



ACCELERATING  
**CREST@UMW**

INTEGRATED ANNUAL REPORT 2022

**UMW HOLDINGS BERHAD**

198201010554 (90278-P)

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## COVER RATIONALE

UMW's approach to comprehensive growth is encircled in our CREST@UMW strategy framework. Launched in January 2021 as CREST@2021, it has since been retitled to CREST@UMW. The numbers 20-2-1 inscribed in the CREST@UMW logo not only refers to the year it was launched but also the strategic framework's aspirations: to achieve RM20 billion in revenue, RM2 billion PBT and RM1 billion PATAMI by 2030. The goal is to lead the way with sustainable core businesses based on our five vital pillars, **Customer, Relationship, Excellence, Sustainability and Teamwork**, as we at UMW commit to driving change and delivering on our promises. In order to fully realise the objectives of CREST@UMW, the core framework is bolstered by distinct underlying enablers. These include the ingenuity to innovate, a continuous push towards digitalisation and the cultivation of a shared attitude towards success. In meeting challenges and allaying prevailing uncertainties, our CREST@UMW strategy creates a firm pathway toward resolving emergent economic and sustainability concerns.

As one of the industry leaders, it is our responsibility to forge new and innovative paths, paving the way for long-term sustainable growth. We cultivate strategic global alliances, adopt the latest technological advances and pursue excellence and sustained stakeholder value, while at all times striving to break new ground.

The cover reflects UMW's central role, sustained by its five core pillars of its CREST@UMW transformation strategy, in a constantly evolving ecosystem. Spearheading support, each core pillar and enabler drives UMW's determination to reinvigorate the various industries in which we operate. The design's dynamic shapes encapsulate UMW's diverse endeavours within the automotive, equipment, manufacturing & engineering, aerospace and property development sectors.

The cyclical aesthetic of the design, as well as the shape-shifting shades of green, highlight UMW's dedication to long-term sustainability in innovising mobility. CREST@UMW core components are embedded within the cover to accentuate the framework's augmentation of UMW's overall performance, accelerating progress in realising our CREST@UMW aspirations. Hence, accelerating CREST@UMW.

### Integrated Annual Report 2022

Scan the QR code to view our Integrated Annual Report online



### Sustainability Report 2022

Scan the QR code to view our Sustainability Report online



### Corporate Governance Report 2022

Scan the QR code to view our Corporate Governance Report online



Look out for these icons throughout the Report:



Reference to online material  
<https://www.annualreport.umw.com.my/>



Reference to another section in our Reports

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# BASIS OF THIS REPORT

# BASIS OF THIS REPORT

**A catalyst for progressively transforming the energy transition, UMW Holdings Berhad leads by committing to sustainable core businesses, driving change and delivering promises.**

The UMW Holdings Berhad (**UMW or the Group**) Integrated Annual Report 2022 (**Report**) presents the Group's performance in delivering excellence and sustained value creation for our stakeholders through products and services. The Report provides a transparent, fair and comprehensive account of our strategic progress for the period from 1 January to 31 December 2022.

The Report considers the risks and opportunities present in all the businesses we operate in and also details how the Group applies good governance and sustainability practices to ensure sustainable outcomes.

Together with our Corporate Governance Report 2022 and Sustainability Report 2022, this Report enables a comprehensive understanding of the Group's capacity to continue creating value.

### SCOPE AND BOUNDARIES

This Report covers the Group's activities and operations for the financial year ended 31 December 2022 (**FY2022**) in Malaysia and the countries we operate in, unless stated otherwise. This includes all our businesses within the Automotive, Equipment, Manufacturing & Engineering (**M&E**), Aerospace and Development segments, as well as subsidiaries and/or joint ventures.

### REPORTING PRINCIPLES & FRAMEWORKS

Our reporting practices, guided by local and international frameworks, demonstrate our commitment to providing transparent and accurate reporting. This will enable our stakeholders to make informed decisions based on our financial and non-financial performance.

This Report is also in accordance with the following guidelines and statutory, financial and regulatory requirements and frameworks:

- Malaysian Financial Reporting Standards
- Value Reporting Foundation
- Bursa Malaysia Securities Berhad Main Market Listing Requirements (**Bursa Securities' MMLR**)
- Malaysian Code on Corporate Governance 2021

- Bursa Malaysia Berhad (**Bursa Malaysia**) Corporate Governance Guide (4<sup>th</sup> Edition)
- Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on GLC High Performance
- Minority Shareholders Watch Group
- ASEAN Corporate Governance Scorecard.

As regards sustainability reporting, the Report is in line with the following reporting standards and guidelines:

- Bursa Malaysia Securities Berhad's Main Market Listing Requirements on Sustainability Reporting
- Bursa Malaysia Sustainability Reporting Guide (3<sup>rd</sup> Edition)
- Global Reporting Initiative (**GRI**) Universal Standards 2021

### TCFD RECOMMENDATIONS

The TCFD Recommendations, first launched in 2017, are designed to encourage consistent and comparable reporting on climate related risks and opportunities by companies to their stakeholders. The TCFD Recommendations are structured around four content pillars: (i) Governance; (ii) Strategy; (iii) Risk Management; and (iv) Metrics & Targets; and eleven recommendations to support effective disclosure under each pillar.

Navigate our report



#### Our Capitals:

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

#### Strategic Pillars: Our Core Businesses:

- |                |                             |
|----------------|-----------------------------|
| Customer       | Automotive                  |
| Relationship   | Equipment                   |
| Excellence     | Manufacturing & Engineering |
| Sustainability | Aerospace                   |
| Teamwork       | Development                 |

#### Material Matters:

- Climate Change
- Customer, Product and Innovation Excellence
- Employee Engagement
- Training and Education
- Energy, Waste and Water Management
- Diversity and Inclusivity
- Labour/Management Relations
- Business Ethics and Governance
- Sustainable Supply Chain
- Occupational Health and Safety (OHS)
- Community Investment



### FORWARD-LOOKING STATEMENTS

Forward-looking statements should be read with a degree of caution as they are reliant on various events, risks, uncertainties and other factors beyond our control. These statements can be identified by key words such as "believe", "intend", "will", "plan", "outlook" and other similar words in conjunction with discussions on future operating or financial performance. Such statements should not be taken as guarantees of future operating, financial or other results. Thus, actual results and outcomes could differ from these forward-looking statements, whether they are expressed or implied.

### FEEDBACK

We are committed to better reporting practices. All comments may be directed to Group Secretarial & Corporate Governance:

The Group therefore gives no warranty, whether expressed or implied, that the results targeted by these forward-looking statements will be achieved. In addition, we remain under no obligation to update these forward-looking statements or the historical information included in this Report.

### STATEMENT OF THE BOARD OF DIRECTORS

The Board acknowledges its responsibility for ensuring the integrity of the Report. In the Board's opinion, the Report has addressed all material topics and fairly represents the Group's performance in 2022.

