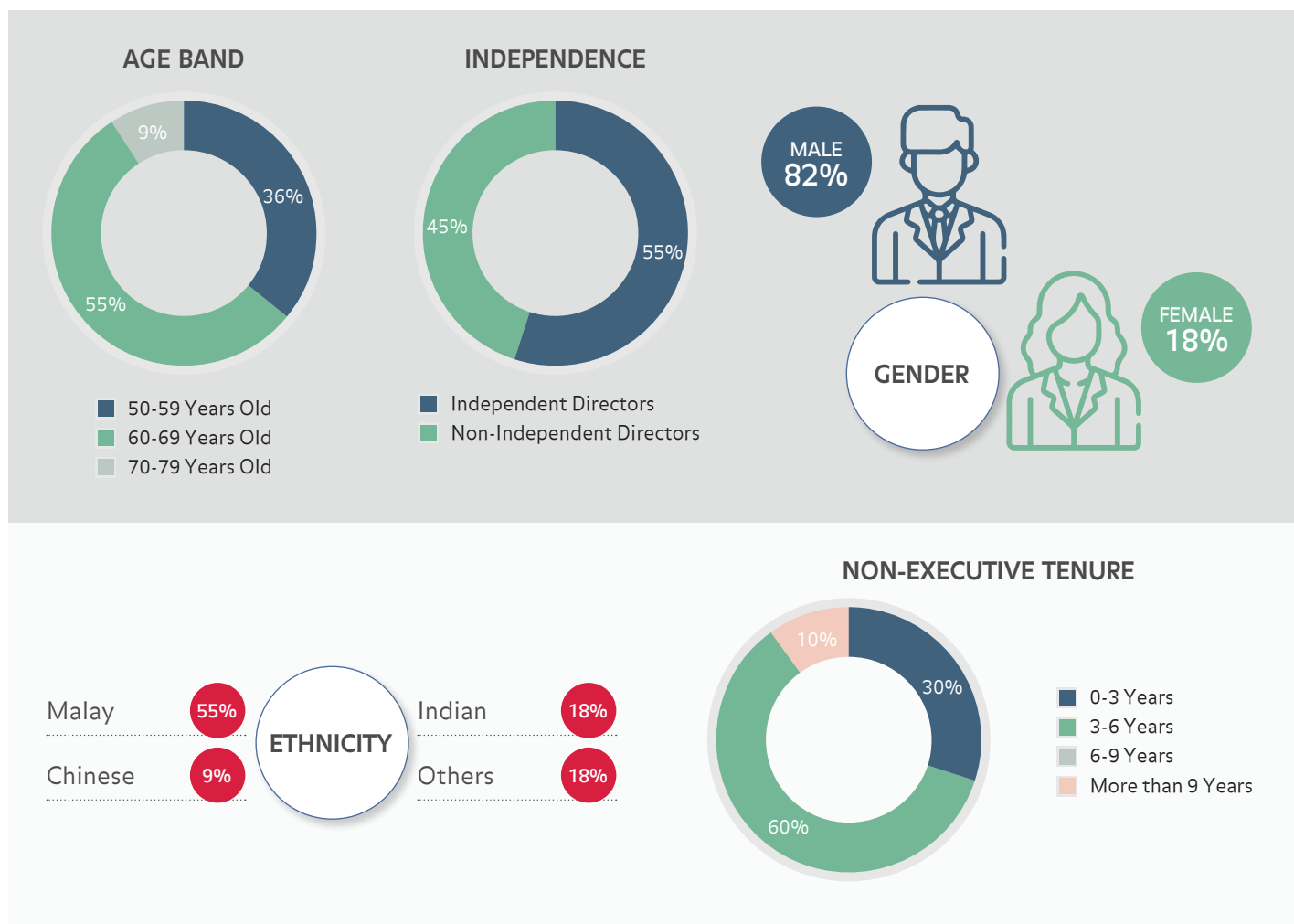
LEADERSHIP

A BALANCED BOARD

The Board places significant reliance on the knowledge, extensive experience, visionary outlook and exemplary leadership of its Board members to effectively steer the Group. These Directors offer a wide array of perspectives, skills and expertise that are integral to the Group's success. More importantly, they are dedicated to upholding robust corporate governance practices that prioritise the long term interest of the Group's stakeholders.

BOARD AT A GLANCE

As at 30 September 2023



Robust and effective controls provide the Board with the ability to consistently evaluate and address emerging risks and opportunities, ensuring sustained development and growth over the long term.

In collaboration with Management, the Board cultivates a culture of robust corporate governance across the Group, emphasising ethical leadership and prudent professionalism in all business endeavours and operations.

The well-calibrated inclusion of Non-Executive Directors (NEDs) on the Board safeguards against undue influence by any individual or small group in decision-making, prioritising the protection of the interests of shareholders. The Board holds each NED in high regard, valuing their independence in both character and judgement.

The Directors are aware of their collective and individual responsibilities towards shareholders and demonstrate a commitment to effectively manage and oversee the affairs of the Company. The Board is satisfied that every Director has devoted sufficient time to fulfil their responsibilities and obligations. The current composition of Directors brings together a diverse blend of skills, experience and knowledge, facilitating effective oversight, strategic direction, constructive critique and thorough evaluation of Management’s proposals. This collective dynamism empowers the GCEO to implement strategies that have been approved by the Board.

The Chairman of the Board does not hold a position on any Board Committees.

While delegating its authority to Board Committees, the Board maintains full accountability and ensures that such delegation does not compromise its ability to fulfil its duties effectively. The responsibilities of the Committees are explicitly outlined in their respective TORs.

BOARD OF DIRECTORS

**TAN SRI SAMSUDIN
OSMAN**
Non-Independent
Non-Executive
Chairman



GAC RMSC

**DATO' LEE
CHEOW HOCK
LAWRENCE**
Non-Independent
Non-Executive Director

The diversity and experience of our Board underpins our ability to navigate the ever-changing operating context.



NRC GAC

**TAN SRI MUHAMMAD
SHAHRUL IKRAM
YAAKOB**
Independent
Non-Executive Director



IC NRC

**DATO' JEFFRI SALIM
DAVIDSON**
Non-Independent
Executive Director



GAC IC

**SCOTT WILLIAM
CAMERON**
Independent
Non-Executive Director



THAYAPARAN SANGARAPILLAI
Senior Independent
Non-Executive Director



TAN SRI AHMAD BADRI MOHD ZAHIR
Non-Independent
Non-Executive Director



MOY PUI YEE
Independent
Non-Executive Director



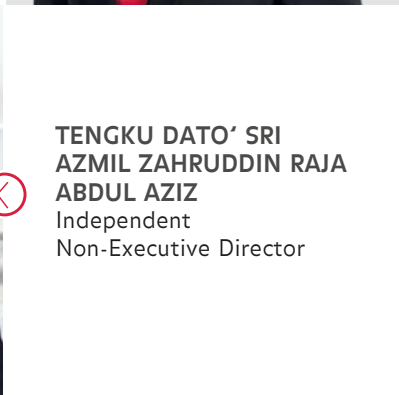
MOHAMAD IDROS MOSIN
Non-Independent
Non-Executive Director



DATO' DR NIRMALA MENON
Independent
Non-Executive Director



TENGGU DATO' SRI AZMIL ZAHRUDDIN RAJA ABDUL AZIZ
Independent
Non-Executive Director



BOARD COMMITTEES

- GAC** Governance & Audit Committee
- RMSC** Risk Management & Sustainability Committee
- NRC** Nomination & Remuneration Committee
- IC** Investment Committee

Chairman of the Committee

GAC **RMSC**

BOARD OF DIRECTORS' PROFILE

TAN SRI SAMSUDIN OSMAN

Non-Independent
Non-Executive Chairman

Malaysian, Age 76, Male

Date of Appointment

19 December 2008

Length of Service (as at 30 September 2023)

14 years 9 months

Academic/Professional Qualification(s)/Membership(s)

- Bachelor of Arts (Hons) and Diploma in Public Administration, University of Malaya
- Master in Public Administration, Pennsylvania State University

Present Directorship(s)

Other Listed Entities

Nil

Other Public Companies

Nil

Attendance at Board Meetings in 2023

10/11

Board Committee(s)

Nil

Areas of Expertise

Public Administration and Fund Management

Relevant Experience

Held various senior positions in the Malaysian government including Secretary General, Ministry of Home Affairs and Ministry of Domestic Trade and Consumer Affairs, and Chief Secretary to the Government of Malaysia. Former President of Perbadanan Putrajaya and former Chairman of Employees Provident Fund and EPF Investment Panel. Former Chairmam of the Board of Trustees of the Mahathir Science Award Foundation. 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.

THAYAPARAN SANGARAPILLAI

Senior Independent
Non-Executive Director

Malaysian, Age 68, Male

Date of Appointment

1 December 2017

Length of Service (as at 30 September 2023)

5 years 10 months

Academic/Professional Qualification(s)/Membership(s)

- Fellow, Institute of Chartered Accountants in England & Wales
- Member, Malaysian Institute of Certified Public Accountants
- Member, Malaysian Institute of Accountants

Present Directorship(s)

Other Listed Entities

- Axiata Group Berhad

Other Public Companies

Nil

Attendance at Board Meetings in 2023

11/11

Board Committee(s)

- Chairman, Governance & Audit Committee
- Member, Risk Management & Sustainability Committee

Areas of Expertise

Audit, Business and Corporate Finance

Relevant Experience

Began his career with Price Waterhouse (now known as PricewaterhouseCoopers) and has over 35 years of experience in providing audit and business advisory services to clients in a wide range of industries. His portfolio of clients included major public listed companies involved in power, telecommunications, automotive, property development, plantation, manufacturing and trading sectors. Led assignments on financial due diligences, mergers & acquisitions, initial public offerings, finance function effectiveness reviews and other advisory work. Former Director of Alliance Bank Malaysia Berhad, AIG Malaysia Insurance Berhad, Celcom Axiata Berhad, Petroliam Nasional Berhad and Digi.Com Berhad (presently known as CelcomDigi Berhad).

TAN SRI AHMAD BADRI MOHD ZAHIR

Non-Independent
Non-Executive Director

Malaysian, Age 63, Male

Date of Appointment

1 September 2020

Length of Service (as at 30 September 2023)

3 years 1 month

Academic/Professional Qualification(s)/Membership(s)

- Master in Business Administration, University of Hull
- Degree in Land and Property Management, Universiti Teknologi MARA

Present Directorship(s)**Other Listed Entities**

- RHB Bank Berhad

Other Public Companies

- Employees Provident Fund Board

Attendance at Board Meetings in 2023

11/11

Board Committee(s)

- Chairman, Risk Management & Sustainability Committee

Areas of Expertise

Strategic Investment, Loan Management, Financial Market, and Actuarial Science

Relevant Experience

Currently the Chairman of the Employees Provident Fund Board. Has held various senior positions in the Ministry of Finance, including as the Secretary General of Treasury. Had served on the Boards of Bank Negara Malaysia, the Retirement Fund Incorporated (KWAP), Permodalan Nasional Berhad and Tenaga Nasional Berhad. Vastly experienced in the fields of strategic investment, loan management, financial markets and actuarial science.

TAN SRI MUHAMMAD SHAHRUL IKRAM YAAKOB

Independent
Non-Executive Director

Malaysian, Age 62, Male

Date of Appointment

8 June 2022

Length of Service (as at 30 September 2023)

1 year 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)**Other Listed Entities**

Nil

Other Public Companies

Nil

Attendance at Board Meetings in 2023

11/11

Board Committee(s)

- Chairman, Nomination & Remuneration Committee
- Member, Governance & Audit Committee

Areas of Expertise

Inter-governmental relations, foreign policies, international and regional politics and security.

Relevant Experience

Former Secretary General of the Ministry of Foreign Affairs of Malaysia and the Permanent Representative of Malaysia to the United Nations, New York. Has held many senior positions in the Ministry of Foreign Affairs, Malaysia since 1988 including as the Ambassador to Qatar and Austria. Had served as the Governor for Malaysia and the Chairman of the International Atomic Energy Agency (IAEA) Board of Governors. Former Director of the Board of Dewan Bahasa and the Malaysian Institute of Maritime.

BOARD OF DIRECTORS' PROFILE

MOHAMAD IDROS MOSIN

Non-Independent
Non-Executive Director

Malaysian, Age 51, Male

Date of Appointment

15 November 2018

Length of Service (as at 30 September 2023)

4 years 10 months

Academic/Professional Qualification(s)/Membership(s)

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

Present Directorship(s)

Other Listed Entities

Nil

Other Public Companies

MIDF Property Berhad

Attendance at Board Meetings in 2023

11/11

Board Committee(s)

- Chairman, Investment Committee
- Member, Nomination & Remuneration Committee

Areas of Expertise

Finance and Business Administration

Relevant Experience

Was the Group Head, Strategic Investments of Permodalan Nasional Berhad (PNB) with key role focusing on the formulation and implementation of initiatives on value creation plan involving public listed strategic and core investee companies of PNB prior to his current role as the Group Head, Real Estate of PNB. Has been involved in various assignments including development/evaluation of value enhancement strategies for strategic investment in automotive, chemical, infrastructure, logistics, oil & gas, plantation, property, and pharmaceutical sectors.

DATO' LEE CHEOW HOCK LAWRENCE

Non-Independent
Non-Executive Director

Singaporean, Age 69, Male

Date of Appointment

1 March 2018

Length of Service (as at 30 September 2023)

5 years 7 months

Academic/Professional Qualification(s)/Membership(s)

Fellow, Institute of Chartered Accountants in England and Wales

Present Directorship(s)

Other Listed Entities

Nil

Other Public Companies

Nil

Attendance at Board Meetings in 2023

11/11

Board Committee(s)

- Member, Risk Management & Sustainability Committee
- Member, Investment Committee

Areas of Expertise

Automotive, Accounting and Management

Relevant Experience

Former Managing Director of Sime Darby's Motors Division. Had served the Sime Darby Group in various capacities for more than 36 years during which he oversaw the growth of the Motors Division.

MOY PUI YEE

Independent
Non-Executive Director

Malaysian, Age 56, Female

Date of Appointment

2 July 2018

Length of Service (as at 30 September 2023)

5 years 3 months

Academic/Professional Qualification(s)/Membership(s)

- Bachelor of Economics and in Law, Monash University of Australia
- Admitted to the Malaysian Bar in 1992

Present Directorship(s)**Other Listed Entities**

Nil

Other Public Companies

Nil

Attendance at Board Meetings in 2023

11/11

Board Committee(s)

- Member, Risk Management & Sustainability Committee

Areas of Expertise

Legal and Corporate Finance

Relevant Experience

Currently a partner and co-head of the Corporate Mergers & Acquisition Practice Group of Rahmat Lim & Partners. In active legal practice since 1992, focusing on take-overs, mergers and acquisitions (both private and public), joint ventures, foreign investments and corporate and commercial transactions. Has been involved in transactions across a wide range of industries including financial services, energy and power, manufacturing, retail and consumer, hospitality and plantations. Also a partner in Allen & Gledhill LLP, the firm's associate firm in Singapore.

DATO' DR NIRMALA MENON

Independent
Non-Executive Director

Malaysian, Age 63, Female

Date of Appointment

15 November 2019

Length of Service (as at 30 September 2023)

3 years 10 months

Academic/Professional Qualification(s)/Membership(s)

Degree in Medicine, University of Mysore

Present Directorship(s)**Other Listed Entities**

Nil

Other Public Companies

Amanat Lebuhraya Rakyat Berhad

Attendance at Board Meetings in 2023

9/11

Board Committee(s)

- Member, Nomination & Remuneration Committee
- Member, Investment Committee

Areas of Expertise

Insurance, Medical and Healthcare

Relevant Experience

Has vast experience in the insurance and health sectors. Held various leadership positions within the Asian life and health insurance industry and had served as a Medical Officer at Hospital Kuala Lumpur for 7 years before commencing her career in the insurance industry. Was 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 thereafter as the Head of South Asia at ING Asia Pacific Ltd. Had served as the Executive Vice President and Head of Designated Markets & Health Asia at Metlife Asia Pacific Ltd. Former Director of Khazanah Nasional Berhad, AXA Affin General Insurance Berhad and Nestle (Malaysia) Berhad.

BOARD OF DIRECTORS' PROFILE

SCOTT WILLIAM CAMERON

Independent
Non-Executive Director

Australian, Age 65, Male

Date of Appointment

1 January 2023

Length of Service (as at 30 September 2023)

9 months

Academic/Professional Qualification(s)/Membership(s)

- Bachelor of Commerce, University of Queensland
- Fellow, Institute of Chartered Accountants, Australia
- Fellow, Australian Institute of Company Directors
- Advanced Management Programme, Harvard Business School

Present Directorship(s)

Other Listed Entities

- Engenco Ltd (ASX Australia)

Other Public Companies

Nil

Attendance at Board Meetings in 2023

3/3*

Board Committee(s)

- Member, Governance & Audit Committee
- Member, Investment Committee

Areas of Expertise

Finance, mining and infrastructure, resources, marine, and power generation

Relevant Experience

Began his career with Price Waterhouse in Brisbane, Sydney and New York before joining Hastings Deering (Australia) Limited as the Finance Director in June 1992. Has over 27 years of experience working in various sectors such as mining and infrastructure, resources, marine, power generation, training, heavy industry machine maintenance and repair and has held various senior management positions in the industries including as the Managing Director of the Industrial Division of Sime Darby Berhad prior to his retirement on 31 December 2019.

TENGGU DATO' SRI AZMIL ZAHRUDDIN RAJA ABDUL AZIZ

Independent
Non-Executive Director

Malaysian, Age 53, Male

Date of Appointment

1 August 2023

Length of Service (as at 30 September 2023)

2 months

Academic/Professional Qualification(s)/Membership(s)

- Bachelor's degree in Economics, University of Cambridge
- Chartered Accountant and Member of Malaysian Institute of Accountants
- Fellow, Institute of Chartered Accountants in England and Wales
- Associate, Association of Corporate Treasurers

Present Directorship(s)

Other Listed Entities

CelcomDigi Berhad

Other Public Companies

Nil

Attendance at Board Meetings in 2023

Not applicable

Board Committee(s)

- Member, Governance & Audit Committee
- Member, Risk Management & Sustainability Committee

Areas of Expertise

Business, financial, risk management, human capital, telecommunications, healthcare, financial services, technology & innovation, infrastructure and aviation

Relevant Experience

Began his career with PricewaterhouseCoopers in London and Hong Kong. Currently the Chairman of the Board of CelcomDigi Berhad. Former Chief Investment Officer at Khazanah Nasional Berhad (Khazanah) responsible for Khazanah's investment portfolio. Served Khazanah in various senior positions such as Deputy Managing Director and Executive Director of Investments since 2011. Previously the Managing Director and Chief Executive Officer of Malaysia Airlines. Had held multiple leadership roles at Penerbangan Malaysia Berhad. Former Chairman of UEM Group Berhad and Themed Attractions Resorts & Hotels Sdn Bhd and has held directorships in Axiata Group Berhad and IHH Healthcare Berhad.

EDREE AHMAD

(Alternate Director to
Mohamad Idros Mosin)

Malaysian, Age 41, Male

Date of Appointment

15 June 2023

Length of Service (as at 30 September 2023)

3 months

Academic/Professional Qualification(s)/Membership(s)

- Bachelor degree in Accounting and Finance, University of Manchester
- CIMA Diploma in Islamic Finance
- Palladium Kaplan-Norton Balanced Scorecard Certified Programme

Present Directorship(s)**Other Listed Entities**

Nil

Other Public Companies

Nil

Attendance at Board Meetings in 2023

Not applicable

Board Committee(s)

Nil

Areas of Expertise

Accounting, Finance, Public Equity and Strategic Investment

Relevant Experience

Joined Permodalan Nasional Berhad (PNB) as a Management Trainee in 2005 and has since held various positions within the company, including Executive in the Corporate Services Department, Manager for Corporate Services/Private Investment, Manager in the Public Equity department, and Assistant Vice President for both Public Equity and Strategic Investment. Currently the Vice President of Strategic Investments at PNB, overseeing the company's investments in the Industrial & Motors sectors.

DATO' JEFFRI SALIM DAVIDSON

Non-Independent
Executive Director

Malaysian, Age 59, Male

Date of Appointment

1 December 2017

Length of Service (as at 30 September 2023)

5 years 10 months

Academic/Professional Qualification(s)/Membership(s)

- Bachelor of Science in Geology, University College London
- Member, Institute of Chartered Accountants in England & Wales
- Advanced Management Programme, Harvard Business School

Present Directorship(s)**Other Listed Entities**

Nil

Other Public Companies

- Sime Darby Holdings Berhad
- Sime Darby Malaysia Berhad
- Kumpulan Sime Darby Berhad
- The Outbound Trust of Malaysia

Attendance at Board Meetings in 2023

11/11

Board Committee(s)

Nil

Areas of Expertise

Accounting, Finance and Business Administration

Relevant Experience

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

Additional Information

- Save as disclosed below, none of the Directors have any family relationship with and are not related to any Director and/or major shareholder of Sime Darby Berhad:
 - The Nominee Directors of Permodalan Nasional Berhad:
 - Tan Sri Samsudin Osman;
 - Dato' Lee Cheow Hock Lawrence;
 - Mohamad Idros Mosin; and
 - Edree Ahmad (*Alternate Director to Mohamad Idros Mosin*).
 - Tan Sri Ahmad Badri Mohd Zahir is the Nominee Director of the Employees Provident Fund Board.
- None of the Directors have any conflict of interest with Sime Darby Berhad.
- Other than traffic offences, none of the Directors have any conviction for offences within the past five years nor public sanctions or penalties imposed by the relevant regulatory authorities during the financial year.
- Directorships held by the Directors in other companies if any, are disclosed in the Board of Directors section at <https://www.simedarby.com/company/board-of-directors>.
- The full profile of Directors are available on the Sime Darby Berhad website at <https://www.simedarby.com/company/board-of-directors>.

EXECUTIVE LEADERSHIP

DATO' JEFFRI SALIM DAVIDSON
Group Chief Executive Officer



MUSTAMIR MOHAMAD
Group Chief Financial Officer

DELIVERING OUR STRATEGY, DRIVING PERFORMANCE

DATUK THOMAS LEONG YEW HONG
Group Chief Strategy Officer



ROSELAINI FAIZ
Group Chief Human Resources Officer



ANDREW BASHAM
Managing Director, Motors Division



DEAN MEHMET
Managing Director, Industrial Division



NOOR ZITA HASSAN
Group Secretary

DENY RAHARDJO
Group Chief Information & Digital Officer



GLENN SHEAHAN
Group Chief Safety & Sustainability Officer



EXECUTIVE LEADERSHIP'S PROFILE

DATO' JEFFRI SALIM DAVIDSON

Group Chief Executive Officer

Age 59	Male	Malaysian
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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 & Wales
- Advanced Management Programme, Harvard Business School

Present Directorship(s) in Listed Entity/Other Public Companies

- Sime Darby Berhad
- Kumpulan Sime Darby Berhad
- Sime Darby Holdings Berhad
- Sime Darby Malaysia Berhad
- The Outbound Trust of Malaysia

Relevant Experience

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

MUSTAMIR MOHAMAD

Group Chief Financial Officer

Age 51	Male	Malaysian
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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

Present Directorship(s) in Listed Entity/Other Public Companies

- Golden Hope Plantations Berhad
- Kumpulan Guthrie Berhad
- Kumpulan Sime Darby Berhad
- Sime Darby Holdings Berhad
- Sime Darby Malaysia Berhad
- Sime Darby Allied Products Berhad

Relevant Experience

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. Joined Sime Darby Berhad in September 2005 as Manager, Value Management in Group Strategy. In 2007 he moved to Sime Darby Plantation to lead the EVP Office and subsequently became the Head of Strategy and Business Development. Was Head of Group Finance of Sime Darby Berhad before assuming his current role as the Group Chief Financial Officer.

DATUK THOMAS LEONG YEW HONG

Group Chief Strategy Officer

Age 51	Male	Malaysian
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Date of Appointment

1 December 2017

Academic/Professional Qualification(s)/Membership(s)

- Bachelor of Software Engineering, Australian National University
- Master of Business Administration (MBA), University of Sydney
- Advanced Management Programme, Harvard Business School

Present Directorship(s) in Listed Entity/Other Public Companies

- Golden Hope Plantations Berhad
- Kumpulan Guthrie Berhad
- Kumpulan Sime Darby Berhad
- Sime Darby Holdings Berhad
- Sime Darby Malaysia Berhad
- Sime Darby Allied Products Berhad

Relevant Experience

Joined Sime Darby Berhad as the Head of Group Strategy and Corporate Finance in 2016. Prior to that, he was the Executive Vice President and the Head of Maybank Group's Strategy and Business Development. Has held various senior positions in Accenture and Deloitte Consulting, based in Australia, Hong Kong and Malaysia.

ROSELAINI FAIZ

Group Chief Human Resources Officer

Age 58	Female	Malaysian
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Date of Appointment

1 August 2018

Academic/Professional Qualification(s)/Membership(s)

- Bachelor of Economics (majoring in Analytical Economics), University of Malaya

Present Directorship(s) in Listed Entity/Other Public Companies

Nil

Relevant Experience

Formerly the Director, Human Capital & Communications at Danajamin Nasional Berhad, and the Head of Human Resources at Hong Leong Bank Berhad. Previous roles included Director of Human Resources at CIMB Aviva Assurance Berhad, Chief Human Resources Officer at Kuwait Finance House (Malaysia) Berhad, Head of Rewards & Benefits Administration at Standard Chartered Bank Berhad and Vice President of Compensation and Benefits at Citibank Berhad.

EXECUTIVE LEADERSHIP'S PROFILE

ANDREW BASHAM

Managing Director, Motors Division

Age 57	Male	Australian
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Date of Appointment

1 February 2018

Academic/Professional Qualification(s)/Membership(s)

- Bachelor of Economics, University of Adelaide
- Fellow, Institute of Chartered Accountants, Australia

Present Directorship(s) in Listed Entity/Other Public Companies

Nil

Relevant Experience

Has more than 26 years of extensive experience in management, business development and operations for leading brands in the automotive industry globally. Started his career in audit and accounting with Price Waterhouse Australia before moving to distribution and logistics, and later assumed senior executive management roles in various automotive companies.

DEAN MEHMET

Managing Director, Industrial Division

Age 59	Male	Australian
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Date of Appointment

1 July 2021

Academic/Professional Qualification(s)/Membership(s)

- Bachelor of Mechanical Engineering, Queensland University of Technology
- Stanford Executive Program in Organisational Leadership
- Member, Australian Institute of Company Directors

Present Directorship(s) in Listed Entity/Other Public Companies

Nil

Relevant Experience

Has more than 38 years of industry experience including Chief Executive leadership roles for the past 17 years at multinational corporations such as BlueScope Steel and Royal Dutch Shell. Joined Sime Darby Berhad in 2012 as the Chief Operating Officer at Hastings Deering (Australia) Limited and 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. Was appointed as the Managing Director of Sime Darby Industrial – Australasia in January 2020 prior to assuming his current role.

DENY RAHARDJO

Group Chief Information & Digital Officer

Age 52	Male	Indonesian
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Date of Appointment

7 November 2022

Academic/Professional Qualification(s)/Membership(s)

- Bachelor of Science in Computer Science, University of Bina Nusantara
- MBA in Finance, Indonusa Esa Unggul University
- PhD, Universitas Pelita Harapan, Indonesia

Present Directorship(s) in Listed Entity/Other Public Companies

Nil

Relevant Experience

Has more than 30 years' experience in the information and technology industry where he has held senior global leadership roles with major automotive, manufacturing, semiconductor, telecommunication and IT software and services companies. Was the Chief Information Officer and a board member with APP Indonesia - Sinarmas Group, one of the world's largest pulp and paper companies. Also had an extensive career with Microsoft Asia Pacific as Area IT Head – APAC and GCR and as Vice President of IT – Managed Services with Telstra International, where he was responsible for business information systems and technology, strategy, IT infrastructure and delivery of major enterprise solutions.

GLENN SHEAHAN

Group Chief Safety & Sustainability Officer

Age 54	Male	Australian
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Date of Appointment

1 October 2019

Academic/Professional Qualification(s)/Membership(s)

- Post Graduate Certificate in Managing Occupational Health and Safety, University of Southern Queensland

Present Directorship(s) in Listed Entity/Other Public Companies

Nil

Relevant Experience

Has more than 29 years of industry experience and has held senior safety management roles at Halliburton, Rio Tinto, Comalco, Downer EDI Mining, the John Holland Group and Thiess Process. He has international experience working in Qatar, Indonesia and Thailand in oil and gas, metallurgical refining and construction industries and has held safety and security positions in Dubai and auditing and compliance positions in Qatar. Is also a qualified nurse.

NOOR ZITA HASSAN

Group Secretary

Age 57	Female	Malaysian
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Date of Appointment

21 November 2017

Academic/Professional Qualification(s)/Membership(s)

- Bachelor of Economics with Accountancy, Loughborough University of Technology
- Master in Accountancy, Charles Sturt University
- Member, CPA Australia
- Member, Malaysian Institute of Accountants

Present Directorship(s) in Listed Entity/Other Public Companies

Nil

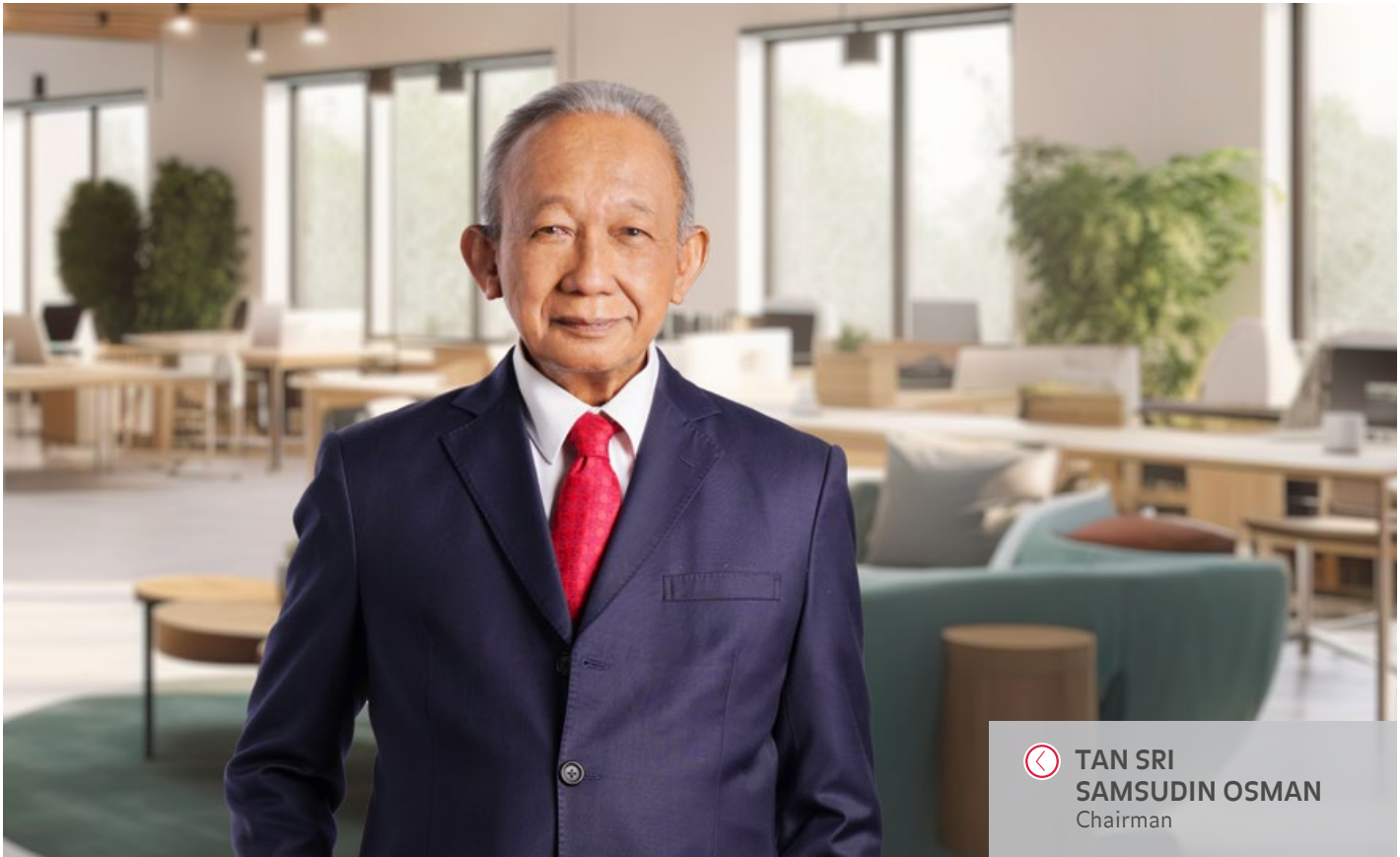
Relevant Experience

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 and subsequently transferred to the Group Secretarial department of KSDB in 1993. 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. Also currently the Company Secretary of Sime Darby Motors.

Additional Information

1. None of the Executive Leadership has any family relationship with and is not related to any Director and/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 publicly sanctions or penalties imposed by the relevant regulatory authorities during the financial year.
4. The full profile of the Executive Leadership is available on the Sime Darby Berhad website at <https://www.simedarby.com/company/executive-leadership>.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE



**TAN SRI
SAMSUDIN OSMAN**
Chairman

DEAR SHAREHOLDERS

On behalf of the Board, it is my pleasure to present the Group's Corporate Governance Statement for the financial year 2023.

As Chairman, I hold the crucial responsibility of upholding a strong governance framework and ensuring the effectiveness of our Board. This involves not only leading Board activities but also maintaining vigilant oversight of our Group's corporate governance initiatives.

The Board is accountable for fostering a robust corporate governance framework. This framework includes the integration of clear policies, which the Board has endorsed and approved, throughout all levels of our organisation. To sustain this successful framework, it is imperative to facilitate the timely dissemination of relevant information across the board. Furthermore, fostering both supportive interactions and constructive challenges within the Board is pivotal for our continued success.

Our objectives encompass a range of key priorities, including creating value for our shareholders and stakeholders, enhancing our environmental and societal contributions, and adhering to the principles of sound corporate governance. Guided by the Group's Value Creation Plan we are directed in our strategy and decision-making, enabling us to strive a harmonious equilibrium between long-term value creation and current performance effectively.

With this in mind, the Board remains committed to uphold a sense of practical optimism and unwavering determination to actively strengthen the corporate governance policies and practices within the Group. These initiatives are strategically aligned to safeguard the Group's long-term sustainability within the current complex and evolving business landscape, particularly as economic activities steadily return to pre-pandemic levels.

At Sime Darby, we remain diligent in closely monitoring all ongoing developments to ensure the adaptability and resilience of our businesses within the evolving environment. Recognising the imperative to embrace responsible and sustainable practices, the Board is committed to continually strengthening and fortifying the Group's corporate governance framework, guided by statutory mandates, best practices, established policies and pertinent guidance. The Board firmly perceives corporate governance as an integral part of the Group's overarching business strategy.

The Board remains steadfast in its commitment to provide impactful leadership and will continue to play an important role in effectively integrating the Group's sustainability agenda into its operational strategy.

The Group's sustainability agenda is articulated within our Sustainability Blueprint, which serves as a strategic framework to guiding our journey toward sustainable operations and the development of a sustainable organisation. The Sustainability Blueprint, in tandem with our Value Creation Plan ensures that the value we create is not only strategically significant but also enduringly sustainable.

“
The Board remains steadfast in its commitment to provide impactful leadership and will continue to play an important role in effectively integrating the Group's sustainability agenda into its operational strategy.
 ”

Within the governance framework, the Group has put in place measures, processes and control mechanisms to guide our employees, business partners and associates in adhering to all relevant policies, procedures and regulations. These mechanisms serve to enhance transparency regarding the role of the Board and its Committees. Our robust governance is evident not only in our business conduct but also in our interactions with stakeholders.

The Board acknowledges the Group's adherence to the principles of the Malaysian Code on Corporate Governance (MCCG) to the best extent practicable and appropriate. The Board actively fosters a culture of transparency and accountability across all levels. This commitment extends to every facet of the Company and to every individual representing its interests.

This Corporate Governance Statement is made in accordance with Paragraph 15.25(1) of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities). The preparation of this statement is guided by Practice Note 9 of the Listing Requirements and the Corporate Governance Guide (4th Edition) issued by Bursa Securities. Through this Statement, we provide an overview of the Company's application of the fundamental Principles and adherence to the pertinent provisions of the MCCG, demonstrating our commitment to upholding strong corporate governance practices.

We have structured our governance practice around the three fundamental Principles of the MCCG, which are Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The details concerning the Company's application, adherence and adoption of the MCCG's Principles and Practices are enumerated in our Corporate Governance Report which is published online at <https://www.simedarby.com/investor/annual-reports>.

We are committed to ongoing efforts aimed at enhancing and strengthening the Group's internal governance practices and processes.

Going forward, the Board will place emphasis on evaluating the long-term implications of its decisions and ensure that its strategies facilitate the sustainable growth of the Group's operations. The pandemic presented a unique set of challenges that disrupted the conventional business landscape, demonstrating the need for us to consistently review our policies and bolster our business continuity and crisis management strategies. It also accelerated the integration of ESG factors into decision-making, highlighting the role of businesses in addressing broader societal concerns and underscoring the importance of robust corporate governance. The dynamic environment today accentuates the need for us to remain vigilant and responsive to evolving governance expectations. In view of this, the Board will be proactive in ensuring that our focus areas are appropriately prioritised. Our success now depends more than ever on our resilience, unwavering commitment to excellence and our ability to maintain organisational agility. We are resolute in our commitment to being a purpose-driven organisation. Our determination remains steadfast as we navigate the evolving market landscape while pursuing our dedication to long-term value creation and unparalleled business excellence.

Tan Sri Samsudin Osman
 Chairman

LEADERSHIP & EFFECTIVENESS

EMBEDDING THE RIGHT CULTURE WITH A STRONG GOVERNANCE FRAMEWORK

Creating and instilling the appropriate corporate culture is intrinsically linked with establishing a robust governance framework within the organisation. The Group recognises the determining role that a sound corporate culture and a well-defined governance framework play in ensuring the seamless and effective operation of the organisation.

At their essence, both a well-structured governance framework and a thriving corporate culture lay the foundation for how individuals within the Group engage with one another and with external stakeholders. When a work place is rooted in shared values, integrity, trust, responsibility and respect, it cultivates a highly conducive atmosphere that not only enhances collaboration but also elevates the calibre of decision-making and operational efficiency.

The process of instilling the desired culture starts with a clear definition of the governance standards expected from every member of the Group, as articulated in Sime Darby's core values. These values serve as the Group's cultural pillars, considered sacred and forming the bedrock upon which the Group's governance framework is built. This framework facilitates the management of both strategic initiatives and day-to-day operations of the Group.

Our corporate governance framework demonstrates the Board's commitment to ensure that there is a robust and effective system of corporate governance in place to support the successful execution of the Group's strategy. This is achieved through a delegated authority framework which ensures that decisions are taken by the appropriate individual or the right level, fostering clear accountability that extends up to the Board.

The framework is built upon the following principles:

1

Promote transparency, foster accountability, and instill a proactive and responsive demeanour approach throughout the organisation.



2

Provide Divisions and the Group's subsidiaries with the operational independence required to achieve business objectives, while upholding necessary oversight and control.