**Raja Norakmar Raja Mohd Ali**  
Joint Group Secretary



Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur

**Yogeswary Sithambaram**  
AVP 1, Integrated Reporting



+603 2025 2025



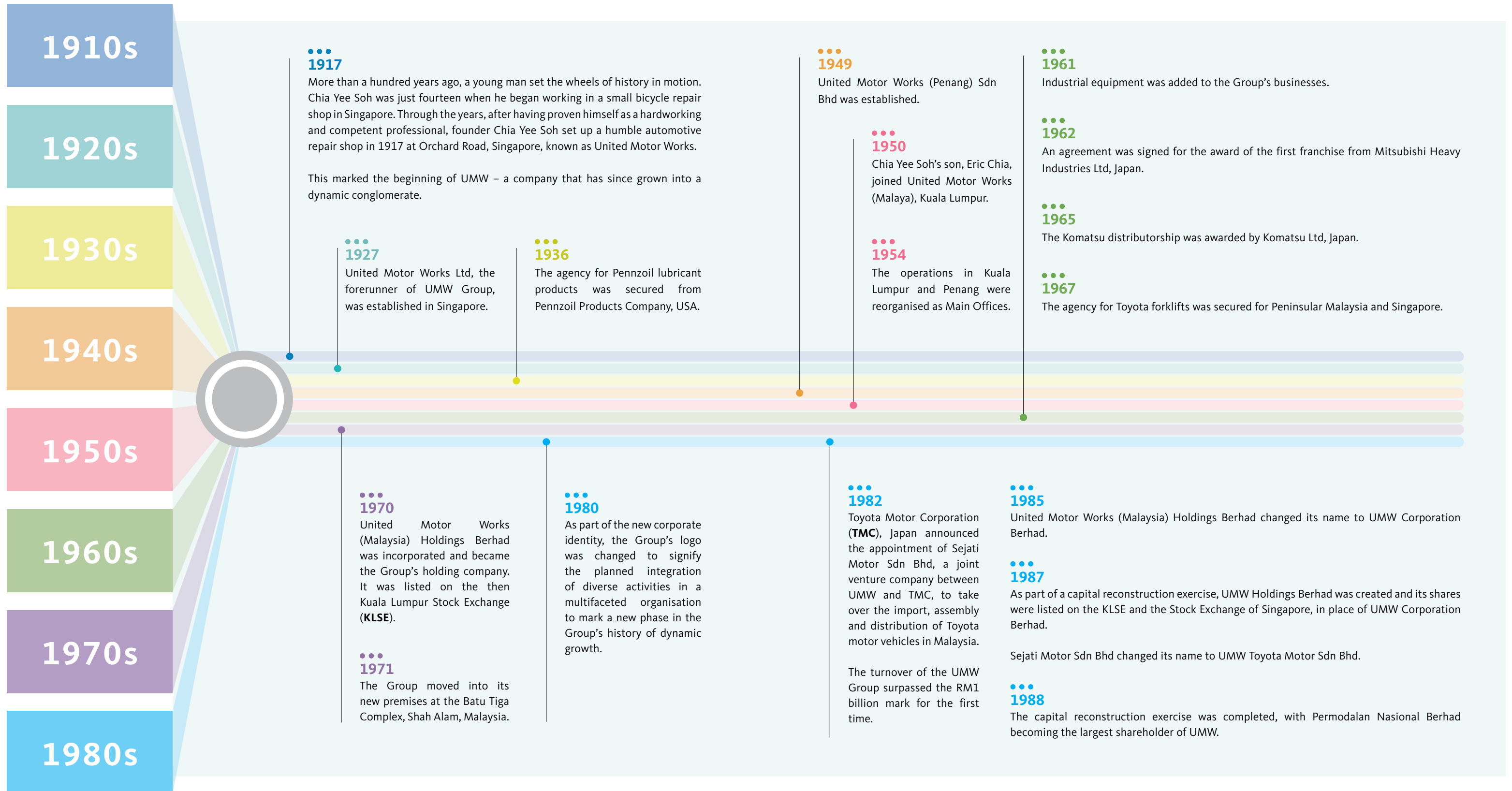
+603 2025 2029



raja-norakmar.raja-ali@umw.com.my  
yogeswary.sithambaram@umw.com.my

# OUR MILESTONES PROGRESSING BEYOND 100 YEARS

# OUR MILESTONES PROGRESSING BEYOND 100 YEARS



OUR MILESTONES  
PROGRESSING BEYOND 100 YEARS

OUR MILESTONES  
PROGRESSING BEYOND 100 YEARS





## OUR CORPORATE STRUCTURE

## OUR CORPORATE INFORMATION AS AT 15 MARCH 2023



### BOARD OF DIRECTORS

**TAN SRI DATO' SRI HAMAD KAMA PIAH CHE OTHMAN**  
Group Chairman  
Non-Independent Non-Executive Director

**DATO' AHMAD FUAAD MOHD KENALI**  
President & Group Chief Executive Officer/Executive Director

**DR. VEERINDERJEET SINGH TEJWANT SINGH**  
Senior Independent Non-Executive Director

**DATO' ESHAH MEOR SULEIMAN**  
Independent Non-Executive Director

**DATIN PADUKA KARTINI HJ ABDUL MANAF**  
Non-Independent Non-Executive Director

**RAZALEE AMIN**  
Independent Non-Executive Director

**DATO' SERI PROF. DR. IR. ZAINI UJANG**  
Independent Non-Executive Director

**DATO' AZMI MOHD ALI**  
Independent Non-Executive Director

**SHAHIN FAROUQUE JAMMAL AHMAD**  
Non-Independent Non-Executive Director

**MOHD SHAHAZWAN MOHD HARRIS**  
Non-Independent Non-Executive Director

**DATUK (DR.) YASMIN MAHMOOD**  
Independent Non-Executive Director

### BOARD COMMITTEES

#### AUDIT COMMITTEE

- Dr. Veerinderjeet Singh (Chairman)
- Razalee Amin
- Dato' Eshah Meor Suleiman
- Datuk (Dr.) Yasmin Mahmood

#### NOMINATION & REMUNERATION COMMITTEE

- Dato' Azmi Mohd Ali (Chairman)
- Datin Paduka Kartini Hj Abdul Manaf
- Dato' Eshah Meor Suleiman
- Dato' Seri Prof. Dr. Ir. Zaini Ujang
- Shahin Farouque Jammal Ahmad

#### INVESTMENT COMMITTEE

- Shahin Farouque Jammal Ahmad (Chairman)
- Datin Paduka Kartini Hj Abdul Manaf
- Dr. Veerinderjeet Singh
- Mohd Shahazwan Mohd Harris
- Datuk (Dr.) Yasmin Mahmood

#### RISK MANAGEMENT & SUSTAINABILITY COMMITTEE

- Dato' Eshah Meor Suleiman (Chairperson)
- Razalee Amin
- Dato' Azmi Mohd Ali
- Dato' Seri Prof. Dr. Ir. Zaini Ujang
- Mohd Shahazwan Mohd Harris

#### INTEGRITY & WHISTLEBLOWING COMMITTEE

- Razalee Amin (Chairman)
- Dato' Azmi Mohd Ali
- Datin Paduka Kartini Hj Abdul Manaf
- Dr. Veerinderjeet Singh

#### EMPLOYEE SHARE OPTION SCHEME COMMITTEE

- Dato' Azmi Mohd Ali (Chairman)
- Datin Paduka Kartini Hj Abdul Manaf
- Dato' Eshah Meor Suleiman
- Dato' Seri Prof. Dr. Ir. Zaini Ujang
- Dato' Ahmad Fuaad Kenali
- Shahin Farouque Jammal Ahmad

#### JOINT GROUP SECRETARY

Raja Norakmar Raja Mohd Ali  
SSM PC No. 201908002126

#### REGISTERED OFFICE

UMW Holdings Berhad  
198201010554 (90278-P)  
Level 6, Menara UMW  
Jalan Puncak  
Off Jalan P. Ramlee  
50250 Kuala Lumpur, Malaysia  
Telephone : (603) 2025 2025  
Facsimile : (603) 2025 2029

#### REGISTRAR

Securities Services (Holdings) Sdn Bhd  
197701005827 (36869-T)  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia  
Telephone : (603) 2084 9000  
Facsimile : (603) 2094 9940

#### AUDITORS

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202006000003  
(LLP0022760-LCA) & AF 0039  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia  
Telephone : (603) 7495 8000  
Facsimile : (603) 2095 5332

#### PRINCIPAL BANKERS

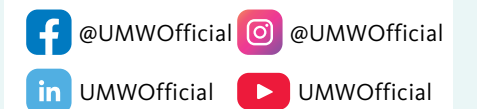
Malayan Banking Berhad  
RHB Bank Berhad  
Sumitomo Mitsui Banking Corporation  
Malaysia Berhad  
CIMB Bank Berhad  
MUFG Bank (Malaysia) Berhad

#### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : UMW  
Stock Code : 4588  
Stock Sector: Consumer Products  
and Services

#### WEBSITE

[www.umw.com.my](http://www.umw.com.my)



FACTS AT A GLANCE

FACTS AT A GLANCE

OUR REGIONAL PRESENCE

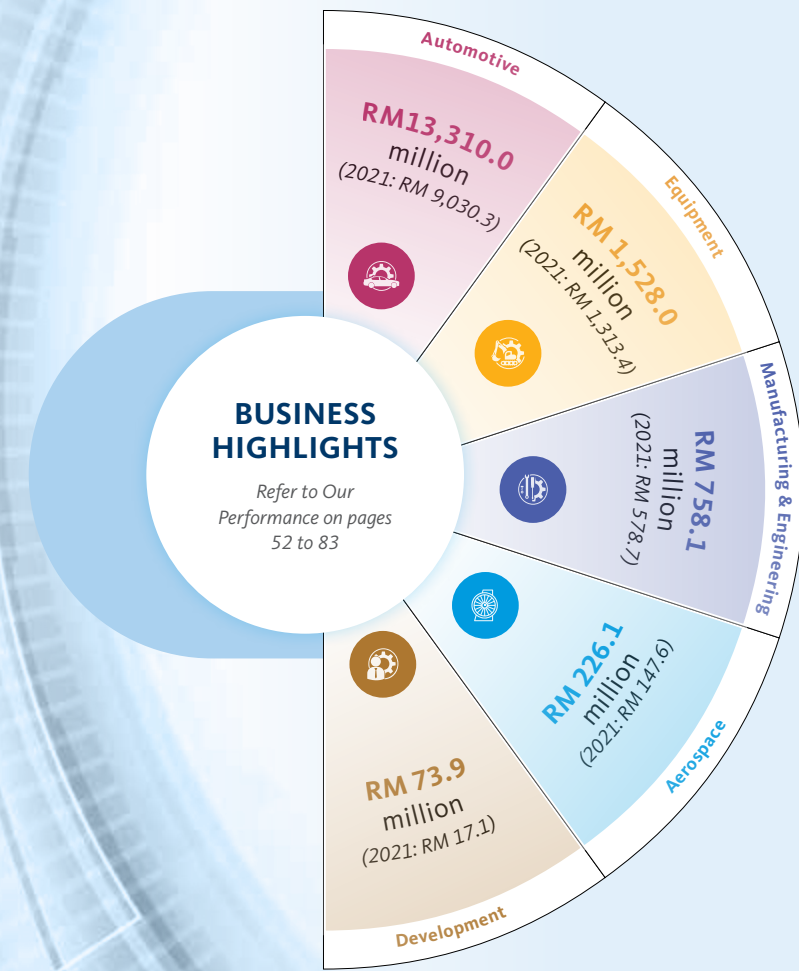


EMPLOYEES  
**6,313**

FINANCIAL HIGHLIGHTS

Refer to Financial Highlights on pages 30 to 35

<p><b>Revenue</b> (RM Million) <b>15,814.4</b> (2021: 11,060.8)</p>	<p><b>Shareholders' Funds</b> (RM Million) <b>4,350.0</b> (2021: 4,004.7)</p>
<p><b>Profit Before Zakat And Taxation</b> (RM Million) <b>896.5</b> (2021: 482.8)</p>	<p><b>Market Capitalisation</b> (RM Million) <b>4,053.9</b> (2021: 3,469.8)</p>
<p><b>Total Asset Value</b> (RM Million) <b>12,417.1</b> (2021: 12,172.7)</p>	<p><b>Share Price At Year End</b> (RM) <b>3.5</b> (2021: 3.0)</p>
<p><b>Profit for the Financial Year</b> (RM Million) <b>677.9</b> (2021: 515.6)</p>	<p><b>AUTOMOTIVE MARKET SHARE (TOYOTA, LEXUS &amp; PERODUA)</b> <b>53.1%</b> in Malaysia</p>



SUSTAINABILITY PILLARS



SUSTAINABILITY HIGHLIGHTS

Refer to Sustainability Performance on pages 84 to 85

SUSTAINABLE ENVIRONMENT

- Planted **157,000** mangrove trees under the UMW Green Shoots Initiative and **10,000** bamboo shoots under the UMW Bamboo Project
- Solar rooftop PV capacity increased from **2MW** to **4MW**, a **100%** increase from the previous year

SUSTAINABLE WORKFORCE

- Scored **93%** in Employee Engagement Pulse Survey, with feedback gathered from **2,138** WOWriors
- Conducted **170** Occupational Health and Safety training sessions with participation from **3,460** employees

SUSTAINABLE PRODUCTS AND SERVICES

- UMW Aerospace was accorded the Supplier Best Practice Award by Rolls-Royce
- 97%** employees from all job levels completed the Anti-Bribery and Corruption e-learning module

SUSTAINABLE LOCAL COMMUNITIES

- Contributed more than **RM1.5 million** of Zakat donations
- 2,146** UMW Community Volunteers clocked **11,344** voluntary hours

VALUE CREATION OUTPUT

Refer to Our Value Creation Business Model on pages 42 to 43

<p><b>Financial Capital</b></p> <ul style="list-style-type: none"> <li>Return on Equity: 9.5%</li> <li>Dividend payout: 14.2 sen</li> <li>Earnings per share: 35.5 sen</li> </ul>
<p><b>Manufactured Capital</b></p> <ul style="list-style-type: none"> <li>Automotive: Both Toyota and Perodua maintained their lead positions in the non-national and national car markets respectively</li> <li>M&amp;E: Grantt Bio VG Hydraulic Oil (VG46 and VG68) both obtained MyHijau certification</li> <li>Equipment: Industrial segment's business grew in sectors such as food &amp; beverage, logistics, and warehousing</li> </ul>
<p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>30% women's representation on the Board of Directors</li> <li>Diversity: 80% male, 20% female</li> <li>Employee Engagement Survey recorded a satisfaction level of 93%</li> </ul>
<p><b>Intellectual Capital</b></p> <ul style="list-style-type: none"> <li>Improvement in productivity and work efficiency through process automation and digitalisation</li> <li>Fully compliant with the Eco-Dealership evaluation</li> <li>Applications modernisation across the business units in staying updated with the latest functionality and features</li> </ul>
<p><b>Social and Relationship Capital</b></p> <ul style="list-style-type: none"> <li>In support of our local vendors, 58.99% of the Group's procurement was spent on local suppliers</li> <li>2,146 UMW Community Volunteers clocked 11,344 voluntary hours</li> <li>Collaboration between employees and local communities in reforestation activities under the UGS initiative</li> </ul>
<p><b>Natural Capital</b></p> <ul style="list-style-type: none"> <li>Solar rooftop PV capacity increased from 2MW to 4MW, a 100% increase from the previous year</li> <li>Printing was reduced by 484,394 prints which is equivalent to 1.3 tonnes of solid waste avoided</li> <li>Awarded with Bronze in Green Rating for UMW Campus in Serendah by GreenRE</li> </ul>



# ABOUT UMW HOLDINGS BERHAD

# ABOUT UMW HOLDINGS BERHAD

## VISION

To be an innovative global conglomerate with sustainable core businesses.