3

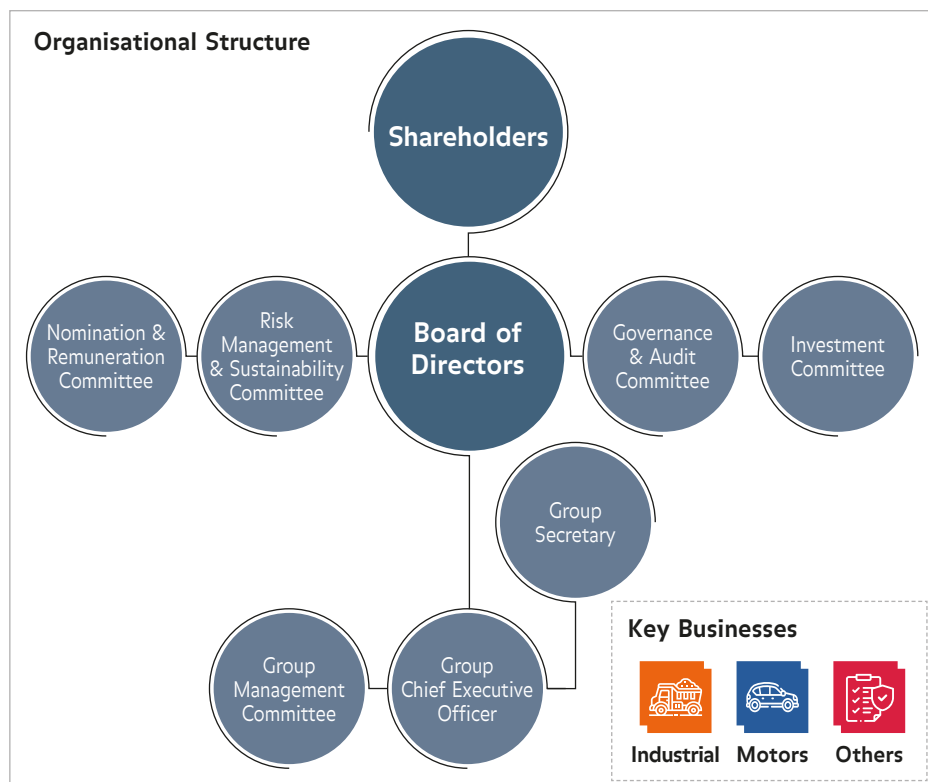
Nurture a culture of ethical business conduct and desirable behaviours, rooted in the Group's core values and business principles.

The Board recognises corporate governance as a fundamental process that significantly contributes to the realisation of long-term shareholders' value, while taking cognisance of the interests of all other stakeholders. The Board is steadfast in its commitment to strengthening the Group's corporate governance practices and procedures, geared towards effectively addressing the growing challenges in day-to-day operations. With unwavering dedication, the Board actively champions the crucial principles of transparency and accountability in the boardroom and ensures their pervasive presence throughout the Group.

A fundamental aspect of corporate governance revolves around ensuring the sustainability of long-term performance, optimising returns for all stakeholders, and fostering continuous growth and value creation. The Group's governance framework and practices synergistically work towards delivering value to all stakeholders by:

- Embracing robust sustainable practices;
- Upholding ethical standards; and
- Safeguarding the accuracy and excellence of financial reporting.

The Board is steadfast in its efforts to ensure the continuous relevance of the Group's governance framework. Regular assessments are diligently conducted to align it with the dynamic changes in market conditions and the intricacies of the communities in which the Group operates.



Board Charter

In discharging the Board’s duties and responsibilities effectively, the Board is guided by its Board Charter. The Board Charter is a comprehensive reference document for Directors on matters concerning the Board and its processes, procedures as well as the roles and responsibilities of the Board and individual Directors. It identifies high-level duties of the Board, matters exclusively reserved for the Board’s purview, as well as areas which the Board may delegate to the Board Committees, the GCEO and Management. Periodic reviews of the Board Charter are conducted as needed, aligning it with industry best practices to ensure its efficacy and alignment with the Board’s objectives. The Board Charter is accessible on our corporate website at www.simedarby.com.

Board Responsibilities

The Board is collectively responsible for the overall leadership of the Company in striving to fulfill its objectives and goals while promoting its long-term sustainability and success within a framework of prudent and effective controls. The Board is entrusted with the overall governance of Sime Darby, setting a clear tone from the top by focusing on the overall strategy, governance and compliance in all aspects of the Group’s operations.

Hence, the primary role of the Board is to safeguard and enhance long-term shareholder value. It supervises and oversees Management to ensure responsible and efficient management of the Group’s affairs. In carrying out its responsibilities, the Board acts in good faith, with due diligence and care, while consistently prioritising the best

interests of the Company and its shareholders. The Board is vested with the authority to make all major decisions for the Company. In this capacity, the Board ensures that the right and adept leadership, a coherent strategy, and robust internal controls to effectively manage risks are well in place.

The Board upholds the creation of stakeholder value and ensures alignment between the Group’s strategy and long-term value-creation. This encompasses a 5-year Strategy Masterplan that embraces economic, environmental, and social considerations, strengthening the integration of sustainability in the Group’s operations. Through sustainable practices, the Group enhances its resilience, ensuring the creation of enduring and sustainable value while concurrently upholding the trust and confidence of its stakeholders.

The Board and its members are dedicated to upholding ethical business and lawful conduct, including the proper exercise of authority and the observance of appropriate decorum when carrying their roles as Board members and discharging their fiduciary duties. All Board members consistently discharge their duties and responsibilities with a vigilant focus on the Group’s best interests. They are committed to maintaining the highest standards of integrity and lead by example through their actions. Board members also stay well-informed about their responsibilities as Directors, and remain attuned to the Group’s conduct, affairs, and progress.

Directors carry out their fiduciary duties with a reasonable degree of skill, care, and diligence, thereby being accountable to the Company’s shareholders and towards a wider range of stakeholders impacted by Sime Darby’s decisions, such as employees, customers and the local community in areas where the Group operates.

LEADERSHIP & EFFECTIVENESS

Overview of the Roles on the Board

Roles and Responsibility	
Board of Directors	<ul style="list-style-type: none"> • Cultivates a robust corporate governance culture throughout the Group, reinforcing a foundation of ethical, judicious, and professional conduct. • Assumes the responsibility for charting the Group's trajectory, ensuring its enduring triumph, and fostering the delivery of sustainable value to its stakeholders. • Provides guidance and counsel in refining corporate strategies, encompassing economic, environmental, safety, health, social, and governance considerations that underpin the framework of sustainability. • Exercises oversight over the entirety of the Group's business activities. • Scrutinises the sufficiency and reliability of the Group's information and internal control systems.
Chairman	<ul style="list-style-type: none"> • Ensures that the Board functions effectively, cohesively and independently of Management. • Leads the Board in formulating the Group's pivotal policies and charting its strategic course. • Leads the Board, includes presiding over both Board and shareholders' meetings, fostering a conducive environment for productive discussions and decision-making. • Embeds a culture of exemplary corporate governance practices, authoritative leadership, and the overall efficiency of the Board. • Cultivates an atmosphere conducive to open and candid discussions among Directors, harnessing the rich diversity of their backgrounds and expertise. • Ensures the timely dissemination of pertinent information to Directors, enabling well-informed and sound decision-making following detailed discussions in which dissenting views can be freely expressed. • Assumes the role of the Board's public representative, serving as a spokesperson in external interactions and engagements.
Senior Independent Director	<ul style="list-style-type: none"> • Acts as a sounding board for the Chairman, offering valuable insights and perspectives. • Functions as an intermediary for fellow Directors, facilitating communications and collaboration within the Board. • Serves as a designated contact point and an independent communication channel for shareholders and other stakeholders, addressing queries or concerns about the Company and Group that cannot be resolved through regular channels so that these can be channelled to the relevant parties. • Oversees the Group's whistleblowing function to ensure that all reported violations are properly investigated in accordance with the Whistleblowing Charter & Procedures (WCP) and reviews the effectiveness of the actions taken in response to concerns raised under the Group Policies and Authorities and WCP.
Group Chief Executive Officer	<ul style="list-style-type: none"> • Oversees day-to-day's business operations, ensuring effective functioning and resource management. • Executes the Group policies and strategies in line with the Board directives, promotes driving the organisation toward its goals. • Fosters the organisational culture aligned with corporate values, promoting ethical behaviour and positive engagement. • Acts as a bridge between the Board and Management, ensuring cohesion and success across both functions. • Provides visionary leadership, set strategic direction, and drive innovation for sustainable growth and success.
Group Secretary	<ul style="list-style-type: none"> • Provides expert advice to the Board on regulatory compliance and governance matters, ensuring legal adherence. • Supports the Board in maintaining the highest standards of probity and corporate governance. • Facilitates effective information flow to Directors, assisting them in decision-making. • Upholds the highest standards of corporate governance and probity, promoting effective accountability and transparency. • Engages with institutional shareholders on corporate governance concerns, fostering communications. • Manages Board meeting logistics, maintains records, and oversees compliance, enabling efficient governance processes.

Board Committees

The Board has established four (4) Board Committees to support the Board in fulfilling its statutory and fiduciary obligations. These Board Committees and their respective roles are as follows:

Governance & Audit Committee (GAC) Chairman: Mr Thayaparan Sangarapillai	Oversees the Company's financial reporting process and practices, reviews the Group's business process and system of internal controls, ensures implementation of an effective ethics programme across the Group, monitors compliance with established policies and procedures and ascertains the independence of both external auditors and internal audit function.
Risk Management & Sustainability Committee (RMSC) Chairman: Tan Sri Ahmad Badri Mohd Zahir	Oversees the risk management activities of the Group. The Committee supports the Board in fulfilling its responsibility in identifying significant risks and in ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group. Also provides guidance on key sustainability risks of the Group, which include monitoring and advising the Board on significant strategic activities and policies regarding sustainability practices and initiatives, and progress updates against the sustainability agenda.
Nomination & Remuneration Committee (NRC) Chairman: Tan Sri Muhammad Shahrul Ikram Yaakob	Reviews the composition and balance of the Board, the required mix of skills, experience, knowledge and diversity of the Board and manages the nomination and remuneration process of the Board, Board Committees and key management positions as well as employees within the Group.
Investment Committee (IC) Chairman: Encik Mohamad Idros Mosin	Evaluates substantial business propositions, including mergers, acquisitions, partnerships, disposals, capital expenditures and their key associated risks as well as the mitigation strategies prior to recommendation for the Board's approval. The Committee oversees the Group's 5-year Strategy Masterplan implementation, analyses strategic aspects, industry trends and market shifts impacting long-term profitability and sustainability and tracks the progress of major proposals, ensuring alignment with strategic objectives.

Every Committee operates under distinctly defined Terms of Reference (TOR) delineating its scope and obligations. Every Committee is authorised by the Board to deal with and deliberate on matters delegated to them as defined within their TOR. The Chairman of the respective Committees report to the Board on the outcome of the Committee meetings. The confirmed minutes of the Committee meetings are included in the Board papers for the Board's notification.

Elaboration on the roles, responsibilities, and principal undertakings of Board Committees can be found in their respective Committee reports, from pages 196 to 217 of this Integrated Annual Report 2023. The TOR of these Committees are accessible online at <https://www.simedarby.com/operating-responsibly/governance>.

LEADERSHIP & EFFECTIVENESS

Board Composition

As of the date of this Report, the Board consists of eleven members, comprising six Independent Directors and five Non-Independent Directors, including the GCEO.

The composition of a board is a key factor that shapes the board's functionality and the interactions among its members. An effective board should be constituted by members with the requisite skills, knowledge, experience and independence that align with the company's objectives and strategic goals.

For Sime Darby, the appointment of Directors is based on their individual merits and expertise. The present composition of the Board reflects a diverse range of backgrounds, ensuring an appropriate and well balanced set of knowledge, skills, and experience.

Sime Darby is committed to supporting the nation's aspirational target of 30% representation of women directors on our Board. We are working towards this target.

The size of the Board is calibrated to encourage active participation, foster harmonious dynamics and cultivate a sense of responsibility among Directors, crucial towards achieving the Group's strategic objectives.

The composition of the Board is testament to the principle that a board's structure should facilitate impartial and independent discussions, evaluations, and decision-making. Having a majority of Independent Non-Executive Directors (NEDs) is instrumental in enabling more effective oversight of Management and reaffirming the commitment to robust governance practices.

The NRC evaluates the criteria for Directors' appointment and their performance on an annual basis.

The Board recognises that NEDs may have external directorships and other business interests that can contribute valuable insights to the Group. The Board annually reviews declarations from Directors regarding their external directorships and time commitments, ensuring alignment with their duties and responsibilities to the Company. Currently, none of the Directors holds more than five directorships in other listed companies, in accordance with Paragraph 15.06 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia.

Before accepting new directorship in other listed companies, Directors are required to inform the Chairman to assess potential impacts on their time commitments and obligations to the Board.

When appointing or re-appointing a Board member, the Board undertakes a comprehensive assessment, taking into account the current composition and the tenure of each Director. The Board conducts periodic reviews of its composition and evaluates the need to bring new skills and perspective to the boardroom.

Details of Directors' external directorships are set out in their respective profiles on pages 174 to 179 of this Integrated Annual Report 2023.

Attendance of Board Meetings

During the financial year under review, the Board held a total of 11 meetings, comprising seven scheduled sessions and four special meetings. All Directors were actively engaged, freely expressing their perspectives during these meetings. Each Director actively participated in more than 50% of the Board meetings held throughout the financial year. The majority of Directors consistently maintained full attendance, exceeding the minimum attendance requirements of the Listing Requirements of Bursa Malaysia. This is testament of their dedication to fulfilling their roles and responsibilities.

Directors who are unable to attend a meeting in person, for any reason, have the option to join the meeting remotely via video conferencing. Additionally, Directors are encouraged to submit their views to the Chairman in advance, ensuring their valuable contributions are duly considered during the meeting.

The Board deeply mourns the loss of Datuk Wan Selamah Wan Sulaiman and conveys its heartfelt condolences. The Board acknowledges and expresses deep gratitude for her invaluable contributions to the Group.

Directors	Scheduled Meeting	Special Meeting	Total
Tan Sri Samsudin Osman	6/7	4/4	10/11
Thayaparan Sangarapillai	7/7	4/4	11/11
Tan Sri Ahmad Badri Mohd Zahir	7/7	4/4	11/11
Tan Sri Muhammad Shahrul Ikram Yaakob	7/7	4/4	11/11
Mohamad Idros Mosin	7/7	4/4	11/11
Dato' Lee Cheow Hock Lawrence	7/7	4/4	11/11
Moy Pui Yee	7/7	4/4	11/11
Dato' Dr Nirmala Menon	6/7	3/4	9/11
Scott William Cameron [#]	2/2 [^]	1/1 [^]	3/3 [^]
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz [*]	.. [^]	.. [^]	.. [^]
Dato' Jeffri Salim Davidson	7/7	4/4	11/11
Edree Ahmad (Alternate Director to Mohamad Idros Mosin) [@]	.. [^]	.. [^]	.. [^]
Datuk Wan Selamah Wan Sulaiman (Demised) ⁺	7/7	4/4	11/11

Note:

[^] Reflects number of meetings attended during the period of office held

[#] Appointed on 1 January 2023

[@] Appointed on 15 June 2023

⁺ Demised on 24 July 2023

^{*} Appointed on 1 August 2023

To preserve and uphold the Board's independence in decision-making, the NEDs meet annually without the presence of the Management and the Group Secretary. This exclusive session is dedicated for in-depth discussions on matters related to strategy, governance and operational considerations. In the financial year 2023, the NEDs held their meeting on 15 November 2022.

In an effort to strengthen their autonomous position, the Independent NEDs had their annual Independent Directors' meeting on 18 July 2023. With the participation of the Group Secretary, this session focused on critical topics such as succession planning and the corporate culture at Sime Darby. During the year, additional meetings were also convened to address matters that required their decisions.

Information and Support for the Board

The quality of information provided to the Board plays a critical role in facilitating sound decision-making. The Chairman, with the assistance of the Group Secretary, ensures that the Board and its Committees have complete and unhindered access to timely and accurate information, enabling them to effectively discharge their responsibilities. This include access to minutes from the Group Management Committee (GMC) and Board Committees' meetings, operational and financial

reports, updates on the Group's ESG performance, including health and safety reports, the Group's environmental progress, as well as compliance to ethical and security standards. The Group Secretary attends all Board and Board Committees' meetings, providing valuable support to Directors.

In the course of discharging their duties, all Directors have unrestricted access to the advice and services of the Group Secretary. Members of the Board whether as a whole or in their individual capacity, have the opportunity to obtain independent professional advice at the Group's expense and are wholly independent of Management's intervention.

In addition, the Board has the authority to initiate or direct any investigation and has the ability to engage, at the Company's expense, any legal, accounting or other necessary services that it considers necessary to perform its duties.

The meeting agenda is collaboratively crafted through consultations between the Group Secretary and respective Chairmen of the Board and Board Committees. On occasion, Managing Directors or senior management personnel may be invited to these meetings to deliver presentations on proposals or provide updates on operational matters, thereby enhancing the decision-making process of the Board and Board Committees.

LEADERSHIP & EFFECTIVENESS

The Board embraces a culture of open debate and inquiry in all its meetings. In order to encourage active participation and contribution to decision-making process, each Director is provided with opportunities to articulate and express their views. The emphasis on robust dialogues and comprehensive discussions during the Board and Board Committees meetings facilitates constructive and effective exchanges of viewpoints.

Presentations made to the Board are prepared and delivered in a manner that ensures clear and adequate understanding of the subject matters. In cases where urgent matters arise or supplementary documents are distributed with a relatively short notice, the Management takes the initiative to guide the Board through the materials, providing a thorough and detailed explanation.

The Board reserves decisions on critical matters and key transactions for formal meetings. Minutes of Board meetings accurately capture deliberations and decisions of the Board as well as the basis of those decisions, and any dissenting views or instances of Directors abstaining from voting or deliberating on a particular matter.

The Board receives regular updates on announcements disseminated by the Company to Bursa Malaysia regarding significant transactions. Additionally, any media coverage of Company-related events, analyst reports, and relevant news is shared with all Directors as and when applicable and appropriate.

Board Independence and Diversity

Diversity plays a crucial role in ensuring that the Company remains relevant, resilient and sustainable in today's rapidly transforming and evolving business environment. In this regard, the NRC is entrusted with the responsibility of conducting an annual review and evaluate the composition and performance of the Board as well as assessing qualified candidates for potential Board positions.

The Board acknowledges and values the significant contributions made by the Independent NEDs to uphold good corporate governance. All Directors, regardless of their independent status, are obligated to act in the best interests of the Company and are expected to exercise unbiased and independent judgement in their decision-making processes.

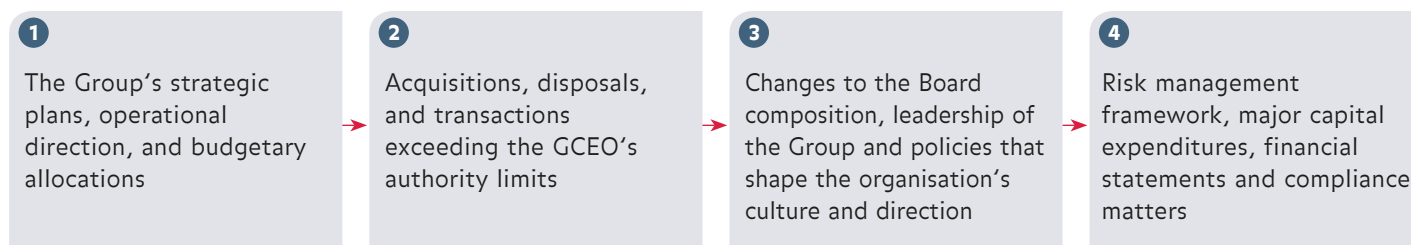
Board decisions are made taking into account the views of the Independent NEDs, which hold significant influence. Their roles are particularly critical, especially in the case of related party transactions where independent judgement and impartial objectivity are imperative to safeguard the interests of minority shareholders.

Delegated Executive Authority

The Board delegates specified levels of authority and power to the Executive Leadership team, in accordance with the Group Policies & Authorities (GPA). These powers include defined limits of authority for executing transactions. The Board acknowledges that delegation of authority does not absolve Directors from their responsibility. Directors remain accountable for the actions of their delegates, treating their exercised power as if carried out by the Directors themselves.

For day-to-day management, the Company has established the GMC. The GMC is tasked with overseeing various aspects, including management policies, day-to-day operations, the execution of Board resolutions, and the achievement of objectives and results. During GMC meetings, proposals from senior management personnel are presented and discussed, encouraging input from GMC members. The approval of proposals aligns with the limits detailed in the GPA. Current GMC members include Managing Directors of Divisions, the Group Chief Financial Officer, and Group Chiefs from the Group Head Office. Additionally, individuals such as the Group Head of Group Corporate Assurance and Group Head of Group Risk & Compliance attend GMC meetings as permanent invitees. The Group Secretary serves as the secretary of the GMC. GMC meetings are held quarterly or whenever they are deemed necessary. In the financial year under review, the Committee convened seven (7) times. The GCEO holds the position of GMC Chairman.

Summary of Key Matters Reserved for Board Review



KEY ACTIVITIES OF FY2023

1. Strategic growth and Sustainability: Guiding and shaping the organisation's strategic direction, emphasising long-term growth and sustainable practices.

2. Financial and Business Performance: Overseeing and evaluating financial health, as well as monitoring overall business performance against set targets and benchmarks.

3. People, Leadership and Succession Planning: Ensuring a robust leadership pipeline through effective succession planning and nurturing talent across the organisation.

4. Mergers and Acquisitions: Reviewing and approving major corporate transactions, including mergers, acquisitions, divestitures, and joint ventures, to ensure alignment with strategic objectives.

5. Corporate Culture and Values: Upholding the organisation's core values and fostering a positive corporate culture that promotes ethical behaviour and inclusivity.

6. Board Effectiveness and Development: Regularly evaluating the Board's performance and effectiveness and implementing continuous improvement measures.

7. Sustainability and Environmental Practices: Overseeing the integration of sustainability principles into business practices and promoting responsible environmental stewardship.

A comprehensive set of materials is prepared in accordance with the agreed meeting agenda, and promptly distributed electronically via secure devices by the Group Secretary before each meeting. This swift circulation process ensures that Directors receive the documents expeditiously, providing them with ample time to review and fully grasp the subjects under consideration. In cases where additional information, clarification, or explanations are required, Directors are encouraged to seek such support.

The Board adheres to an annual schedule for both Board and Board Committees' meetings, with dates set in advance before the start of each new calendar year. This is to ensure that Directors receive adequate notice facilitating their thorough preparation for these engagements.

Board Matters and Delegation

The Board has established a structured schedule that exclusively reserve certain matters for its approval. Concurrently, it has delegated specific responsibilities to its Committees, each with well-defined functions clearly outlined in their respective TOR.

The TOR for Board Committees and the delegation of authorities are systematically formalised. Regular reviews are undertaken to ensure their continued relevance and effectiveness. These periodic assessments address any necessary changes to align with evolving circumstances and requirements.

Board Effectiveness

The effectiveness of the Board is paramount to the success of the Group. The Group conducts an annual Board Effectiveness Assessment (BEA) to review the effectiveness of the Board as a whole, the respective Board Committees, the contributions of individual Directors and the objectivity of Independent NEDs. The BEA serves to enhance the Board's efficiency, leverage strengths, and identify areas for enhancement. When necessary, professional consultants are engaged to conduct this assessment once every three years by facilitating objective and candid evaluations.

LEADERSHIP & EFFECTIVENESS

In FY2023, an internal evaluation was conducted using a questionnaire-based approach that was aligned with agreed criteria. This assessment covered the evaluation of the Board's performance, the effectiveness of its Committees and the individual contributions of Directors.

The areas of focus for the Board Effectiveness Assessment (BEA) 2023 are outlined in the table below:

<p>Board</p> <ul style="list-style-type: none"> • Board mix and composition; • Quality of information and decision making; • Boardroom activities and dynamics; • The Board's relationship with Management; and • Management of ESG issues.
<p>Board Committees</p> <ul style="list-style-type: none"> • Composition; • Relevance of experience; • Competency of chairmen of Board Committees and their entrusted responsibilities; and • Quality of reports and recommendations furnished to the Board.
<p>Individual Director</p> <ul style="list-style-type: none"> • Fit and proper conduct; • Contributions and performance; and • Calibre and temperament.

The outcomes of the annual assessment conducted on the Board, Board Committees, and individual Directors for the reviewed year have facilitated the identification of actionable measures to address areas in need of improvement. The evaluation has not only reinforced the Board's robustness but also underscored its culture of high performance within the boardroom. Valuable insights from this assessment have been integrated into action plans aimed at enhancing the Board's performance in the new financial year.

The assessment results have indicated a generally satisfactory performance level across the Board and its Committees. To reinforce effective governance, the Chairman assumes the responsibility of monitoring Director attendance and their contributions during Board meetings. Additionally, the Chairman receives a comprehensive performance summary for each Director, enabling personalised discussions with them. These engagements provide a platform to review each Director's contributions to Board debates and discussions.

Performance Review of the Board Committees

Taking into consideration the outcomes of the BEA 2023, the Board is satisfied with the performance and the effectiveness of the Governance & Audit Committee, the Nomination & Remuneration Committee, the Risk Management & Sustainability Committee and the Investment Committee in providing sound advice and recommendations to the Board for the financial year under review.

Board Induction and Development

Upon appointment, each incoming Director undergoes a comprehensive on-boarding process designed to help them to familiarise themselves with the Group's operational landscape. This includes gaining insights into the Group's diverse divisions, their array of products or services, the organisational structure, and Management's roles and responsibilities.

Incorporated into this induction programme are extensive briefings encompassing the Group's organisational setup, operations, ongoing projects, growth strategies, and financial performance.

The Group Secretary facilitates the orientation of new Directors, oversees internal training initiatives and coordinates site visits to key operational units. These visits serve to provide visual exposure to the Group's operations and are complemented by insightful presentations from operational unit management. This approach fosters a deeper understanding of the fundamental drivers underlying the Group's core businesses. To ensure the ongoing relevance and effectiveness of these sessions, periodic reviews are conducted.

Directors recognise the importance and value of keeping themselves abreast of the latest developments within the industries Sime Darby operate in, as well as ongoing changes to all relevant statutory and regulatory requirements. Alongside the Mandatory Accreditation Programme (MAP) required by Bursa Malaysia, Directors continue to enhance their knowledge and skills through appropriate training programmes and by attending conferences and seminars. These opportunities enable the Directors to effectively discharge their duties and actively contribute to Board deliberations. The Group Secretary plays a key role in monitoring Directors' training needs through the BEA process, with regular input from the Directors themselves. Relevant training programmes, conferences, and seminars are consistently identified to meet Directors' requirements, and suitable external programmes are regularly shared with the Directors, with a reasonable budget allocated to support their ongoing development.

To foster a more immersive learning experience, annual Board retreats and technical visits are organised. These engagements are instrumental in enriching Directors' contributions to the Group's operations, while also providing updates on industry-specific developments and technological advancements.

These retreats and visits provide valuable opportunities for the Board to engage with senior management teams across

the Group's operations in an informal environment. The activities held during the financial year 2023 included:

- Visit to our New Zealand operations in October 2022;
- Board and Management Strategy Retreat in Penang in May 2023; and
- Visit by Risk Management Committee members to Brisbane in September 2022.

The Board receives regular updates and stays informed by the Group Secretary on statutory and regulatory changes, such as restrictions in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislations and regulatory framework that impact the Group.

DIRECTORS' TRAINING

The table below lists the trainings attended by both our Board of Directors and the Group Secretary in FY2023.

List of Training Attended	
Board Members	Khazanah Megatrends Forum 2022 – Development And Its Complexities Steering Our Way Through A Perfect Storm
	PNB Knowledge Forum 2022 - Decarbonised Economy Accelerating The Net Zero Transition
	Understanding China
	Forces Shaping China Automotive
	Beyond Box-Ticking: Essentials for Effective Remuneration Committees
	SC's Audit Oversight Board
	PNB Knowledge Forum 2022 - Tall Buildings and Living in the Space Age - The Enigma and Convergence of Science and Art
	Petronas Board Conversation Series: A Session with John Morrison, Chief Executive, Institute for Human Rights & Business
	Climate Risk & ESG Disclosure Key Developments in 2023 and Deep Diving into Asia's Reporting Trends
	Malaysia's Future in a Fractured World
	How Digital Finance Changes Everything
	AML/CFT & TFS 2022: Evolving Challenges & Expectations in Regulatory Compliance for Senior Management
	Environment, Social, and Governance Strategic for Leadership Team
	Understanding the Regulatory Landscape between Malaysia and UK
	Corporate Governance : SiberSAFE Online Cybersecurity Awareness
	Technological Integrity – Shaping the Future of Trust & Integrity
Global Risk 2023	
Group Secretary	Key Amendments to the Listing Requirements 2022
	ICDM PowerTalk 2023 – Navigating ESG Data into Decisions
	Cyber Security - What Directors Need to Know
	Related Party Transactions & Provision of Financial Assistance
	Understanding Sustainability and Climate Risks: A Series of Webinars to Future-Proof Your Business – How Climate Change Will Affect Your Business
	Bursa Malaysia-The Company Secretary: Becoming a Changemaker

LEADERSHIP & EFFECTIVENESS

NOMINATION & REMUNERATION COMMITTEE REPORT



**Tan Sri Muhammad
Shahrul Ikram Yaakob**

*Chairman of the Nomination
& Remuneration Committee*

This report provides shareholders with valuable insight into the activities of the Nomination & Remuneration Committee (NRC) during the year under review. It illustrates how the NRC fulfills a pivotal role for the Board in managing the nomination and remuneration process for both the Board and its Board Committees. Furthermore, it outlines the NRC's critical role in managing key management positions within the Group, as well as its oversight of succession planning and human capital development.

As at the date of this report, the NRC is made up of two Independent NEDs and one Non-Independent NED.

Composition

The NRC is chaired by Tan Sri Muhammad Shahrul Ikram Yaakob and is composed exclusively of NEDs, with a majority of them being Independent NEDs. The composition is in compliance with Practice 5.8 of the Malaysian Code on Corporate Governance (MCCG 2021), where the NRC is chaired by an Independent NED and Practice 1.4 of the MCCG 2021, which stipulates that the Chairman of the Board should not serve as a member of the NRC.

Meetings and Attendance

NRC meetings for the year 2023 were prescheduled in October 2022, to enable the members to plan ahead and incorporate the NRC meeting dates into their respective schedules as well as to give them ample notice of the meetings.

The attendance at all NRC meetings met the requisite quorum as stipulated in the TOR of the NRC.

The agenda and meeting papers encompassed qualitative and quantitative information pertinent to the topics to be discussed at the meetings. These materials were distributed to the NRC members through a collaborative software, ensuring that they had access to the documents within a reasonable timeframe before the scheduled date.

A total of seven (7) meetings were held during the year under review. The record of attendance of the NRC members is as follows:

Members	Membership	Appointment	Attendance
Tan Sri Muhammad Shahrul Ikram Yaakob	Chairman/Independent Non-Executive Director	25 July 2022	6/6 [^]
Mohamad Idros Mosin	Member/Non-Independent Non-Executive Director	21 November 2018	7/7
Dato' Dr Nirmala Menon	Member/Independent Non-Executive Director	15 November 2022	3/3 [^]
Datuk Wan Selamah Wan Sulaiman (Demised)*	Member/Independent Non-Executive Director	9 June 2020	7/7

Note:

[^] Reflects number of meetings attended during the period of office held.

* Demised on 24 July 2023.

Roles and Responsibilities

The NRC's primary objectives, among others, are to assist the Board in reviewing the appropriate size and balance of the Board and evaluating the required mix of skills, experience and knowledge of the Directors. The NRC also ensures that there is sufficient succession planning and human capital development focus in the Sime Darby Group and to recommend to the Board the remuneration framework for the NEDs, the Executive Director, key positions and employees of the Group.

By embracing the responsibilities it has been entrusted with, the NRC plays a significant role in shaping the leadership landscape of Sime Darby, fostering long-term sustainability growth and enabling the Group to achieve its strategic objectives. Through a rigorous nomination process, the NRC reinforces the Group's unwavering commitment to excellence, transparency and governance best practices.

Terms of Reference

The TOR of the NRC sets out the authority, duties and responsibilities of the NRC.

The TOR is assessed, reviewed and updated as the need arises to ensure that the terms remain relevant, up-to-date and in conformity with the various changes in regulations.

The TOR is available at <https://www.simedarby.com/operating-responsibly/governance>.

LEADERSHIP & EFFECTIVENESS

Key Activities of FY2023

Key Focus Areas	Outcomes
Nomination Function	<ul style="list-style-type: none"> • Evaluated and recommended suitable candidates for appointments to the Board, Board Committees, and senior management positions. • Evaluated the contributions of Directors seeking re-election at the 16th 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. • Discussed and recommended to the Board on the establishment of the Investment Committee.
Remuneration Function	<ul style="list-style-type: none"> • 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 and recommended the new Long-Term Cash Incentive Plan for employees of the Group. • Made recommendations on the allotment and issuance of new Sime Darby shares to grantees who qualified for the Performance-Based Employee Share Scheme. • Reviewed and recommended Directors' fees for subsidiary companies of Sime Darby. • Reviewed and recommended Directors' fees for NEDs of Sime Darby.
Governance Function	<ul style="list-style-type: none"> • Reviewed the terms of office and the performance of the Governance & Audit Committee. • Reviewed and recommended changes to the Terms of Reference of the Board Committees. • Reviewed the NRC report for inclusion in Sime Darby Annual Report 2022. • Reviewed GCEO's key performance indicators and scorecard for the new financial year. • Reviewed the compliance status by the Board Committees with their Terms of Reference. • Reviewed the progress of the implementation of the action plans arising from Board Effectiveness Assessment.

Fit and Proper Policy

Pursuant to paragraph 15.01A of the Listing Requirements, it is mandatory for a listed issuer to establish a comprehensive fit and proper policy governing the appointment and re-election processes of directors within both the listed issuer and its subsidiaries. The Fit and Proper Policy of Sime Darby was established on 16 February 2022.

During the year under review, the Board through the NRC, assessed the fitness and propriety of the Directors in accordance with the Fit and Proper Policy of Sime Darby in conjunction with the annual Board Effectiveness Assessment (BEA) exercise. As part of the process, all Directors are required to complete a Fit and Proper Declaration annually. The Board was satisfied that each of the Directors had met the required standard of fitness and propriety.

Board Composition and Diversity

The Board maintains an ongoing commitment to ensure that its Directors collectively possess a diverse mix of skills, experience, expertise and perspectives that enhance the effectiveness of Board processes and decision-making.

To that end, Sime Darby has established a Board Composition Policy to ensure that its Board members collectively represent a balanced mix to facilitate effective stewardship and management within the organisation.

The Board believes that a truly diverse and inclusive Board composition is essential to leverage differences in thought, perspective, knowledge, skill, cultural and geographical background, age and gender. This commitment is integral to ensuring that Sime Darby maintains its competitive advantage in an increasingly challenging and evolving business environment. Sime Darby's diversity policy takes cognisance of the principles on diversity on the Board that can be considered in determining the optimum Board composition and when possible, should be balanced appropriately. The key principles encompass independence, skills and experience, gender and age, all of which are vital to ensuring that the Group can harness the full spectrum of available talent and thereby enhance its overall performance and sustainability.

The NRC is responsible for overseeing the overall composition of the Board and Board Committees. The NRC is guided by a set of both quantitative and qualitative criteria when assessing the suitability of Directors for nomination. This criteria include:

- a) Appropriate size and the balance between Independent NEDs and Non-Independent NEDs;
- b) Skills, background and experience;
- c) Diversity in terms of gender, nationality and ethnicity; and
- d) Commitment to sustainability.

The NRC is empowered to conduct an annual review and assessment of the Board's composition and performance. This includes the identification and evaluation of qualified candidates for potential Board positions. The Board selection process places a primary focus on individuals who possess the requisite qualifications, expertise, experience and competency to contribute effectively. Additionally, the NRC places a strong emphasis on personal qualities such as integrity, commitment and a strong moral compass when considering Board members.

The Board places significant importance on fostering a strong element of independence among its members to promote good corporate governance. Independent NEDs of the Board are expected to exercise independent judgement and actively engage in the Board's deliberations objectively. The aim is to ensure that no single individual or a small group of individuals dominates the decision-making process of the Board.

The ultimate objective is to create a well-rounded Board that brings together diverse talents and backgrounds. This approach not only promotes robust and innovative decision-making, but also cultivates a collaborative and harmonious atmosphere among Directors. By adhering to these principles, Sime Darby positions itself favourably to sustain its growth trajectory, generate value and prioritise the interests of its stakeholders.

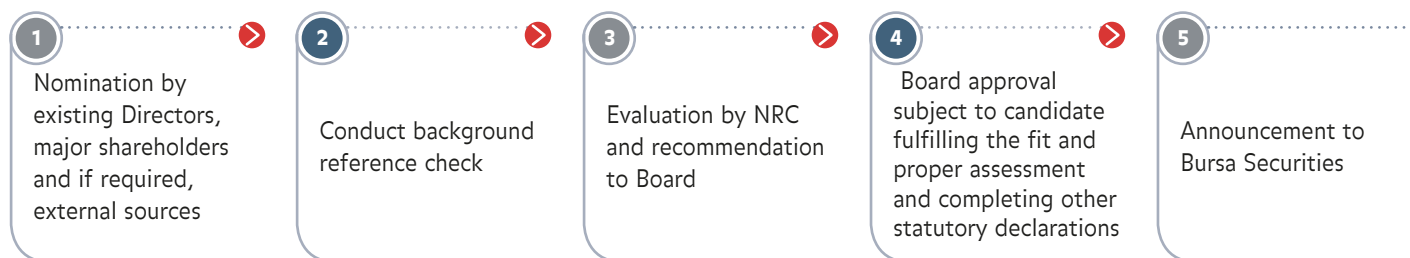
New Board Appointment and Re-appointment

Sime Darby adopts a rigorous and transparent screening process for both the appointment and re-appointment of Directors, ensuring that the Board's composition and needs are carefully considered. The NRC has access to a wide pool of candidates which may include recommendations by existing Board members, the Management and external sources. Any proposed appointment of new Directors or re-appointment of Directors to the Board will be assessed by the NRC. The NRC is responsible for identifying any gaps in the Board's expertise and initiating the search for potential candidates. In its selection of suitable candidates, the NRC adheres to the selection set out in the Company's Board Appointment and Re-Appointment guidelines.

The NRC plays a pivotal role in the screening and initial selection of candidates, carefully considering their qualifications and attributes before presenting their findings and recommendations to the Board. When a potential candidate has been shortlisted for recommendation, the Group Secretary undertakes thorough background checks, which encompass assessments of any civil and criminal charges obtained from publicly available sources to evaluate the candidate's character and integrity. The NRC also takes into account the strategic direction of the Group in the candidate evaluation process for Board positions.

LEADERSHIP & EFFECTIVENESS

The following depicts the process for Board appointments:



In accordance with the Company's protocol, Directors are subject to specific guidelines when accepting new directorships outside the Sime Darby Group. Prior to accepting such appointments, a Director must have a discussion with the Chairman of Sime Darby to ensure alignment with the Company's interests. Subsequently, upon accepting the new directorship, the Directors are expected to promptly inform the Group Secretary in writing, enabling the Group Secretary to notify other Board members and relevant regulatory authorities. Directors are provided with clear expectations regarding the time commitment expected of them to ensure that they can effectively fulfil their roles and responsibilities. Directors are required to confirm their ability to allocate sufficient time to their roles, taking into consideration their representation on the boards of other companies and any other commitments they may have.