## MISSION

Committed to delivering excellence and sustained value creation for our stakeholders through products and services.

## OUR CORE VALUES

Ways of Working, or "WOW" for short, is the clarion call for our employees to pledge their unwavering commitment to this renowned industrial conglomerate.

WOW encapsulates three core values – **We Are One**, **We Drive Change** and **We Deliver Promises**.

Embracing these three core values will take us to the next level in fulfilling our roles and responsibilities to the UMW Group.

WOW advocates collaboration and going the extra mile towards driving excellence and success for the businesses.



### WE DELIVER PROMISES

- Take **ownership** of all deliverables
- Be **accountable** for our actions
- Continuously **improve** to maintain **sustainable growth**

### WE DRIVE CHANGE

- Embrace** change
- Try** new ways
- Be **quick** and **decisive**



Please scan this QR code for more information on our Milestones.



Automotive is the Group's largest business, delivering value through quality and excellence of our automotive products and services. Through UMW Toyota Motor Sdn Bhd (**UMW Toyota**) and our associate, Perusahaan Otomobil Kedua Sdn Bhd (**Perodua**), we continue to drive the growth of the

automotive industry in Malaysia. For the third consecutive year, the Group accounted for more than half of the nation's annual vehicle sales, demonstrating our resilience in adapting to what has been an extraordinary operating environment as a result of the pandemic.

For more details, go to pages 52 to 63



The Equipment Division is the market leader in Industrial, Heavy, Marine & Power equipment from internationally renowned manufacturers. Besides our base in Malaysia, we serve markets in Singapore, Vietnam, China, Myanmar, Brunei and Papua New Guinea. We are recognised for providing service excellence through our networks, strong relationships

with principals, high availability of genuine spare parts, skilful and competent factory-trained mechanics, proactive customer engagement to deliver solutions and innovation in financing. The Equipment Division looks forward to expanding its business in logistical automation and smart construction leveraging on the IR4.0 technologies.

For more details, go to pages 64 to 69



The Manufacturing & Engineering (**M&E**) Division has businesses in lubricants and automotive parts, representing several globally renowned brands. Through our partnership with KYB Japan, we are the leading supplier of original equipment (**OEM**) and replacement market (**REM**) products in Malaysia, manufacturing high-quality shock absorbers and motorcycle suspension systems and exporting to

39 countries globally. The lubricants business continues to grow through our in-house Grantt brand and we will be enhancing our capacity going forward with an IR4.0-enabled smart blending plant to be completed soon. Recently, the Division has released green products such as bio-lubricants, battery revival services and membrane based filtration solution to meet the needs of a rapidly evolving market.

For more details, go to pages 70 to 75



UMW Aerospace is a Tier-1 engine component manufacturer for Rolls-Royce and an active contributor to the growth of Malaysia's aerospace industry. The Aerospace Division was carved out of the Manufacturing & Engineering Division to be a stand-alone Strategic Business Unit (**SBU**) in 2021. The Aerospace segment contributes to the nation

by helping to enhance its aerospace capabilities and capacity, in line with the Aerospace Blueprint 2030. The Blueprint aims to make Malaysia the ASEAN aerospace hub, aided by high-impact projects announced under the 12<sup>th</sup> Malaysia Plan.

For more details, go to pages 76 to 79



## GROUP CHAIRMAN'S MESSAGE

## GROUP CHAIRMAN'S MESSAGE

Tan Sri Dato' Sri Hamad Kama Piah Che Othman | CHAIRMAN

Dear Valued Shareholders,

The Board's priority in 2022 for the UMW Group was to strengthen resilience by actively managing risks, while operating in a world facing global macro-economic and geo-political headwinds.

Group Revenue Growth  
**43.0%**

**RM15.8 billion**  
compared with RM11.1 billion in 2021



Refer to pages 36 to 37 of our Market Landscape and Outlook



The global economic outlook became more uncertain and growth of activity slowed. Inflation also rose to rates higher than in recent decades. In October 2022, the International Monetary Fund (IMF) reported that global growth had almost halved, from 6.0% in 2021 to 3.2% in 2022. It is forecasted to lessen further to 2.7% in 2023. The IMF also noted that global inflation rose from 4.7% in 2021 to 8.8% in 2022. However, it is expected to ease to 6.5% in 2023 and 4.1% by 2024 due to inflation control measures.

Key causes of the global economic slowdown include rising living costs, energy and labour shortages, currency fluctuations, tightening financial conditions, Russia's invasion of Ukraine, and the still persistent COVID-19 variants.

**Our priority in the wake of such challenges had been to focus on building resilience in operations, financials and human capital. The UMW Group took the opportunity to become leaner and more efficient, which prepared us well for future growth, as both revenue and profitability improved significantly while risks were being managed prudently.**

In 2022, we realised that the Group, when collectively harnessed, could deliver on targets. To stay resilient, our priorities during the year under review were to closely identify sources of risks that could jeopardise UMW Group's current position. As a hyper-aware organisation, we constantly monitor the changing dynamics in our operating environment and the various second-order effects.

### REMAINING RESILIENT

The Board is dedicated to long-term strategies, especially when operating in volatile, rapidly emerging contexts. With a laser-sharp focus on our long-term vision, supported by Management's ability in executing strategies, value creation agenda is delivered. This is also with the crucial support from the government and our stakeholders.

We continued to exercise strong capital discipline across our business portfolios. A vigorous returns-orientation guided our capital allocation strategy, alongside stringent capex restraint. These lines of action enabled us to increase the degree of operating leverage for our key businesses, improving profitability and free cash flow generation.

Our tactical capital restructuring via judicious balance-sheet enhancement allowed us to tap into pockets of opportunity. Additionally, restructuring our balance sheet during the brief period of low interest rates enabled us to refinance at better rates and reduce borrowing in an inflationary macro-environment. The Board also diligently monitored emergent risks across our portfolio of businesses, geographies, sectors and financial risks. Along with this, we set in place corresponding mitigation plans as operating environments constantly evolved.

While the Group continues to deliver in these aspects, we realised that value creation requires deliberate re-thinking. This applies not only to our existing business model, which has traditionally been highly capital-intensive. The Group continues to explore opportunities for expansion in the green economy in line with our CREST@UMW aspiration of Innovising Mobility.

Ultimately, UMW Group is much stronger today, supported by sustained value creation in its major businesses. At this juncture, the Board is committed to generating immediate value creation to reward our shareholders for their continued support, especially during such difficult times.

Our financial year ended 31 December 2022 showed Group revenue growing by 43.0% to RM15.8 billion, compared with RM11.1 billion in 2021. The Board declared a total dividend of 14.2 sen per share, a 144.8% increase from the previous year's dividend of 5.8 sen per share.