In compliance with the Listing Requirements of Bursa Malaysia, none of our Directors hold more than five directorships in listed issuers.

The NRC and the Board undertake regular reviews of the Board and Board Committees' membership to ensure that all members possess the requisite skills and experience necessary to effectively address challenges and actively contribute to the achievement of the Group's strategic objectives.

Following the conclusion of the 16th Annual General Meeting (AGM) of the Company, Dato' Sri Abdul Hamidy Abdul Hafiz and Dato' Ahmad Pardas Senin retired as Directors of the Company. The NRC expresses its sincere appreciation to Dato' Sri Abdul Hamidy and Dato' Ahmad Pardas for their invaluable contributions and wishes them well in their future endeavours.

Following the retirement of Dato' Sri Abdul Hamidy as Chairman of the NRC, Tan Sri Muhammad Shahrul Ikram Yaakob was appointed as the Chairman of the NRC. With his exemplary leadership, the NRC looks forward to further enhancing its effectiveness in steering the Company and the Group towards continued success.

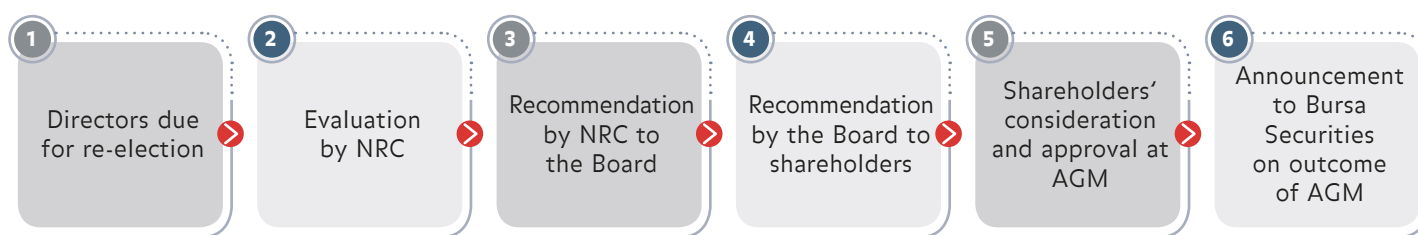
During the year, Mr Scott William Cameron, Encik Edree Ahmad (Alternate Director to Encik Mohamad Idros Mosin) and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz were appointed as Directors of Sime Darby Berhad.

The NRC acknowledges the demise of Datuk Wan Selamah Wan Sulaiman and extends its deepest condolences to her family. Datuk Wan Selamah made unwavering contributions to the Board and the NRC, leaving behind a lasting legacy of dedication and excellence. Her presence and insights will be dearly missed by all, and the NRC fondly remembers her invaluable contributions to the Group.

Re-Election of Directors

The NRC takes measures to ensure that the retirement and re-election of Directors align with the applicable laws and regulations in Malaysia and the Constitution of the Company (Constitution). Prior to making recommendations on their re-election to the Board, the NRC evaluates the performance of Directors who are scheduled for retirement at upcoming Annual General Meeting (AGM).

The following depicts the process for re-election of Directors:



Rule 103 of the Constitution stipulates that a minimum of one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM at least once in three years and shall be eligible for re-election at the AGM.

Before any recommendations are submitted to the Board, the Directors' rotation list is first presented to the NRC for endorsement. The NRC then conducts an assessment of the Directors seeking re-election. In assessing their eligibility for re-election, the NRC considers their competencies, commitment, contribution, performance based on the BEA and their ability to act in the best interest of the Group. This assessment also includes an evaluation of their compliance with the Fit & Proper Policy requirements, any instances of legal convictions, and any potential conflicts of interest. Directors seeking re-election must also complete the Fit and Proper Declaration. Independent NEDs are required to provide a declaration of their independence to the Company.

The evaluation on the performance of the retiring Directors and an assessment of their independence, are conducted by the NRC after which the recommendations are presented to the Board and thereafter to the shareholders for approval. Prior to the AGM, retiring Directors must provide their consent to stand for re-election.

For the purpose of determining the eligibility of the Directors for re-election at the 17th AGM, the Board through the NRC, assessed each of the retiring Directors, and considered the following:

- **BEA 2023:** The performance and contributions of each Director throughout the preceding financial year were rigorously evaluated. This assessment considered their accomplishments and their adherence to the Company's Fit and Proper criteria. This involves evaluating their overall suitability and qualification to continue serving as Directors.
- **Contribution to Board Deliberations:** The evaluation took into account the individual roles played by each Director during Board discussions and decision-making process. Their skills, experience, and unique strengths were analysed to determine how these factors influenced their active involvement in shaping the Company's strategic directions.
- **Independence:** The extent of unfettered independence demonstrated by each Director was a key aspect of the evaluation. Directors are expected to exercise independent judgement, uphold impartiality and act in the Company's best interests, devoid of conflicts of interest or undue influence. This element was closely examined to ensure that Directors upheld the highest standards of ethical conduct at all times.

The Directors retiring pursuant to Rule 103 of the Company's Constitution at the 17th AGM are:

1. Dato' Jeffri Salim Davidson
2. Dato' Dr. Nirmala Menon
3. Tan Sri Ahmad Badri Mohd Zahir

LEADERSHIP & EFFECTIVENESS

Based on the aforesaid assessment, both the Board and the NRC are satisfied that the Directors seeking re-election at Sime Darby's 17th AGM fulfilled the performance criteria essential for an effective and high-performing Board. These Directors have consistently demonstrated their commitment to diligently fulfil their duties as members of Sime Darby's Board, aligning with the Board's expectations.

Pursuant to Rule 82.2 of the Company's Constitution, Directors appointed to fill a casual vacancy or as an addition to the Board, shall hold office only until the conclusion of the next AGM and shall be eligible for re-election. The Directors retiring pursuant to Rule 82.2 of the Company's Constitution are:

1. Mr Scott William Cameron; and
2. Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz

The Directors retiring under Rule 82.2 and Rule 103 have given their consent and have offered themselves for election and re-election at the 17th AGM.

Board Independence

The Board places significant value on the contributions of Independent NEDs to promote good corporate governance. All Directors, regardless of their independent status are required to act in the best interests of the Company and exercise unbiased and independent judgement. The Board is satisfied with the Independent NEDs' continued impartiality, independence of views and valuable contributions to Board deliberations. In line with the exemplary practice as recommended by the MCCG 2021, the Company has adopted a tenure policy whereby an Independent NED's total tenure on the Board is capped at nine years. As of the date of this Report, none of the Independent NEDs has served the Board for more than nine years.

The Board supports the country's aspirational target of 30% representation of women directors in line with Practice 5.9 of the MCCG 2021. Currently, the Board comprises two female Directors, representing 18% of its composition. The NRC is working towards the goal of reaching 30% representation women on the Board as expeditiously as possible, while prioritising the selection of the most qualified candidates for Board positions.

In tandem with the emphasis on gender diversity, the Board is committed to developing a corporate culture that also embraces all aspects of diversity. At the organisational level, Sime Darby has achieved a diverse talent pool with appropriate

gender representation aligned with the nature of our businesses. The workforce consists of 74% male and 26% female talents, with females holding 22% of senior management positions.

Independent NEDs play a crucial role in scrutinising Management's proposed strategies, with focus on shareholder and stakeholder interests. Their impartial judgment is particularly critical in related party transactions, safeguarding the rights of minority shareholders.

The Board has extended the cooling-off period for the appointment of Independent NEDs to three years, following the enhancement of the definition of independent directors in the Listing Requirements of Bursa Malaysia.

Remuneration Approach

The Board delegates to the NRC the responsibility to set the overarching principles, parameters and governance framework relating to the Group's remuneration matters. The NEDs' remuneration structure which embraces market practices and trends is designed to attract and retain high calibre Board members and to ensure they are appropriately compensated for their time and effort. The NRC conducts regular reviews of the remuneration structure to ensure that compensation for NEDs remains competitive, appropriate, and in line with prevailing market practices and trends. These reviews consider the level of responsibilities undertaken by the NEDs and the complexity of the Group's operations.

The remuneration structure for the GCEO is designed to tie rewards to both corporate and individual performance. It includes salary, allowances, bonuses, and customary benefits on par with those offered by comparable companies. The GCEO's performance is measured against Key Performance Indicators (KPIs) outlined in a scorecard aligned with Board-approved corporate objectives, as well as profits and other targets set in accordance with the Group's annual budget and plans. Annually, the NRC reviews the GCEO's performance and submits its views and recommendations to the Board regarding any adjustments in remuneration and rewards, to reflect the GCEO's significant contribution to the Group's achievements throughout the year. During Board meetings, the GCEO recuses from deliberating and voting on his own remuneration and rewards.

In addition to standard remuneration, the Company also incentivises the GCEO with performance-based cash plan, further reinforcing the link between individual performance and long-term value creation for the organisation.

(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
	Long Term Cash Incentive Plan	Performance-based granting dependent on fulfilment of the vesting criteria

The Group remuneration philosophy reflects its commitment to comply with best practices in the areas of remuneration, retention, and reward to ensure that we attract and retain top talents. To achieve this, we evaluate our remuneration packages and incentives, benchmarking them against market-related surveys on a regular basis. By aligning our remuneration practices with industry standards, we strive to create a competitive and attractive compensation structure that recognises and rewards excellence. Attracting and retaining skilled and motivated individuals is imperative to our continued growth and ability to deliver exceptional value to our stakeholders. We are dedicated to cultivating a culture of meritocracy, transparency, and fairness in our remuneration processes. Our commitment to best practices ensures that we maintain a dynamic, high-performing workforce that is motivated and engaged to drive the Group's success forward.

LEADERSHIP & EFFECTIVENESS

The details of the Directors' remuneration received from the Group in FY2023 are as follows:

	Salary & Other Remuneration (RM'000)	Directors' Fees		Benefits (RM'000)	PBESS [®] (RM'000)	Total (RM'000)
		Company (RM'000)	Subsidiary (RM'000)			
Present Directors						
Executive Director						
Dato' Jeffri Salim Davidson ⁺	6,223	–	–	20	83	6,326
Non-Executive Directors						
Tan Sri Samsudin Osman		560	–	233		793
Dato' Dr. Nirmala Menon		447	100	1		548
Dato' Lee Cheow Hock Lawrence		442	17	63		522
Mr Thayaparan Sangarapillai		370	–	33		403
Datuk Wan Selamah Wan Sulaiman ⁴ (Demised)	N/A ¹	325	–	2	N/A ¹	327
Tan Sri Muhammad Shahrul Ikram Yaakob		320	–	1		321
Tan Sri Ahmad Badri Mohd Zahir		320	–	– [*]		320
Mr Scott William Cameron ²		227	79	– [*]		306
Ms Moy Pui Yee		290	–	10		300
Encik Mohamad Idros Mosin		296 [^]	–	2		298
Total for Non-Executive Directors		3,597	196	345		4,138
Former Directors						
Non-Executive Directors						
Dato' Sri Abdul Hamidy Abdul Hafiz ³		131	–	23		154
Dato' Ahmad Pardas Senin ³	N/A ¹	122	–	8	N/A ¹	130
Total for Non-Executive Directors		253	–	31		284
Grand Total for Non-Executive Directors		3,850	196	376		4,422

¹ N/A - Not Applicable

² Appointed on 1 January 2023

³ Retired on 15 November 2022

⁴ Demised on 24 July 2023

[®] Long Term Performance-Based Employee Share Scheme

[^] Paid by the Sime Darby Group

[^] Fees paid to Permodalan Nasional Berhad

^{*} Less than RM1,000

Annual Effectiveness Review and Performance

Board effectiveness reflects the Board's ability to deliver on its mission and steer the organisation towards achieving its present and future goals. A Board that strives for effective composition, operations, dynamics, decision-making and evaluations can achieve effective governance. The effectiveness of the Board is therefore paramount to the success of Sime Darby as an organisation.

Similar to other organisations, the Sime Darby Board effectiveness exercise encompasses the evaluation of the performance of the Directors individually and collectively in relation to their roles and responsibilities. As part of this process, the BEA also assesses the performance of the Board and its Board Committees with the aim of identifying any gaps or areas for improvement.

Based on the results of the BEA 2023, it is evident that the Board remains steadfast in its commitment to upholding the highest standards of good governance. The Board is widely recognised as an exemplar of excellence, with strong support from the Management team.

The BEA 2023 revealed that the current composition of the Board is well-balanced, effective and equipped with the requisite skills and areas of expertise to effectively steer Sime Darby, in the execution of its growth strategy.

As part of the BEA 2023, the performance of the NRC was evaluated. Based on the findings, the Board was satisfied with the performance and effectiveness of the NRC in providing sound advice and recommendations to the Board during the financial year under review.

Focus Areas for FY2024

1



Promote Diversity

We are committed to foster a diverse, inclusive, and non-discriminatory environment throughout the Group’s operations. To promote diversity, we embrace a wide range of perspectives, encompassing diverse skills, backgrounds, abilities, professional and industry experiences, age, gender and ethnicities. By cultivating such diversity, we aim to enhance the Group’s competitiveness and ensure long-term sustainable business growth for the future.

2



Talent Development and Leadership Pipeline

We ensure a continuous supply of suitable talent for the Group, meeting future leadership and growth demands to safeguard the long-term sustainability of our organisation. This involves establishing and nurturing a talent pipeline across various levels of the organisation. We are committed to developing and retaining key talent, identifying high-potential individuals for leadership roles, and implementing robust programmes to groom and foster our future leaders. By investing in talent development, we aim to drive success and maintain a strong foundation for the Group’s growth and prosperity.

3



Directors’ Training and Development

We continuously identify the training needs of the Board of Directors and provide tailored training solutions to equip all Directors with up-to-date knowledge and skills. This approach strengthens their capacity to effectively fulfil their fiduciary duties. We are committed to empowering our Directors with the necessary expertise to make informed decisions and contribute to the sustained success of our organisation.

4



Compensation and Reward Framework

We structure and regularly review our compensation and rewards framework to ensure its continued competitiveness, appropriateness, and alignment with current market practices. This proactive approach enables the Group to attract and retain top talents, fostering a workforce that is motivated and engaged. By maintaining a robust compensation and reward system, we strive to recognise and incentivise exceptional performance, contributing to the long-term success and growth of our organisation.

5



Employee Well-being and Engagement

We prioritise employee well-being and engagement through surveys, wellness programmes, work-life balance policies, and diversity initiatives. Our focus on learning and development, transparent communication, and recognition programmes, along with leadership involvement, fosters a positive work environment.

EFFECTIVE AUDIT & RISK MANAGEMENT

GOVERNANCE & AUDIT COMMITTEE REPORT



THAYAPARAN SANGARAPILLAI

Chairman of the Governance and Audit Committee/Senior Independent Non-Executive Director

MEETINGS AND ATTENDANCE

Members	Membership	Appointment	Attendance
Thayaparan Sangarapillai	Chairman/Senior Independent Non-Executive Director	1 December 2017	7/7
Datuk Wan Selamah Wan Sulaiman* (Demised)	Member/Independent Non-Executive Director	1 March 2016	7/7
Tan Sri Muhammad Shahrul Ikram Yaakob	Member/Independent Non-Executive Director	15 November 2022	5/5 [^]
Scott William Cameron	Member/Independent Non-Executive Director	1 January 2023	4/4 [^]
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	Member/Independent Non-Executive Director	24 August 2023	N/A [^]
Former Members	Membership	Appointment	Attendance
Dato' Sri Hamidy Abdul Hafiz+	Member/Independent Non-Executive Director	1 December 2017	2/2
Dato' Ahmad Pardas Senin+	Member/Independent Non-Executive Director	1 December 2017	2/2

Note:

[^] Reflects number of meetings held following his appointment as Member of GAC.

* Datuk Wan Selamah Wan Sulaiman passed away on 24 July 2023.

+ Retired on 15 November 2022.

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 Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa 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:



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;



to review the Group's business processes and the quality of its accounting functions, financial reporting and internal controls;




to enhance the independence of both the external and internal audit functions by providing direction and oversight on behalf of the Board; and



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.

The performance of the GAC for FY2023 was evaluated as part of the BEA 2023 exercise. Based on the results of the assessment, the Board was satisfied that the GAC has discharged its duties responsibly and effectively. The performance of the GAC was also in accordance with the Committee's TOR.

 Detailed Terms of Reference of the GAC is available at <https://www.simedarby.com/operating-responsibly/governance>

KEY ACTIVITIES OF FY2023

FINANCIAL REPORTING

Reviewed and recommended to the Board for approval:

- all quarterly financial results and the annual audited financial statements for FY2023. The GAC's review focused on changes to accounting policies, areas of significant judgement, corrected and uncorrected misstatements;
- the dividends proposed by the management for the financial year and solvency; and
- the issuance of Letters of Financial Support to subsidiaries of the company.

EXTERNAL AUDIT

- Reviewed and approved the Group Audit Plan, which outlines the audit strategy and approach for FY2023.
- Received the Annual Transparency Report ("ATR") prepared by external auditors, which contains the audit firm's legal and governance structure and measures taken to uphold audit quality and manage risks and indicators of audit quality.
- 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 FY2022.
- Considered in consultation with the Management, the Group's audit fees and provision of non-audit services by the external auditors for FY2023 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.

EFFECTIVE AUDIT & RISK MANAGEMENT

INTERNAL AUDIT

- Reviewed and approved GCA's audit plan and operating budget for FY2024.
- Reviewed internal audit reports at each GAC meeting.
- Considered the following:
 - results of planned audits, business advisory reviews and data analytics initiatives;
 - results of whistleblowing investigations and ad-hoc assignments requested by management;
 - 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 FY2023 and at the end of the financial year, conducted the performance appraisal for the Group Head – GCA.

RELATED PARTY TRANSACTIONS (RPTs) AND RECURRENT RELATED PARTY TRANSACTIONS (RRPTs)

Reviewed RPTs and RRPTs of the Group to ensure compliance with 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 inclusion of Environmental, Social and Governance (ESG) material matters in line with the Sustainability Blueprint and changes to the Board Committee Structure following the formation of the new Investment Committee and Risk Management & Sustainability Committee.
- Reviewed the Management's Statement on Risk Management and Internal Controls.

ANNUAL REPORT

Reviewed and endorsed the following:

- Annual Audited Financial Statements for FY2023;
- Statement on Risk Management and Internal Controls;
- GAC report for inclusion in Sime Darby Berhad Annual Report 2023; and
- Chairman's Statement on Corporate Governance.

OTHER ITEMS

Reviewed:

- the proposed revision to the Terms of Reference of GAC to reflect the removal of Clause 4.6 Share Issuance Scheme as there is no requirement in the Listing Requirements of Bursa Securities for the GAC to verify the allocation under the Long-Term Cash Incentive Plan, which replaced the Performance-based Employee Share Scheme;
- the proposed appointment of auditors other than PricewaterhouseCoopers for Caltrac SAS and Sime Darby Insurance Brokers (Singapore) Pte Ltd;
- the non-assurance services concurrence policy concerning the permissibility of non-assurance services prior to an independent auditor accepting an engagement to provide non-assurance services to a public interest entity audit client or to entities controlled by or controlling the public interest entity.
- status of key investments, material litigations and major operational issues;
- Group sponsorships and donations approved by the GCEO for FY2023;
- status updates by the Group IT department on cybersecurity initiatives;
- summary of the GCEO's approval of investments and capital expenditure in accordance with his limits of authority for FY2023.
- update on the latest tax development on foreign-sourced dividend income and actions taken by the Group.

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. During the year, the GAC also considered major related party transactions to be entered into by the Group with its related parties pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements).

Some of the areas and key matters considered by the Committee during the financial year include:

Significant Initiatives/ Issues	Matters Considered	Outcomes
Acquisition of Onsite Rental Group Limited (Onsite)	<p>On 3 April 2023, the Industrial Division completed its acquisition of Onsite. The acquisition of 100% of the equity interest was accounted as a business combination, in accordance with MFRS 3 – Business Combinations. A goodwill of RM510.6 million was recognised for the acquisition. Given the timing of the acquisition, the management concluded that the carrying amount of the cash generating unit of Onsite was recoverable as the purchase price represented its fair value supported by external valuation reports provided to the management. The management also did not note any indicators of a significant decline in performance since acquisition.</p>	<p>⊗ The GAC concurred with the Management’s assessment that the goodwill for the acquisition of Onsite can be recovered.</p>
Recoverability of the carrying amount of intangible assets at the Group	<p>Using the Value-in-Use method, the management performed an impairment assessment on Cash Generating Units in the Group’s Motors Division in Australia, heavy equipment businesses in the Industrial Division in Australia and Papua New Guinea, and chroming business in the Industrial Division in Australia. The management concluded that impairment was not required for these assets as the projections indicate the recoverable amounts are still above the carrying values.</p>	<p>⊗ The GAC concurred with the Management’s assessment on the recoverability of the intangible assets in the Group’s Motors Division in Australia, heavy equipment businesses in the Industrial Division in Australia and Papua New Guinea, and chroming business in the Industrial Division in Australia.</p>
Disposal of properties in Tai Yuen, Hong Kong	<p>On 28 June 2023, the Motors Division completed the sale of 4 parcels of properties located in Tai Yuen, Hong Kong and leased back 3 of them for a period of 3 years with an option to renew for 2 years at market rental rates. The Management had recognised a gain on disposal of RM179.1 million and also accounted for the transaction as a sale and leaseback in accordance with MFRS 16 – Leases.</p>	<p>⊗ The GAC concurred with the Management’s assessment on the sale and leaseback of properties in Tai Yuen.</p>

EFFECTIVE AUDIT & RISK MANAGEMENT

Significant Initiatives/ Issues	Matters Considered	Outcomes
<p>Wrongdoing by key personnel at a branch operation of a subsidiary</p>	<p>The Management had investigated breach of internal controls by key personnel at a branch of a subsidiary. Following the investigation, the Management had enhanced oversight of internal controls of the branch and taken appropriate consequence management actions had been taken against the key personnel.</p>	<p>ⓧ The GAC was briefed on actions taken against the key personnel. The GAC was also briefed on the steps taken by the Management to further strengthen internal controls.</p>
<p>Proposed acquisition of 61.2% equity interest in UMW Holdings Berhad (UMW) by Sime Darby Enterprise Sdn Bhd (SDESB) from Permodalan Nasional Berhad (PNB) and Unit Trust Funds (UTFs) managed by PNB (Proposed Acquisition)</p>	<p>The Company, through its wholly-owned subsidiary, SDESB, proposed to acquire 61.2% equity interest in UMW from PNB and UTFs for a total cash consideration of RM3,574,065,500 or RM5.00 per UMW share. The Proposed Acquisition is deemed a related party transaction pursuant to the Listing Requirements as PNB is the connected person to Amanah Saham Bumiputera, a major shareholder of the Company and one of the UTFs. Upon completion of the Proposed Acquisition, pursuant to the Capital Markets and Services Act, 2007 and Rules on Takeovers, Mergers and Compulsory Acquisition, SDESB will be obliged to extend a mandatory take-over offer to acquire all the remaining shares in UMW not already owned by SDESB, the Company and persons acting in concert with them (Proposed MGO) at a cash offer price of RM5.00 per UMW share. The Management and the Company's advisers had presented the Management's strategic rationale, the basis in arriving at the purchase consideration, salient terms of the Share Purchase Agreement, prospects, risks and financial effects of the Proposed Acquisition and Proposed MGO. The independent adviser, AmInvestment Bank Berhad, had also presented its evaluation of the Proposed Acquisition.</p>	<p>ⓧ The GAC and Independent Directors were of the opinion that the Proposed Acquisition is in the best interests of the Company, fair, reasonable and on normal commercial terms and not detrimental to the interest of the non-interested shareholders of the Company.</p>

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 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 appropriate recommendations for the improvement of key activities within GCA. These are carried out in the form of annual internal team validations.

In FY2023, total cost incurred for the internal audit function at the Group was RM16.0 million. In comparison the cost was RM13.9 million in FY2022.

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 (GPAs) and Group Procurement Policies and Authorities (GPPA).

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 & Sustainability Committee Report on page 212 for further details.

This report is made in accordance with a resolution of the Board of Directors dated 25 September 2023.

EFFECTIVE AUDIT & RISK MANAGEMENT

RISK MANAGEMENT & SUSTAINABILITY COMMITTEE REPORT



**TAN SRI AHMAD BADRI
MOHD ZAHIR**

Chairman of the Risk
Management & Sustainability
Committee

MEETINGS AND ATTENDANCE

Members	Membership	Appointment	Attendance
Tan Sri Ahmad Badri Mohd Zahir	Chairman/Non-Independent Non-Executive Director	1 December 2020	7/7
Dato' Lee Cheow Hock Lawrence	Member/Non-Independent Non-Executive Director	20 July 2018	7/7
Ms Moy Pui Yee	Member/Independent Non-Executive Director	20 July 2018	7/7
Mr Thayaparan Sangarapillai	Member/Independent Non-Executive Director	4 September 2019	7/7
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	Member/Independent Non-Executive Director	24 August 2023	-
Former Member	Membership	Appointment	Attendance
Dato' Dr Nirmala Menon*	Member/Independent Non-Executive Director	26 November 2019	5/6

Note:

* Resigned as Member of RMSC on 23 February 2023

COMPOSITION


In February 2023, the Risk Management Committee of the Board of Sime Darby Berhad was renamed to the Risk Management and Sustainability Committee (RMSC) to reflect the RMSC's oversight of the sustainability agenda, strategy and other economic, environmental and social risks. The RMSC Terms of Reference (TOR) were updated to include responsibility for the Group's Sustainability focus. The RMSC consists of five members following the appointment of Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz on 24 August 2023, with a majority of them being Independent Non-Executive Directors. Members of the RMSC 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 RMSC is primarily responsible for overseeing risk management and sustainability frameworks and policies within the Group and reviewing the efficacy of internal controls to address key risks. 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 in addition to monitor the effectiveness of the sustainability strategy across the Group.


The main functions and duties of the RMSC as specified in the TOR updated in February 2023 include but are not limited to the following:


- 


Oversee the implementation of the risk management framework, policies and procedures in identifying and managing risks across the Group's business operations;
- 

Review and monitor the statement on risk management and internal control in the Group's Annual Report, Group's key performance against sustainability strategies, and material sustainability matters relevant to the Group, including climate-related risks and opportunities;
- 

Oversee the formulation and implementation of policies and programmes to address the Group's key compliance risk areas including any related material matters arising thereof as identified by the risk framework;
- 

Ensure the adequacy of resources and systems for sustainability, risk, and compliance management; and evaluate the effectiveness of the Group's risk and compliance management;
- 

Establish and recommend for the Board's approval the Group's sustainability strategy, blueprint, material matters, policies and guidelines and sustainability risk tolerance levels;
- 

Oversee the processes, framework and strategies designed to manage economic, environmental and social risks, covering matters such as safety, health, employment practices, environmental practices, human rights, community relations and other relevant sustainability matters; and
- 

Review and recommend the integration of sustainability including the Group's Sustainability Statement and Reporting in the Group's Annual Report in line with the requirements under the Main Market Listing Requirements (MMLR).

In discharging its responsibilities, the RMSC is assisted functionally by both Group Risk and Compliance and Group Safety and Sustainability.

 Detailed Terms of Reference of the RMSC is available at <https://www.simedarby.com/operating-responsibly/governance>

EFFECTIVE AUDIT & RISK MANAGEMENT

THE GROUP RISK AND COMPLIANCE DEPARTMENT (GRC)

GRC's primary role is to assist the RMSC 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:

- 1 Assessment and Advisory**
Identify, assess and evaluate key strategic, operational, financial and compliance risk areas, as well as risks pertaining to major business proposals;
- 2 Training and Awareness**
Inculcate a strong risk and compliance centric culture across the Group by imparting the necessary skills, knowledge and understanding of risk and compliance management;
- 3 Policy Governance**
Establish, institutionalise and implement the relevant framework, policies and guidelines for risk and compliance management such as the ERM Framework, BCM Framework and the Human Rights Charter;
- 4 Compliance Programme**
Implement risk-based compliance monitoring programme to drive and embed a culture of ethical behaviour and integrity;
- 5 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;
- 6 Monitoring and Reporting**
Continuously monitor and report key risk areas to detect and report key incidents and regulatory breaches via appropriate communication and escalation channels; and
- 7 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 RMSC, with administrative reporting to the GCFO. The dual reporting line ensures a level of independence and objectivity in discharging of responsibilities.

THE GROUP SAFETY AND SUSTAINABILITY FUNCTION (GSS)

GSS's primary role is to manage safety and sustainability for the Group. Furthermore, GSS supports the RMSC and the Board in discharging their safety and sustainability responsibilities.

GSS is uniquely structured to ensure that adequate support is provided at both the GHO and Divisional levels, with direct reports embedded in operations. Key functions include, but are not limited to:

- **Policy Governance**
Establish, standardise and implement the relevant framework, policies and guidelines for safety and sustainability management;
- **Statutory Safety and Sustainability Compliance and Risk Reporting**
Capture, assess and evaluate key enterprise safety and sustainability compliance risk areas including major business proposals;
- **Training and Awareness**
Deliver safety and sustainability awareness training to support a positive reporting culture across the Group;
- **Sustainability Programme Management**
Implement a project methodology to capture and report on sustainability activities across GHO and the Divisions;

- **Monitoring and Reporting**
Continuously monitor and report key safety and sustainability risk areas including key incidents, regulatory breaches via documented and systemised communication and escalation channels;
- **Assurance**
Ensure the integrity of safety and sustainability data meet assurance requirements; and
- **Security**
Monitor global security threats and implement wellbeing outcomes for all employees.

GSS is currently headed by the Group Chief Safety and Sustainability Officer, Mr Glenn Sheahan, (his profile is set out on page 182 of this Integrated Annual Report 2023). GSS reports to the GCEO, with secondary reporting to the RMSC to enable discharge of the duties relating to safety and sustainability.

KEY ACTIVITIES OF FY2023

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 reports.
- Oversaw the enhancement of Board risk appetite statements and tolerance level to ensure alignment with the Group's strategic objectives, growth pursuits and present business environment. Reviewed, tracked and monitored risk appetite statements which articulates the level of risk that the Group is prepared to take in pursuing its strategic objectives on a quarterly basis.
- Reviewed risks pertaining to major business proposals in accordance with the Group's Limits of Authority.
- Oversaw the alignment of Group ERM Framework with the Group Sustainability Blueprint.
- Oversaw the streamlining of risk and compliance attestation activities via automation.

Training and Awareness

- Oversaw the implementation of various training and awareness programmes for key risks and compliance topics including business continuity, risk appetite, investment risks, the Group's Gifts, Hospitality and Donations (GHD) procedure, yourTrust app and whistleblowing programme among employees across the Group.
- Oversaw the Launch of Code of Business Conduct (COBC) e-learning in Workday to further enhance the learning experience and accessibility of courses.
- Oversaw the introduction of the "SELF" safety cultural programme into the Group's Asian operations, while continuing the rollout throughout Australia and New Zealand.

EFFECTIVE AUDIT & RISK MANAGEMENT

Policy Governance

- Reviewed and endorsed the revision of the GHD Procedure to strengthen practicality whilst practicing the exchange of gifts and hospitality and provided more clarity on operational gifts.
- Oversaw the introduction of the Health and Safety Framework.
- Oversaw the introduction of the Group Policy for Sustainability.

Resilience Management

- Oversaw 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

- Oversaw the planning of activities to address gaps identified in ABMS validation exercise.
- Oversaw the implementation of Due Diligence Guideline across the Group's key business operations.
- Oversaw the assessment of the Group's competition law compliance exposure for key markets.
- Developed a Human Rights Charter to address human rights impacts, including modern slavery risks in our operations and supply chain.

Sustainability Programme Management

- Oversaw the implementation of the Group-wide sustainability programme management office for Environment, Social, Governance (PM ESG). Oversaw the initiation of PM ESG councils within Divisions and GHO to report sustainability activities within the Group.

Procurement Governance

- Oversaw the development of the Group's Responsible Sourcing Policy and Framework to define the Responsible Sourcing strategy, embed ESG elements into supply chain management and ensure alignment with the Group Sustainability Blueprint.

Statutory Safety and Sustainability Compliance and Risk Reporting

- Oversaw all significant incidents including reporting and lessons learned sharing throughout the Group.
- Oversaw the implementation of mitigation measures and action plan.

Monitoring and Reporting

- Oversaw the collation and reporting on sustainability data from the Groupwide safety systems on a monthly basis to monitor performance to targets on Tier 1, 2 and 3 key performance indicators.
- Oversaw the enhancement and alignment of the Group Whistleblowing Charter with the latest ISO37002 standards.

Assurance

- Oversaw the undertaking of audits on selected sites throughout all divisions and reported all major non-conformances to RMSC including mitigating and corrective action.
- Oversaw the collation of assurance questionnaires for all operations for reporting to RMSC.

Security

- Monitored global security events for applicability and risk to Group operations.
- Oversaw the actions taken on reported security events.

The action plans for the focus areas for FY2023 as disclosed in the Annual Report 2022 were successfully implemented.

FOCUS AREAS FOR FY2024

The RMSC will continue to assist the Board to oversee the implementation of the Group's Enterprise Risk Management (ERM) and Sustainability Frameworks, which include recommending the appropriate risk appetite, policies and risk and compliance management methodologies in addition to sustainability material matters, risk, compliance and metrics throughout the Group. The key activities undertaken in FY 2024 are largely focused on instilling sustainability, risk and compliance centricity across the business; and setting up the right governance tools, infrastructure and processes, and enhancing sustainability through education and metrics. The intent is to position governance and sustainability as key enablers for Sime Darby's aggressive growth, constantly providing the right "check and balance" mechanism and to build resilience to address global risk trends and enhance sustainability opportunities. The RMSC's key priorities and initiatives for FY2024 include:

Assessment and Advisory

- Oversee the introduction of the Taskforce on Climate Related Financial Disclosure (TCFD) Framework.
- Oversee the establishment of the Climate Change Risk Assessment Framework and Plan.
- Oversee the implementation of risk assessment and establishment of the formal risk framework and profiles for newly acquired entities.

Training and Awareness

- Oversee the implementation of various training and awareness events to inculcate more awareness of investment and project risk assessment, code of business conduct, anti-bribery and anti-corruption among employees across the Group.
- Oversee the continuous rollout of the cultural programme SELF.
- Oversee the engagement of provider for ESG training for internal stakeholders.

Policy Governance

- Oversee the enhancement of policies and procedures to address key control issues and weaknesses.
- Oversee the embedment of the Health and Safety Framework.
- Oversee the enhancement of the Group Policy for Sustainability to include greenhouse gas (GHG) emission methodology for acquisition, mergers and growth.

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 corruption risk assessment across the Group's key business operations.
- Oversee the implementation of Due Diligence Guidelines across the Group's key business operations.
- Oversee the establishment and launch of the Group Competition Law Manual to highlight the key competition law compliance aspects across all key markets.
- Oversee the desktop review of the data privacy regulatory regime across all key markets.

Sustainability Programme Management

- Oversee the enhancement of the project methodology to capture and report on sustainability activities across GHO and the Divisions.
- Oversee the refinement of the project selection methodology.

Procurement Governance

- Oversee the implementation of the Group Responsible Sourcing Policy and Framework in accordance with the Group Responsible Sourcing Roadmap.

Statutory Safety and Sustainability Compliance and Risk Reporting

- Oversee the enhancement of systems to report all significant incidents and capture lessons learnt from across the Group.
- Oversee the mitigation measures and action plans.

Monitoring and Reporting

- Oversee the embedment of push data reporting for safety across all operational areas.
- Oversee the inclusion of the key acquisition data in monthly reporting in line with integration timeframes.

Assurance

- Oversee the enhancement of safety and sustainability data to meet assurance requirements through standardisation of reporting.

Security

- Oversee the continuous monitoring of global security threats.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

We recognise that stakeholder engagement and management are important components of good corporate governance. We believe that working together with stakeholders will ensure healthy relationships and good communication in managing shareholders' expectations to ensure that the Company meets their needs and are favourably accepted.

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 have an interest in, are impacted, whether positively or negatively and exert significant influence on or are influenced by our businesses. They include investors, customers, suppliers, vendors, business partners, employees, local communities, governments, regulatory authorities, the media, NGOs and international bodies. These stakeholders all have a stake in our businesses and can affect them through direct or indirect influence. 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.

 See the Stakeholder Engagement and Value Creation section on pages 46 to 52 to find out more about our stakeholder engagement activities

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 207 to 210 of this Annual Report.

In discharging its duties, the GAC is assisted by the Group Corporate Assurance department.

- **Risk Management & Sustainability Committee (RMSC) (formerly known as Risk Management Committee):**

The RMSC assists the Board by:

- Setting and overseeing the implementation of the risk management and sustainability frameworks, policies and procedures in identifying and managing risks across the Group's business operations;
- Overseeing the formulation and implementation of policies and programmes to address the Group's key compliance risk areas;
- Evaluating and advising the Board on significant strategic activities and policies regarding sustainability practices and initiatives; and
- Overseeing responsibilities in relation to the Group's sustainability strategy and initiatives comprising of economic, environmental and social matters.

The RMSC is also entrusted to set the tone and culture towards effective risk management controls and sustainability strategies within the Group.

In discharging its responsibilities, the RMSC is assisted by the Group Risk and Compliance (GRC) and Group Safety & Sustainability (GSS) departments.

The activities of the RMSC are detailed on pages 215 to 216 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Management's responsibility includes but is not limited to:

- Implementing relevant policies and processes to identify, evaluate, monitor and report risks and internal controls;
- Ensuring appropriate and timely corrective actions are taken to strengthen internal controls and to minimise 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; and
- 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.

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 211 of this Annual Report.

D) Group Risk and Compliance Department (GRC)

GRC assists the Board, RMSC and GAC in discharging their risk management and compliance responsibilities. GRC is structured to provide adequate support to both GHO and the Divisions with regards 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 214 of this Annual Report.

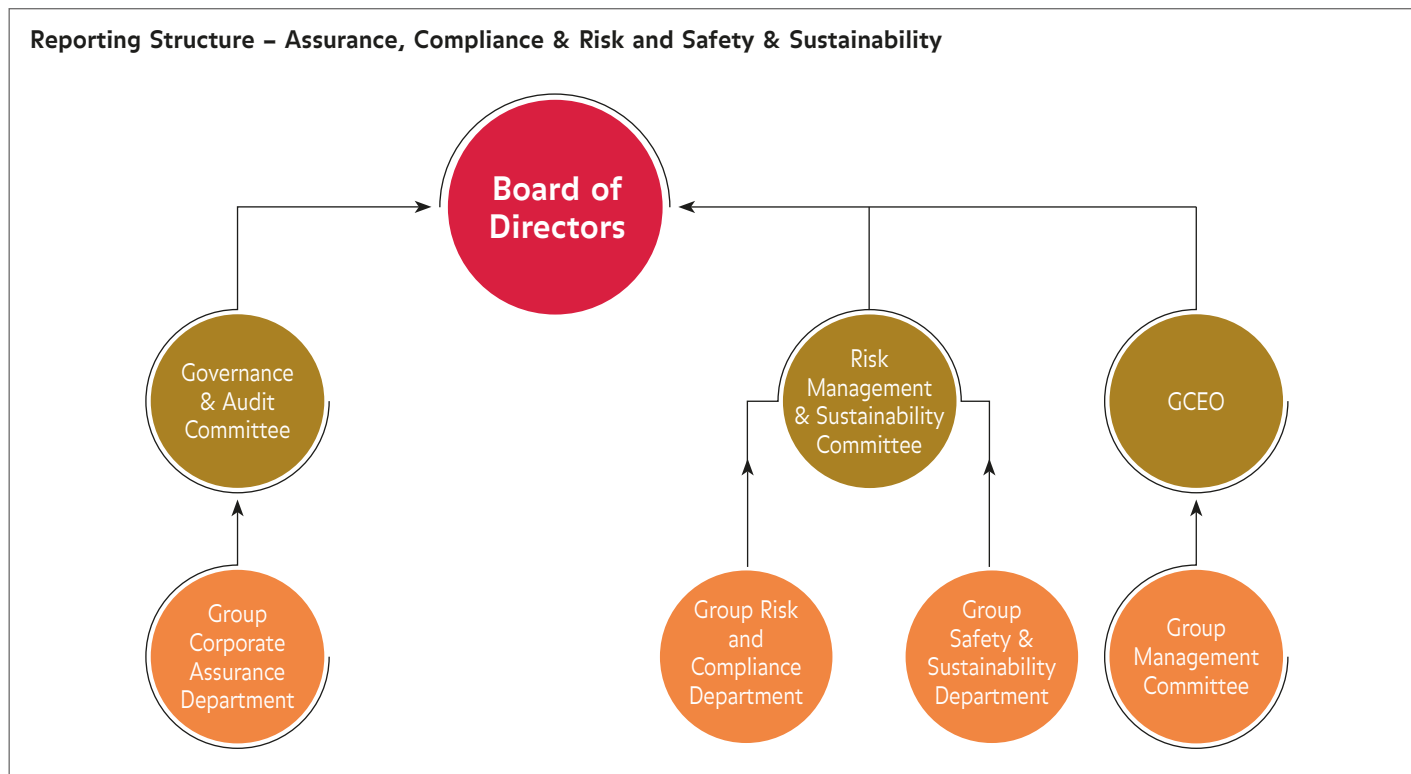
E) Group Safety & Sustainability (GSS)

GSS assists the Board, in discharging their safety and sustainability responsibilities. GSS is structured to provide support to both GHO and the Divisions with regards to Health, Safety and Environment (HSE) and sustainability.

GSS main role is provide reporting and assurance activities as well as programmes or undertakings to educate employees about the reporting requirements of safety and sustainability, and to manage external limited assurance that the Group's safety and sustainability metrics are accurately reported. Internal limited assurance of operations and activities compliance with key HSE regulatory requirements are undertaken via oversight, internal reporting, consultation, validation and monitoring of the Group's state of HSE compliance.

GSS also sets the strategic plan to guide the priorities and direction of the Group's safety and sustainability activities.

GSS's mandate and activities are on page 215 of this Annual Report.



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 RMSC, an ERM Framework which encapsulates the governance arrangements as well as assigns responsibility to relevant levels of management and operations.

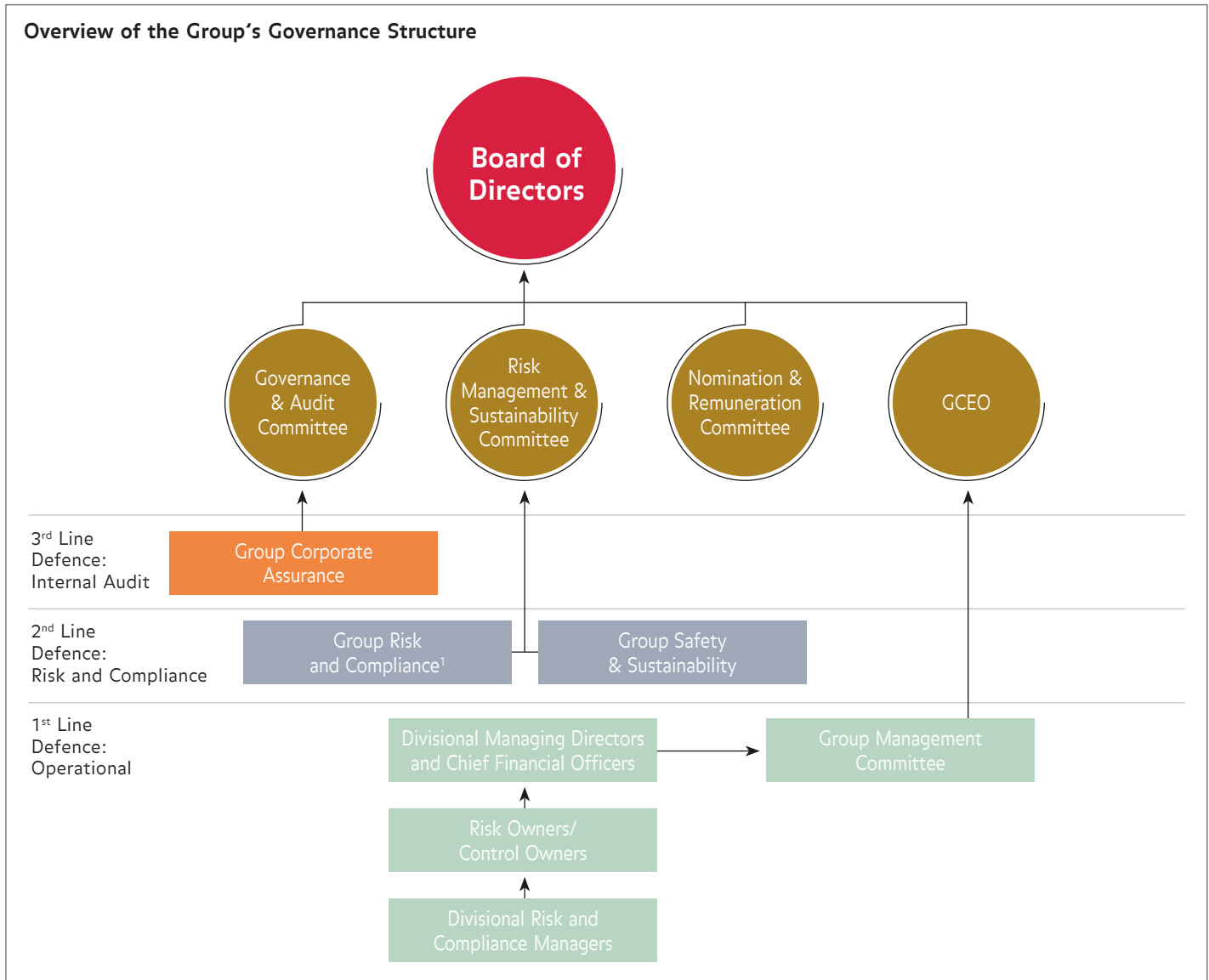
The implementation of the Framework is ultimately the responsibility of the GCEO and members of the Sime Darby Group Management Committee.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The diagram below provides an overview of the governance structure:



¹ Group Risk & Compliance reports to the GAC on matters related to Sime Darby's GPA, GPPA and COBC.

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.

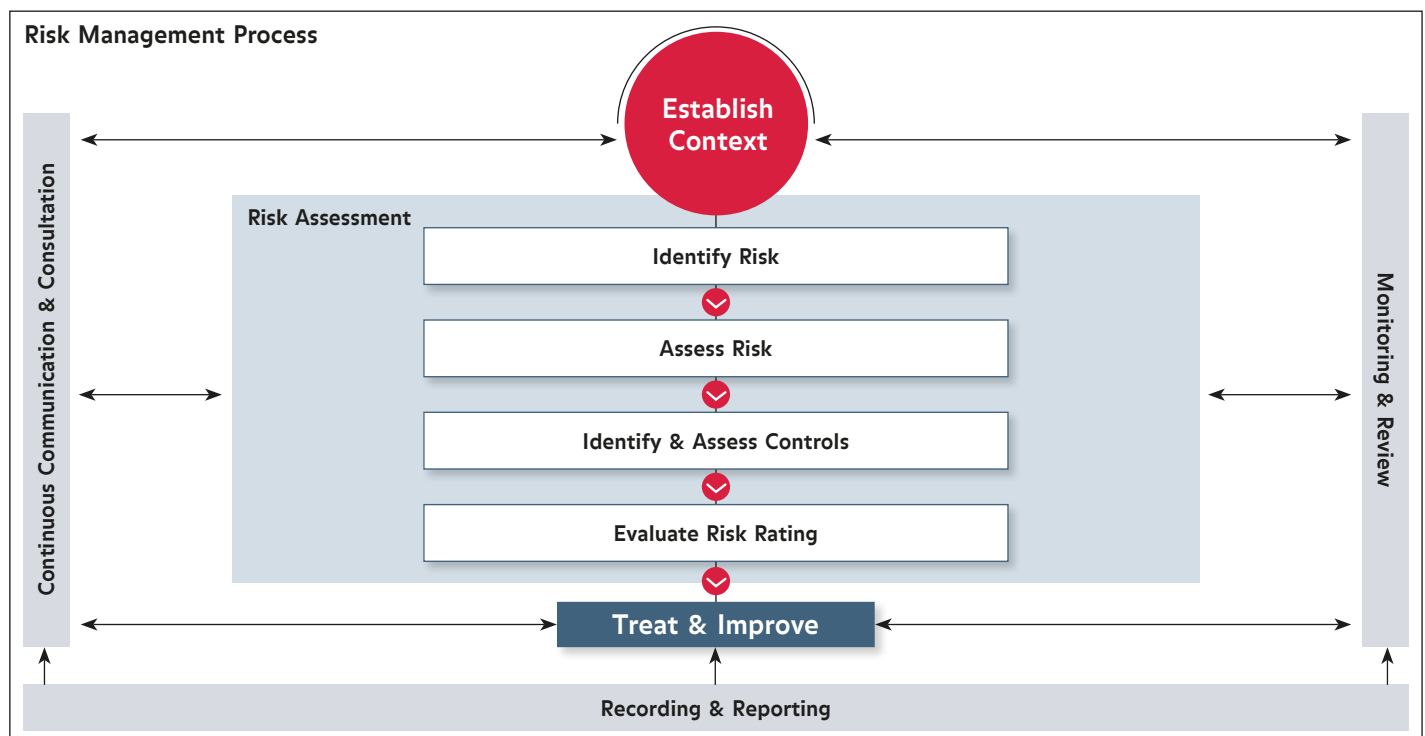
Risk Assessment Activities

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.



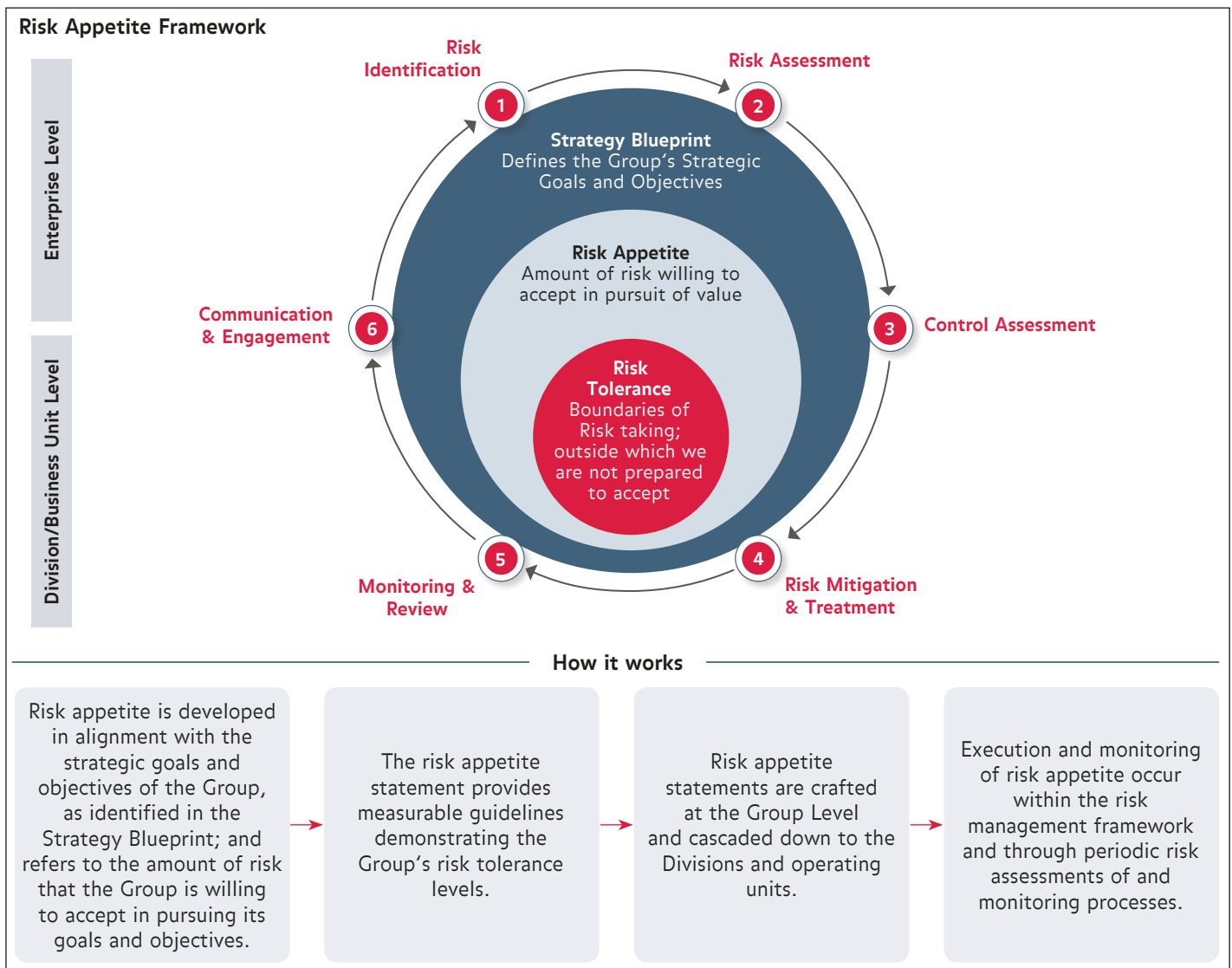
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK APPETITE

Risk appetite refers to the amount of risk an organisation is prepared to accept in pursuit of its strategic objectives. The Board, via the RMSC, 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 RMSC 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 the Group’s risk appetite statement. This is shown in the following diagram:



Any breaches of risk tolerance limits will be reported to the RMSC. 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 74 to 84 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/ 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 GPA was also revised to embed Environmental, Social and Corporate Governance (ESG) material matters in line with Sime Darby’s Sustainability Blueprint. 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. A declaration 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.

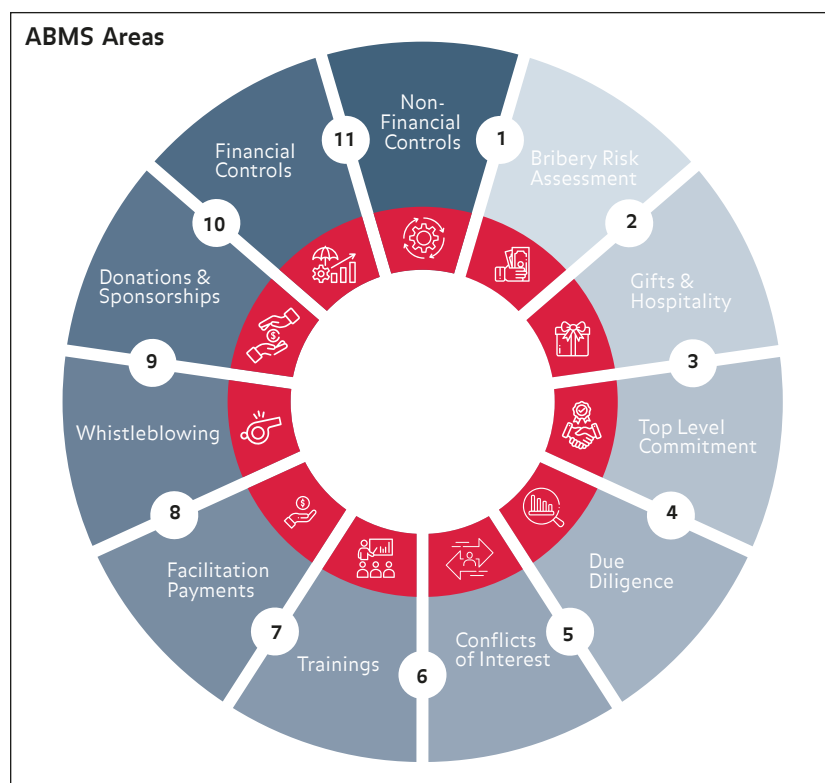
 https://www.simedarby.com/sites/default/files/cobc_public_feb_2022_final.pdf

Integrity, Anti-Bribery and Anti-Corruption

The Group implemented an Anti-Bribery and Anti-Corruption framework and various efforts have progressed since 2018. The Group’s COBC e-Learning was made available to all employees and is expected that all employees complete the program. The Group’s COBC demonstrates the Group’s core values to create a culture of ethical work environment.

The Group also has in place an Anti-Bribery and Anti-Corruption Policy as well as Anti Bribery Management System (ABMS) that covers 11 key areas guided by the requirements of the Adequate Procedure T.R.U.S.T Guidelines.

 The Anti-Bribery and Anti-Corruption Policy may be accessed https://www.simedarby.com/sites/default/files/anti-bribery_anti-corruption_policy_feb_2022_finalwebsite.pdf



The Group also developed and implemented an application, ‘yourTrust’, to automate the gifts, hospitality and donations process for all employees who give and receive any gifts, hospitality and donations from external parties. This application is made available on mobile as well as on web to provide convenience to employees.

GRC had formalised the appointment of Divisional Risk and Compliance Managers to assist GRC in risk and compliance matters including increasing the efficiency for the ongoing implementation and monitoring of compliance obligations (in particular, ABMS) throughout the Group’s operations.

In FY2021/2022, the Group had engaged with an external consultant to perform validation the Group’s ABMS to determine the adequacy of internal controls. The validation focuses on documentation reviews and implementation efforts by the Group. In FY2022/2023, it was independently validated that the Group’s ABMS is adequate and is of low risk with a strong anti-bribery and anti-corruption system in place.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In demonstrating top level commitment, an Anti-Bribery and Anti-Corruption Steering Committee (ABC Steering Committee) was established on 1 July 2020 chaired by the GCFO with members including the Group Secretary, Group Head – GRC, and Division Managing Directors. Numerous ABC Steering Committee meetings were convened since the establishment to share updates on the progress of continuous efforts for improvement of the Group's ABMS.

All other ABMS activities are provided in detail in the RMSC Chair Report on pages 212 to 217.

Whistleblowing Policy and Whistleblowing Mechanism/Channels

The Group's Whistleblowing Charter & Procedures (WCP) was enhanced to align and adopt the standards recommended by ISO 37002 with the objective to improve and promote an effective whistleblowing system. The WCP provides a structured end-to-end process in managing whistleblowing cases. These enhancements are made to ensure that confidentiality is preserved at all times, protection to the whistleblower is afforded at organisational level, and investigations are conducted transparently and impartially without compromising the standards of an effective whistleblowing management system.

More elaborated set of procedures are specified in the WCP and the policy on whistleblowing as set out in the GPA are available in the Group's Enterprise Portal.

The Group's whistleblowing mechanism and channels are managed by GRC, reporting directly to the Senior Independent Director to provide independence from Management. This is articulated in the WCP (as stated in the GPA), where whistleblowing can be reported either through emails, letters, calls or instant text messages.

A summary of all cases including trends and analysis are presented to the Board for notation twice a year.

 <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 operate. The GPPA states the key principles and procedures required in the procurement of goods and services within the Group. These key principles and procedures 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.

 <https://www.simedarby.com/operating-responsibly/procurement-vendor-governance>

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.

Enterprise Risk Management Framework

The Group has a formal enterprise risk management framework that has been approved by the RMSC. The framework encompasses supporting policies, standards and guidelines to guide risk assessment, evaluation and monitoring processes. Wherever appropriate, risk management practices are integrated into operating policies, procedures and guidelines.

Business Continuity

The Group has established a formal business continuity management (BCM) framework that describes the business continuity standard and guidelines. 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 other 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 25 September 2023.

ADDITIONAL COMPLIANCE INFORMATION

(In accordance with Appendix 9C of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad)

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit (including assurance related) fees paid or payable to PricewaterhouseCoopers PLT and member firms of PricewaterhouseCoopers International Limited, the auditors of the Company and Group, for work performed during the financial year are as follows:

	Audit Work (RM million)	Non-Audit Work (RM million)
Company	1	- ¹
Group	23	6

Note: ¹ Less than RM1 million

3. MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or its subsidiaries involving interests of Directors and major shareholders during the financial year.

4. CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company and/or its subsidiaries involving interests of Directors and major shareholders during the financial year.

5. SHARE BUY-BACK

The Company did not buy back any of its issued shares from the open market during the financial year.

6. PERFORMANCE-BASED EMPLOYEE SHARE SCHEME

The Performance-Based Employee Share Scheme for the eligible employees (including Executive Directors) of the Company and its subsidiaries (excluding subsidiaries which are dormant) ("PBESS") was approved by the shareholders at the Extraordinary General meeting held on 8 November 2012 and effected on 15 January 2013. The PBESS is in force for a maximum period of ten (10) years from the effective date and is administered by the Nomination & Remuneration Committee ("NRC") of the Board. The PBESS expired during the financial year.

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	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 eligible employees on 15 January 2019 and 15 January 2020 respectively.

The number of shares granted, vested, forfeited and outstanding since the implementation until the expiration of the PBESS were as follows:

Description	No. of Shares			
	Total		Executive Director	
	PS	RS	PS	RS
Granted	14,295,900	3,566,600	1,072,100	268,000
Forfeited	(2,110,800)	(350,800)	–	–
Lapsed	(2,190,100)	–	–	–
Multiplier adjustment	1,547,400	–	(124,400)	–
Vested	(11,542,400)	(3,215,800)	(947,700)	(268,000)
Outstanding	–	–	–	–

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 Sixteenth Annual General Meeting (“AGM”) held on 15 November 2022, 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 17 October 2022 (“RRPT Mandate”). The RRPT Mandate is valid until the conclusion of the forthcoming Seventeenth AGM of the Company to be held on 16 November 2023.

ADDITIONAL COMPLIANCE INFORMATION

(In accordance with Appendix 9C of the Main Market Listing Requirements of Bursa Securities Malaysia 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 2023 were as follows:

No.	Transacting companies in our Group	Transacting Related Party	Nature of Transaction	Related Party	Value of Transaction RM million
Transactions with Sime Darby Plantation Berhad ("SD Plantation") and its subsidiaries					
1.	Kumpulan Sime Darby Berhad ("KSDB")	SD Plantation	<ul style="list-style-type: none"> Leaseback of the Malaysia Vision Valley Land 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	13.2
2.	Sime Darby Malaysia Berhad	SD Plantation	<ul style="list-style-type: none"> Grant of a non-exclusive, non-assignable and non-transferable licence to use the "SIME DARBY" mark, Sime Darby Shield Device Logo, Shield Device, Sime Darby in Chinese Characters, the "DEVELOPING SUSTAINABLE FUTURES" tagline and the "DELIVERING SUSTAINABLE FUTURES" tagline worldwide, solely in the course of or in connection with SD Plantation's business 	ASB	2.0
3.	Sime Darby Rent-A-Car Sdn Bhd	SD Plantation and its subsidiaries	<ul style="list-style-type: none"> Car rental service income 		0.5
4.	Sime Darby Auto ConneXion Sdn Bhd	SD Plantation and its subsidiaries	<ul style="list-style-type: none"> Sale of motor vehicles, parts and services 		1.2
5.	<ul style="list-style-type: none"> Sime Darby Industrial Sdn Bhd Hastings Deering (PNG) Limited Hastings Deering (Solomon Islands) Limited 	SD Plantation and its subsidiaries	<ul style="list-style-type: none"> Sale of heavy equipment and spare parts and provision of maintenance services 		16.3
Total					33.2

No.	Transacting companies in our Group	Transacting Related Party	Nature of Transaction	Related Party	Value of Transaction RM million
Other					
1.	Inokom Corporation Sdn Bhd ("Inokom")	Mazda Malaysia Sdn Bhd ("Mazda Malaysia")	<ul style="list-style-type: none"> Rental income received from Mazda Malaysia[^] Contract manufacturing assembly fee received from Mazda Malaysia 	Bermaz Auto Berhad ("Bermaz") ²	94.5
		Bermaz Motor Trading Sdn Bhd ("Bermaz Motor Trading")	<ul style="list-style-type: none"> Rental income received from Bermaz Motor Trading* 		0.9
		Kia Malaysia Sdn Bhd ("Kia Malaysia")	<ul style="list-style-type: none"> Contract manufacturing assembly fees received from Kia Malaysia 		28.9
Total					124.3
Grand Total					157.5

Notes:

¹ ASB is a Major Shareholder of Sime Darby, holding 37.73% direct equity interest in Sime Darby as at the 30 June 2023. ASB is also a Major Shareholder of SD Plantation, holding 45.95% direct equity interest in SD Plantation as at 30 June 2023.

² Bermaz is a Major Shareholder of Inokom, holding 29.00% direct equity interest in Inokom and 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 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 as at the 30 June 2023.

[^] 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 seven years (ending December 2028) and 37 months (ending April 2024) respectively. The payment is made on a monthly basis.

* Designated areas at Inokom's property at Lot 38, Mukim Padang Meha, 09400 Padang Serai, Kulim, Kedah. The duration of the rental is three years (ending September 2024). The payment is made on a monthly basis.

[#] Location : The Malaysia Vision Valley Land in Labu, Negeri Sembilan.

Term : Three years ending 29 June 2026.

Rental Formula : The preceding month's average price of crude palm oil (CPO) per metric tonne for Malaysia x total planted area (in hectares)]/12. Average price of CPO refers to average Malaysian Palm Oil Board delivered CPO price.

Payment Term : Monthly basis on or before the seventh (7th) day of each calendar month.

The Company proposes to seek a renewal of the existing RRPT Mandate and a new mandate for additional recurrent related party transactions of a revenue or trading nature at its forthcoming Seventeenth AGM. The renewal of the existing RRPT Mandate and the new mandate, if approved by the shareholders, will be valid until the conclusion of the Company's next AGM.

Details of the RRPT Mandate and the new mandate being sought are provided in the Circular to Shareholders dated 18 October 2023.

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 2023, as presented on pages 247 to 386, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 the 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 25 September 2023.

BOARD APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements for the financial year ended 30 June 2023 are set out on pages 247 to 386. The preparation there of was supervised by the Group Chief Financial Officer and approved by the Board of Directors on 25 September 2023.

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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DIRECTORS' REPORT

The Directors have the pleasure of presenting the Directors' Report ("Report") together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

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. By way of relief order dated 12 July 2023 granted by the Companies Commission of Malaysia, the principal activities of subsidiaries as required under Section 253(2) of the Malaysian Companies Act 2016 have not been disclosed in this Report. The principal activities and details of subsidiaries, joint ventures and associates are disclosed in Note 54 to the financial statements and the said information is deemed incorporated herein by such reference and shall form part hereof.

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). The divestments were completed on 7 November 2022. As this transaction resulted in the Group's exit from the logistics business, the results and cash flows of the Logistics segment (defined in Note 47 to the financial statements) up to the completion date have been presented as discontinued 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 2023 were as follows:

	Group	Company
	RM million	RM million
Profit before interest and tax	2,141	921
Finance income	70	¹
Finance costs	(333)	¹
Profit before tax	1,878	921
Taxation	(484)	¹
Profit for the financial year from continuing operations	1,394	921
Profit for the financial year from discontinued operations	118	–
Profit for the financial year	1,512	921
Profit for the financial year attributable to owners of:		
– the Company		
– from continuing operations	1,340	921
– from discontinued operations	118	–
	1,458	921
– non-controlling interests		
– from continuing operations	54	–
– from discontinued operations	–	–
Profit for the financial year	1,512	921

¹ Less than RM1 million.

DIVIDENDS

Since the end of the previous financial year, the Company had paid the following dividends:

	RM'000
a. In respect of the financial year ended 30 June 2022, a second interim dividend of 7.5 sen per share was paid on 30 September 2022; and	511
b. In respect of the financial year ended 30 June 2023, a first interim dividend of 3.0 sen per share was paid on 31 March 2023	204
	715

The Board of Directors has declared a second interim dividend of 10.0 sen per ordinary share amounting to RM682 million in respect of the financial year ended 30 June 2023. The dividend is proposed to be payable on 29 September 2023 to shareholders whose names appears in the record of depositors as at the close of business on 8 September 2023.

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 5,679,100 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 new shares, the Company's issued and paid-up capital increased from 6,809,918,477 ordinary shares to 6,815,597,577 ordinary shares.

There were no other issuance of shares or debentures during the financial year.

PERFORMANCE-BASED EMPLOYEE SHARE SCHEME

The Company's PBESS was 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 were granted to eligible employees and executive directors of the Group. The PBESS was in force for a maximum period of ten (10) years from the effective date and is administered by the Nomination & Remuneration Committee ("NRC"). The PBESS expired during the financial year.

On 7 December 2022, the Company issued 3,440,300 new ordinary shares at an issue price of RM1.945 and 2,238,800 new ordinary shares at an issue price of RM2.283 under the PBESS of FY2019/20 ("Fourth Grant").

DIRECTORS' REPORT

PERFORMANCE-BASED EMPLOYEE SHARE SCHEME (CONTINUED)

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:

Fourth Grant	Number of shares	
	PS	RS
Grant date: 15 January 2020		
At 1 July 2022	6,009,200	505,100
Forfeited	(251,000)	(23,700)
Lapsed	(1,389,100)	-
Multiplier adjustment ¹	828,600	-
Vested	(5,197,700)	(481,400)
At 30 June 2023	-	-

¹ The actual number of shares vested under PS is subject to the level of achievement of the performance targets.

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	
Thayaparan Sangarapillai	
Tan Sri Ahmad Badri Mohd Zahir	
Tan Sri Muhammad Shahrul Ikram Yaakob	
Mohamad Idros Mosin	
Dato' Lee Cheow Hock Lawrence	
Moy Pui Yee	
Dato' Dr Nirmala Menon	
Dato' Jeffri Salim Davidson	
Scott William Cameron	(Appointed on 1 January 2023)
Edree Ahmad	(Alternate Director to Mohamad Idros Mosin) (Appointed on 15 June 2023)
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	(Appointed on 1 August 2023)
Dato' Sri Abdul Hamidy Abdul Hafiz	(Retired on 15 November 2022)
Dato' Ahmad Pardas Senin	(Retired on 15 November 2022)
Datuk Wan Selamah Wan Sulaiman	(Demised on 24 July 2023)

LIST OF DIRECTORS OF SUBSIDIARIES

By way of relief order dated 12 July 2023 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' REMUNERATION

Total Directors' remuneration incurred by the Group and the Company for the financial year ended 30 June 2023 were RM10 million (2022: RM10 million) and RM4 million (2022: RM4 million) respectively. In addition, the estimated monetary value of benefits-in-kind provided to Directors of the Group during the financial year amounted to RM0.02 million (2022: RM0.06 million). Further details are disclosed in Note 8 to the financial statements.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those arising from the PBESS as disclosed in the Directors' Interests in Shares.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 8 to the financial statements.

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM0.6 million, which covers the period up to November 2023 (2022: RM0.5 million, which includes the period up to November 2022).

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 2022/ Date of Appointment	Addition	As at 30 June 2023
Dato' Jeffri Salim Davidson	593,300	622,400 ¹	1,215,700
Scott William Cameron	28,700	-	28,700

¹ Shares vested pursuant to the PBESS.

	Grant Date	Grant Type	As at 1 July 2022	Vested	As at 30 June 2023
Dato' Jeffri Salim Davidson	15 January 2020	PS	574,400	(574,400)	-
		RS	48,000	(48,000)	-

DIRECTORS' REPORT

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 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.

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 discontinued operations amounted to RM23 million (2022: RM21 million), while total fees for assurance related and non-audit services for continuing and discontinued operations amounted to RM6 million (2022: RM4 million).

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 25 September 2023.

Signed on behalf of the Board of Directors:



Tan Sri Samsudin Osman
Chairman

25 September 2023



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

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 247 to 386 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 2023 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 25 September 2023.



Tan Sri Samsudin Osman
Chairman



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

25 September 2023

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

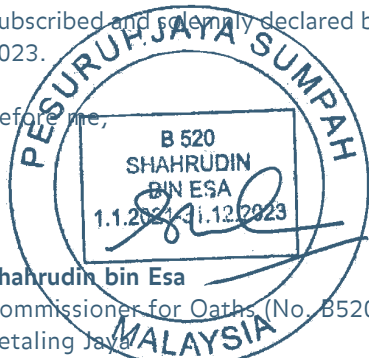
I, Mustamir Mohamad, the officer primarily responsible for the financial management of Sime Darby Berhad, do solemnly and sincerely declare that the financial statements set out on pages 247 to 386 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously 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 25 September 2023.

Before me,



Shahrudin bin Esa
Commissioner for Oaths (No. B520)
Petaling Jaya
Selangor

**B-1-08, Blok B, Oasis Square,
Ara Damansara, Jalan PJU 1A/7A,
47301 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 2023, 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 2023 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 247 to 386.

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.

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

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
<p>Acquisition of Onsite Rental Group Limited</p> <p>In April 2023, the Group acquired the entire equity interest in Onsite Rental Group Limited ("Onsite") for a total consideration of AUD690 million (RM2,035 million), consisting purchase consideration for the equity interest of AUD150 million (RM443 million), settlement of Onsite's borrowings of AUD498 million (RM1,467 million) and certain operating expenses of AUD42 million (RM125 million). Management assessed that the acquisition of Onsite qualified as a business combination based on the requirements of MFRS 3 "Business Combinations".</p> <p>Fair value of net assets acquired assumed on the date of acquisition was assessed via a purchase price allocation ("PPA") exercise.</p> <p>We focused on the above as the assumptions made in determining the fair value of the identifiable assets acquired and liabilities assumed are inherently uncertain and requires significant judgement.</p> <p>Refer to Note 3(a)(i) Significant Accounting Policies - Basis of Consolidation - Subsidiaries, Note 4(e) Critical Accounting Estimates and Judgement in Applying Accounting Policies - Recognition of fair value adjustments and intangible assets arising from acquisitions and Note 46(c)(ii) Acquisition of Subsidiaries and business.</p>	<p>We performed the following audit procedures:</p> <p>We obtained management's assessment of whether the acquisition of Onsite qualified as a business combination in accordance with the requirements of MFRS 3 "Business Combinations".</p> <p>We discussed with management the key assumptions underlying the cash flow projections used in the PPA exercise.</p> <p>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.</p> <p>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.</p> <p>We checked the purchase consideration to the share sale agreement.</p> <p>We obtained and reviewed the PPA report prepared by an external party for the acquisition of Onsite. We assessed the independence, objectivity and competence of management's expert by considering their professional background, reputation and experience in a similar industry.</p> <p>We involved our valuation expert to assess appropriateness of the methodology adopted by management in their PPA assessment on the acquisition of Onsite to ensure compliance with MFRS 13 "Fair Value Measurement".</p> <p>We checked the calculation of goodwill arising from the acquisition of Onsite, being the difference between the total purchase consideration and the fair values of identifiable net assets acquired.</p> <p>We checked the appropriateness of disclosures in the financial statements.</p> <p>Based on the procedures performed above, we did not identify any material exceptions.</p>

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Recoverability of indefinite useful life intangible assets' carrying amounts</p> <p>As at 30 June 2023, the Group's carrying amount of indefinite useful life intangible assets amounted to RM1,796 million. This includes goodwill and distribution/dealership rights of the Motors Division in Australia, and Heavy Equipment, Chroming and Onsite businesses of the Industrial Division in Australia of RM208 million and RM1,428 million, respectively. Other goodwill and various distribution/dealership rights amounted to RM160 million.</p> <p>Goodwill and intangible assets with indefinite useful life are subject to annual impairment testing based on the requirements in MFRS 136 "Impairment of Assets". Management's assessments on recoverability of the carrying amounts of goodwill and other intangible assets with indefinite useful lives involved significant estimates i.e. revenue growth, earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rates for indefinite life intangible assets in Industrial operations, terminal growth rates and discount rates as applicable. These judgement and assumptions are in inherently uncertain.</p> <p>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.</p> <p>Based on 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.</p> <p>We focused on the above as the assumptions made by the Group in determining the recoverable amounts are inherently uncertain and requires significant judgement.</p> <p>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.</p>	<p>We performed the following audit procedures:</p> <p>We assessed the appropriateness of the methodology adopted by management for impairment assessment in accordance with MFRS 136 "Impairment of Assets".</p> <p>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 available.</p> <p>We discussed with management the assumptions underlying the cash flow projections.</p> <p>We assessed the reliability of the approved budget by comparing the previous years' approved budget against past trends of actual results.</p> <p>We involved our valuation expert to assess the discount rates used in determining the recoverable amounts of CGUs.</p> <p>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.</p> <p>We checked the appropriateness of disclosures in the financial statements.</p> <p>Based on the procedures performed above, we did not identify any material exceptions.</p>

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 Statement on Risk Management and Internal Control, Directors' Report, Chairman's Statement on Corporate Governance, Nomination & Remuneration Committee Report, Governance & Audit Committee Report, Risk Management & Sustainability Committee Report, and Statement of Responsibility by the Board of Directors, which we obtained prior to the date of this auditors' report, and From The Desk Of Group Chief Executive Officer and other sections of the 2023 Sime Darby Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

- (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.
- (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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SIME DARBY BERHAD

(Incorporated in Malaysia)

Registration No. 200601032645 (752404-U)

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

02932/06/2022 J

Chartered Accountant

Kuala Lumpur

25 September 2023

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2023	2022	2023	2022
Continuing operations					
Revenue	6	48,288	42,502	987	697
Operating expenses	7	(46,868)	(40,955)	(66)	(60)
Other operating income	10	413	241	-	-
Impairment of financial assets (net)	11	(27)	(11)	-	-
Other gains and (losses)	12	214	(27)	-	-
Operating profit		2,020	1,750	921	637
Share of results of joint ventures	13	69	54	-	-
Share of results of associates	14	52	37	-	-
Profit before interest and tax		2,141	1,841	921	637
Finance income	15	70	39	⁻¹	⁻¹
Finance costs	16	(333)	(148)	⁻¹	⁻¹
Profit before tax		1,878	1,732	921	637
Taxation	17	(484)	(474)	⁻¹	⁻¹
Profit for the financial year from continuing operations		1,394	1,258	921	637
Discontinued operations					
Profit/(Loss) for the financial year from discontinued operations	18	118	(71)	-	-
Profit for the financial year		1,512	1,187	921	637
Profit/(Loss) for the financial year attributable to owners of:					
- the Company					
- from continuing operations		1,340	1,172	921	637
- from discontinued operations		118	(69)	-	-
		1,458	1,103	921	637
- non-controlling interests					
- from continuing operations		54	86	-	-
- from discontinued operations		-	(2)	-	-
		54	84	-	-
		1,512	1,187	921	637
Basic and diluted earnings/(loss) per share attributable to owners of the Company:					
- from continuing operations		19.7	17.2		
- from discontinued operations		1.7	(1.0)		
		21.4	16.2		

¹ Less than RM1 million.