We continuously strive to generate stakeholder value while keeping the focus on fundamentals, profitability and risk. Indeed, we firmly believe that value creation follows delivery based on sound fundamentals.



SUSTAINABILITY-CENTRED

“Our CREST@UMW strategy extends to playing a larger role in building a sustainable nation, as we work closely with partners to promote climate change awareness.”

Under the leadership of Dato' Ahmad Fuaad Kenali, President & Group Chief Executive Officer, and his Management team, UMW Group is now well on its way to achieving CREST@UMW aspirations ahead of time. Our record sales at UMW Toyota, Perodua and UMW Development are 101,035 units, 282,019 units and RM460 million, respectively, surpassing expectations. Our profit after taxation and zakat (PATZ), improved by 31.5% to RM677.9 million in 2022, compared with RM515.6 million in 2021.

Achievements such as this provide a morale boost for the UMW Group team, and we look forward to building upon this strength. This is because, across our businesses, our expansive footprint encompasses a collaborative ecosystem, ranging from our workforce and dealers to suppliers and customers. A stronger UMW enables us to keep developing and strengthening each of these areas.



Our CREST@UMW strategy extends to playing a larger role in building a sustainable nation, as we work closely with partners to promote climate change awareness. UMW's Sustainability Roadmap charts our aspiration to reduce our carbon footprint. At the same time, we actively participate in our nation's transition towards a low-carbon economy.

We have spared no effort in integrating sustainability into our business strategies. This is in line with the accelerated reach for conscious consumerism, the basis of the Environmental, Social and Governance (ESG) framework. Since climate change will accelerate financial risk, the Board and the Management are required to extend their understanding of climate-related risk management and strategic planning processes.

ESG concerns are becoming more significant to investors as a metric too. Non-financial factors incorporating environmental impact and the organisation's social impact on staff, customers and the community are imperative as a mark of business credibility. From the governance perspective, we recently enhanced the Board's capabilities in order to strengthen our level of expertise. Expanding this capacity will ensure the Board has cognitive diversity in decision-making.





## GROUP CHAIRMAN'S MESSAGE

**“Our aim is to plant 300,000 mangrove trees across Malaysia by 2023, investing in nature-based solutions for carbon sequestration.”**



Overall, at UMW Group, our portfolio of businesses is consistently adopting various ESG elements, ensuring our production meets sustainable standards. Underpinning UMW's commitment to lowering carbon emissions are comprehensive mitigation strategies included in our Sustainability Roadmap, which is aimed at launching green initiatives and products.

For example, our Manufacturing & Engineering Division is focused on developing more green products such as bio-lubricants, battery revival services and membrane filtration technology. In our most recent initiative, the UMW Group, in collaboration with UMW Toyota and UMW's associate company, Perodua, officially launched the UMW Green Shoots (UGS) Initiative in June 2022. Our aim is to plant 300,000 mangrove trees across Malaysia by 2023, investing in nature-based solutions for carbon sequestration. This initiative aligns with the Group's commitment to achieving carbon neutrality by 2050, as well as Malaysia's National 100-million Tree-Planting Campaign 2021-2025.

## GROUP CHAIRMAN'S MESSAGE

## LOOKING FORWARD



**“Our 2022 results were very positive, yet we remain cautious of the many challenges we expect in 2023 and beyond.”**

The Board is unwavering in its commitment to independence of thought, warranting critical thinking in generating novel ideas. Both the Board and the Management consider varied, divergent perspectives to ensure a more meaningful and comprehensive decision-making emerges as a result, oriented towards rapid problem-solving. The Board and the Management are very open during discussions, coming together respectfully after much reflection and re-evaluation to resolve various strategic issues. This ensures that we observe the highest governance standards as we maintain transparency and accountability across the board in companies, principals and stakeholders.

Our 2022 results were very positive, yet we remain cautious of the many challenges we expect in 2023 and beyond. The World Bank and IMF have revised 2023 global growth downwards, and Malaysia's GDP growth is projected to moderate between 4% and 5% in 2023. However, we see reasonable growth, with considered awareness of risk and a clear value creation plan. UMW is prudent in ensuring it does not pursue growth that will expose it to unnecessary risks.

To meet market anticipation of further growth, the UMW Group is actively seeking significant inorganic growth opportunities to help complement our current organic growth trajectory. At the core, we are leveraging on our strong cash flow generation capability, which is being supported by improved margins and top-line growth. In order to capture new value, the Group is developing its talent pool to be more alert and conscious of the various sources of innovative opportunities.

## ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to extend my deepest appreciation to our shareholders for their continued trust in the UMW Group. My sincere gratitude to all our stakeholders, especially the Malaysian Government for their generous support during the difficult pandemic period.

To all our principals and business partners, who came together to find solutions in supporting our businesses, thank you. I am indeed indebted to the Board of Directors for their utmost dedication, open engagement and strategic perspectives.

On behalf of the Board and the Management, I extend our gratitude and appreciation to esteemed members of our Board, Tan Sri Hasmah Abdullah, Salwah Abdul Shukur and Lim Tze Seong whom, during their tenures, motivated and inspired us. Their contribution is greatly valued.

I would like to take this opportunity to welcome Dato' Azmi Mohd Ali, Datuk (Dr.) Yasmin Mahmood, Shahin Farouque Jammal Ahmad and Mohd Shahazwan Mohd Harris, who joined our Board in 2022. We look forward to their significant contributions, from years of considerable experience in their fields of expertise.

I would like to commend Dato' Ahmad Fuaad Kenali for steering the Group, with his Management team's formidable execution. And, of course, we are indeed indebted to UMW Group staff, who have resolutely supported us through these difficult years.

As we head into 2023, I am proud of our tenacious teams that will lead our strategies. I am very optimistic that the UMW Group is poised to grow only stronger in the immediate future.

**Tan Sri Dato' Sri Hamad Kama Piah Che Othman**

Group Chairman



## PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

## PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Dato' Ahmad Fuaad Mohd Kenali | PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S

Dear Valued Shareholders,

2022 was a good year for Malaysia and the UMW Group. The recovery, buoyed by the transition of COVID-19 from pandemic to endemic phase, improved business and consumer confidence.

GROUP'S  
REVENUE

RM15.8  
billion

GROUP'S PROFIT  
BEFORE TAX

RM896.5  
million



Refer to pages 30 to 35 of our  
Financial Highlights



The impact of the Penjana stimulus, as well as the roll-out of the National Recovery Plan (NRP) and the 12<sup>th</sup> Malaysia Plan (12MP), accelerated our revenue growth. Our Group was able to respond well to the recovery despite the lingering supply and labour issues during the year in meeting our customers' demand for our products and services. We were extremely encouraged by the performance of our businesses in 2022 and the results recorded for the year. The Group delivered the highest revenue and profit before tax of RM15.8 billion and RM896.5 million, respectively, over the last 8 years. Alhamdulillah.

The Group took initiatives to improve its resilience during the COVID-19 pandemic. We were able to strengthen our core business operations to deliver more attractive products and services to our customers, with improved operational efficiency and cost competitiveness. As a result, the returns on equity of the Group improved across all our businesses in 2022. We believe our Group will strive to maintain this momentum of improved customer focus and operational excellence in line with our CREST@UMW strategic transformation framework.