The weighted average number of ordinary shares used to calculate the basic earnings per share was 6,813 million (2022: 6,807 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 258 to 386 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2023	2022	2023	2022
Profit for the financial year		1,512	1,187	921	637
Other comprehensive income/(loss):					
Continuing operations					
Items that may be reclassified subsequently to profit or loss					
Currency translation differences		290	(79)	-	-
Share of other comprehensive income/(loss) of joint ventures and associates		14	(4)	-	-
Net change in fair value of cash flow hedges		(11)	9	-	-
Taxation		2	(1)	-	-
		295	(75)	-	-
Reclassified to profit or loss:					
- currency translation differences on repayment of net investments		(29)	(6)	-	-
- changes in fair value of cash flow hedges as adjustment to revenue or other gains and (losses)		-	(3)	-	-
Reclassification of changes in fair value of cash flow hedges to inventories		14	3	-	-
Taxation		(3)	-	-	-
		277	(81)	-	-
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss on defined benefit pension plans		(8)	(1)	-	-
		(8)	(1)	-	-
Other comprehensive income/(loss) from continuing operations		269	(82)	-	-
Other comprehensive (loss)/income from discontinued operations	18	(95)	42	-	-
Total other comprehensive income/(loss)	20	174	(40)	-	-
Total comprehensive income for the financial year		1,686	1,147	921	637
Total comprehensive income/(loss) for the financial year attributable to owners of:					
- the Company					
- from continuing operations		1,610	1,087	921	637
- from discontinued operations		23	(27)	-	-
		1,633	1,060	921	637
- non-controlling interests					
- from continuing operations		53	89	-	-
- from discontinued operations		-	(2)	-	-
Total comprehensive income for the financial year		1,686	1,147	921	637

The notes on pages 258 to 386 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2023	2022	2023	2022
NON-CURRENT ASSETS					
Property, plant and equipment	21	7,990	5,740	–	–
Right-of-use assets	22	2,669	2,086	–	– ¹
Investment properties	23	258	267	–	–
Intangible assets	24	2,306	1,552	–	–
Subsidiaries	25	–	–	8,887	8,887
Joint ventures	13	828	765	–	–
Associates	14	347	298	–	–
Financial assets at fair value through profit or loss	27	66	140	–	–
Deferred tax assets	28	648	581	–	– ¹
Tax recoverable	29	–	34	–	–
Derivative assets	30	5	4	–	–
Receivables and other assets	31	296	217	–	–
		15,413	11,684	8,887	8,887
CURRENT ASSETS					
Inventories	32	11,454	9,159	–	–
Financial assets at fair value through profit or loss	27	78	41	–	–
Receivables and other assets	31	5,871	4,599	– ¹	– ¹
Contract assets	33	59	86	–	–
Amounts due from subsidiaries	26	–	–	1,128	857
Prepayments	34	920	1,084	– ¹	–
Tax recoverable	29	129	63	– ¹	–
Derivative assets	30	27	28	–	–
Bank balances, deposits and cash	35	3,086	1,772	85	150
		21,624	16,832	1,213	1,007
Disposal group and assets held for sale	36	3	1,713	–	–
TOTAL ASSETS		37,040	30,229	10,100	9,894

¹ Less than RM1 million.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2023	2022	2023	2022
EQUITY					
Share capital	37	9,330	9,318	9,330	9,318
Reserves	39	1,119	980	-	9
Retained profits		6,477	5,712	768	565
ATTRIBUTABLE TO OWNERS OF THE COMPANY		16,926	16,010	10,098	9,892
Non-controlling interests	40	357	361	-	-
TOTAL EQUITY		17,283	16,371	10,098	9,892
NON-CURRENT LIABILITIES					
Borrowings	41	2,246	376	-	-
Lease liabilities	42	2,162	1,657	-	-
Payables and other liabilities	43	74	82	-	-
Contract liabilities	33	198	180	-	-
Government grants	44	4	4	-	-
Provisions	45	31	29	-	-
Deferred tax liabilities	28	448	328	-	-
		5,163	2,656	-	-
CURRENT LIABILITIES					
Borrowings	41	3,611	2,607	-	-
Lease liabilities	42	435	389	-	- ¹
Derivative liabilities	30	27	46	-	-
Payables and other liabilities	43	7,384	5,514	2	2
Contract liabilities	33	2,567	1,940	-	-
Provisions	45	427	415	-	-
Tax payable		143	164	-	-
		14,594	11,075	2	2
Liabilities associated with disposal group	36	-	127	-	-
TOTAL LIABILITIES		19,757	13,858	2	2
TOTAL EQUITY AND LIABILITIES		37,040	30,229	10,100	9,894

¹ Less than RM1 million.

The notes on pages 258 to 386 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

Group 2023	Note	Share capital	Reserves ¹	Retained profits	Attributable to owners of the Company	Non- controlling interests	Total equity
At 1 July 2022		9,318	980	5,712	16,010	361	16,371
Profit for the financial year		-	-	1,458	1,458	54	1,512
Other comprehensive income/(loss) for the financial year	20	-	183	(8)	175	(1)	174
Total comprehensive income for the financial year		-	183	1,450	1,633	53	1,686
Transfer between reserves ²		-	19	(19)	-	-	-
Reclassification upon disposal of subsidiaries ³		-	(51)	51	-	-	-
Acquisition of non-wholly owned subsidiaries		-	-	-	-	18	18
Disposal of non-wholly owned subsidiaries		-	-	-	-	(9)	(9)
Issuance of shares under the performance-based employee share scheme		12	(12)	-	-	-	-
Transactions with owners:							
- issue of shares in a non-wholly owned subsidiary		-	-	-	-	4	4
- acquisition of non-controlling interests	46	-	-	(2)	(2)	(27)	(29)
- dividends paid by way of cash	19	-	-	(715)	(715)	(14)	(729)
- dividends payable		-	-	-	-	(29)	(29)
At 30 June 2023		9,330	1,119	6,477	16,926	357	17,283

¹ An analysis of the movements in each category within reserves is disclosed in Note 39.

² Mainly reclassification from retained profits to legal and capital reserves to reflect the restricted nature of the reserves at subsidiaries.

³ Reclassification upon disposal of the Weifang port companies (defined in Note 18 to the financial statements).

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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		-	-	(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.

Amounts in RM million unless otherwise stated

Company 2023	Note	Share capital	Share grant reserve	Retained profits	Total equity attributable to owners of the Company
At 1 July 2022		9,318	9	565	9,892
Profit for the financial year		–	–	921	921
Performance-based employee share scheme		–	– ¹	–	–
Issuance of shares under the performance-based employee share scheme		12	(12)	–	–
Transfer from retained profits		–	3	(3)	–
Transaction with owners: – dividends paid by way of cash	19	–	–	(715)	(715)
At 30 June 2023		9,330	–	768	10,098
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

¹ Less than RM1 million.

The notes on pages 258 to 386 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2023	2022	2023	2022
Cash flow from operating activities					
Profit for the financial year from continuing operations		1,394	1,258	921	637
Adjustments for:					
- dividend from subsidiaries		-	-	(987)	(697)
- dividend income from financial assets		(194)	(48)	-	-
- share of results of joint ventures and associates		(121)	(91)	-	-
- finance income		(70)	(39)	¹	¹
- finance costs		333	148	¹	¹
- taxation		484	474	¹	¹
- gain on disposals (net)		(179)	(3)	-	-
- impairment losses on receivables (net)		27	11	-	-
- impairment losses on non-financial assets (net)		1	2	-	-
- depreciation and amortisation		1,269	1,113	¹	¹
- inventory write-down and provision		213	73	-	-
- fair value loss on financial assets at fair value through profit or loss		5	4	-	-
- other non-cash items		(22)	9	-	-
		3,140	2,911	(66)	(60)
Changes in working capital:					
- inventories		(1,750)	(551)	-	-
- rental assets		(1,302)	(709)	-	-
- receivables and other assets		(657)	(736)	¹	-
- payables and other liabilities		1,824	300	-	-
Cash generated from/(used in) operations		1,255	1,215	(66)	(60)
Tax paid		(512)	(590)	¹	¹
Tax refunded		34	18	-	-
Dividends received from:					
- subsidiaries		-	-	1,053	389
- joint ventures and associates		32	21	-	-
- financial assets		194	48	-	-
Operating cash flow from continuing operations		1,003	712	987	329
Operating cash flow (used in)/from discontinued operations	18	(18)	104	-	-
Net cash flow from operating activities		985	816	987	329

¹ Less than RM1 million.

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2023	2022	2023	2022
Cash flow from investing activities					
Finance income received		57	26	-	-
Proceeds from sale of:					
- property, plant and equipment		55	29	-	-
- right-of-use assets		227	-	-	-
- other non-financial assets		64	20	-	-
Purchase of:					
- property, plant and equipment	21(d)	(758)	(605)	-	-
- other non-financial assets		(76)	(40)	-	-
Additions to financial assets at fair value through profit or loss		(12)	(46)	-	-
Proceeds from sale of financial assets at fair value through profit or loss		44	-	-	-
Acquisition of subsidiaries and business		(387) ¹	(163)	-	-
Subscription of shares in an associate		(9)	-	-	-
(Advances to)/Repayment of advances by subsidiaries (net)		-	-	(337)	545
Capital repayment by an associate		-	1	-	-
Investing cash flow (used in)/from continuing operations		(795)	(778)	(337)	545
Investing cash flow from/(used in) discontinued operations	18	1,319 ²	(111)	-	-
Net cash flow from/(used in) investing activities		524	(889)	(337)	545

¹ Includes part payment of the consideration payable for the acquisition of Salmon Earthmoving Holdings Pty Ltd of RM30 million.

² Investing cash flow from discontinued operations include proceeds from disposal of Weifang port companies. Refer to Note 18 for further details.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2023	2022	2023	2022
Cash flow from financing activities					
Proceeds from performance-based employee share scheme		–	–	– ¹	10
Purchase of additional interest in subsidiaries		(29)	(71)	–	–
Finance costs paid		(188)	(64)	–	–
Long term borrowings raised		2,186	355	–	–
Long term borrowings repaid		(248)	(104)	–	–
Short term Islamic financing and other short term borrowings raised (net)		822	761	–	–
Borrowings of acquired subsidiaries repaid		(1,467)	(101)	–	–
Repayment of lease liabilities		(580)	(525)	–	–
Dividends paid to shareholders		(715)	(884)	(715)	(884)
Dividends paid to non-controlling interests		(27) ²	(79) ³	–	–
Financing cash flow used in continuing operations		(246)	(712)	(715)	(874)
Financing cash flow used in discontinued operations	18	(4)	(4)	–	–
Net cash used in financing activities		(250)	(716)	(715)	(874)
Net increase/(decrease) in cash and cash equivalents		1,259	(789)	(65)	–
Foreign exchange differences		21	30	–	–
Cash and cash equivalents at beginning of the financial year		1,658	2,417	150	150
Cash and cash equivalents at end of the financial year [note (a)]		2,938	1,658	85	150
a. Cash and cash equivalents at end of the financial year:					
Bank balances, deposits and cash	35	3,086	1,772	85	150
Bank overdrafts	41	(148)	(252)	–	–
Cash and cash equivalents from continuing operations		2,938	1,520	85	150
Cash and cash equivalents included under disposal group	36	–	138	–	–
		2,938	1,658	85	150

¹ Less than RM1 million.

² Includes RM13 million declared in the financial year ended 30 June 2022.

³ Includes RM15 million declared in the financial year ended 30 June 2021.

Amounts in RM million unless otherwise stated

b. Reconciliation of liabilities arising from financing activities of the Group

	2023		2022	
	Borrowings	Lease liabilities	Borrowings	Lease liabilities
At 1 July	2,983	2,046	1,827	1,907
Long term borrowings raised	2,186	-	355	-
Long term borrowings repaid	(248)	-	(104)	-
Short term Islamic financing and other short term borrowings raised (net)	822	-	761	-
Repayment of lease liabilities	-	(580)	-	(525)
Overdraft raised disclosed as cash and cash equivalents (net)	(108)	-	201	-
Acquisition of subsidiaries	1,467	160	101	38
Borrowings of acquired subsidiaries repaid	(1,467)	-	(101)	-
Addition/modification/termination of leases	-	828	-	575
Finance costs [Note 16]	191	98	49	81
Finance costs paid	(152)	-	(48)	-
Exchange differences	183	45	(58)	(30)
At 30 June	5,857	2,597	2,983	2,046

Breakdown of finance costs paid of continuing operations:

	2023	2022
Borrowings	152	48
Payables and others	36	16
	188	64

The notes on pages 258 to 386 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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) 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). The divestments were completed on 7 November 2022. As this transaction resulted in the Group's exit from the logistics business, the results and cash flows of the Logistics segment up to the completion date have been presented as discontinued 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 2022:

- Annual improvements to MFRS standards 2018 – 2020: Amendments to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' and illustrative examples accompanying MFRS 16 'Lease incentives'
- Amendments to MFRS 3 'Reference to conceptual framework'
- Amendments to MFRS 116 'Proceeds before intended use'
- Amendments to MFRS 137 'Onerous contracts – cost of fulfilling a contract'

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.

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

Standards, amendments to published standards and interpretations that are effective for the financial year beginning on or after 1 July 2023, where the Group and Company are still assessing their impact to the Group's and Company's financial statements in the year of initial application:

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17 – 'Insurance contracts and amendments to MFRS 17'
- Amendments to MFRS 17 'Initial application of MFRS 17' and MFRS 9 – 'Comparative information'
- 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'
- Amendments to MFRS 112 'International tax reform – Pillar Two model rules'. The Group has applied the temporary relief which is effective from 1 January 2023. Applying the temporary relief, the Group does not need to recognise or disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 'Lease liability in a sale and leaseback'
- Amendments to MFRS 101 'Classification of liabilities as current or non-current'
- Amendments to MFRS 101 'Non-current liabilities with covenants'
- Amendments to MFRS 107 and MFRS 7 'Supplier finance arrangements'

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 'Lack of Exchangeability'

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'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Basis of consolidation (continued)

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.

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.

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Included in rental assets of the Group are vehicles and equipments. 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 lease 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 (land and buildings) for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 'Leases' 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Leases (continued)

Group as a lessee (continued)

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	Up to 99 years
Buildings	4% to 50%
Vehicles, equipment, fixtures and rental assets	4% to 50%

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.

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Leases (continued)

Group as a lessee (continued)

ii. Lease liabilities (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 'Investment Property' 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.

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 fulfil commercial and technical feasibility criteria are capitalised at cost.

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Intangible assets (continued)

iii. Other intangible assets (continued)

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 discontinued 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 discontinued 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 2023

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”) – Debt and Equity instruments

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.

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Derivatives and hedging activities (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Impairment (continued)

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.

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.

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Impairment (continued)

iii. Impairment of financial assets and contract assets (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

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.

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Employee costs (continued)

iii. Defined benefit pension plans (continued)

Actuarial gains or losses arising from market adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

t. Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Performance obligations by segment are as follows:

i. Industrial

Industrial segment revenue consists of sale and installation of equipment, sale of parts, provision of after-sales services and engineering services.

(a) Sale and installation of equipment, parts and provision of after-sales maintenance

Revenue from sale of equipment and after-sales maintenance are recognised respectively in the period in which the customer accepts the delivery of the goods and services rendered.

Contracts that bundle the sale of equipment, after-sales maintenance, provision of parts credit and extended warranty are recognised as four distinct performance obligations for revenue recognition purposes. Parts credit represents prepaid amounts for equipment parts which customers will redeem in the future. Credit is given together with the sale of machine based on negotiated terms with the customer. Revenue from parts credit is recognised upon utilisation of credit for parts exchange.

Contracts that bundle the sale and installation of generator sets are recognised as a single performance obligation as the installation includes a significant integration service. Revenue is recognised progressively based on the percentage of completion determined by reference to the completion of the physical proportion of contract work to-date.

There is no significant financing component in the revenue arising from sale and installation of equipment, parts and provision of after-sales maintenance as almost all sales are made on the normal credit terms not exceeding 12 months.

(b) Extended warranty programme

The Group operates an extended warranty programme where customers are given additional 12-month warranty in addition to the standard warranty. Revenue for the extended warranty is recognised in the period in which the warranty services are rendered. No element of financing is deemed present as the sales are made on normal credit terms. Obligations to repair or replace faulty products under standard warranty terms is recognised as a provision.

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)

(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.

(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) and a right to returned goods (with corresponding adjustment to cost of sales) are 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 and parts to customers and control of the vehicle and parts has transferred, being when the vehicles and parts are delivered to the customer.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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)

(a) Sale of vehicles and parts (continued)

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).

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. Therefore, revenue from sale of parts is reported with the performance of after-sales services. 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.

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Revenue recognition (continued)

Performance obligations by segment are as follows: (continued)

iii. Logistics (discontinued 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).

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.

Amounts in RM million unless otherwise stated

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w. Taxation (continued)

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.

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 2023

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 intangible assets are set out in Note 24 to the financial statements.

During the financial year, impairment of non-financial assets totalling RM1 million (2022: RM2 million) in continuing operations and RM41 million (2022: RM107 million) in discontinued operations were charged and no impairment (2022: Nil) was reversed to profit or loss, as disclosed in Notes 12 (continuing operations) and 18 (discontinued 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. During the year, the Group has made a provision on the total tax recoverable in relation to withholding taxes recoverable from the Indian tax authorities leading to Nil balance as at 30 June 2023 (2022: RM34 million). 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.

c. 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.

Amounts in RM million unless otherwise stated

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

c. Revenue recognition on maintenance income, extended warranties and parts credit (continued)

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.

d. 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 options are disclosed in Note 42.

e. Recognition of fair value adjustments and intangible assets arising from acquisitions

During the financial year, the Group acquired Onsite Rental Group Limited ("Onsite") and a purchase price allocation ("PPA") exercise was undertaken which involves assumptions in determining the fair value of the identifiable assets acquired and liabilities assumed. The fair value of net assets of Onsite acquired excluding borrowings and operating expenses settled was RM1,524 million (including RM381 million attributed to fair value adjustments), while RM511 million was recognised as goodwill. Details of the acquisition are set out in Note 46.

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 of Directors 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial Risk Management (continued)

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 2023, 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 0.9% (2022: 1.5%) and 3.9% (2022: 11.5%) respectively. The borrowings raised to fund the Onsite acquisition is on floating rates and has yet to be hedged. The remaining borrowings are mostly for short term working capital funding. Details of the percentages of fixed rate borrowings over total borrowings are disclosed in Note 50(b).

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.

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 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:

2023	Industrial	Motors	Others	Total
Malaysia	235	742	65	1,042
China ¹	262	209	–	471
Other countries in Asia	100	228	1	329
Australasia ²	1,287	589	–	1,876
	1,884	1,768	66	3,718
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

The Group has no significant concentration of credit risk.

¹ China consists of Mainland 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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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)

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 2023			Net carrying amount
	Gross trade receivables	Expected credit loss rate (%)	Impairment	
<u>Industrial Division</u>				
Current	1,332	0.5	(7)	1,325
Past due by				
– 1 to 30 days	301	3.0	(9)	292
– 31 to 60 days	97	4.1	(4)	93
– 61 to 90 days	64	10.9	(7)	57
– 91 to 180 days	120	21.7	(26)	94
– more than 181 days	85	72.9	(62)	23
Individually assessed	8	100.0	(8)	–
Total	2,007		(123)	1,884
<u>Motors Division</u>				
Current	343	0.0	–	343
Past due by				
– 1 to 30 days	996	0.6	(6)	991
– 31 to 60 days	286	0.9	(3)	283
– 61 to 90 days	67	0.7	(1)	66
– 91 to 180 days	63	2.2	(1)	62
– more than 181 days	35	32.3	(11)	23
Total	1,790		(22)	1,768

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)

	30 June 2022			Net carrying amount
	Gross trade receivables	Expected credit loss rate (%)	Impairment	
<u>Industrial Division</u>				
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
<u>Motors Division</u>				
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.

Net trade receivables of RM66 million (2022: RM52 million) relates to the Others segment and the total impairment for these receivables is RM1 million (2022: RM1 million).

The impairment of finance lease receivables has been assessed to be immaterial as at 30 June 2023 and 30 June 2022.

The impairment of contract assets (carrying value of RM59 million (2022: RM86 million)) has been assessed to be immaterial.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 was RM5 million (2022: RM3 million).
- Assembly purchases and expenses recoverable – these are goods purchased or expenses incurred in relation to the assembly business that can be recovered from customers. These amounts are categorised as performing as they are assessed to have low credit risk. The impairment loss is considered immaterial.
- Warranty and parts claims 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.

During the financial year ended 30 June 2023, other receivables amounting to RM66 million in relation to advances for a groundwater development project which was fully impaired in previous financial years has been written off as management has ascertained that there is no reasonable prospect of recovery. Management has assessed and determined that the remaining other receivables were recoverable and adequate loss allowance has been recognised.

The amounts due from joint ventures and associates are largely categorised as performing taking into consideration the credit risks of the joint ventures and associates.

Amounts in RM million unless otherwise stated

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 2023 was RM885 million (2022: RM548 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 RM242 million (2022: 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:

	2023			
	Trade receivables	Rebates from principals	Other receivables	Total
As at 1 July 2022	123	3	74	200
Impairment losses	84	2	1	87
Reversal of impairment losses	(57)	–	(3)	(60)
Write-offs	(9)	–	(66)	(75)
Exchange differences	5	–	–	5
At 30 June 2023	146	5	6	157

	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

a. Financial Risk Management (continued)

iii. Credit risk (continued)

Reconciliation of impairment of loans to joint venture:

	2022
As at 1 July	1
Reclassified to disposal group	(1)
At 30 June	-

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 RM11 million (2022: RM20 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 2023, the Group's total cash and cash equivalents was RM2,938 million (2022: RM1,658 million) which includes cash in hand and deposits held at call with banks, net of bank overdrafts. As at 30 June 2023, the Company had total cash and cash equivalents of RM85 million (2022: 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.

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.

Amounts in RM million unless otherwise stated

5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

b. Capital Management (continued)

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.

	2023	2022
Borrowings [Note 41]	5,857	2,983
Lease liabilities [Note 42]	2,597	2,046
Total Debt	8,454	5,029
Total Equity	17,283	16,371
Total Debt/Equity ratio	0.49	0.31

Ratio 2 is calculated as Total Debt divided by Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA").

	2023	2022
Total Debt	8,454	5,029
Operating profit from continuing operations	2,020	1,750
Add: Depreciation and amortisation [Note 7]	1,269	1,113
Add/(Less): Other losses/(gains) [Note 12]	(214)	27
Adjusted EBITDA of continuing operations	3,075	2,890
Adjusted EBITDA of discontinued operations	21	83
Adjustment to annualise adjusted EBITDA of Onsite	325	-
Adjusted EBITDA	3,421	2,973
Debt/Adjusted EBITDA ratio	2.47	1.69

ii. Externally imposed capital requirements

The Group maintains a debt to equity ratio that complies with the applicable debt covenants as at 30 June 2023 and 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

6 REVENUE

Revenue comprise the following:

	Group		Company	
	2023	2022	2023	2022
Revenue from contracts with customers	47,190	41,565	–	–
Revenue from other sources				
– rental income	1,098	937	–	–
– dividend income from subsidiaries	–	–	987	697
	48,288	42,502	987	697

Analysis of the Group's revenue from contracts with customers:

2023	Industrial	Motors	Others	Total
<u>Segment revenue</u>				
Sale of equipment and vehicles	6,788	26,077	–	32,865
Sale of parts, assembly charges and provision of after-sales services	8,827	4,566	–	13,393
Engineering services	282	–	–	282
Commission, handling fees and others	–	610	40	650
	15,897	31,253	40	47,190
<u>Geographical market</u>				
Malaysia	912	6,525	35	7,472
China ¹	2,539	14,527	–	17,066
Other countries in Asia	763	4,761	5	5,529
Australasia ²	11,683	5,440	–	17,123
	15,897	31,253	40	47,190
<u>Timing of revenue recognition</u>				
– at a point in time	12,528	26,982	27	39,537
– over time	3,369	4,271	13	7,653
	15,897	31,253	40	47,190

¹ China consists of Mainland China, Hong Kong, Macau and Taiwan.

² Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands.

Amounts in RM million unless otherwise stated

6 REVENUE (CONTINUED)

Analysis of the Group's revenue from contracts with customers: (continued)

2022	Industrial	Motors	Others	Total
<u>Segment revenue</u>				
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
<u>Geographical market</u>				
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
<u>Timing of revenue recognition</u>				
– 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 Mainland 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 RM1,903 million (2022: RM1,913 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 receipts of the Group, showing the undiscounted lease payments to be received after the reporting date and includes operating lease income recognised as other operating income (Note 10):

	Group	
	2023	2022
Within 1 year	692	360
Between 1-2 years	231	95
Between 2-3 years	82	64
Between 3-4 years	35	37
Between 4-5 years	12	19
After 5 years	4	23
Total undiscounted lease receipts	1,056	598

Included in revenue is RM189 million (2022: RM162 million) arising from subleasing of right-of-use assets.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

7 OPERATING EXPENSES

	Group		Company	
	2023	2022	2023	2022
<u>Direct costs</u>				
Finished goods, work in progress and other direct overheads	39,077	34,334	–	–
Inventory write-down and provision [Note 32]	213	73	–	–
Raw materials and consumables	749	364	–	–
Engineering contract costs	81	115	–	–
	40,120	34,886	–	–
<u>Directors and employees costs</u>				
Salaries, fees, allowances, overtime and bonus	3,529	3,318	4	4
Defined contribution pension plans	276	252	–	–
Termination benefits	9	9	–	–
Performance-based employee share scheme	– ¹	4	–	–
Training, insurance and other benefits	995	859	–	–
	4,809	4,442	4	4
<u>Depreciation and amortisation</u>				
Amortisation:				
– intangible assets	83	76	–	–
Depreciation:				
– property, plant and equipment	723	604	–	–
– right-of-use assets	456	426	– ¹	– ¹
– investment properties	7	7	–	–
	1,269	1,113	– ¹	– ¹

¹ Less than RM1 million.

Amounts in RM million unless otherwise stated

7 OPERATING EXPENSES (CONTINUED)

	Group		Company	
	2023	2022	2023	2022
<u>Leases</u>				
Short-term leases	97	77	¹	-
Lease of low-value assets	12	7	-	-
	109	84	¹	-
<u>General expenses</u>				
Auditors' remuneration [Note 9]	29	24	1	1
Management fee charged by a subsidiary	-	-	58	53
Other expenses	532	406	3	2
	561	430	62	56
	46,868	40,955	66	60

¹ Less than RM1 million.

8 DIRECTORS' REMUNERATION

	Group		Company	
	2023	2022	2023	2022
<u>Executive Director</u>				
Emoluments and benefits	5	5	-	-
Defined contribution pension plans	1	1	-	-
Performance-based employee share scheme	¹	¹	-	-
	6	6	-	-
<u>Non-Executive Directors</u>				
Fees and benefits	4	4	4	4
	10	10	4	4

¹ Less than RM1 million.

Estimated monetary value of benefits-in-kind of the Executive Director amounted to less than RM0.01 million (2022: RM0.03 million) for the Group. Estimated monetary value of benefits-in-kind of Non-Executive Directors amounted to RM0.02 million (2022: RM0.03 million).

During the financial year, the Group sold vehicles to Directors and their close family members for RM0.7 million (2022: RM1.3 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 2023 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.

NOTES TO THE FINANCIAL STATEMENTS

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9 AUDITORS' REMUNERATION

	Group		Company	
	2023	2022	2023	2022
<u>Fees for statutory audits</u>				
PricewaterhouseCoopers PLT Malaysia	4	3	1	1
Member firms of PricewaterhouseCoopers International Limited	19	17	–	–
Other audit firms	¹	¹	–	–
	23	20	1	1
<u>Fees for assurance related services</u>				
PricewaterhouseCoopers PLT Malaysia	¹	1	¹	¹
Member firms of PricewaterhouseCoopers International Limited	–	¹	–	–
	¹	1	¹	¹
<u>Fees for non-audit services</u>				
PricewaterhouseCoopers PLT Malaysia	¹	¹	–	–
Member firms of PricewaterhouseCoopers International Limited	6	3	–	–
	6	3	–	–
	29	24	1	1

¹ Less than RM1 million.

Fees for statutory audits provided by the Company's auditors and its member firms to discontinued operations amounted to Nil (2022: RM0.6 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.

Amounts in RM million unless otherwise stated

10 OTHER OPERATING INCOME

	Group	
	2023	2022
Dividend income from financial assets	194	48
Operating lease income ¹	52	53
Government grant income ²	34	40
Sales of scrap	31	18
Forfeiture of customer deposits	17	11
Other miscellaneous income	85	71
	413	241

¹ Operating lease income is primarily from the leasing of properties by entities 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/territories relating to COVID-19.

11 IMPAIRMENT OF FINANCIAL ASSETS (NET)

	Group	
	2023	2022
<u>Receivables</u>		
- Impairment of receivables	87	78
- Reversal of impairment of receivables	(60)	(67)
	27	11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

12 OTHER GAINS AND (LOSSES)

	Group	
	2023	2022
Net foreign currency exchange gain/(loss):		
– realised foreign exchange gain arising from repayment of net investments	29	6
– other foreign exchange loss	(5)	(32)
Fair value gain/(loss):		
– derivatives	10	1
– financial assets at FVTPL	(5)	(4)
Gain on disposal of:		
– property, plant and equipment	6	6
– right-of-use assets	179	–
Loss on disposal of:		
– property, plant and equipment	(6)	(2)
– associate	–	(1)
Impairment of:		
– property, plant and equipment	–	(2)
– intangible assets	(1)	–
Net gain on lease modifications/terminations	7	1
	214	(27)

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:

	2023			2022		
	Material joint venture	Others	Total	Material joint venture	Others	Total
Share of results	57	12	69	45	9	54
Share of other comprehensive income/(loss)	4	(4)	–	2	(1)	1
Share of total comprehensive income	61	8	69	47	8	55
Unquoted shares, at costs	595	11	606	595	11	606
Share of post-acquisition reserves	164	58	222	103	56	159
	759	69	828	698	67	765

Amounts in RM million unless otherwise stated

13 JOINT VENTURES – GROUP (CONTINUED)

a. Material joint venture

In the opinion of the Board of 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.

Summarised financial information

The summarised statement of comprehensive income of the material joint venture are as follows:

	2023	2022
	RSDH	RSDH
Revenue	1,293	1,148
Depreciation and amortisation	(120)	(111)
Profit before interest and tax	182	155
Interest income	1	1
Interest expense	(18)	(14)
Profit before tax	165	142
Taxation	(52)	(49)
Profit for the financial year	113	93
Non-controlling interests	-	(3)
Profit attributable to joint venturers	113	90
Other comprehensive income	9	4
Total comprehensive income	122	94
Dividend received	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

13 JOINT VENTURES – GROUP (CONTINUED)**a. Material joint venture (continued)**Summarised financial information (continued)

The summarised statement of financial position of the material joint venture are as follows:

	2023	2022
	RSDH	RSDH
Non-current assets	1,620	1,620
<u>Current assets</u>		
Cash and cash equivalents	62	67
Other current assets	269	232
	331	299
<u>Non-current liabilities</u>		
Borrowings	(318)	(390)
Other non-current liabilities	(112)	(143)
	(430)	(533)
<u>Current liabilities</u>		
Borrowings	(5)	-
Other current liabilities	(262)	(254)
	(267)	(254)
Net assets	1,254	1,132

The summarised statement of comprehensive income and statement of financial position reflect the amounts presented in the financial statements of the joint venture adjusted for fair value adjustments at date of acquisition.

Amounts in RM million unless otherwise stated

13 JOINT VENTURES – GROUP (CONTINUED)

a. Material joint venture (continued)

Reconciliation

Reconciliation of the summarised financial information presented to the carrying amounts of the Group's interest in the material joint venture are as follows:

	2023	2022
	RSDH	RSDH
<u>Net assets</u>		
At 1 July	1,132	1,054
Total comprehensive income	122	94
Acquisition of non-controlling interests	–	(16)
At 30 June	1,254	1,132
Group's interest (%)	50.0	50.0
Interest in joint venture	627	566
Goodwill ¹	132	132
Carrying amount at end of the financial year	759	698

¹ Goodwill relates to the Group's retained interest in RSDH following the disposal of the Group's healthcare business in June 2013.

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 classified under disposal group in the prior year as disclosed in Note 51.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

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:

	2023	2022
Share of results	52	37
Share of other comprehensive income/(loss)	14	(5)
Share of total comprehensive income	66	32
Unquoted shares, at costs	175	166
Share of post-acquisition reserves	175	135
Unrealised profit on transactions with associates	(2)	(2)
Impairment losses	(1)	(1)
	347	298

a. Material associate

In the opinion of the Board of Directors, there are no associates that are material to the Group.

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	
	2023	2022
Interest income from:		
– banks and other financial institutions	39	9
– discontinued operations ¹	4	4
– other interest income	2	1
Islamic profit distribution	12	13
	57	27
Accretion of discount on receivables	13	12
	70	39

¹ Eliminated at Group (combined continuing and discontinued operations).

The Company's finance income was from banks and other financial institutions and the amount is less than RM1 million (2022: less than RM1 million).

Amounts in RM million unless otherwise stated

16 FINANCE COSTS

	Group	
	2023	2022
Interest expense payable to banks and other financial institutions	184	49
Islamic financing distribution payment	7	¹
Interest on borrowings	191	49
Interest expense on leases	98	81
Interest on payables and others	46	18
Total finance costs	335	148
Interest capitalised in property, plant and equipment	(2)	-
Net finance costs	333	148

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 (2022: less than RM1 million).

17 TAXATION

	Group		Company	
	2023	2022	2023	2022
Income tax:				
In respect of current year				
– Malaysian income tax	89	59	¹	¹
– foreign income tax	283	439	-	-
In respect of prior years				
– Malaysian income tax	9	1	¹	-
– foreign income tax	33	¹	-	-
Total income tax	414	499	¹	¹
Deferred tax:				
– origination and reversal of temporary differences	90	4	¹	¹
– deferred tax on unremitted earnings	(1)	(14)	-	-
– effects of recognition of previously unrecognised temporary differences and temporary differences not recognised	(19)	(15)	-	-
Total deferred tax	70	(25)	¹	¹
Total tax expense	484	474	¹	¹

¹ Less than RM1 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

17 TAXATION

Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense is as follows:

	Group		Company	
	2023	2022	2023	2022
Profit before tax	1,878	1,732	921	637
Less: Share of results of joint ventures	(69)	(54)	–	–
Share of results of associates	(52)	(37)	–	–
	1,757	1,641	921	637
Applicable tax	437	430	221	153
Withholding tax and additional tax on foreign income	23	28	–	–
Effects of tax incentives and non-taxable income:				
– non-taxable dividends	(47)	(12)	(237)	(167)
– tax incentives and other income	(37)	(12)	–	–
Effects of non-deductible expenses	84	64	16	14
Effects of income subject to different tax rates	2	4	–	–
Effects of deferred tax on unremitted earnings	(1)	(14)	–	–
Effects of deferred tax assets not recognised and previously unrecognised deferred taxes	(19)	(15)	–	–
Under provision in prior years	42	1	–	–
Tax expense for the financial year	484	474	– ¹	– ¹
Applicable tax rate (%)	24.9	26.2	24.0	24.0
Effective tax rate (%)	27.5	28.9	– ²	– ²

¹ Less than RM1 million.

² Less than 0.1%.

The Group's effective tax rate of 27.5% for the financial year ended 30 June 2023 was higher than the applicable tax rate of 24.9%, mainly due to the impact of non-deductible expenses, deferred tax not recognised for certain tax losses, withholding taxes and adjustments to tax expense relating to prior years, partly offset by non-taxable income and dividend income.

The Group's effective tax rate of 28.9% for the financial year ended 30 June 2022 was higher than the applicable tax rate of 26.2%, mainly due to the effects of non-deductible expenses.

Amounts in RM million unless otherwise stated

18 DISCONTINUED 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

The divestments were completed on 7 November 2022. As this transaction resulted in the Group’s exit from the logistics business, the results and cash flows of the Logistics segment up to the completion date have been presented as discontinued operations in the financial statements of the Group. The previous year associated assets and liabilities are presented as a disposal group in Note 36 to the financial statements.

Analysis of the results and cash flow information of the discontinued operations are as follows:

	Group	
	2023	2022
<u>Statement of Profit or Loss</u>		
Revenue	58	187
Operating expenses	(40)	(167)
Other operating income	3	15
Other gains and (losses)	91	(107)
Operating profit/(loss)	112	(72)
Share of results of associate and joint ventures ²	– ¹	32
Profit/(Loss) before interest and tax	112	(40)
Finance income	6	17
Finance costs	(4)	(4)
Profit/(Loss) before tax	114	(27)
Taxation	4	(44) ³
Profit/(Loss) for the financial year	118	(71)
Profit/(Loss) for the financial year attributable to owners of the:		
– the Company	118	(69)
– non-controlling interests	–	(2)
	118	(71)

¹ Less than RM1 million.

² Includes impairment of Weifang Sime Darby Liquid Terminal Co., Ltd. (“WSDLT”) of RM1 million (2022: reversal of impairment of RM56 million) and reversal of impairment of Weifang Sime Darby West Port Co., Ltd. (“WSDWP”) of RM1 million (2022: impairment of RM20 million).

³ 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

18 DISCONTINUED OPERATIONS (CONTINUED)

Significant operating expenses and other gains and losses of the discontinued operations are as follows:

	2023	2022
<u>Operating expenses</u>		
Depreciation and amortisation	–	48
Employee costs	17	48
Stevedoring and transportation expenses	13	48
<u>Other gains and (losses)</u>		
Gain on disposal of subsidiaries	141	–
Gain on disposal of joint ventures	6	–
Fair value gain on financial assets at FVTPL	2	6
Foreign exchange loss	(17)	(6)
Impairment of property, plant and equipment	(41)	(107)

The Group carried out an impairment assessment of the Weifang port companies during the financial year ended 30 June 2023 and 30 June 2022. The review led to an impairment of property, plant and equipment of RM41 million (2022: RM107 million), an impairment of RM1 million for the investment in WSDLT (2022: reversal of impairment of RM56 million) and a reversal of impairment of RM1 million for the investment in WSDWP (2022: impairment of RM20 million). The assessment was based on the fair value less costs to sell (“FVLCS”) model.

The key assumptions used in the prior year assessment are:

- The present value of the consideration of RMB1,920 million (approximately RM1,262 million) for the respective Weifang port companies;
- Expected dividends 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.

Amounts in RM million unless otherwise stated

18 DISCONTINUED OPERATIONS (CONTINUED)

	Group	
	2023	2022
<u>Statement of Comprehensive Income</u>		
Profit/(Loss) for the financial year	118	(71)
Other comprehensive income/(loss):		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Currency translation differences	27	38
Share of other comprehensive income of joint ventures	1	4
	28	42
Reclassified to profit or loss:		
Currency translation differences on:		
– disposal of subsidiaries	(123)	–
Other comprehensive (loss)/income for the financial year	(95)	42
<hr/>		
Total comprehensive income/(loss) for the financial year	23	(29)
<hr/>		
Total comprehensive income/(loss) for the financial year attributable to owners of:		
– the Company	23	(27)
– non-controlling interests	–	(2)
	23	(29)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

18 DISCONTINUED OPERATIONS (CONTINUED)

Significant operating expenses and other gains and losses of the discontinued operations are as follows: (continued)

	Group	
	2023	2022
<u>Statement of Cash Flows</u>		
Net cash (used in)/from operating activities	(18)	104
Net cash from/(used in) investing activities	1,319 ¹	(111)
Net cash used in financing activities	(4)	(4)
Net increase/(decrease) in cash and cash equivalents	1,297	(11)

¹ Includes net cash inflow from disposal of subsidiaries and joint ventures.