### PERFORMANCE 2022

The UMW Group achieved revenue of RM15.8 billion, up 43% from RM11.1 billion in FY2021. The Automotive Division achieved the highest increase from RM9.0 billion to RM13.3 billion or 47.4%.

The leap in vehicle sales was largely attributable to the final extension of the sales tax exemption on motor vehicles up to 30 June 2022, along with the introduction of new models. Similarly, higher revenues were achieved in other core divisions, such as the Equipment Division - up 16.3% to RM1.5 billion - and Manufacturing & Engineering (M&E) - up 31.0% to RM758.1 million.

The Group's profit before tax and zakat (PBTZ) increased by 85.6% in FY2022, from RM482.8 million in FY2021 to RM896.5 million. The cost saving initiatives implemented through the CREST@UMW framework to improve our margin and profitability.

The Automotive Division contributed 62.5%, of the PBTZ to RM774.9 million from RM476.7 million in 2021. This is followed by the 42.8% increase in the Equipment Division's PBTZ to RM152.8 million. M&E also grew significantly to RM75.7 million in FY2022 from RM56.0 million in FY2021, or a 35.2% increase.

The FY2022 Profit after Tax and Minority Interests (PATAMI) was RM415.0 million, representing a 55% increase from a year ago at RM268.2 million.

The Equipment Division's revenue of RM1.5 billion was 16.3% higher than the RM1.3 billion in 2021, mainly growing demand for Equipment's products and services in its local and overseas markets during 2022. Accordingly, the Division's PBTZ increased by 42.8% to RM152.8 million compared with RM107.0 million reported in 2021.

The M&E Division recorded a revenue of RM758.1 million, 31.0% higher than the RM578.7 million reported in the previous year. This was due to higher contributions from all sub-segments, most notably from the automotive component sub-segment. In line with the revenue increase, the Division's PBTZ of RM75.7 million was 35.2% higher than the RM56.0 million reported in the preceding year.

The Aerospace Division's revenue of RM226.1 million in 2022 was 53.2% higher than the RM147.6 million in 2021. The Division recorded a loss before tax (LBT) of RM9.4 million in 2022, a 72.2% improvement in comparison to the previous year's LBT of RM33.8 million.

The Development Division quadrupled its revenue, from RM17.1 million in 2021 to RM73.9 million in 2022. The Division sales increased significantly to RM460.0 million in 2022 from RM42.9 million the previous year, a 972.3% increase. The sale of 213 acres of industrial land contributed to revenue growth, surpassing the initial sales target.

The Group in 2022 achieved a cost reduction of RM178.4 million, a 36.2% increase from RM131.0 million in 2021. This cost optimisation exercise was the result of collaborative efforts with our principals and vendors.

UMW Holdings Berhad declared a final dividend of 11.2 sen per share, amounting to RM130.8 million to be paid on 12 May 2023. The Group endeavours to increase its dividend payout as it progresses on its growth trajectory.



KEY OPERATIONAL HIGHLIGHTS



**UMW GROUP'S MARKET SHARE OF 2022 TIV**  
**53.1%**

**UMW TOYOTA TOTAL SALES IN 2022**  
**101,035 units**

**PERODUA TOTAL SALES IN 2022**  
**282,019 units**

**MODELS LAUNCHED IN 2022**

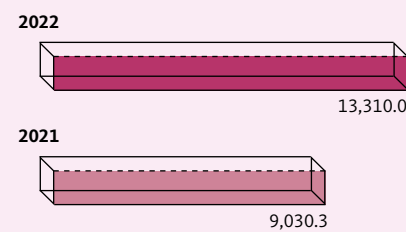
**Toyota:**  
 Corolla Cross Hybrid, Toyota Veloz, Toyota Harrier 2.0L Luxury 2022 Improvement (IMP)

**Perodua:**  
 All-new Alza, Ativa Hybrid

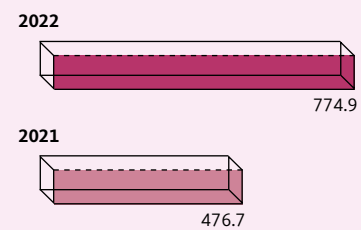
**AUTOMOTIVE**

- In tandem with the all-time-high vehicle sales volume in Malaysia, UMW's Automotive Division performed remarkably in 2022, charting record revenues. Both Toyota and Perodua maintained their leading positions in the non-national and national car markets. Despite disruptive supply chain issues, high sales volumes were achieved due to the pent-up demand after a two-year decline. The sales tax exemption extension, as well as allowing buyers with confirmed bookings to be registered by 31 March 2023, added to the increased sales.
- Toyota's success in Malaysia in 2022 was mainly attributed to its early January launch of the new Corolla Cross Hybrid. Reinforcing its commitment to advance cleaner drives, this also pushes the global agenda to achieve carbon neutrality by 2050. Front-runners in their respective segments, the Hilux and Fortuner both contributed significantly to Toyota's strong 2022 sales. Its new regional tagline 'Move Your World', launched towards the end of 2022, will further nudge Toyota towards being a full-fledged mobility company.
- Perodua, as Malaysia's largest automotive manufacturer and leading national carmaker, surpassed its 2022 target to achieve its best performance on record. Through its integrated adaptability, Perodua inculcated a workforce mentality of going beyond and strengthened its culture in line with its 'One Team, One Goal' motto. With a shared commitment within Malaysia's automotive industry, Perodua and its partners are increasing their 95% local content through improved capabilities and resilience.

**REVENUE**  
(RM million)



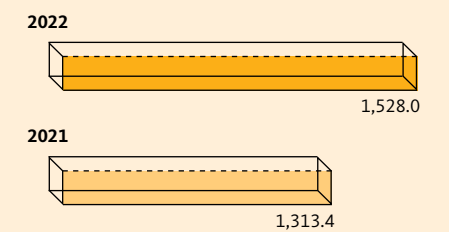
**PROFIT BEFORE TAX**  
(RM million)



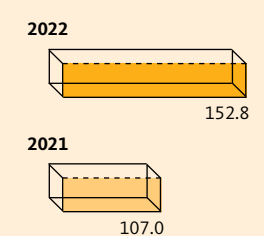
**EQUIPMENT**

- In 2022, the Equipment Division's growth strategy focused on addressing customer needs in relation to emerging economic and sustainability considerations. Partnerships were nurtured through collaborative engagement, while consultative marketing resolved customers' issues with optimal solutions.
- In delivering on its resolute commitment to customers, in October 2022 the Division launched its Equipment Division Customer Centre (EDCC) in Kota Kemuning, Shah Alam. The new one-stop, integrated customer centre not only houses service centres for its heavy equipment, industrial equipment and industrial power businesses, but is also a parts warehouse and an equipment service-and-repair centre.
- The Industrial Equipment segment recovered in 2022, as improved demand brought in new orders, and deliveries were made on back-orders. To maximise opportunities, successful marketing campaigns were launched, one of which was to work with principals on existing clients' fleet management renewals. In another initiative, the Electrifying Campaign's goal was to convert internal combustion-powered trucks to become battery-powered. To further enhance its sustainability aspirations, refurbishment programmes for forklifts were also offered.
- Increase in the resumption of infrastructure projects and the rise in commodity prices contributed to the Heavy Equipment segment's performance in 2022. Demand for high-quality equipment included hydraulic excavators and all-weather Articulated Dump Trucks (ADT), ensuring clients were assured of a choice of machines. Customer-centric initiatives were realised, such as extended warranty, parts and service packages and the encouraging Equipment Deferred Payment Scheme (DPS).

**REVENUE**  
(RM million)



**PROFIT BEFORE TAX**  
(RM million)



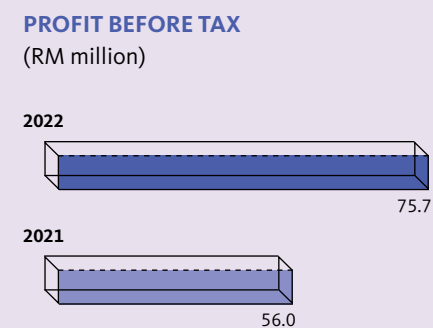
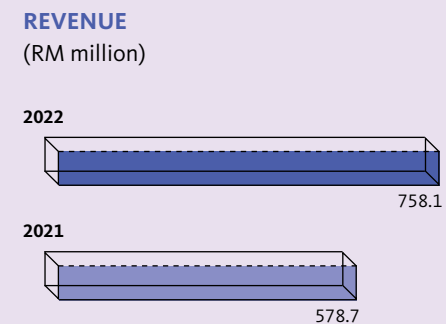


KEY OPERATIONAL HIGHLIGHTS



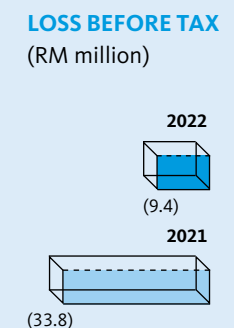
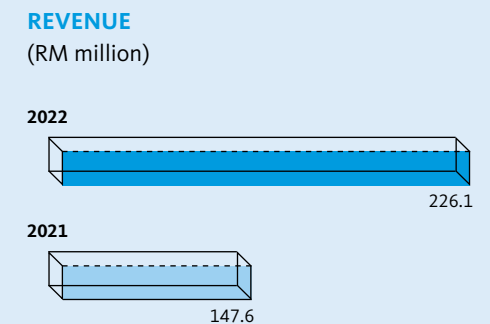
MANUFACTURING & ENGINEERING

- The M&E Division achieved its highest-ever revenue in 2022. With the rising mobility, pent-up demand for new vehicles and the extended car sales tax exemption period, the Division's growth was stimulated by demand surges for shock absorbers and lubricants.
- In constantly benchmarking against the best, the Division focuses on Quality, Costs and Delivery (QCD). More value is sought by offering high quality and competitive price, ensuring repeat customers as well as introduction of new products.
- In October 2022 the Division launched Grantt Bio VG Hydraulic Oil, its first range of green, bio hydraulic lubricants. The two MyHijau-certified variants, VG46 and VG68, are equivalent to, if not better than, conventional lubricants and are produced from locally sourced palm oil. The product's aims are to be affordable and sustainable hydraulic lubricants without compromising on performance.
- As part of its commitment to expand green initiatives, the Division is spearheading innovative technology in battery revival services, membrane manufacturing, water reclamation and environmental-friendly bio-lubricants.



AEROSPACE

- The Aerospace Division's revenue improved by 53% from 2021. Generally, in 2022, the Aerospace industry's manufacturing and maintenance, repair and overhaul sub-sector grew faster than in the pre-COVID-19 era, with backlog orders of aircraft and increased flights. However, slower recovery of larger wide-bodied aircraft partly dampened the growth for the Aerospace Division in 2022.
- Recognised as one of the best among the 705 Rolls-Royce vendors globally, the Division was awarded the Supplier Best Practice Award at the Rolls-Royce Global Aerospace Supplier Conference in the UK in June 2022. The Division's concerted effort with sustainable practices and green initiatives such as solar panels, rainwater harvesting and no-plastic-bottle initiatives were the main factors for the recognition.
- In 2022, the Division retained its position in the top 5% of Rolls-Royce suppliers globally, after being inducted into the 2021 cohort of Rolls-Royce's High Performing Supplier Group (HPSG). In addition, the Division's remarkable record of 2,343 days without industrial accident or Zero Lost-Time-Injury (LTI) demonstrated its high safety standards.





PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

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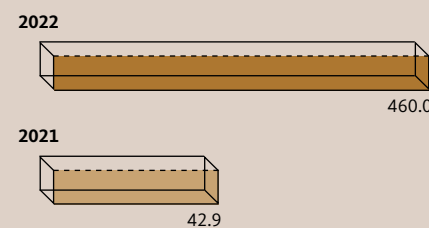
KEY OPERATIONAL HIGHLIGHTS



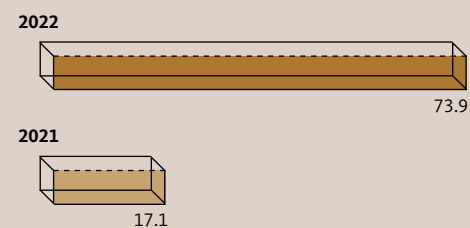
DEVELOPMENT

- As demand for industrial land rose in 2022, the Development Division exceeded its initial sales target and quadrupled its revenue. To date in the Southern Zone, 90% of sales have been secured. In August 2022, UMW Development signed a Sale and Purchase Agreement (SPA) for the sale of 140 acres of land to LONGI (Kuching) Sdn Bhd, the HVM Park's largest land investment, valued at RM304.92 million.
- In incorporating all the five core pillars of the CREST@UMW transformation strategy to stimulate growth in 2022, the Division gained potential new investors who were introduced by existing customers. Strong relationships were developed with key stakeholders including Majlis Perbandaran Hulu Selangor (MPHS), Invest Selangor Berhad (ISB) and Malaysian Investment Development Authority (MIDA) to serve our customers better.
- In 2022, road connectivity was improved at the HVM Park, with utilities fully ready to be connected. The final Green Certification was obtained for the new UMW Campus office and factories. Upon finalising infrastructure and landscaping work in 2023, the HVM Park's Southern Zone will be awarded a Green Township certification, one of the first in Selangor.

INKED SALES AND PURCHASE AGREEMENTS VALUED AT (RM million)



REVENUE (RM million)



STRATEGIC FRAMEWORK

“The strategic framework revolves around five core pillars of Customer, Relationship, Excellence, Sustainability and Teamwork. To further optimise our capabilities and potential under CREST@UMW, we identified three strategic enablers – Attitude, Innovation and Digitalisation.”



We launched CREST@UMW in January 2021, with the aspiration to double our revenue to RM20 billion, achieving RM2 billion in PBT and RM1 billion PATAMI by 2030. The strategic framework revolves around five core pillars of Customer, Relationship, Excellence, Sustainability and Teamwork. To further optimise our capabilities and potential under CREST@UMW, we identified three strategic enablers – Attitude, Innovation and Digitalisation.

CREST@UMW successfully helped shape our response to the demands of the pandemic period. The strategic framework aided in resolving prevailing uncertainties, and in adopting a cohesive tenor. In only the second year of its implementation, we have reached the halfway milestone of RM15.8 billion revenue. Encouraged by the Group's performance to date, the Board has suggested that we look to 2027 to fully achieve our CREST@UMW aspirations.

SUSTAINABLE GROWTH

Our ambitious Sustainability Roadmap will steer us towards achieving 45% carbon neutrality by 2030, and 100% by 2050. We will continue with judicious fine-tuning of our Roadmap, as we prioritise the opportunities presented by decarbonisation and climate action.