19 DIVIDENDS PAID IN CASH

	Group/Company	
	2023	2022
Second interim dividend of 7.5 sen per share for the financial year ended 30 June 2022, paid on 30 September 2022 (2021: 8.0 sen per share, paid on 30 September 2021)	511	544
Special interim dividend of 1.0 sen per share for the financial year ended 30 June 2021, paid on 30 September 2021	–	68
First interim dividend of 3.0 sen per share for the financial year ended 30 June 2023, paid on 31 March 2023 (2022: 4.0 sen per share, paid on 11 May 2022)	204	272
	715	884

The Board of Directors has declared a second interim dividend of 10.0 sen per ordinary share (amounting to RM682 million) in respect of the financial year ended 30 June 2023. The dividend will be paid on 29 September 2023.

Amounts in RM million unless otherwise stated

20 OTHER COMPREHENSIVE INCOME/(LOSS) – GROUP

Other comprehensive income/(loss) and the tax effects are analysed as follows:

2023	Attributable to owners of the Company				Non-controlling interests	Total	Tax effects	Net of tax
	Hedging reserve	Exchange reserve	Retained profits	Total				
Currency translation differences	-	291	-	291	(1)	290	-	290
Net change in fair value of cash flow hedges	(11)	-	-	(11)	-	(11)	2	(9)
Share of other comprehensive (loss)/income of joint ventures and associates	(4)	18	-	14	-	14	-	14
Reclassified to profit or loss:								
- currency translation differences on repayment of net investments	-	(29)	-	(29)	-	(29)	-	(29)
Reclassification of changes in fair value of cash flow hedges to inventories	14	-	-	14	-	14	(3)	11
Actuarial loss on defined benefit pension plans	-	-	(8)	(8)	-	(8)	-	(8)
Other comprehensive (loss)/income before tax	(1)	280	(8)	271	(1)	270	(1)	269
Taxation	(1)	-	-	(1)	-	(1)		
Other comprehensive (loss)/income from continuing operations	(2)	280	(8)	270	(1)	269		
Other comprehensive loss from discontinued operations	-	(95)	-	(95)	-	(95)		
Total other comprehensive income/(loss) after tax	(2)	185	(8)	175	(1)	174		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

20 OTHER COMPREHENSIVE INCOME/(LOSS) – GROUP (CONTINUED)

Other comprehensive income/(loss) and the tax effects are analysed as follows: (continued)

2022	Attributable to owners of the Company				Non-controlling interests	Total	Tax effects	Net of tax
	Hedging reserve	Exchange reserve	Retained profits	Total				
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 discontinued operations	-	42	-	42	- ¹	42		
Total other comprehensive income/(loss) after tax	7	(49)	(1)	(43)	3	(40)		

¹ Less than RM1 million.

Amounts in RM million unless otherwise stated

21 PROPERTY, PLANT AND EQUIPMENT – GROUP

2023	Freehold land	Buildings	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
At 1 July 2022	520	2,364	303	1,606	680	267	5,740
Acquisition of subsidiaries and business	-	9	3	1,199	11	-	1,222
Additions	13	130	62	1,302	263	299	2,069
Disposals	-	(3)	(4)	-	(32)	(16)	(55)
Reclassification	-	16	65	8	103	(192)	-
Depreciation	-	(99)	(68)	(371)	(185)	-	(723)
Exchange differences	12	57	6	116	9	9	209
Transfer to:							
- inventories	-	-	-	(469)	-	-	(469)
- finance lease receivables	-	-	-	-	-	(3)	(3)
At 30 June 2023	545	2,474	367	3,391	849	364	7,990
Cost	545	3,616	1,069	4,140	2,102	364	11,836
Accumulated depreciation	-	(1,103)	(694)	(741)	(1,249)	-	(3,787)
Accumulated impairment losses	-	(39)	(8)	(8)	(4)	-	(59)
Carrying amount at end of the financial year	545	2,474	367	3,391	849	364	7,990

NOTES TO THE FINANCIAL STATEMENTS

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Amounts in RM million unless otherwise stated

21 PROPERTY, PLANT AND EQUIPMENT – GROUP (CONTINUED)

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	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

At 1 July 2021	Freehold land	Buildings	Plant and machinery	Rental assets	Vehicles, equipment and fixtures	Capital work in progress	Total
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	512	3,199	366	1,302	663	183	6,225

Amounts in RM million unless otherwise stated

21 PROPERTY, PLANT AND EQUIPMENT – GROUP (CONTINUED)

a. Capital work in progress

RM2 million of interest expense was capitalised during the financial year ended 30 June 2023 (2022: Nil).

b. Assets pledged as security

Property, plant and equipment with a total carrying amount of RM66 million (2022: RM59 million) were pledged as security for borrowings (see Note 41).

c. Impairment losses and reversal of impairment losses

In the financial year ended 30 June 2022, a review of the recoverable amount of the property, plant and equipment of certain subsidiaries led to the recognition of an impairment of RM109 million, of which RM107 million related to discontinued operations. Details of the impairment assessment of discontinued operations 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:

	2023	2022
Additions for the financial year	2,069	1,345
Add/(Less):		
Net changes in payables for purchase of property, plant and equipment	(9)	2
Net changes in prepayment for purchase of property, plant and equipment	2	(5)
Additions to rental assets, included as changes in working capital in the statements of cash flows	(1,302)	(709)
Unrealised profit adjustment for purchase of property, plant and equipment from a joint venture	–	2
Interest expense capitalised in capital work in progress	(2)	–
Total cash payments during the financial year	758	635
Total cash payments during the financial year by:		
– continuing operations	758	605
– discontinued operations	–	30
	758	635

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22 RIGHT-OF-USE ASSETS – GROUP

2023	Leasehold land	Buildings	Vehicles, equipment and fixtures	Rental assets	Total
At 1 July 2022	498	1,407	82	99	2,086
Acquisition of subsidiaries and business [Note 46]	–	139	21	–	160
Additions	161	452	81	130	824
Disposals	¹	–	–	–	¹
Terminations/modifications	45	(9)	10	(4)	42
Depreciation	(50)	(259)	(61)	(86)	(456)
Reclassification from receivables	–	2	–	–	2
Sublease arrangement	–	(22)	–	(20)	(42)
Exchange differences	27	20	3	3	53
At 30 June 2023	681	1,730	136	122	2,669
Cost	1,091	2,420	303	233	4,047
Accumulated depreciation	(305)	(690)	(167)	(111)	(1,273)
Accumulated impairment losses	(105)	–	–	–	(105)
Carrying amount at end of the financial year	681	1,730	136	122	2,669

¹ Less than RM1 million.

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	–	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

Amounts in RM million unless otherwise stated

22 RIGHT-OF-USE ASSETS – GROUP (CONTINUED)

At 1 July 2021	Leasehold land and sea-use rights	Buildings	Vehicles, equipment and fixtures	Rental assets	Total
Cost	969	1,570	190	293	3,022
Accumulated depreciation	(240)	(370)	(94)	(150)	(854)
Accumulated impairment losses	(130)	–	–	–	(130)
Carrying amount	599	1,200	96	143	2,038

In financial year 2022, the Company's ROU assets comprise of vehicle leased from a subsidiary with carrying amount of less than RM1 million.

a. Impairment losses

The accumulated impairment losses were recognised in the financial year ended 30 June 2021 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. Development of the land has not commenced. 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 for both financial year ended 30 June 2023 and 30 June 2022 were as follows:

- The development parameters can be developed strictly in accordance with the plans and specifications provided without any further revisions and amendments;
- The lease modification of relevant portion of the property has been approved by the Lands Department; and
- For the purpose of assessing the gross development value and investment value, the Group has adopted the maximum roofed area. For the remaining agricultural lots of the property, it is assumed that the site areas are true and correct, fit for valuation purposes, and from reliable sources.

No impairment was required for the financial year ended 30 June 2023 and 30 June 2022.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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23 INVESTMENT PROPERTIES – GROUP

2023	Freehold land	Leasehold land	Buildings	Total
At 1 July 2022	44	25	198	267
Depreciation	-	(1)	(6)	(7)
Transfer to assets held for sale	(2)	-	-	(2)
At 30 June 2023	42	24	192	258
Cost	42	38	254	334
Accumulated depreciation	-	(14)	(61)	(75)
Accumulated impairment losses	-	-	(1)	(1)
Carrying amount at end of the financial year	42	24	192	258

2022	Freehold land	Leasehold land	Buildings	Total
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

At 1 July 2021

Cost	45	38	254	337
Accumulated depreciation	-	(12)	(49)	(61)
Accumulated impairment losses	-	-	(1)	(1)
Carrying amount	45	26	204	275

The fair value of investment properties as at 30 June 2023 was RM2,030 million (2022: RM2,940 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:

	2023	2022
Rental income	21	25
Direct operating expenses	(4)	(3)

Amounts in RM million unless otherwise stated

24 INTANGIBLE ASSETS – GROUP

2023	Acquired				Total	Internally generated assets ¹	Total intangible assets
	Goodwill	Distribution/ dealership rights	Computer software	Customer relationships, trademarks and others			
At 1 July 2022	274	902	69	38	1,283	269	1,552
Acquisition of subsidiaries and business	513	49	7	180	749	–	749
Additions	–	–	19	–	19	–	19
Amortisation	–	–	(16)	(10)	(26)	(57)	(83)
Impairment losses	(1)	–	–	–	(1)	–	(1)
Exchange differences	34	25	(1)	9	67	3	70
At 30 June 2023	820	976	78	217	2,091	215	2,306
Cost	994	976	153	254	2,377	591	2,968
Accumulated amortisation	–	–	(75)	(36)	(111)	(376)	(487)
Accumulated impairment losses	(174)	–	–	(1)	(175)	–	(175)
Carrying amount at end of the financial year	820	976	78	217	2,091	215	2,306

2022	Acquired				Total	Internally generated assets ¹	Total intangible assets
	Goodwill	Distribution/ dealership rights	Computer software	Customer relationships, trademarks and others			
At 1 July 2021	267	928	54	44	1,293	336	1,629
Acquisition of subsidiary	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

¹ Internally generated assets consist of computer software and development costs.

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24 INTANGIBLE ASSETS – GROUP (CONTINUED)

At 1 July 2021	Acquired				Total	Internally generated assets ¹	Total intangible assets
	Goodwill	Distribution/ dealership rights	Computer software	Customer relationships, trademarks and others			
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

¹ Internally generated assets consist of computer software and development costs.

a. Material intangible assets

In the opinion of the Board of Directors, intangible assets and their carrying amounts which are material to the Group are as follows:

Segment	Investment	Intangible asset	Carrying amount	
			2023	2022
Industrial	Heavy equipment business	Goodwill	43	41
		Distribution rights	743	724
	Chroming business	Goodwill	106	104
		Onsite Rental	Goodwill	536
		Customer relationships	184	-
	New enterprise resource planning system	Computer software	215	269
Motors	Australia	Goodwill	50	48
		Dealership rights	158	154

Goodwill, distribution rights, dealership rights and customer relationships

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 Onsite Rental goodwill and customer relationships arose from the acquisition of the Onsite Rental Group Limited 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.

Amounts in RM million unless otherwise stated

24 INTANGIBLE ASSETS – GROUP (CONTINUED)

a. Material intangible assets (continued)

Computer software

The internally generated computer software is in relation to the enterprise resource planning system which was developed for the Industrial Division and has been rolled out to all its dealerships in the different regions.

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:

	2023	2022
Discount rates (%) per annum	9.0	9.0
Range of forecast growth rates (%):		
– revenue	(3) – 2	1 – 5
– earnings before interest, tax, depreciation and amortisation (“EBITDA”)	(8) – 5	2 – 9
– terminal	2.5	2.5

Based on management’s assessment, no impairment charge is required on the carrying value of the goodwill and distribution rights for the heavy equipment business of the Industrial operations in Australasia in the current and previous financial years. Management believes that there is no reasonable possible change in any key assumption that would cause the carrying amounts of the CGUs to materially exceed the recoverable amounts in the current and previous financial years.

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:

	2023	2022
Discount rates (%) per annum	10.5	9.0
Range of forecast growth rates (%):		
– revenue	5 – 11	6 – 12
– EBITDA	(17) – 24	11 – 51 ¹
– terminal	2.5	2.5

¹ The EBITDA growth for Year 1 of 51% were due to the low EBITDA base in Year 0. Excluding this, the EBITDA growth would have ranged from 11 – 24%.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

24 INTANGIBLE ASSETS – GROUP (CONTINUED)

b. Intangible assets with indefinite useful lives (continued)

Chroming business goodwill (continued)

Based on management's assessment, no impairment charge is required on the carrying value of the goodwill of the chroming business of the Industrial operations in Australia. Management believes that there is no reasonable possible change in any key assumption that would cause the carrying amount of the CGU to materially exceed the recoverable amount.

Onsite Rental goodwill

The recoverable amount of the CGU is determined based on the CGU's fair value less cost to sell. The key assumptions used for the impairment assessment are as follows:

	2023
Discount rate (%) per annum	11.0
Forecast growth rates (%):	
– revenue (average growth rate)	3.1
– terminal	2.5

Based on management's assessment, no impairment charge is required on the carrying value of the goodwill of Onsite Rental. 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 year.

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:

	2023	2022
Discount rates (%) per annum	12.0	9.9
Range of forecast growth rates (%):		
– revenue	5 – 34	2 – 29
– terminal	2.5	2.5

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:

	2023	2022
Discount rates (%) per annum	12.0	9.9
Range of forecast growth rates (%):		
– revenue	6 – 21	2 – 12
– terminal	2.5	2.5

Amounts in RM million unless otherwise stated

24 INTANGIBLE ASSETS – GROUP (CONTINUED)

b. Intangible assets with indefinite useful lives (continued)

Australia Motors goodwill and dealership rights – Sydney operations (continued)

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 and previous financial years.

The remaining goodwill and distribution/dealership rights allocated to other CGUs amounted to RM85 million (2022: RM81 million) and RM75 million (2022: RM24 million) respectively. Based on impairment assessments performed by management, no further impairment was required for the current and previous financial years except for the impairment recognised during the year of RM1 million (2022: Nil).

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 RM83 million (2022: RM76 million) was recorded in profit or loss.

25 SUBSIDIARIES – COMPANY

The Company’s equity interest in subsidiaries, their respective principal activities and countries of incorporation are disclosed in Note 54.

	2023	2022
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

	2023	2022
Current	1,128	857

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 RM242 million. The advances to SDHB of RM885 million (2022: RM548 million) are classified as current as these amounts are short term advances which are expected to be settled in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

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Amounts in RM million unless otherwise stated

27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

2023	Unquoted shares	Others	Total
At 1 July 2022	167	14	181
Additions	12	–	12
Disposal	(44)	–	(44)
Distribution	–	(6)	(6)
Changes in fair value	(4)	1	(3) ¹
Exchange differences	3	1	4
At 30 June 2023	134	10	144

2022	Unquoted shares	Others	Total
At 1 July 2021	145	1	146
Additions	33	13	46
Disposal	(16)	–	(16)
Changes in fair value	2	–	2 ¹
Exchange differences	3	–	3
At 30 June 2022	167	14	181

¹ Inclusive of fair value gain recognised under discontinued operations amounted to RM2 million (2022: RM6 million).

The fair value of Jining Port and Shipping Port Services Co Ltd is based on present value of the proceeds expected from the divestment in the next year (2022: 2 years). The carrying value as at 30 June 2023 was RM78 million (2022: RM117 million).

The financial assets at fair value through profit or loss is categorised as follows:

	Group	
	2023	2022
Non-current	66	140
Current	78	41
	144	181

Amounts in RM million unless otherwise stated

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	
	2023	2022
Deferred tax assets	648	581
Deferred tax liabilities	(448)	(328)
	200	253
Deferred taxes expected to be realised within 12 months	279	273
Deferred taxes expected to be realised after 12 months	(79)	(20)
	200	253
Tax losses for which the tax effects have not been recognised in the financial statements		
– Expiring within 10 years	1,354	1,563
– With no expiry period	437	428
	1,791	1,991

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the time limit to carry forward unutilised tax losses in Malaysia is 10 consecutive years (2022: 10 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 RM90 million (2022: 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 RM211 million (2022: RM182 million) would be payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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:

2023	Property, plant and equipment and investment properties	Intangible assets	Receivable impairment and provisions	Tax losses and unabsorbed capital allowances	Others	Total
At 1 July 2022	154	(363)	288	129	45	253
(Charged)/Credited to profit or loss ¹	(121)	17	50	1	19	(34)
Charged to other comprehensive income	-	-	-	-	(1)	(1)
Acquisition of subsidiaries and business	(16)	(59)	68	-	-	(7)
Exchange differences	(7)	(11)	5	1	1	(11)
At 30 June 2023	10	(416)	411	131	64	200
Deferred tax assets (before offsetting)	276	-	411	131	121	939
Deferred tax liabilities (before offsetting)	(266)	(416)	-	-	(57)	(739)
Net deferred tax assets/(liabilities)	10	(416)	411	131	64	200

	Deferred tax before offsetting	Offsetting	Deferred tax after offsetting
Deferred tax assets	939	(291)	648
Deferred tax liabilities	(739)	291	(448)
Net deferred tax assets	200	-	200

¹ Inclusive of deferred tax expense credited to profit or loss under discontinued operations of RM36 million.

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: (continued)

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 ¹	5	(3)	(62)	40	1	(19)
Charged to other comprehensive income	-	-	-	-	(1)	(1)
Acquisition of subsidiary	(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			

¹ Inclusive of deferred tax expense charged to profit or loss under discontinued operations of RM44 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

29 TAX RECOVERABLE

	Group	
	2023	2022
Non-current	-	34
Current	129	63
	129	97

30 DERIVATIVE ASSETS/LIABILITIES – GROUP

The Group's derivative assets and liabilities are as follows:

	2023			2022		
	Derivative assets	Derivative liabilities	Net	Derivative assets	Derivative liabilities	Net
<u>Non-current</u>						
Derivatives not designated as hedges:						
– forward foreign exchange contracts [note (a)]	4	-	4	-	-	-
Cash flow hedges:						
– interest rate swap contracts [note (b)]	1	-	1	4	-	4
	5	-	5	4	-	4
<u>Current</u>						
Derivatives not designated as hedges:						
– forward foreign exchange contracts [note (a)]	12	(1)	11	1	-	1
Cash flow hedges:						
– forward foreign exchange contracts [note (a)]	12	(26)	(14)	24	(46)	(22)
– interest rate swap contracts [note (b)]	3	-	3	3	-	3
	27	(27)	-	28	(46)	(18)
Total	32	(27)	5	32	(46)	(14)

Amounts in RM million unless otherwise stated

30 DERIVATIVE ASSETS/LIABILITIES – GROUP (CONTINUED)

These derivatives are entered into to hedge foreign currency and interest rate risks as described in Note 5(a)(i) and Note 5(a)(ii). 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.

a. Forward foreign exchange contracts

Forward foreign exchange contracts have been entered into with the following notional amounts and maturities:

	2023 Maturities		Total	2022 Maturities
	Less than 1 year	1 year to less than 3 years		Less than 1 year
Forward contracts used to hedge anticipated sales denominated in:				
– United States Dollar	1,030	–	1,030	912
– other currencies	82	–	82	40
	1,112	–	1,112	952
Forward contracts used to hedge receivables and financial assets at FVTPL denominated in:				
– United States Dollar	211	–	211	157
– European Union Euro	9	–	9	7
– Chinese Renminbi	106	113	219	–
– other currencies	3	–	3	47
	329	113	442	211
Forward contracts used to hedge intercompany balances denominated in:				
– Chinese Renminbi	39	–	39	31
	39	–	39	31
Forward contracts used to hedge anticipated purchases denominated in:				
– United States Dollar	975	4	979	671
– European Union Euro	410	–	410	210
– Australian Dollar	324	–	324	497
– other currencies	88	–	88	69
	1,797	4	1,801	1,447

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Amounts in RM million unless otherwise stated

30 DERIVATIVE ASSETS/LIABILITIES – GROUP (CONTINUED)

a. Forward foreign exchange contracts (continued)

Forward foreign exchange contracts have been entered into with the following notional amounts and maturities: (continued)

	2023 Maturities		Total	2022 Maturities
	Less than 1 year	1 year to less than 3 years		Less than 1 year
Forward contracts used to hedge payables and commitments denominated in:				
– United States Dollar	774	–	774	563
– European Union Euro	3	–	3	29
– Australian Dollar	67	–	67	124
– other currencies	22	–	22	47
	866	–	866	763
Forward contracts used to hedge inventories where the payment was denominated in:				
– United States Dollar	76	–	76	–
	76	–	76	–
Forward contracts used to hedge borrowings denominated in:				
– United States Dollar	–	–	–	14
Total notional amount	4,219	117	4,336	3,418
Net fair value (liabilities)/assets	(3)	4	1	(21)

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 2023	Fair value assets 2023	Notional amount 2022	Fair value assets 2022
Maturity periods:				
– less than 1 year	129	3	141	3
– 1 year to less than 3 years	49	1	156	4
	178	4	297	7

Amounts in RM million unless otherwise stated

31 RECEIVABLES AND OTHER ASSETS

	Group		Company	
	2023	2022	2023	2022
<u>Non-current</u>				
Trade receivables ¹	6	10	–	–
Finance lease receivables [note (a)]	96	98	–	–
Other receivables	144 ²	46	–	–
Total receivables	246	154	–	–
Prepayments	39	44	–	–
Pension assets [note (b)]	11	19	–	–
Total receivables and other assets	296	217	–	–
<u>Current</u>				
Trade receivables ¹	3,858	3,099	–	–
Amounts due from joint ventures	6	5	–	–
Amounts due from associates	– ³	1	–	–
Finance lease receivables [note (a)]	86	114	–	–
Other receivables:				
– rebates from principals	604	477	–	–
– assembly purchases and expenses recoverable	726	579	–	–
– warranty and parts claims	115	104	–	–
– others	197	176	– ³	– ³
Deposits	107	82	–	–
	5,699	4,637	– ³	– ³
Accumulated impairment losses:				
– trade receivables	(146)	(123)	–	–
– rebates from principals	(5)	(3)	–	–
– other receivables	(6)	(74)	–	–
Total receivables	5,542	4,437	– ³	– ³
Indirect taxes recoverable	128	122	–	–
Right to return assets	201	36	–	–
Government grant receivable	–	4	–	–
Total receivables and other assets	5,871	4,599	– ³	– ³
Total non-current and current receivables (financial assets)	5,788	4,591	– ³	– ³

¹ Mainly relates to revenue from contracts with customers.

² Includes balance consideration receivable from disposal of the Weifang port companies (refer Note 46).

³ Less than RM1 million.

The Group's credit risk management objectives and policies are described in Note 5(a)(iii).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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31 RECEIVABLES AND OTHER ASSETS (CONTINUED)

a. 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 7.0% (2022: 1.7% to 10.7%).

Movement in finance lease receivables is as follows:

	Group	
	2023	2022
At 1 July	212	275
Additions	82	73
Lease payments received during the financial year	(127)	(143)
Finance income	9	12
Transfer from property, plant and equipment	3	-
Remeasurement/Derecognition	(3)	- ¹
Exchange differences	6	(5)
At 30 June	182	212

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	
	2023	2022
Within 1 year	73	120
Between 1-2 years	35	54
Between 2-3 years	30	21
Between 3-4 years	24	13
Between 4-5 years	15	11
After 5 years	19	4
Total undiscounted lease payments	196	223
Unearned finance income	(14)	(11)
Net investment in the lease	182	212

b. Pension assets

Certain subsidiaries in Hong Kong operate funded defined benefit plans. The defined benefit plans are determined based on an annual actuarial valuation as at 30 June by external consultants where the amount of the benefits that eligible employees have earned in return for their services in the current and prior financial years are estimated. The pension assets presented is net of present value of obligations of RM15 million (2022: RM16 million).

Amounts in RM million unless otherwise stated

32 INVENTORIES – GROUP

	2023	2022
Raw material and consumables	173	36
Work in progress	893	479
Trading inventories		
– equipment	3,251	2,682
– motor vehicles	3,776	3,236
– parts, accessories and others	3,361	2,726
	11,454	9,159

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 RM213 million (2022: RM73 million). The carrying amount of inventories stated at net realisable value was RM2,407 million (2022: RM1,280 million).

Inventories with a total carrying amount of RM10 million (2022: RM8 million) were pledged as security for borrowings (see Note 41).

33 CONTRACT ASSETS AND LIABILITIES – GROUP

	2023	2022
<u>Contract assets</u>		
Current		
Engineering contracts [note (a)]	59	86
<u>Contract liabilities</u>		
Non-current		
Deferred income:		
– maintenance income and extended warranties [note (b)]	198	180
Current		
Engineering contracts [note (a) and (b)]	29	12
Deferred income:		
– maintenance income and extended warranties [note (b)]	363	340
– others	5	12
Customer deposits [note (c)]	2,066	1,551
Incentives payable and others	104	25
	2,567	1,940
	2,765	2,120

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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:

	2024	2025	After 2025	Total
Deferred income	368	104	98	570
Engineering contracts	88	22	110	220
	456	126	208	790

c. Customer deposits

Customer deposits relate to deposits made by customers for the purchases of equipment and vehicles which were partially delivered or have yet to be delivered by the Group at the reporting date. The Group applies the practical expedient in MFRS 15 “Revenue from Contracts with Customers” on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

Customer deposits increased 33% mainly from increase in orders placed by customers.

34 PREPAYMENTS – GROUP

	2023	2022
Prepaid inventories	728	922
Other prepayments	192	162
	920	1,084

Amounts in RM million unless otherwise stated

35 BANK BALANCES, DEPOSITS AND CASH

	Group		Company	
	2023	2022	2023	2022
Deposits				
– Islamic	739	703	85	150
– conventional	1,501	134	–	–
	2,240	837	85	150
Cash at bank and in hand	846	935	¹ –	¹ –
Total bank balances, deposits and cash	3,086	1,772	85	150
Effective profit/interest rates per annum on deposits with licensed banks/financial institutions				
	%	%	%	%
– Islamic	3.42	2.24	3.20	2.05
– conventional	3.84	1.20	–	–

¹ Less than RM1 million.

36 DISPOSAL GROUP AND ASSETS HELD FOR SALE

Disposal Group

In the prior year, the disposal group consists of the Weifang port companies under the Logistics segment (see Note 18). The divestments were completed on 7 November 2022. The results and cash flows of the Logistics segment up to the completion date are presented as discontinued 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

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36 DISPOSAL GROUP AND ASSETS HELD FOR SALE CONTINUED)

Assets held for sale

The assets held for sale of RM3 million (2022: RM1 million) relate to the sale of a few parcels of lands (previously classified as investment properties) for which sale and purchase agreements had been entered into. The sale of a parcel of land to Sime Darby Property Berhad group was completed on 7 August 2023 (see Note 56) while the sale for the remaining parcels are expected to be completed in the financial year ending 30 June 2024 or the financial year ending 30 June 2025, subject to further extension as may be mutually agreed (see Note 55).

37 SHARE CAPITAL

	Group/Company			
	Number of shares (million)		Share capital	
	2023	2022	2023	2022
Issued and fully paid up:				
Ordinary shares with no par value				
At 1 July	6,810	6,803	9,318	9,302
Issuance of shares under Performance-Based Employee Share Scheme	6	7	12	16
At 30 June	6,816	6,810	9,330	9,318

During the financial year, the Company issued 5,679,100 (2022: 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 6,809,918,477 ordinary shares to 6,815,597,577 ordinary shares as at 30 June 2023.

38 PERFORMANCE-BASED EMPLOYEE SHARE SCHEME

The Company's Performance-Based Employee Share Scheme ("PBESS") was 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") were granted to eligible employees and executive directors of the Group. The PBESS has lapsed during the year.

The salient features of the PBESS were as follows:

- Eligible employees were those executives (including executive director) of the Group (other than dormant subsidiaries) who had attained the age of 18 years; entered into a full-time or fixed-term contract of employment with and were on the payroll of a company within the Group; had not served notice of resignation or received notice of termination on the date of the offer; whose service/employment had been confirmed in writing; and had fulfilled other eligibility criteria which had been determined by the Nomination & Remuneration Committee ("NRC") at its sole and absolute discretion from time to time.
- The total number of Sime Darby Shares allocated to an employee were not 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, held 20% or more of the Company's issued and paid-up share capital.

Amounts in RM million unless otherwise stated

38 PERFORMANCE-BASED EMPLOYEE SHARE SCHEME (CONTINUED)

The salient features of the PBESS were as follows: (continued)

- c. The maximum number of Sime Darby Shares allotted and issued under the PBESS were not 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 was in force for a period of 10 years commencing from the effective date of implementation.
- e. The new Sime Darby Shares allotted and issued pursuant to the PBESS rank pari passu in all respects with the then existing issued Sime Darby Shares and were 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 vested upon fulfilment of vesting conditions which include achievement of service period and performance targets as follows:

Grant date: 15 January 2020 (fourth grant offer)

	Type of grant	
	Performance Shares ("PS")	Restricted Shares ("RS")
Vesting conditions	<p>3-year cliff vesting, i.e. over a period of the 3 financial years from 1 July 2019 (fourth grant offer)</p> <p>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.</p> <p>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.</p>	<p>Total RS divided into 3 tranches with each tranche vesting at the end of each financial year over 3 financial years from 1 July 2019 (fourth grant offer)</p>

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 for the last offer (fourth grant offer) was in December 2022.

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38 PERFORMANCE-BASED EMPLOYEE SHARE SCHEME (CONTINUED)

Movements in the number of Sime Darby Shares granted under the PBESS to the Group's eligible employees are as follows:

Fourth Grant

	Fair value at grant date (RM)	At 1 July 2022 '000	Reclassification '000	Forfeited '000	Lapsed '000	Multiplier adjustment ¹ '000	Vested '000	At 30 June 2023 '000
Group								
PS - Relative TSR target	2.28	1,087	54	(21)	-	1,119	(2,239)	-
PS - Financial targets	1.95	4,922	(54)	(230)	(1,389)	(290)	(2,959)	-
RS - Year 3 vesting	1.95	505	-	(24)	-	-	(481)	-

¹ 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 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

There were no eligible employees under the Company for the fourth grant.

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.

The significant inputs in the model for the fourth grant were as follows:

Grant date	Fourth Grant 15 January 2020	
	PS	RS
Closing market price at grant date (RM)	RM2.23	
Expected volatility (%)	30%	
Expected dividend yield (%)	4.70%	4.40% - 4.90%
Risk free rate (%)	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.

Amounts in RM million unless otherwise stated

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

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39 RESERVES (CONTINUED)

Group 2023	Share grant reserve	Capital reserve	Legal reserve	Hedging reserve	Exchange reserve	Total
At 1 July 2022	9	246	148	2	575	980
Other comprehensive (loss)/income [Note 20]	-	-	-	(2)	185	183
Transfer from retained profits	3	-	16	-	-	19
Reclassification to retained profits upon disposal of subsidiaries	-	(23)	(28)	-	-	(51)
Issuance of shares under the PBESS	(12)	-	-	-	-	(12)
At 30 June 2023	-	223	136	-	760	1,119
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

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:

	2023	2022
Profit for the financial year	54	84
Other comprehensive (loss)/income	(1)	3
Total comprehensive income	53	87
Net assets	357	361

The Group had no non-controlling interests which were material as at 30 June 2023.

Amounts in RM million unless otherwise stated

41 BORROWINGS

Group	2023			2022		
	Secured	Unsecured	Total	Secured	Unsecured	Total
<u>Non-current</u>						
Term loans	23	2,223	2,246	31	345	376
<u>Current</u>						
Term loans due within one year	11	334	345	14	249	263
Bank overdrafts	-	148	148	-	252	252
Islamic financing	-	679	679	-	-	-
Revolving credits, trade facilities and other short-term borrowings	-	2,439	2,439	-	2,092	2,092
	11	3,600	3,611	14	2,593	2,607
Total borrowings	34	5,823	5,857	45	2,938	2,983

a. Other information on borrowings

i. Effective interest rates

The average effective interest rates of borrowings per annum are as follows:

	Group	
	2023 %	2022 %
Term loans	5.63	3.44
Other borrowings	4.66	2.93

The Group's floating rate term loans that are subject to contractual interest rates repricing within 1 year amounted to RM2,526 million (2022: RM594 million).

ii. Secured financing

As at 30 June 2023, borrowings amounting to RM34 million (2022: RM45 million) are secured by property, plant and equipment with a carrying value of RM66 million (2022: RM59 million) and inventories with a carrying value of RM10 million (2022: RM8 million).

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42 LEASE LIABILITIES

	Group	
	2023	2022
Non-current	2,162	1,657
Current	435	389
	2,597	2,046

a. Undiscounted contractual cash flows

	Group	
	2023	2022
Future minimum lease payments:		
– within 1 year	540	472
– between 1 to 2 years	534	347
– between 2 to 5 years	905	673
– above 5 years	1,248	1,057
	3,227	2,549
Less: unexpired finance charges	(630)	(503)
	2,597	2,046

b. Currency profile

All lease liabilities are denominated in the functional currency of the respective subsidiaries.

c. Lease commitments

As at 30 June 2023, commitments for short term leases and low value leases amounted to RM3 million (2022: RM10 million) and RM8 million (2022: RM7 million) respectively.

d. Other information on lease liabilities

The lease terms range from 2 to 40 years (2022: 2 to 40 years).

The average effective interest rates of lease liabilities range from 1.1% to 9.6% (2022: 1.1% 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 2023 was RM1,272 million (2022: RM1,097 million) and range between 1 to 20 years (2022: 2 to 20 years).

Amounts in RM million unless otherwise stated

42 LEASE LIABILITIES (CONTINUED)

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 has no lease liabilities as at the end of the financial year (2022: less than RM1 million).

43 PAYABLES AND OTHER LIABILITIES

	Group		Company	
	2023	2022	2023	2022
<u>Non-current</u>				
Employee benefits	27	14	-	-
Refund liabilities	1	-	-	-
Other payables	46	68	-	-
Payables and other liabilities	74	82	-	-
<u>Current</u>				
Trade payables	4,334	3,574	-	-
Vehicle financing [note (a)]	559	307	-	-
Accruals and other payables [note (b)]	977	734	2	2
Amounts due to joint ventures	2	2	-	-
Amounts due to associates	2	4	-	-
Payables	5,874	4,621	2	2
Employee benefits	893	746	-	-
Indirect taxes payable	247	110	-	-
Refund liabilities	370	37	-	-
Payables and other liabilities	7,384	5,514	2	2
Non-current and current payables (financial liabilities)	5,920	4,689	2	2

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 4.2% to 7.2% (2022: 1.6% to 5.5%) 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 RM28 million (2022: RM19 million).

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44 GOVERNMENT GRANTS – GROUP

Government grants received were mainly in relation to business operations related grants and COVID-19 wage subsidies (2022: construction of the port infrastructure and other facilities in China and COVID-19 wage subsidies). The grants received have largely been recognised in profit or loss.

45 PROVISIONS – GROUP

2023	Warranties	Risk sharing	Disputes	Others	Total
At 1 July 2022	178	20	209	37	444
Additions	143	3	–	14	160
Reversals	(54)	(5)	–	(8)	(67)
Translation differences	–	–	13	–	13
Charged to profit or loss	89	(2)	13	6	106
Utilised	(91)	(7)	–	(2)	(100)
Exchange differences	5	⁻¹	–	3	8
At 30 June 2023	181	11	222	44	458

2022	Warranties	Risk sharing	Disputes	Others	Total
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

¹ Less than RM1 million.

The provisions are subject to the following maturity periods:

	2023	2022
<u>Non-current</u>		
Due later than one year	31	29
<u>Current</u>		
Due no later than one year	427	415
	458	444

Amounts in RM million unless otherwise stated

45 PROVISIONS – GROUP (CONTINUED)

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.

46 SIGNIFICANT CHANGES IN THE COMPOSITION OF THE GROUP

a. Disposal of subsidiaries and joint ventures (Weifang port companies)

On 7 November 2022, the Group completed the disposal of Weifang port companies (refer Note 18) for a total cash consideration of RMB1,920 million (approximately RM1,268 million), whereby 90% of the consideration has been paid by completion of the disposal and the remaining 10% will be paid on or before the second anniversary of the completion date. In addition, the shareholders' loans and receivables owing by the Weifang port companies totalling approximately RMB520 million (approximately RM344 million) have also been repaid.

Details of net assets and net cash inflow arising from the disposal of the subsidiaries and joint ventures are as follows:

Property, plant and equipment	865
Right-of-use assets	124
Intangible assets	2
Joint ventures and associate	268
Net deferred tax assets	19
Other net current assets	294
Net assets	1,572
Non-controlling interests	(9)
Total share of net assets disposed	1,563
Gain on disposal of subsidiaries and joint ventures	147
Less: net exchange gain included in the gain on disposal	(123)
Proceeds from disposal, net of transaction costs¹	1,587
Less: balance consideration receivable after 2 years	(115)
Less: cash and cash equivalents of subsidiaries disposed	(159)
Less: cash inflow from settlement of shareholders' loans and receivables	(344)
Net cash inflow from disposal of subsidiaries and joint ventures	969

¹ Inclusive of proceeds from settlement of shareholders' loans and receivables of RM344 million.

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46 SIGNIFICANT CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

b. Purchase of additional interest in subsidiaries

- i. The Group acquired the remaining 40% equity interest in Shantou Bow Yue Dehong Motors Services Company Limited ("SBYDM") for a total consideration of RMB40 million (approximately RM26 million) resulting in SBYDM becoming a wholly-owned subsidiary of the Group.
- ii. The Group acquired the remaining 49% equity interest in Sime Darby Motors Manufacturing Sdn. Bhd. (formerly known as Ford Malaysia Sdn. Bhd.) ("SDMM") for a total consideration of RM2 million resulting in SDMM becoming a wholly-owned subsidiary of the Group.
- iii. The Group acquired the remaining 45% equity interest in Sime Darby Joy Industries Sdn. Bhd. ("SDJISB") for a total consideration of SGD0.2 million (approximately RM0.7 million) resulting in SDJISB becoming a wholly-owned subsidiary of the Group.

Details of net cash outflow is as follows:

	SBYDM	SDMM	SDJISB	Total
Non-controlling interest acquired	32	2	(7)	27
(Discount)/Premium on acquisition	(6)	-	8	2
Net cash outflow on acquisition of non-controlling interest	26	2	1	29

c. Acquisition of subsidiaries and business

- i. In March 2023, the Group subscribed for 60% equity interest in Performance Motors Indonesia Pte. Ltd. ("PMI"). Subsequently, PMI, via its subsidiary, PT Performance Motors Indonesia, acquired a BMW dealership business in Indonesia for a cash consideration of approximately RM38 million.

The following table summarises the fair value of assets acquired and all liabilities assumed on the acquisition dates for the acquired business.

Property, plant and equipment	2
Intangible assets excluding goodwill	49
Inventories	9
Other assets	4
Deferred tax liabilities	(10)
Fair value of net assets acquired	54
Non-controlling interests	(18)
Goodwill on acquisition	2
Purchase consideration	38

The fair value of net assets and goodwill in the above acquisition are provisional and will be adjusted, if necessary, upon completion of the purchase price allocation as allowed under MFRS 3.

Amounts in RM million unless otherwise stated

46 SIGNIFICANT CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

c. Acquisition of subsidiaries and business (continued)

- ii. In April 2023, the Group acquired the entire equity interest in Onsite Rental Group Limited (“Onsite”) for a total consideration of AUD690 million (RM2,035 million), consisting of the purchase consideration for the equity interest of AUD150 million (RM443 million) and settlement of Onsite’s borrowings of AUD498 million (RM1,467 million) and certain operating expenses of AUD42 million (RM125 million). The acquisition complements the Group’s existing rental offering and offers the Group greater access to the construction, energy and mining industries’ growth in Australia.

The following table summarises the net assets and net cash outflow arising from the acquisition of Onsite.

	Fair value
Property, plant and equipment	1,220
Right-of-use assets	160
Intangible assets excluding goodwill	187
Net deferred tax assets	3
Cash and cash equivalents	124
Other current assets	184
Lease liabilities	(160)
Other liabilities	(194)
Net assets acquired excluding borrowings and operating expenses settled	1,524
Borrowings settled	(1,467)
Operating expenses settled	(125)
Goodwill on acquisition	511
Purchase consideration	443
Less: Cash and cash equivalents of subsidiaries acquired	(124)
Net cash outflow on acquisition	319

For the financial year ended 30 June 2023, the acquisition contributed revenue of RM265 million and profit after tax and non-controlling interests of RM22 million, before including acquisition finance costs and acquisition-related costs of RM27 million (included in operating expenses in the statement of profit or loss).

Had the acquisition been completed on 1 July 2022, the acquisition would have contributed additional revenue of approximately RM737 million and additional profit after tax and non-controlling interests of approximately RM110 million, before including acquisition finance costs.

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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 up to the completion date has been reclassified as discontinued operations as explained in Note 18. After the completion of the disposal of the Weifang port companies, the results of the remaining companies of the Logistics division are included under Others.

The Group Chief Executive Officer reviews the internal management reports on a monthly basis and conducts performance dialogues with the business units on a regular basis.

Segments comprise:

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

Discontinued operations

Logistics	Management of port facilities
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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.

Amounts in RM million unless otherwise stated

47 SEGMENT INFORMATION – GROUP (CONTINUED)

a. Segment results

2023	Continuing operations					Discontinued operations		
	Industrial	Motors	Healthcare	Others	Corporate and intra-group adjustments	Total	Logistics	Total
Segment revenue:								
External	16,675	31,552	–	61	–	48,288	58	48,346
Inter-segment	7	14	–	3	(24)	–	–	–
	16,682	31,566	–	64	(24)	48,288	58	48,346
Segment results:								
Operating profit/(loss)	1,000	1,039	–	39	(58)	2,020	112	2,132
Share of results of joint ventures and associates	51	13	57	–	–	121	¹	121
Profit/(Loss) before interest and tax	1,051	1,052	57	39	(58)	2,141	112	2,253
Included in operating profit/(loss)								
Depreciation and amortisation	(662)	(588)	–	(5)	(14)	(1,269)	–	(1,269)
Impairment losses (net):								
– non-current assets	–	(1)	–	–	–	(1)	(41)	(42)
– receivables	(22)	(5)	–	–	¹	(27)	–	(27)
Fair value (loss)/gain on financial assets at FVTPL	–	(8)	–	3	–	(5)	2	(3)
Gain on disposals (net)	2	177	–	–	–	179	147	326
Inventory write-down and provision	(99)	(114)	–	–	–	(213)	–	(213)

¹ Less than RM1 million.

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47 SEGMENT INFORMATION – GROUP (CONTINUED)

a. Segment results (continued)

2022	Continuing operations					Discontinued operations		Total
	Industrial	Motors	Healthcare	Others	Corporate and intra-group adjustments	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	(28)	(45)	-	-	-	(73)	-	(73)

Amounts in RM million unless otherwise stated

47 SEGMENT INFORMATION – GROUP (CONTINUED)

b. Segment assets and liabilities and additions to non-current assets

2023	Continuing operations					Discontinued operations		
	Industrial	Motors	Healthcare	Others	Corporate and intra-group adjustments	Total	Logistics	Total
Segment assets	16,809	15,803	759	416	2,476	36,263	-	36,263
Segment liabilities	(4,501)	(5,732)	-	(466)	(13)	(10,712)	-	(10,712)
Segment invested capital	12,308	10,071	759	(50)	2,463	25,551	-	25,551
Net tax assets						186	-	186
Borrowings and lease liabilities						(8,454)	-	(8,454)
Total equity						17,283	-	17,283
Joint ventures and associates included in segment assets	308	108	759	-	-	1,175	-	1,175
Additions to non-current assets are as follows:								
Capital expenditure	1,557	1,346	-	- ¹	9	2,912	1	2,913
Addition to financial assets at FVTPL	-	12	-	-	-	12	-	12
Addition to interest in an associate	9	-	-	-	-	9	-	9
	1,566	1,358	-	- ¹	9	2,933	1	2,934

¹ Less than RM1 million.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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47 SEGMENT INFORMATION – GROUP (CONTINUED)

b. Segment assets and liabilities and additions to non-current assets (continued)

2022	Continuing operations					Discontinued operations		
	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
Joint ventures and associates 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).

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	Discontinued operations	Total
2023			
Property, plant and equipment	2,069	1	2,070
Right-of-use assets	824	–	824
Intangible assets other than goodwill	19	–	19
	2,912	1	2,913
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

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	Assets		Liabilities	
	2023	2022	2023	2022
Segment total	36,263	29,551	10,712	8,337
Tax assets/liabilities	777	678	591	492
Borrowings	–	–	5,857	2,983
Lease liabilities	–	–	2,597	2,046
	37,040	30,229	19,757	13,858

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	
	2023	2022	2023	2022	2023	2022
Malaysia	7,644	5,697	428	277	3,021	2,713
China ¹	17,184	16,226	452	558	2,582	2,214
Other countries in Asia	5,598	5,009	131	96	926	755
Australasia ²	17,862	15,570	1,130	910	7,919	5,089
	48,288	42,502	2,141	1,841	14,448	10,771

¹ China consists of Mainland China, Hong Kong, Macau and Taiwan.

² Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea and Solomon Islands.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

47 SEGMENT INFORMATION – GROUP (CONTINUED)

c. Segment by geography (continued)

Revenue by location of customers is not materially different from that of revenue by location of operations.

Reconciliation of non-current assets, other than financial assets and tax assets to the total non-current assets are as follows:

	2023	2022
Non-current assets other than financial instruments and tax assets	14,448	10,771
Financial assets at FVTPL	66	140
Deferred tax assets	648	581
Tax recoverable	–	34
Derivative assets	5	4
Receivables	246	154
	15,413	11,684

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	2023	2022
a. Transactions with joint ventures and associates		
<u>Continuing operations</u>		
Purchase of products and services from Sitech Construction Systems Pty Ltd	23	15
Contribution paid to Yayasan Sime Darby	25	20
Sale of goods and services to Terberg Tractors Group	6	2
Purchase of goods from Terberg Tractors Group	–	1
<u>Discontinued operations</u>		
Loans to Weifang Sime Darby West Port Co Ltd	–	5
Loans repaid by Weifang Sime Darby West Port Co Ltd	–	3
Loans to Weifang Sime Darby Liquid Terminal Co Ltd	–	131
Loans repaid by Weifang Sime Darby Liquid Terminal Co Ltd	6	34

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	2023	2022
b. Transactions between subsidiaries and significant owners of non-controlling interests		
<u>Continuing operations</u>		
Contract assembly service provided by Inokom Corporation Sdn Bhd ("ICSB") to Mazda Malaysia Sdn Bhd ("Mazda Malaysia") ¹	93	77
Contract assembly service provided by ICSB to Kia Malaysia Sdn Bhd ("Kia Malaysia") ¹	29	-
Rental income received by ICSB from Mazda Malaysia and Bermaz Motor Trading Sdn Bhd ("BMT") ¹	3	3
Sale of vehicles and parts by Jaguar Land Rover (M) Sdn Bhd ("JLRM") to Sisma Auto Sdn Bhd ²	-	6

¹ Bermaz Auto Berhad is a major shareholder of ICSB and Kia Malaysia and also an 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.

	2023	2022
c. Transactions with Directors and key management personnel and their close family members		
<u>Continuing operations</u>		
Sale of motor vehicles by the Group	1	2

	Group		Company	
	2023	2022	2023	2022
d. Remuneration of Directors and key management personnel ("KMP")				
Salaries, other emoluments and benefits	34	37	4	4
Defined contribution pension plans	4	3	-	-
Performance-based employee share scheme	- ¹	2	-	-
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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)

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 2022 '000	Changes in KMP ¹ '000	Multiplier adjustment ² '000	Vested 30 June 2023 '000	At 30 June 2023 '000
Fourth grant						
PS – Relative TSR target	2.28	735	(58)	677	(1,354)	–
PS – Financial targets	1.95	735	(58)	(677)	–	–
RS3 – Year 3 vesting	1.95	123	(10)	–	(113)	–

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

As at 30 June 2023, Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together owned approximately 47.2% (2022: 50.5%) 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:

	2023	2022
Sales, servicing and leasing of equipment and vehicles	19	31
Royalty income charged	2	2
Rental income	13	17

On 7 August 2023, Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of the Group completed the disposal of 760.12 acres of land in Labu, Negeri Sembilan for a cash consideration of RM280 million to Sime Darby Property (MVB Central) Sdn. Bhd., a wholly-owned subsidiary of Sime Darby Property Berhad, as disclosed in Note 56.

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:

	2023	2022
i. <u>Amounts due from/(to) joint ventures which are included under disposal group</u>		
Weifang Sime Darby Liquid Terminal Co Ltd	–	256
Weifang Sime Darby West Port Co Ltd	–	46
ii. <u>Amount due from YPB group companies</u>		
Sime Darby Plantation Berhad group	8	9

For financial year ended 30 June 2022, the amounts due from joint ventures under discontinued operations were included under disposal group.

All outstanding balances are unsecured and repayable in accordance with agreed terms.

Other than as disclosed above and as disclosed in Note 56(d), there were no material contracts subsisting as at 30 June 2023 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

49 FINANCIAL INSTRUMENTS (CONTINUED)**a. Financial instruments measured at fair value (continued)**Derivatives (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 2023	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial assets at FVTPL	-	-	144	144
Derivative assets				
- forward foreign exchange contracts	-	28	-	28
- interest rate swap contracts	-	4	-	4
	-	32	144	176
<u>Financial liabilities</u>				
Derivative liabilities				
- forward foreign exchange contracts	-	27	-	27

Group 2022	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial assets at FVTPL	-	-	181	181
Derivative assets				
- forward foreign exchange contracts	-	25	-	25
- interest rate swap contracts	-	7	-	7
	-	32	181	213
<u>Financial liabilities</u>				
Derivative liabilities				
- forward foreign exchange contracts	-	46	-	46

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 2023 (2022: Nil).

Amounts in RM million unless otherwise stated

49 FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial instruments measured at amortised cost

The carrying amounts and fair values of long-term financial assets and liabilities measured at amortised cost as at 30 June 2023 and 30 June 2022 approximated their fair values.

The Company did not have any long-term financial assets and liabilities measured at amortised cost as at 30 June 2023 and 30 June 2022.

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:

Group 2023	Denominated in currencies other than functional currencies					Denominated in functional currencies	Total
	United States Dollar	Chinese Renminbi	European Union Euro	Australian Dollar	Others		
Financial assets at							
FVTPL	8	78	-	-	-	58	144
Receivables (net)	385	143	24	5	30	5,201	5,788
Bank balances, deposits and cash	78	2	-	43	24	2,939	3,086
Borrowings	(1)	-	-	-	-	(5,856)	(5,857)
Payables	(541)	-	(447)	(69)	(62)	(4,801)	(5,920)
	(71)	223	(423)	(21)	(8)	(2,459)	(2,759)
2022							
Financial assets at							
FVTPL	13	117	-	-	-	51	181
Receivables (net)	339	26	21	-	41	4,164	4,591
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)	(3,768)	(4,689)
	(50)	153	(276)	(111)	17	(861)	(1,128)

The Company did not have any significant financial assets or liabilities denominated in foreign currency as at 30 June 2023 and 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

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Amounts in RM million unless otherwise stated

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each financial risk are as follows: (continued)

a. Foreign exchange risk (continued)

Foreign exchange risk which impacts the statements of profit or loss arises where monetary assets/liabilities that are not denominated in the functional currency of the respective subsidiaries are not hedged.

i. Borrowings

The RM1 million borrowings in non functional currency was not hedged as it relates to an overdraft (2022: US Dollar borrowings of RM14 million were hedged using derivatives).

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 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 or where the foreign exchange risk has been covered by the distributor.

The Group is also exposed to currency translation risk arising from inter-company balances within the Group of approximately RM261 million (2022: RM288 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 subsidiaries. Most of these balances are not hedged. The inter-company balances hedged are disclosed in Note 30.

There are no material unhedged financial assets or liabilities as at 30 June 2023 other than as disclosed above. In the previous financial year, certain balances denominated in RMB in a Hong Kong subsidiary were not hedged. Most of these balances have now been hedged or were received during the financial year. 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 2022 based on a 5% movement in rates, which was 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)

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

The percentages of fixed rate borrowings held by the Group, to the total borrowings are as follows:

	Group	
	2023	2022
Total borrowings [Note 41]	5,857	2,983
Fixed rate borrowings	51	45
Floating rate borrowings (swapped to fixed)	178	297
Total fixed rate borrowings after swap	229	342
Percentage of fixed rate borrowings over total borrowings		
– Before swap (%)	0.9	1.5
– After swap (%)	3.9	11.5

The borrowings on floating rates that have not been swapped consist mainly of long term borrowings raised for the acquisition of Onsite and short term borrowings used for working capital purposes in the Industrial and Motors Divisions.

As at 30 June 2023, the Group's floating rate borrowings not swapped to fixed stood at RM5,628 million (2022: RM2,641 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:

2023	Impact
Profit after tax	
– Continuing operations	(42)
2022	
Profit after tax	
– Continuing operations	(20)

A 1% decrease in interest rates would have an equal but opposite effect.

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50 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each financial risk are as follows: (continued)

c. Credit risk

The maximum exposure and collateral and credit enhancements are as follows:

	Group		Company	
	2023	2022	2023	2022
<u>Maximum exposure</u>				
Amounts due from subsidiaries	–	–	1,128	857
Receivables	5,788	4,591	– ¹	– ¹
Derivative assets	32	32	–	–
Bank balances, deposits and cash	3,086	1,772	85	150
	8,906	6,395	1,213	1,007
<u>Collateral and credit enhancement</u>				
Receivables	2,296	2,068	–	–

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.

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
2023						
Borrowings						
– principal	3,572	311	1,948	–	5,831	5,814
– interest	168	123	263	–	554	43
Derivative liabilities	27	–	–	–	27	27
Payables	5,874	46	–	–	5,920	5,920
	9,641	480	2,211	–	12,332	11,804
2022						
Borrowings						
– principal	2,603	348	28	–	2,979	2,979
– interest	26	9	1	–	36	4
Derivative liabilities	46	–	–	–	46	46
Payables	4,621	39	29	–	4,689	4,689
	7,296	396	58	–	7,750	7,718

Amounts in RM million unless otherwise stated

50 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each financial risk are as follows: (continued)

d. Liquidity and cash flow risk (continued)

The undiscounted contractual cash flows of the financial liabilities are as follows: (continued)

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
2023						
Payables	2	-	-	-	2	2
2022						
Payables	2	-	-	-	2	2

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. Financial guarantees were also issued to financial institutions in respect of credit facilities granted to certain joint ventures. A liability would only arise in the event the Group fails to fulfil 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	
	2023	2022	2023	2022
<u>Continuing operations</u>				
Performance and advance payment guarantees to customers of:				
- subsidiaries	-	-	1,582	1,582
- the Group	2,184	2,078	-	-
<u>Discontinued operations</u>				
Guarantees of discontinued operations in respect of credit facilities granted to certain joint ventures	-	77	-	-
	2,184	2,155	1,582	1,582

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51 GUARANTEES, CLAIMS AND COMMITMENTS (CONTINUED)

Guarantees, claims and commitments are as follows: (continued)

a. Guarantees (continued)

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 2023, the total outstanding risk sharing amount on which the Group has an obligation to pay the leasing company should the customers default, amounted to RM197 million (2022: RM305 million).

b. Claims

As at 30 June 2023, claims not taken up in the statement of financial position are as follows:

Group	2023	2022
Continuing operations	12	10
Discontinued operations	-	6
	12	16

These claims include disputed amounts for the supply of goods and services.

There were no claims against the Company as at 30 June 2023 (2022: Nil).

c. Capital commitments

Contracted capital expenditure not provided for in the financial statements:

Group	2023	2022
- Property, plant and equipment	962	480
- Other capital expenditure	15	19
	977	499

The Company did not have any capital commitments as at 30 June 2023 (2022: Nil).

Amounts in RM million unless otherwise stated

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 RM370 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 continued on 27 July 2023.

The Court then tentatively fixed 1 December 2023 to continue with the hearing for the assessment of damages pending the hearing of the Plaintiffs’ application to set aside subpoenas served on a director and a former director to appear as witnesses.

- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

52 MATERIAL LITIGATION (CONTINUED)

The material litigations outstanding are as follows: (continued)

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 RM2.9 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 RM356 million).

On 22 March 2018, the tribunal ordered ONGC to pay the Consortium a net sum of USD5.12 million (approximately RM24 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 Court has fixed 31 October 2023 to hear the application to set aside the arbitration award.

53 HOLDING COMPANIES

The Board of 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.

Amounts in RM million unless otherwise stated

54 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Subsidiaries, joint ventures and associates which are active as at 30 June 2023 are as follows:

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Industrial – Subsidiaries					
Chubb Malaysia Sendirian Berhad	Malaysia	100.0	100.0	1	Marketing, installation, rental and servicing of security products
KINETA Sdn Bhd (formerly known as Mecomb Malaysia Sdn Berhad)	Malaysia	100.0	100.0	1	Systems integration, marketing, installer and operator of comprehensive range of advance electronic and electric vehicle supply equipment, and provider of e-mobility solutions
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 training 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	100.0	55.0	1	Designing and manufacturing of heat exchangers, radiators, process equipment modules, filters and separators for general as well as oil and gas industries
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 Surveillance Sdn Bhd	Malaysia	100.0	100.0	1	Provision of security services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Industrial – Subsidiaries (continued)					
Site Technology Asia Pacific Sdn Bhd	Malaysia	100.0	100.0	1	Sales and services support of technology hardware and software for digital connected work site for heavy and highway construction applications
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	
Sime Darby Energy Pte Ltd	Singapore	100.0	100.0	2	
Sime Darby Industrial Singapore Pte Ltd	Singapore	100.0	100.0	2	
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

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Industrial – Subsidiaries (continued)					
CICA Vietnam Company Limited	Vietnam	100.0	100.0	3	Supply of industrial equipment, machinery, spare parts and after-sales services including maintenance and repairing 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	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	
Sime Darby CEL Machinery (Hunan) Company Limited	China	100.0	100.0	2	
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	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

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Industrial – Subsidiaries (continued)					
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	} Distribution of Perkins engine products, spare parts and provision of after-sales services
Sime Darby Elco Power Korea Limited	South Korea	100.0	100.0	4	
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 in the Republic of Maldives and other incidental businesses and associated to each of the foregoing
Austchrome Pty Ltd	Australia	100.0	100.0	2	Chroming and hydraulic repairs
Decoda Digital Services Pty Ltd	Australia	100.0	100.0	2	Supply of productivity improvement services 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

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
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
Onsite Rental Group Limited	Australia	100.0	-	2	Investment holding
Onsite Rental Group Operations Pty Ltd	Australia	100.0	-	2	} Construction and mining equipment rental business
Prime Rentals Pty Ltd	Australia	100.0	-	2	
Salmon Earthmoving Holdings Pty Ltd	Australia	100.0	100.0	2	Rental and servicing of heavy earthmoving 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	
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	3	Sale of equipment and spare parts and service support for the Caterpillar business
SCI Sime Darby Invest NC	New Caledonia	100.0	100.0	4	Property investment
Sime Darby (NZ) Holdings Limited	New Zealand	100.0	100.0	2	} Investment holding
Gough Group Limited	New Zealand	100.0	100.0	2	
Sime Darby Industrial (NZ) Holdings Limited	New Zealand	100.0	100.0	2	
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

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54 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 30 June 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Industrial – Subsidiaries (continued)					
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	
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
Industrial – Joint ventures					
Terberg Tractors Malaysia Sdn Bhd group	Malaysia	50.0	50.0	1	Marketing, distributing and servicing of Terberg terminal tractors and investment holding
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, servicing and/or assembly of industrial machinery and equipment

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Industrial – Associates (continued)					
Energy Power Systems Australia Pty Ltd	Australia	20.0	20.0	2	Distribution and rental of Caterpillar engine and associated products
Sitech Construction Systems Pty Ltd	Australia	30.6	30.6	3	Sale and servicing of Trimble Technology construction products
IR4 Pty Ltd	Australia	30.4	–	4	Supplier of end to end automation solutions for heavy manufacturing and engineering industries
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	Distribution of Trimble hardware and software for the building and construction industry
Geosystems New Zealand Limited	New Zealand	49.0	49.0	2	Sale, hire and servicing of Trimble surveying equipment
Motors – Subsidiaries					
Auto Bavaria Sdn Bhd	Malaysia	100.0	100.0	1	Investment holding
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
Lead Engineering Sdn Bhd	Malaysia	100.0	–	1	Manufacturing and assembly of modulars for motor vehicles
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.

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54 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 30 June 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
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 BMW, Mini, Ford and Porche Motor Vehicles as well as Porche spare parts; and trading of completely knocked down motor vehicles
Sime Darby Auto Interior Sdn Bhd (formerly known as Associated Motor Industries Malaysia Sdn Bhd)	Malaysia	100.0	51.0	1	} Manufacturing and assembly of modulars for motor vehicles
Sime Darby Auto Module Sdn Bhd (formerly known as Hyundai-Sime Darby Berhad)	Malaysia	100.0	100.0	1	
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 Beyond Auto Sdn Bhd (formerly known as Sime Darby Auto Britannia Sdn Bhd)	Malaysia	100.0	100.0	1	Sales and distribution of motor vehicles and provision of after-sales services

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
Sime Darby EV Auto Sdn Bhd	Malaysia	100.0	–	1	Manufacturing and assembly of modulars for motor vehicles
Sime Darby Hyundai Integrated Sdn Bhd	Malaysia	51.0	51.0	1	Distribution of motor vehicles
Sime Darby Hyundai Sdn Bhd	Malaysia	51.0	51.0	1	Importation of vehicles and investment holding
Sime Darby Motors Manufacturing Sdn Bhd	Malaysia	100.0	51.0	1	} Investment holding
Sime Darby Motors Overseas Holdings Sdn Bhd	Malaysia	100.0	100.0	1	
Sime Darby Motors Sdn Bhd	Malaysia	100.0	100.0	1	
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 Indonesia Pte Ltd	Singapore	60.0	–	2	
Performance Motors Limited	Singapore	100.0	100.0	2	} Motor vehicles dealership
Performance Munich Autos Pte Ltd	Singapore	60.0	60.0	2	
Performance Premium Selection Limited	Singapore	100.0	100.0	2	Used cars retailer, wholesaler and exporter
Sime Darby Motor Holdings Limited	Singapore	100.0	100.0	2	Investment holding and provision of corporate services to group entities

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54 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 30 June 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
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
PT Performance Motors Indonesia	Indonesia	60.0	–	4	Operates BMW and MINI dealership businesses
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 used motor vehicles
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 motor vehicles and spare parts and provision of after-sales services
Sime Darby Mazda (Thailand) Limited	Thailand	100.0	100.0	2	
Sime Darby Vantage (Thailand) Limited	Thailand	100.0	100.0	2	
Beijing Sime Darby Chuang Jie Motors Sales and Services Company Limited	China	100.0	100.0	2	Agent retail of motor vehicles and retail of spare parts and provision of after-sales services
Beijing Sime Darby Qi Yue Motor Sales and Services Company Limited	China	100.0	–	2	} Retail of motor vehicles and spare parts and provision of after-sales services
Changsha Bow Yue Vehicle Services Co Ltd	China	100.0	100.0	2	

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
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	
Changsha Yue Zhi Bow Motor Sales and Services Co. Ltd.	China	100.0	100.0	2	
Chengdu Bow Chuang Vehicle Sales & Service Company Limited	China	100.0	100.0	2	
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 Company 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	
Chongqing Yue Zhi Bow Motors Sales and Services Company Limited	China	100.0	–	2	
Dali Bow Yue Motors Sales and Services Company Limited	China	65.0	–	2	

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54 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 30 June 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
Dongguan Chuang Yi Motor Sales and Services Limited Company	China	100.0	100.0	2	} Retail of motor vehicles and spare parts and provision of after-sales services
Foshan Bow Chuang Motors Sales and Services Company Limited	China	100.0	100.0	2	
Guangdong Bow Yue Motors Sales and Services Company Limited	China	100.0	100.0	2	Retail of spare parts and provision of after-sales services for motor vehicles
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	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	100.0	2	
Kunming Bow Chuang Motor Sales and Services Co Ltd	China	65.0	65.0	2	

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
Kunming Sime Darby Fu Yue Motors Sales and Services Company Limited	China	100.0	100.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Nanjing Sime Darby Motors Sales & Services Co Ltd	China	60.0	60.0	2	
Qujing Bow Kai Motors Sales & Services Co Limited	China	65.0	65.0	2	
Shanghai Qi Zhi Yue Motors Sales and Services Company Limited	China	100.0	–	2	
Shanghai Sime Darby Motor Commerce Co Ltd	China	60.0	60.0	2	Investment holding and retail of motor vehicles
Shanghai Sime Darby Motor Sales and Services Co Ltd	China	60.0	60.0	2	Retail of motor vehicles and spare parts and provision of after-sales services
Shanghai Sime Darby Motor Trading Co Ltd	China	60.0	60.0	2	
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	100.0	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

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54 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, joint ventures and associates which are active as at 30 June 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
Shenzhen Bow Chuang Vehicle Trading Co Ltd	China	100.0	100.0	2	Retail of motor vehicles and spare parts
Shenzhen Bow Chuang Sime Darby Motors Sales and Services Company Limited	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	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	100.0	2	Agent retail of motor vehicles and retail of spare parts and provision of after- sales services
Shenzhen Sime Darby Fu Yue Motors Sales and Services Company Limited	China	100.0	100.0	2	} Retail of motor vehicles and spare parts and provision of after-sales services
Shenzhen Sime Darby New Energy Vehicles Sales and Services Company Limited	China	100.0	100.0	2	
Shenzhen Sime Darby Qi Chuang Motors Sales and Services Company Limited	China	100.0	–	2	
Shenzhen Sime Darby Qi Yue Motors Sales and Services Company Limited	China	100.0	–	2	
Shenzhen Sime Darby Used Cars Centre Company Limited	China	100.0	–	2	Retail of used cars and provision of related services

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
Shenzhen Sime Darby Zhi Yue Motors Sales and Services Company Limited	China	100.0	100.0	2	Agent retail 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	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
Zhongshan Sime Darby Qi Yue Motor Sales and Services Company Limited	China	100.0	-	2	
BMW Concessionaires (HK) Limited	Hong Kong	100.0	100.0	2	Investment holding, distribution and retail of motor vehicles, provision of after- sales services and leasing motor vehicles
Bow Ma Motors (South China) Limited	Hong Kong	100.0	100.0	2	Investment holding, 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 Chuang Jie Motors (Hong Kong) Limited	Hong Kong	100.0	-	2	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
Sime Darby Hoi Shing Motors (Hong Kong) Limited	Hong Kong	65.0	–	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 Kai Yuet Motors (Hong Kong) Limited	Hong Kong	100.0	–	2	Investment holding
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

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
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
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	Owens 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Motors – Subsidiaries (continued)					
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	100.0	2	Import and distribution business
Sime Darby Property (NZ) Limited	New Zealand	100.0	100.0	2	Management of property leases for the Sime Darby Motors NZ Group
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	

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
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*	1	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	2	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	2	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	2	Port construction, management and operation
Weifang Sime Darby Logistics Services Co Ltd	China	–	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	2	Port operations

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Logistics – Subsidiaries (continued)					
Weifang Wei Gang Tugboat Services Co Ltd	China	–	99.5	3	Tugboat pilot and related services
Sime Darby Overseas (HK) Limited	Hong Kong	100.0	100.0	2	Investment holding
Logistics – Joint ventures					
Weifang Port Services Co Ltd group	China	–	36.6	3	Construction, management and maintenance of sea channel, anchorage and port infrastructure
Weifang Senda Container Service Provider Co Ltd	China	–	50.0	3	Operation of container services and general warehousing
Weifang Sime Darby Liquid Terminal Co Ltd	China	–	50.0	2	Construction, management and operation of liquid terminal and storage services
Weifang Sime Darby West Port Co Ltd	China	–	50.0	2	Port construction, management and operation
Logistics – Associates					
Jining Port and Shipping Port Services Co Ltd	China	29.4*	44.1*	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	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	

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
Others – Subsidiaries (continued)					
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 Enterprise Sdn Bhd	Malaysia	100.0	–	1	Investment holding
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
Sime Darby Ventures Sdn Bhd	Malaysia	100.0	100.0	1	} Investment holding
Sime Darby Eastern International Limited	Singapore	100.0	100.0	2	
Sime Darby Insurance Brokers (Singapore) Pte Ltd	Singapore	100.0	100.0	3	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	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors	Principal activities
		2023	2022		
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 and associates which are dormant/inactive as at 30 June 2023 are as follows:

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors
		2023	2022	
Industrial – Subsidiaries				
Associated Tractors Sendirian Berhad	Malaysia	100.0	100.0	1
Mecomb (Thailand) Limited	Thailand	100.0	100.0	2
CICA Limited	Channel Islands	100.0	100.0	3
Shandong Equipment Malaysia Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby TMR Sdn Bhd	Malaysia	100.0	100.0	1
Motors – Subsidiaries				
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

Amounts in RM million unless otherwise stated

54 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries and associates which are dormant/inactive as at 30 June 2023 are as follows: (continued)

Name of company	Country/ territory of incorporation	Group's effective interest (%)		Auditors
		2023	2022	
Others – Subsidiaries				
Golden Hope Plantations Berhad	Malaysia	100.0	100.0	1
Kumpulan Guthrie Berhad	Malaysia	100.0	100.0	1
Sime Darby Marine Sdn Bhd	Malaysia	100.0	100.0	1
Sime Darby 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 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 Almanax WLL	Qatar	49.0	49.0	4

Subsidiaries, joint venture and associate placed under members' voluntary liquidation/deregistered are as follows:

Industrial – Subsidiaries				
Sime Darby Yangon Limited	Myanmar	100.0 [#]	100.0	4
Industrial – Joint venture				
Sime Darby Gas Malaysia BioCNG Sdn Bhd	Malaysia	51.0 ⁺	51.0 ⁺	4
Motors – Subsidiaries				
Europe Automobiles Company Limited	Vietnam	100.0 [#]	100.0 [#]	4
Performance Motors Vietnam Company Limited	Vietnam	100.0 [#]	100.0 [#]	4

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Amounts in RM million unless otherwise stated

55 OTHER MATERIAL EVENTS DURING THE REPORTING PERIOD

- a) 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 located in the Malaysia Vision Valley area in Labu, Negeri Sembilan, for a cash consideration of RM460 million. On 23 September 2022, the Group entered into a second SPA with NS Corporation for the disposal of approximately 1,281.8 acres of land located in the Malaysia Vision Valley area for a cash consideration of RM445 million.

The agreements are expected to be completed in the financial year ending 30 June 2024 or the financial year ending 30 June 2025, 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 in September 2022 and did not result in a binding agreement.

On 28 June 2023, Sime Darby Berhad announced that the Group, together with its partner Ramsay Health Care Limited, has made a decision to explore the possibility of realising a sale of its 50:50 joint venture in Ramsay Sime Darby Health Care Sdn Bhd. There is no assurance that the sale process will result in a transaction.

56 MATERIAL EVENTS AFTER THE REPORTING PERIOD

- a) On 11 July 2023, the loan to a joint venture, Mine Energy Holdings Pty Ltd group (“MEH”), with a fair value of nil as at 30 June 2023, has been restructured following the entry of a new shareholder in MEH. The Group’s equity interest in MEH remained at 50%. Part of the loan would be capitalised via subscription of new ordinary shares in MEH while the balance is restructured (with revised terms and unpaid interest waived). The estimated fair value of the restructured loan as at transaction date was approximately AUD10.9 million (approximately RM34 million).
- b) On 7 August 2023, Kumpulan Sime Darby Berhad, a wholly-owned subsidiary of the Group completed the disposal of 760.12 acres of land in Labu, Negeri Sembilan for a cash consideration of RM280 million to Sime Darby Property (MVV Central) Sdn. Bhd., a wholly-owned subsidiary of Sime Darby Property Berhad.
- c) On 14 August 2023, the Group entered into a share sale agreement to acquire the entire equity interest in Cavpower group, the Caterpillar dealer in South Australia, for a cash consideration of AUD500 million (RM1,489 million), on a cash-free and debt-free basis and subject to customary adjustments for working capital, capital expenditure and stocktake (“Proposed Cavpower Acquisition”). The Proposed Cavpower Acquisition is expected to be completed by the second quarter of the financial year ending 30 June 2024, subject to further extension as may be mutually agreed.
- d) On 24 August 2023, the Group entered into a conditional share purchase agreement (“SPA”) with Permodalan Nasional Berhad and Amanahraya Trustees Berhad as trustee for several unit trust funds to acquire approximately 61.2% equity interest in UMW Holdings Berhad for a total cash consideration of RM3,574 million (“Proposed UMW Acquisition”). When the SPA becomes unconditional, the Group will be obliged to undertake a mandatory take-over offer to acquire the remaining equity interest in UMW Holdings Berhad not owned by the Group (“Proposed UMW MGO”). The Proposed UMW Acquisition is deemed a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Barring any unforeseen circumstances, the Proposed UMW Acquisition is expected to be completed by the fourth quarter of calendar year 2023 and followed by the completion of the Proposed UMW MGO by the first quarter of calendar year 2024.

57 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 September 2023.

CORPORATE INFORMATION

As at 8 September 2023

BOARD OF DIRECTORS

Tan Sri Samsudin Osman

(Non-Independent Non-Executive Chairman)

Thayaparan Sangarapillai

(Senior Independent Non-Executive Director)

Tan Sri Ahmad Badri Mohd Zahir

(Non-Independent Non-Executive Director)

Tan Sri Muhammad Shahrul Ikram Yaakob

(Independent Non-Executive Director)

Mohamad Idros Mosin

(Non-Independent Non-Executive Director)

Dato' Lee Cheow Hock Lawrence

(Non-Independent Non-Executive Director)

Moy Pui Yee

(Independent Non-Executive Director)

Dato' Dr. Nirmala Menon

(Independent Non-Executive Director)

Scott William Cameron

(Independent Non-Executive Director)

Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz

(Independent Non-Executive Director)

Edree Ahmad

(Alternate Director to Mohamad Idros Mosin)

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, Malaysia

Telephone: +(603) 7623 2000
Facsimile: +(603) 7623 2100
Email: communications@simedarby.com
Website: www.simedarby.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

(Registration No. 197101000970
(11324-H))

Office:

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
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59200 Kuala Lumpur, Malaysia

Telephone: +(603) 2783 9299
Facsimile: +(603) 2783 9222
Email: is.enquiry@my.tricorglobal.com

Customer Service Centre:

Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

AUDITORS

PricewaterhouseCoopers PLT

(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia
Telephone: +(603) 2173 1188
Facsimile: +(603) 2173 1288

FORM OF LEGAL ENTITY

Incorporated on 7 November 2006 as a private company limited by shares under the Companies Act, 1965 and deemed registered under the Companies Act 2016. Converted into a public company limited by shares on 5 April 2007

STOCK EXCHANGE LISTING

Listed on the Main Market of Bursa Malaysia Securities Berhad since 30 November 2007

Stock Code: 4197
Stock Name: SIME

PLACE OF INCORPORATION AND DOMICILE

Malaysia

ANALYSIS OF SHAREHOLDINGS

As at 8 September 2023

Number of Issued Shares : 6,815,597,577 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	2,721	8.54	67,641	0.00 ¹
100 to 1,000	7,987	25.07	4,881,407	0.07
1,001 to 10,000	15,821	49.65	57,682,349	0.85
10,001 to 100,000	4,150	13.02	119,274,405	1.75
100,001 to less than 5% of issued capital	1,183	3.71	2,477,094,828	36.34
5% and above of issued capital	4	0.01	4,156,596,947	60.99
Total	31,866	100.00	6,815,597,577	100.00

Note:

¹ less than 0.01%

Classification of Shareholders	No. of Shareholders	%	No. of Shares Held	%
Individuals	25,375	79.63	187,848,311	2.76
Banks/Finance Companies	54	0.17	3,848,154,435	56.46
Investment Trusts/Foundations/Charities	20	0.06	1,913,553	0.03
Industrial and Commercial Companies	600	1.88	83,983,461	1.23
Government Agencies/Institutions	2	0.01	1,365,652	0.02
Nominees	5,813	18.24	2,692,226,890	39.50
Others	2	0.01	105,275	0.00 ¹
Trustee	0	0.00	0	0.00 ¹
Total	31,866	100.00	6,815,597,577	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 page 237, none of the Directors of the Company has any interest, direct or indirect, in the Company and its related corporations.

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	%
1.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	2,571,187,500	37.73
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	752,695,987	11.04
3.	Kumpulan Wang Persaraan (Diperbadankan)	484,354,549	7.11
4.	Permodalan Nasional Berhad	348,358,911	5.11
5.	AmanahRaya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	88,975,300	1.31
6.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	75,994,800	1.12
7.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	72,113,428	1.06
8.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (NOMURA)	68,047,300	1.00
9.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Kuwait Investment Office (KIO)	59,870,200	0.88
10.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	51,947,479	0.76
11.	AmanahRaya Trustees Berhad Amanah Saham Malaysia 3	51,634,900	0.76
12.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	49,936,136	0.73
13.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	47,816,649	0.70
14.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	47,456,374	0.70
15.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AHAM AM)	43,453,500	0.64
16.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	40,857,327	0.60
17.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	37,515,400	0.55
18.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	28,674,300	0.42
19.	Pertubuhan Keselamatan Sosial	28,600,065	0.42
20.	Lembaga Tabung Haji	26,747,900	0.39

ANALYSIS OF SHAREHOLDINGS

As at 8 September 2023

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONTINUED)

No.	Name of Shareholder	No. of Shares Held	%
21.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	24,064,600	0.35
22.	Cartaban Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad for Prulink Strategic Fund	22,855,500	0.34
23.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	22,780,700	0.33
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Norges Bank (FI 17)	22,560,684	0.33
25.	Citigroup Nominees (Asing) Sdn Bhd CB Spore GW for Government of Singapore (GIC C)	22,173,337	0.33
26.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	20,007,202	0.29
27.	Cartaban Nominees (Asing) Sdn Bhd BNYM SA/NV for People's Bank of China (SICL ASIA EM)	19,610,948	0.29
28.	HSBC Nominees (Asing) Sdn Bhd NTGS Lux for Andra AP-Fonden	18,611,700	0.27
29.	AmanahRaya Trustees Berhad Public Islamic Equity Fund	17,109,829	0.25
30.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CGS CIMB)	16,974,796	0.25

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	2,571,187,500	37.73	-	-
2.	Employees Provident Fund Board	752,695,987	11.04	215,078,089	3.16
3.	Kumpulan Wang Persaraan (Diperbadankan)	484,354,549	7.11	49,642,675	0.73
4.	Permodalan Nasional Berhad	348,358,911	5.11	-	-
5.	Yayasan Pelaburan Bumiputra ¹	-	-	348,358,911	5.11

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	27-43	Office building, factory, workshop and warehouse	1
Semambu Industrial Estate, Kuantan	Leasehold expiring 2041	3	1982	43	Office building with detached factory, workshop and warehouse	2
Selangor Cyber Valley, Mukim Dengkil, Daerah Sepang, Selangor	Leasehold expiring 2122	15	2023	-	Land under development	45
Kompleks Kejuruteraan, Jalan Puchong, Taman Perindustrian Puchong Utama, Puchong	Freehold	14	1993	30	Land, commercial office, training centre, workshop and warehouse	40
Tuaran Road, Kota Kinabalu	Leasehold expiring 2025	1	1982	43	Office building, training centres, workshop and warehouse	^
Jalan Piasau, Miri, Kidurong Light Industrial Estate, Bintulu, Lorong Then Kung Suk, Sibul	Leasehold expiring 2028-2060	4	1982-1986	23-43	Office buildings with detached factory, workshop and warehouse	3
Singapore						
Benoi Sector, Jurong Pier	Leasehold expiring 2025-2032	9	1978-2004	15-52	Office building, warehouse and workshop	^
Brunei						
Beribi Industrial Estate, Bandar Seri Begawan	Leasehold expiring 2029	*	2003	20	Office, service centre and warehouse	^
Mainland China						
Changsha Economic Technological Development Area, Changsha, Hunan	Leasehold expiring 2063	4	2013-2020	7	Industrial land, office buildings, warehouse and workshop	38
Ji Mei District, Xiamen, Fujian	Leasehold expiring 2062	1	2012-2015	9	Land, office buildings, warehouse and workshop	13
Xiao Lan Industrial Park, Nanchang, Jiangxi	Leasehold expiring 2059	1	2009-2023	12	Office building, warehouse and workshop	7

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)						
Mainland China (continued)						
Nanning, Guangxi	Leasehold expiring 2064	3	2014-2019	4	Industrial land, office building with carpark, warehouse and workshop	36
Longyan Industrial Zone and Shunjiang Juweihui Industrial Park, Shunde, Foshan, Guangdong	Leasehold expiring 2045	4	1996-2022	12-26	Land, buildings, warehouse and workshops	50
Yifu Garden, Dongguan, Guangdong	Leasehold expiring 2072	-	2014	10	Staff quarters	^
Urumqi, Xinjiang	Leasehold expiring 2060	4	2010-2012	11	Land, office building, warehouse and workshop	21
Hong Kong						
Yuen Long Industrial Estate, Yuen Long District	Leasehold expiring 2047	2	1993	-	Land for office building, warehouse and workshop	7
Australia						
Alice Springs, Darwin and Gove Facilities	Freehold	6	1992-2003	17-56	Office buildings, warehouse and workshops	23
Archerfield Facility, Kerry Road, Archerfield, Bellrick Street, Beaudesert Road, Acacia Ridge, Brisbane	Freehold Leasehold expiring 2037	6 13	1992-2012	13-77	Commercial offices, warehouse, training facilities and workshops	114
Boundary Road, Richlands, Brisbane	Freehold	1	2010	13	Land, office buildings, warehouse and workshop	17
Cairns Facility, Kenny Street, Comport St, Portsmith, Cairns	Freehold	1	1992-2008	43	Commercial office, workshop and warehouse	17
Emerald, Biloela, Moranbah, Weipa	Freehold	13	1992-1996	26-49	Commercial offices, workshops and staff hostels	10
Mackay Facility, Farrellys Lane, Connors Road, Broadsound Road, Commercial Avenue, Mackay	Freehold	60	1992-2023	7-41	Commercial offices, training facilities, workshops and warehouses	358

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
INDUSTRIAL DIVISION (CONTINUED)						
Australia (continued)						
Mt Isa Facility, Kolongo Crescent Kalkadoon, Mt Isa	Freehold	2	1992-2011	45	Commercial office, workshop and warehouse	23
Saleyrd Drive and Ann Street, Nebo	Freehold	5	2021	18-23	Workshops, warehouse and residential house	14
Rockhampton Facility, Port Curtis Road, Richardson Road, Rockhampton	Freehold	35	1992	8-49	Commercial office, workshop, warehouse and training facility	109
Toowoomba Facility, Carrington Road, Torrington	Freehold	4	1992-2012	23-51	Single-storey commercial offices, workshop and warehouse	47
Townsville Facility, Corner Woolcock Street and Blakey Street, Garbutt, Townsville	Freehold	2	1992	49	Commercial offices, workshop and warehouse	24
New Zealand						
276 & 280 Te Ngae Road, Rotorua	Freehold	1	2019	44	Land, commercial office, workshop and warehouse	17
24 Severn Street, Napier, Hawke's Bay	Freehold	1	2022	10	Commercial office, workshop and warehouse	20
24 Branston Street, Hornby, Christchurch	Freehold	*	2019	11	Commercial office, workshop and warehouse	23
New Caledonia						
Canala, Kouaoua	Freehold	2	2000-2004	29	Commercial office, workshop, warehouse and residential dwelling	1
Lot 1 & 2 Lotissement ZICO II, Paita	Freehold	4	2010, 2023	9	Land, administrative facility, warehouse and workshop	66
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	27-71	Land, office buildings, sales service and parts facility, and staff hostels	51

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)						
Solomon Islands						
Honiara Facility, Guadalcanal Island, Panatina Village, Honiara	Leasehold expiring 2091	3	1992	39	Office, industrial building, warehouse and staff hostels	^
Total Industrial Division						1,197
MOTORS DIVISION						
Malaysia						
Padang Meha, Kulim	Freehold	78	2004	26	Assembly plant	75
Sime Darby Motors City, Ara Damansara	Freehold	9	2014-2017	4	Office buildings, showrooms and workshops	444
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	9	Office building, showroom and workshop	2
362, Jalan Tun Razak	Freehold	*	2010	13	BMW 4S service centre and workshop	47
Persiaran Desa Tebrau, Tebrau	Leasehold expiring 2027	1	2020	3	Showroom, aftersales service & workshop	3
Kajang, Balakong	Freehold	*	2018	-	Showrooms and land for development of a BMW 4S centre	65
Singapore						
303 & 305 Alexandra Road	Leasehold expiring 2047-2057	9	2002-2005	15-17	4S showroom, service centre, workshop and building under construction	221
Kampung Arang Road	Leasehold expiring 2034	*	1982	54	Service centre and workshop	8
1 Ubi Road 4	Leasehold expiring 2041	*	2022	31	3S centre and offices	89
Thailand						
Paradise Road, Bangkok	Freehold	*	2013-2016	7-10	Land, showrooms, workshops and offices	47
Ratchapruk, Bangkok	Leasehold expiring 2042	2	2021	2	Showrooms, workshops and offices	24

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
MOTORS DIVISION (CONTINUED)						
Thailand (continued)						
Viphavadee, Bangkok	Leasehold expiring 2049	*	2019	3	Showroom, workshops and offices for BMW	15
Ayutthaya, Ayutthaya province	Leasehold expiring 2044	1	2023	1	Showrooms, workshops and offices	7
Pattaya, Chonburi	Leasehold expiring 2042	5	2022	-	Land for development	5
Branches in Bangkok and Samutprakarn	Leasehold expiring 2024-2034	4	2002-2015	8-20	3S showrooms, workshops and offices	10
Mainland China						
Jinkai Avenue, Chongqing	Leasehold expiring 2031	2	2016	8	BMW 5S centre	27
Yingbin Road, Panyu, Guangzhou, Guangdong	Leasehold expiring 2032	1	1999	25	BMW 4S centre	25
Shen Nan Road, Nanshan District, Shenzhen, Guangdong	Leasehold expiring 2042	1	1994	1-31	BMW 4S centre	13
Bao An District, Shenzhen, Guangdong	Leasehold expiring 2034	*	2022	1	BMW 4S centre	49
Nanzhuang City, Chancheng, Foshan, Guangdong	Leasehold expiring 2036	1	2022	15	BMW 4S centre	16
Hai Yu Zhong Xian Road, Nanhai Road, Haikou District, Hainan	Leasehold expiring 2059-2070	2	2000-2004	17-28	BMW 4S centre and service centre	22
Hongqiao land, East 3 rd Ring, Yunnan	Leasehold expiring 2027	2	2010	13	BMW 4S centre	7
Qilin Central Business District, Qujing, Yunnan	Leasehold expiring 2038	*	2019	12	BMW 4S centre	17
Gaodian Road West Section, Pidu District, Chengdu, Sichuan	Leasehold expiring 2059	2	2021	8	BMW 4S centre	56

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)						
Mainland China (continued)						
Jinke Nan Road, Jin Niu District, Chengdu, Sichuan	Leasehold expiring 2052	1	2008-2011	12-15	BMW 4S centre	77
North Jinxing Road, Changsha, Hunan	Leasehold expiring 2052	1	2019	8	BMW 4S centre	39
Songjiang district, Shanghai	Leasehold expiring 2040	1	2021	1	BMW 4S centre	42
Hong Kong and Macau						
2-4 Floor, Kailey Industrial Centre, Fung Yip Street, Chai Wan	Leasehold expiring 2047	–	1989	32	3 floors of a 20-storey office building and service centre	20
Matauwei Road, Tokwawan, Kowloon	Leasehold expiring 2035	*	1978	60	Service centre, showroom and petrol filling station	12
Castle Peak Road, Tsuen Wan, New Territories	Leasehold expiring 2047	*	1972	51	4S centre	6
Fanling, New Territories	Leasehold expiring 2047	1	2015	–	Land held for development	90
3 & 4 Floor, Topsail Plaza, 11 on Sum Street, Shatin	Leasehold expiring 2047	–	1992	28	2 floors of a 16-storey office building and service centre	51
120-158 Rua dos Pescadores, Macau	Leasehold expiring 2026	*	1977	47	Industrial building with BMW showroom and service centre	^
Australia						
Church Street, Granville, New South Wales	Freehold	1	2015-2019	14-24	Offices, showrooms and workshops	311
Mangrove Rd, Ferry Rd Sandgate, New South Wales	Freehold	*	2019	58	Land and building	7
Littlefield St, Fortitude Valley, Monier Road, Queensland	Freehold	1	2014	15-43	Offices, showrooms and workshops	179

Location	Tenure	Land area (Hectares)	Year of acquisition	Age of building (Years)	Description	Net book value (RM million)
MOTORS DIVISION (CONTINUED)						
New Zealand						
Great South Road, Manukau Road, Maranui Avenue, Silverfield Street, Auckland	Freehold Leasehold expiring 2025-2050	2 9	1998-2022	7-58	Showrooms, offices, workshops, and warehouses	42
12 Crowley Place, Albany	Leasehold expiring 2025	*	2019	5	Workshop	6
Malden Street, Palmerston North	Freehold	3	2005	20-54	Workshop, office and central parts warehouse	14
Wairau Road, Wairau Valley, Auckland	Freehold	1	2014	3	3S centre	103
Total Motors Division						2,302
OTHERS						
Malaysia						
Labu, Negeri Sembilan	Freehold	2,133	1978-1991	-	Malaysia Vision Valley land	5
Ara Damansara, Selangor	Freehold	2	2017-2018	5-6	Office towers	274
Jalan Tandang, Petaling Jaya	Leasehold expiring 2065-2066	15	1985-1994	30-60	Industrial land and building	36
Apartments and holiday bungalows in Malaysia	Freehold, Leasehold expiring 2026	*	1982-1999	32-94	Apartments/holiday bungalows	1
Total Others						316
TOTAL GROUP PROPERTIES						3,815

Note – This list excludes capitalised lease payments and properties under 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 SDB;
 - (g) preparation of meeting minutes from the AGM and/or other general meeting(s);
 - (h) appointment of proxies;
 - (i) allowing you to exercise your rights as a shareholder;
 - (j) our corporate governance;
 - (k) internal investigations, audit, security and fraud prevention purposes;
 - (l) if relevant, preparing guest invitations, registration and/or sign-up for any related events (**Events**);
 - (m) where relevant, granting you access to any relevant premises/facilities, including without limitation the premises/facilities owned, operated or managed by us or on our behalf (**Our Premises**) subject to any relevant terms and conditions;
 - (n) if necessary, to verify your financial standing through credit reference/reporting check and conducting background checks;
 - (o) where relevant, verifying and carrying out financial transactions in relation to payments made by or to you and administering and processing any payments related to products and/or services requested or provided by you;
 - (p) to administer and give effect to the commercial transactions with you and obtaining professional advice;
 - (q) communicating with you;
 - (r) responding to your inquiries;
 - (s) conducting internal activities;
 - (t) market surveys and trend analysis;
 - (u) providing you with information on our products and services and those of our related corporations and our business partners;
 - (v) legitimate business activities;

- (w) contemplated or actual corporate restructuring or corporate transaction involving us including without limitation any joint venture, merger, acquisition, restructuring and/or reorganisation and/or acquisition, disposition, sale, assignment and/or transfer of any or all portion of our business, rights, obligations, assets or stock (**Corporate Transaction**);
- (x) complying with any legal, statutory and/or regulatory requirements including but not limited to the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and/or
- (y) such other purposes directly related to the foregoing.

(collectively, the **Purposes**).

4. Your personal data is being or is to be collected from a variety of sources, including but without limitation:
 - (a) from the information directly provided by you or on your behalf to us;
 - (b) from our share registrar, Tricor Investor & Issuing House Services Sdn Bhd (**Tricor**);
 - (c) through Bursa Malaysia Berhad and its subsidiaries and related companies;
 - (d) through any third parties including but not limited to, your stockbrokers, agents, remisiers, trustee through which you trade in;
 - (e) photographs and recordings which may be captured during AGM and/or other general meetings of which you may attend;
 - (f) when you visit Our Premises in person;
 - (g) via any Sime Darby websites and/or the cookies;
 - (h) from any information or document submitted or provided by you to us for any of the Purposes;
 - (i) when you inquire about, register for or participate in any Events;
 - (j) when you contact us through various methods such as telephone calls, emails and/or the Platform;
 - (k) from CCTV;
 - (l) through any third parties (including without limitation your friends and family members, credit reference bodies, background check agencies, regulatory and law enforcement authorities and other third party sources); and/or
 - (m) all other communications between you and us and all other information that you may provide to us from time to time.
5. You have the right to request access to and to request correction of your personal data and to contact us with any inquiries or complaints in respect of your personal data (including the possible choices and means for limiting the processing of your personal data or to cease or not begin processing your personal data for purposes of direct marketing) from our share registrar, Tricor, as follows:

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Attention: Ms Lim Lay Kiow, Senior Manager
Telephone: +(603) 2783 9299
Facsimile: +(603) 2783 9222
Email: is.enquiry@my.tricorglobal.com

NOTICE TO SHAREHOLDERS

Under The Personal Data Protection Act 2010

6. Subject to provisions of the Act:
 - (a) you may, upon payment of a prescribed fee, make a data access request in writing to us; and
 - (b) we may refuse to comply with a data access request or a data correction request and shall, by notice in writing, inform you of our refusal and the reasons of our refusal.

7. We disclose or may disclose your personal data for the Purposes to the following:
 - (a) our related corporations, subsidiaries, affiliates and/or our group companies;
 - (b) our share registrar;
 - (c) our professional service providers such as accountants and legal advisors;
 - (d) our business partners, contractors and service providers, including without limitation our payment provider who will manage dividend payments, data centre service providers, storage facility and records management service providers, cloud service providers, telecommunications and information technology service providers and/or data analytics and marketing agencies;
 - (e) fraud prevention agencies, credit reporting agencies, background check agencies and/or our financial and other professional advisors (where relevant);
 - (f) banks, insurance companies, payment verification providers and payment processors (where relevant);
 - (g) governmental departments and/or agencies, regulatory and/or statutory bodies and law enforcement officer;
 - (h) such third party as requested for or authorised by you;
 - (i) safety and security personnel;
 - (j) our actual or potential assignee, assignor, transferee, transferor, acquirer or acquiree in respect of our rights, interests and/or properties;
 - (k) third parties due to any actual or potential Corporate Transaction; and/or
 - (l) other third parties for any of the Purposes.

8. We may require your assistance if the personal data relating to other persons is required to process your personal data for the Purposes and you hereby agree to use your best endeavours 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 pemrosesan 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 "pemrosesan" 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 pemrosesan 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;

NOTIS KEPADA PEMEGANG SAHAM

Di Bawah Akta Perlindungan Data Peribadi 2010

- (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 langsung 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 dokumen 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. Faks: +(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 pembedulan data dan kami akan memaklumkan kepada anda, melalui notis bertulis, mengenai keengganan tersebut dan sebab-sebab bagi keengganan tersebut.
7. Kami mendedahkan atau boleh mendedahkan data peribadi untuk Maksud-maksud tersebut kepada pihak berikut:
 - (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 memperoleh hak, kepentingan dan/atau harta kami atau pihak ketiga yang haknya, kepentingannya dan/atau hartanya kami memperoleh (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**).

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.

NOTICE TO PROXIES

Under The Personal Data Protection Act 2010

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 endeavours 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 pemrosesan 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 "pemrosesan" 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 pemrosesan 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) mengirimitkan 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 Penyeneraian Bursa Malaysia Securities Berhad; dan/atau
 - (t) maksud-maksud lain yang berhubungan secara langsung dengan yang tersebut di atas.

(secara kolektif, **Maksud-maksud** tersebut).

NOTIS KEPADA PROKSI

Di Bawah Akta Perlindungan Data Peribadi 2010

4. Data peribadi anda sedang atau akan dikumpulkan dari pelbagai sumber, termasuk tanpa had:
 - (a) dari sebarang instrumen dan/atau dokumen yang dikemukakan berkenaan dengan pelantikan proksi termasuk tetapi tidak terhad kepada borang proksi dan surat kuasa wakil;
 - (b) dari maklumat yang dikemukakan/dihantar secara langsung 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 menjadi 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 dokumen 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 mengehadikan 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. Faks: +(603) 2783 9222
Alamat E-mel: is.enquiry@my.tricorglobal.com

6. Tertakluk kepada peruntukan-peruntukan Akta tersebut:
 - (a) anda boleh, setelah membayar fi yang ditetapkan, membuat suatu permintaan mengakses data secara bertulis kepada kami; dan
 - (b) kami boleh enggan mematuhi permintaan mengakses data atau permintaan pembetulan data dan kami akan memaklumkan kepada anda, melalui notis bertulis, mengenai keengganan tersebut dan sebab-sebab bagi keengganan tersebut.

7. Kami mendedahkan atau boleh mendedahkan data peribadi anda untuk Maksud-maksud tersebut kepada pihak berikut:
 - (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 memperoleh hak, kepentingan dan/atau harta kami atau pihak ketiga yang haknya, kepentingannya dan/atau hartanya kami memperoleh (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 Limited Assurance Report on Subject Matter Information in Sime Darby Berhad's Annual Report 2023

To the Board of Directors of Sime Darby Holdings Berhad

We have been engaged by Sime Darby Holdings Berhad to perform an independent limited assurance engagement on selected material sustainability indicators (hereinafter referred to as the "Subject Matter Information") as reported by Sime Darby Berhad ("Sime Darby") in its Annual Report for the year ended 30 June 2023 ("Sime Darby Annual Report 2023").

Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information contained in the Sime Darby Annual Report 2023 for the year ended 30 June 2023 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Subject Matter Information

The Subject Matter Information reported in the Sime Darby's Annual Report 2023 on which we provide limited assurance, consists of:

Health and Safety:

- Total Recordable Injury Frequency Rate ("TRIFR")
 - Group total (including Logistics): 2.99
 - Group total (excluding Logistics): 3.02
 - Sime Darby Motors: 2.89
 - Sime Darby Industrial: 3.26
- Lost Time Injury Frequency Rate ("LTIFR")
 - Group total (including Logistics): 1.03
 - Group total (excluding Logistics): 1.05
 - Sime Darby Motors: 1.14
 - Sime Darby Industrial: 0.93

Energy and Emissions Management:

- Scope 1 (Direct) GHG Emissions (CO₂e '000 tonnes): 34
- Scope 2 (Energy Indirect) GHG Emissions (CO₂e '000 tonnes): 71

Our assurance was with respect to the year ended 30 June 2023 information and we have not performed any procedures with respect to earlier periods or any other elements included in the Sime Darby Annual Report 2023 and, therefore, we do not express any conclusion thereon.

.....
: PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 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 Limited Assurance Report on Subject Matter Information in Sime Darby Berhad's Annual Report 2023 (continued)

Reporting Criteria

The Subject Matter Information 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 by Sime Darby to prepare the Subject Matter Information are set out in sections "Safety Definitions" on page 414, and "Greenhouse Gas Definitions" on pages 415 and 416 within the Sime Darby Annual Report 2023 (hereinafter referred to as the "Reporting Criteria").

Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure the Subject Matter Information allows for different, but acceptable, measurement basis and can affect comparability between entities over time. In addition, Greenhouse Gas ("GHG") quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The Subject Matter Information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

Management's Responsibility

Management of Sime Darby is responsible for the preparation of the Subject Matter Information included in the Sime Darby Annual Report 2023 in accordance with the Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the Sime Darby Annual Report 2023 as well as the design, implementation and maintenance of internal control relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. 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 express a limited assurance conclusion on the Subject Matter based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements ("ISAE") 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Subject Matter Information is free from material misstatement.

The accuracy of the Subject Matter 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 conjunction with the Reporting Criteria.

INDEPENDENT ASSURANCE REPORT

Independent Limited Assurance Report on Subject Matter Information in Sime Darby Berhad's Annual Report 2023 (continued)

Our Responsibility (cont'd)

A limited assurance engagement involves assessing the suitability in the circumstances of Sime Darby's use of the Reporting Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Independence and Quality Management

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 behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Main Assurance Procedures

Our work included the following procedures:

- Evaluated the suitability in the circumstances of Sime Darby's Reporting Criteria as the basis for preparing the Subject Matter Information;
- Obtained understanding of the Company's control environment, processes and systems relevant to the preparation of the Subject Matter Information at the consolidated level and business unit level. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- Evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by Sime Darby, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Sime Darby's estimates;
- Performed analytical procedures for consistency of data with trends and our expectation;
- Performed limited substantive testing on a sample basis on transactions included in the Subject Matter Information, which involved agreeing data points to/from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported;
- Performed system-wide classification search of the Health and Safety related Subject Matter Information;
- Assessed the appropriateness of the greenhouse gas emission factors used in the calculation of the Subject Matter Information, where relevant;
- Considered the organisational boundary of Sime Darby for the reporting of the Subject Matter Information; and
- Evaluated the appropriateness of the disclosures and presentation of the Subject Matter Information based on the Reporting Criteria.

Independent Limited Assurance Report on Subject Matter Information in Sime Darby Berhad's Annual Report 2023 (continued)**Restriction on Distribution and Use and Disclaimer of Liability to Third Parties and For Any Other Purpose**

This report, including the conclusion, has been prepared solely for the Board of Directors of Sime Darby Holdings Berhad in accordance with the agreement between us, in connection with the performance of an independent limited assurance engagement on the Subject Matter Information as reported by Sime Darby in the Sime Darby Annual Report 2023 and 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 2023 to be disclosed on the website of Sime Darby at www.simedarby.com to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter Information in connection with the preparation of Sime Darby Annual Report 2023. As a result, we will not accept any liability or 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
6 October 2023

SAFETY DEFINITIONS

Total Recordable Injuries (TRI)	<p>Total Recordable Injuries include:</p> <ul style="list-style-type: none"> • 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. <p>A TRI is registered as a safety statistic when the injury is confirmed as a work-related compensable case and/or is confirmed by a medical practitioner as a work-related injury, 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 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.</p>
Total Recordable Injury Frequency Rate (TRIFR)	<ul style="list-style-type: none"> • 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: $TRIFR = (\text{total number of recordable injuries} / \text{total hours worked}) \times 1,000,000$
Lost Time Injury (LTI)	<p>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.</p>
Lost Time Injury Frequency Rate (LTIFR)	<ul style="list-style-type: none"> • Total number of Lost Time Injuries (fatal injury + permanent disabling injury + lost time injury) per one million hours worked • Calculation: $LTIFR = (\text{total number of lost time injuries} / \text{total hours worked}) \times 1,000,000$
Injury Classification – First Aid	<p>Occupational injuries or illnesses receiving the following treatment are considered to have received First aid treatment:</p> <ul style="list-style-type: none"> • 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	<p>The number of hours that the employee or worker has worked during the reporting period include the following:</p> <ul style="list-style-type: none"> • 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

GREENHOUSE GAS (GHG) DEFINITIONS

Basis for calculation	The organisational boundary for the calculation of the quantitative GHG metrics is all subsidiaries of SDB to the extent that they are material to SDB by size and nature of operations.
Scope 1 Emission	<p>Direct greenhouse emissions that occur from sources that are controlled or owned by the Company. Sources included are fuel consumed for generators, compressors, boilers, heavy machinery, processes, vehicles owned or controlled by Sime Darby, operation of client vehicles in the process of maintenance, repair or testing as well as gases for welding and oxygen cutting.</p> <p>Calculated as follows:</p> $\text{Emissions (kg)} = \text{Combustible (kL or m}^3\text{)} \times \text{EF}_1 \text{ (GJ/kL or GJ/m}^3\text{)} \times \text{EF}_2 \text{ (kg/GJ)}$ <ul style="list-style-type: none"> • Emissions = Mass of CO₂, CH₄, or N₂O that is emitted • Combustible = Mass or volume of fuel or other non-fuel that is combusted • EF₁ = Energy content factor for the combustible material • EF₂ = CO₂, CH₄, or N₂O emission factor for the combustible material <p>The methodology used is to multiply the emissions of CH₄ and N₂O by the appropriate global warming potential (GWP) to calculate CO₂ equivalent (CO₂^e) emissions. The GWP for CH₄ is 28, and the GWP for N₂O is 265. These values are taken from the Intergovernmental Panel on Climate Change (IPCC), Fifth Assessment Report (AR5).</p> <p>The total CO₂ emissions are calculated as the sum of the CO₂^e emissions from CH₄ and N₂O and the CO₂ emissions in kg.</p> <p>Note: Refrigerant emissions were estimated to fall below the 5% materiality threshold based on 9 sampled sites for FY2022. Hence, it is not included in Scope 1 emissions reported by SDB. In addition, SDB will be undertaking refrigerant materiality assessments every three years to confirm that refrigerant emissions do not breach the materiality threshold.</p>
Scope 2 Emission	<p>Indirect emissions associated with the purchase of electricity, steam, heat, or cooling.</p> <p>Calculated as follows:</p> $\text{Emissions (kg)} = \text{Electricity (kWh)} \times \text{EF (kg/kWh)}$ <ul style="list-style-type: none"> • Emissions = Mass of CO₂, CH₄, or N₂O that is emitted • Electricity = Quantity of electricity that is purchased • EF = CO₂, CH₄, or N₂O emission factor <p>The methodology used is to multiply the emissions of CH₄ and N₂O by the appropriate global warming potential (GWP) to calculate CO₂ equivalent (CO₂^e) emissions. The GWP for CH₄ is 28, and the GWP for N₂O is 265. These values are taken from the Intergovernmental Panel on Climate Change (IPCC), Fifth Assessment Report (AR5).</p> <p>The total CO₂ emissions are calculated as the sum of the CO₂^e emissions from CH₄ and N₂O and the CO₂ emissions in kg.</p>
Location-based Method	The method utilised to quantify scope 2 emissions based on average energy generation emission factors for defined geographic locations, including local, regional, or national boundaries.

GREENHOUSE GAS (GHG) DEFINITIONS

Market-based Method	The method utilised to quantify the scope 2 emissions from a business centre based on GHG emissions emitted by the generators from which the business centre contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own.
Data Estimation	If there are gaps in the data for scope 1 and scope 2 calculation, estimations will need to be made. This will be achieved through the calculation method by several scenarios: data crossing months, sharing data, spend data, missed data and scaled data. All estimated data will need to be updated once the actual data is available from suppliers.
Scope 3 Emission	All other indirect emissions that occur in the Company's value chain (e.g., business travel, employee commuting, use of sold products, product lifecycle including disposal of sold products).
Greenhouse Gases (GHG)	Sime Darby identifies CO ₂ , CH ₄ , N ₂ O, HFCs as main GHGs for environmental sustainability accounting and reporting based on the company nature and common practices.
Carbon Emissions Equivalent (CO₂-e)	The universal unit of measurement utilised to indicate the global warming potential (GWP) of each of the six greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.
Emission Factor	<p>The factor utilised for estimating GHG emissions from a unit of available activity data (e.g., tons of fuel consumed, tons of product produced) and absolute GHG emissions.</p> <p>Scope 1 emission factors sourced from various publicly available data of national government authorities where published. Country-specific Scope 1 emission factors were sourced for Australia, China, Hong Kong, Malaysia, New Zealand and Taiwan. Examples include: The National Greenhouse and Energy Reporting (Measurement) Determination 2008 (2022 Update) Schedule 1, Part 2, 3, 4 (Australia). For countries without published Scope 1 emission factors, default Scope 1 emission factors were sourced from The GHG Protocol, Emission Factors from Cross-Sector Tools, Tables 1, 2, 3 and US values of 12 & 13 for other unspecified countries.</p> <p>Scope 2 emission factors sourced from publicly available data for national government authorities or regional electricity generators where published. Country or region-specific Scope 2 emission factors were sourced for Australia, China, Hong Kong, Macau, Malaysia, New Zealand, Singapore, Taiwan and Thailand. Examples include: (i) National Greenhouse and Energy Reporting (Measurement) Determination 2008 (2022 Update) - schedule 1, part 6 published by the Department of Industry, Science, Energy and Resources updated in Jul 2022 (Australia) (ii) Notice on the reporting and management of Power Generation Enterprise greenhouse gas emissions in 2023-2025 published by the Ministry of Ecology and Environment (MEE) issued in Feb 2023 (China). For countries without published Scope 2 emission factors, country-specific Scope 2 emission factors were sourced from country-specific energy profiles published by the International Renewable Energy Agency updated on 24th Aug 2022.</p>

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting (**AGM**) of Sime Darby Berhad (Sime Darby or Company) will be held virtually through live streaming from the broadcast venue at Function Room, Ground Floor, Menara Sime Darby, Oasis Corporate Park, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 16 November 2023 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 2023 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 RM4,600,000 from the Seventeenth 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 Seventeenth AGM until the next AGM of the Company. **(Resolution 2)**
Refer to Explanatory Note 2
4. To elect the following Directors who retire pursuant to Rule 82.2 of the Constitution of the Company and who being eligible, offer themselves for election:
 - (i) Scott William Cameron **(Resolution 3)**
 - (ii) Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz **(Resolution 4)***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) Dato' Jeffri Salim Davidson **(Resolution 5)**
 - (ii) Dato' Dr Nirmala Menon **(Resolution 6)**
 - (iii) Tan Sri Ahmad Badri Mohd Zahir **(Resolution 7)***Refer to Explanatory Note 3*
6. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 30 June 2024 and to authorise the Directors to determine their remuneration. **(Resolution 8)**
Refer to Explanatory Note 4

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following Ordinary Resolutions:

- (i) **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 the Circular to Shareholders dated 18 October 2023, 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 5

(ii) **Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for the Company and/or its Subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties Involving the Interest of Bermaz Auto Berhad (Bermaz)**

"THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act 2016 (Act), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with the related parties involving the interest of Bermaz, as set out in Section 2.3 of the Circular to Shareholders dated 18 October 2023, which are necessary for the day-to-day operations in the ordinary course of business of the Company and/or its subsidiary companies on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on arm's length basis, and are not detrimental to the minority shareholders of the Company (Mandate);

THAT the Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (AGM) of the Company following this AGM at which such Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting whereby the Mandate is renewed; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (c) the Mandate is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

(Resolution 10)

Refer to Explanatory Note 5

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
18 October 2023

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 2023. Only a Member whose name appears on this Record of Depositors as at 7 November 2023 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 Seventeenth 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 Wednesday, 15 November 2023 at 11.00 a.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 <https://www.simedarby.com/investor/agmegm>.

Explanatory Notes

1. Audited Financial Statements for the financial year ended 30 June 2023

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.

On 24 November 2022, the Board approved the establishment of the Investment Committee (IC) to assist the Board in reviewing major business proposals which include mergers and acquisitions, new partnerships, disposals, capital expenditure and monitoring the implementation of the Group's strategic blueprint as approved by the Board and ensure that they remain robust and relevant. The Risk Management Committee was also renamed as the Risk Management & Sustainability Committee on 24 November 2022 to reflect its oversight of the sustainability agenda, strategy and other economic, environmental and social risks. The IC was formally formed on 23 February 2023.

Having considered the responsibilities undertaken by the Nomination & Remuneration Committee (NRC) and the IC, the Board has proposed that the annual fees of both Committees be revised from RM60,000 to RM70,000 for the Chairman and from RM35,000 to RM40,000 for the members.

The shareholders' approvals are hereby sought for the payment of Directors' fees and benefits up to an amount of RM4,600,000 and RM1,500,000 respectively, to the NEDs with effect from the Seventeenth AGM until the next AGM of the Company.

(i) The payment of Directors' fees for the NEDs is based on the revised fee structure:

Board/Board Committee	NED Fees (RM/Year)	
	Chairman	Member
Board	560,000	240,000 ¹ 380,000 ²
<ul style="list-style-type: none"> • Governance & Audit Committee • Risk Management & Sustainability Committee 	80,000	50,000
<ul style="list-style-type: none"> • Nomination & Remuneration Committee • Investment Committee 	70,000	40,000
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

NOTICE OF ANNUAL GENERAL MEETING

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.

Any NEDs who are shareholders of the Company will abstain from voting on Resolutions 1 and 2 concerning the remuneration to the NEDs at the Seventeenth AGM.

The remuneration of each Director for the financial year ended 30 June 2023 is set out on page 204 of this Annual Report 2023.

3. Resolutions 3 to 7 – 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 but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr Scott William Cameron and Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz were appointed during the year, being eligible, have offered themselves for election at the Seventeenth AGM pursuant to Rule 82.2 of the Constitution of the Company. Both Mr Cameron and Tengku Dato' Sri Azmil have completed their Mandatory Accreditation Programme pursuant to the provision of the Listing Requirements.

- (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 general 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 Seventeenth AGM of the Company are Dato' Jeffri Salim Davidson, Dato' Dr. Nirmala Menon and Tan Sri Ahmad Badri Mohd Zahir. All of them, being eligible, have offered themselves for re-election at the Seventeenth AGM pursuant to Rule 104 of the Constitution of the Company.

For the purpose of determining the eligibility of the Directors to stand for re-election at the Seventeenth AGM, the Board through its NRC, had assessed each of the retiring Directors, and considered the following:

- (i) The Director's performance and contributions as determined by the Self and Peer Assessment conducted during the Board Effectiveness Assessment 2023;
- (ii) The Director's level of contribution to Board discussions through his/her skills, experience and strength in qualities;
- (iii) The level of independence demonstrated by the Independent Director and his/her ability to act in the best interests of the Company in decision-making;
- (iv) The evaluation of Director's character, integrity, competence and experience as well as fit and properness to discharge his/her role effectively; and
- (v) The Director's commitment and time allocation to ensure effective fulfilment of his/her responsibilities.

Based on the aforesaid assessment, the Board and the NRC are satisfied that the performance of each of the retiring Directors have met the performance criteria required of an effective and high-performance Board and the Board's expectations by continuously discharging their duties diligently as Directors of the Company.

4. Resolution 8 – Re-appointment of Auditors

The Governance & Audit Committee (GAC) at its meeting held on 18 September 2023 undertook the annual assessment of the suitability and effectiveness of the external audit process, and the performance, suitability and independence of the external auditors, PricewaterhouseCoopers PLT (PwC). The following factors were taken into consideration:

- (i) Dissemination of information about policies and processes for maintaining independence, objectivity and the monitoring of PwC's compliance with professional ethical standards;
- (ii) Communication of audit strategy and current developments in relation to accounting and auditing standards relevant to the Group's financial statements and the potential impact on the audit;
- (iii) Timeliness and quality of 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 25 September 2023, approved the GAC's recommendation that the shareholders' approval be sought at the Seventeenth AGM on the re-appointment of PwC as external auditors of the Company for the financial year ending 30 June 2024, under Resolution 8. The present external auditors, PwC, have indicated their willingness to continue their services for the next financial year.

Explanatory Notes on Special Business

5. Resolutions 9 and 10 – Proposed Shareholders' Mandate

The proposed Resolutions 9 and 10, if passed, will respectively renew the existing shareholders' mandate and grant a new mandate for 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 the Circular to Shareholders dated 18 October 2023.

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 7 as stated above) at the Seventeenth AGM of Sime Darby are set out in the “Board of Directors” section on pages 174 to 179 of the Company’s Annual Report 2023.

The details of any interest in securities held by the said Directors are set out in the “Directors’ Report” section on pages 234 to 239 of the Company’s Annual Report 2023.

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. and email address: _____ 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)

Tel. No. and email address: _____ *and/or _____ (FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No. _____) of _____ (ADDRESS)

_____ Tel. No. and email address: _____ (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 Seventeenth Annual General Meeting (AGM) of Sime Darby Berhad (Company) be held virtually through live streaming from the broadcast venue at Function Room, Ground Floor, Menara Sime Darby, Oasis Corporate Park, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 16 November 2023 at 10.00 a.m. and at any adjournment thereof.

No.	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and the Auditors thereon			
Ordinary Business				
2.	To approve the payment of fees to the Non-Executive Directors up to an amount of RM4,600,000 from the Seventeenth 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 Seventeenth AGM until the next AGM of the Company	2		
4.(i)	To elect Mr Scott William Cameron who retires in accordance with Rule 82.2 of the Constitution of the Company	3		
4.(ii)	To elect Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz who retires in accordance with Rule 82.2 of the Constitution of the Company	4		
4.(iii)	To re-elect Dato' Jeffri Salim Davidson who retires in accordance with Rule 103 of the Constitution of the Company	5		
4.(iv)	To re-elect Dato' Dr Nirmala Menon who retires in accordance with Rule 103 of the Constitution of the Company	6		
4.(v)	To re-elect Tan Sri Ahmad Badri Mohd Zahir who retires in accordance with Rule 103 of the Constitution of the Company	7		
5.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to determine their remuneration	8		
Special Business				
6.(i)	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	9		
6.(ii)	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	10		

My/Our proxy(ies) is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy(ies) 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 2023 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 _____ 2023.

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 TIH Online website at <https://tjih.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 2023. Only a Member whose name appears on this Record of Depositors as at 7 November 2023 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 Seventeenth 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 Wednesday, 15 November 2023 at 11.00 a.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 TIH Online website at <https://tjih.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 TIH Online website at <https://tjih.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 <https://www.simedarby.com/investor/agmegm>.

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AFFIX
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THE SHARE REGISTRAR

SIME DARBY BERHAD (200601032645 (752404-U))

c/o Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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