We have calculated our direct greenhouse gas emissions from sources we control, as well as indirect emissions from purchased energy, under Scope 1 and 2 of the GHG Protocol Corporate Standard. We are now working to reduce them as fast as we can. The Group currently uses four megawatts of renewable energy, an amount we are hoping to double next year. We are also looking to subscribe to the Green Electricity Tariff (GET) from Tenaga Nasional Berhad (TNB) in 2023.

Our partnership with Toyota expands our range of vehicles to offer our customers low-emission options that are cleaner and more environmentally friendly. Our current Hybrid Electric Vehicle (HEV) utilises advanced technology to reduce CO2 emissions and is well-received by our environmentally conscious customers. We are also rolling out Battery Electric Vehicles (BEV) by 2025. Additionally, Toyota is invested in the commercialisation of hydrogen fuel-cell electric vehicles (HFCEV) to accelerate the transition towards



PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

electrified vehicles. Cleaner and more efficient alternatives are inevitable to mitigate climate change and pave the way for a zero-emissions future.

To further offset our greenhouse gas emissions, we launched the UMW Green Shoots (UGS) Initiative, in partnership with Malaysian Nature Society (MNS) and Yayasan Hijau Malaysia (YHM). Our initial target for this initiative is to plant 300,000 mangrove trees by the end of 2023. We were halfway towards this goal as at December 2022. So far, we have planted mangrove trees in eight states in Malaysia: Selangor, Terengganu, Pahang, Penang, Negeri Sembilan, Perlis, Sarawak and Johor.

We have chosen to invest in this initiative as mangrove forests are known for their high carbon-sequestration efficiency and are critical to the country's ecosystem. This Initiative is also in line with the Malaysian Government's National 100 million Tree-Planting Campaign 2021 – 2025, launched in January 2021.

We aspire to proceed with the UGS Initiative until 2050, with the intention of planting over three million trees. In addition, we are working with the government, the National Forestry Department, to gazette our mangrove tree planting sites as protected areas.



PEOPLE POTENTIAL

**The Group's robust performance in FY2022 was underpinned by our people's strong delivery of our CREST@UMW strategic initiatives. Our employee engagement activities are geared towards ensuring that everyone at UMW understands our strategic framework and is able to work cohesively as a team to achieve the Group's aspirations.**



The ongoing CREST@UMW Learning Series – accessible to employees across the Group online – includes discussions with business leaders and guest experts on topics and trends related to CREST's core pillars and strategic enablers.

Our talent management approach aims to build a fit-for-purpose workforce by aligning jobs and people with where value is being created, and to enable a mechanism to develop fit-for-purpose skills and behaviours. Learning provisions are tailored to skill gaps identified in core competency assessments. We strive to balance the organisation's future capability needs with employees' long-term aspirations. The UMW Executive Development Programme with the Melbourne Business School offers our executives the opportunity to acquire an MBA equivalent development; while the Finance Leadership Development Programme with the Malaysian Institute of Certified Public Accountants (MICPA) and the Association of Chartered Certified Accountants (ACCA) intended to encourage our finance employees to become full-fledged professional accountants. Furthermore, UMW Training Academy offers in-house management and leadership programmes to improve their capabilities and competencies.

PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

When it comes to innovation, we note that a tremendous amount of R&D and resources is required to accelerate its progress. We believe that collaboration can provide the answer. The UMW Innovation and R&D Centre (UIRDC) has established strategic partnerships with universities, research institutions and enterprises to jointly tackle some of the technological and sustainability challenges our industries face. This collaborative approach provides UMW and our partners access to a greater wealth of talent, and contributes to a faster, more agile and economically efficient innovation process.

Our collaborative initiatives are also aligned with the Malaysian Government's recent emphasis on transforming the local manufacturing sector to focus on high value-added, knowledge-intensive industries.



FUTURE PROSPECTS

The country's growth of 8.7% in 2022 exceeded earlier projections of between 6.5% and 7%. Continued expansion in domestic demand, a robust labour market recovery, stronger exports and policy support were the main drivers.

The Group remains vigilant against potential disruptions and expected challenges in 2023, and is putting the necessary safeguards and countermeasures in place. Our achievements in 2022 have only strengthened our resolve to perform better in the year ahead, and meeting customer needs and exceeding expectations will remain at the centre of UMW's growth strategy.

We will harness the strength of our partnerships with our principals to offer customers new hybrid electric/electric products and best-value model offerings; as well as incorporate our partners' global best practices to deliver excellence in our services. At the same time, we will accelerate our CREST@UMW initiatives to ensure that we continue to add value to our partnerships by bringing cost-competitiveness, market insight and our own unique set of know-how to the table.

We will also be looking to enhance our vendors' capabilities and resilience, especially in the automotive sector, to reduce the delivery waiting period for our customers. In line with our sustainability agenda and carbon neutrality goal, we are further encouraging our vendors to embrace green initiatives and collaborate with others in our value chain - such as solar providers – to lower carbon emissions, reduce costs and increase efficiency.

ACKNOWLEDGEMENTS

Overall, I would describe 2022 as another productive and transformative year for the UMW Group. CREST@UMW has spurred us to think differently and innovatively about our processes, our use of materials and technology, our business models, culture and environmental impact. Based on our achievements in the past year, I firmly believe we are now in a position to fast-track our aspiration of achieving RM20 billion revenue, RM2 billion PBT and RM1 billion PATAMI.

I would like to express my appreciation to all our WOWriars and the Management Team for embracing CREST@UMW, and to our Board of Directors for their support and guidance. My heartfelt gratitude also goes to our customers, principals and partners, shareholders, suppliers and associates – for their cooperation and trust in UMW's ability to create value.

Backed by our strong fundamentals, UMW is confident that, despite the challenges ahead, we will continue to deliver sustainable growth that will benefit all our stakeholders going forward.

**Dato' Ahmad Fuaad Kenali**  
President & Group Chief Executive Officer



## FINANCIAL HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

## FIVE-YEAR GROUP SUMMARY RESULTS



## FIVE-YEAR GROUP SUMMARY RESULTS

	2018* (RM million)	2019* (RM million)	2020 (RM million)	2021 (RM million)	2022 (RM million)
<b>OPERATING RESULTS</b>					
Revenue	11,303.6	11,739.1	9,554.6	11,060.8	<b>15,814.4</b>
Profit Before Zakat and Taxation	800.3	754.8	400.7	482.8	<b>896.5</b>
Profit Attributable to Equity Holders of the Company	515.4	447.2	204.6	268.2	<b>415.0</b>
Profit for the Financial Year	676.2	646.1	322.9	515.6	<b>677.9</b>
<b>OTHER KEY FINANCIAL POSITIONS</b>					
Shareholders' Funds	3,344.6	3,696.4	3,868.1	4,004.7	<b>4,350.0</b>
Total Assets	10,758.0	11,134.7	11,447.1	12,172.7	<b>12,417.1</b>
Total Liabilities	5,043.6	5,036.6	5,029.9	5,410.1	<b>5,277.1</b>
<b>SHARE INFORMATION</b>					
<b>Per Share</b>					
- Basic Earnings (Sen)	44.1	38.3	17.5	23.0	<b>35.5</b>
- Dividend (Sen)	7.5	6.0	4.0	5.8	<b>14.2</b>
- Net Assets per Share (RM)	2.9	3.2	3.3	3.4	<b>3.7</b>
<b>Share Price information</b>					
- Share Price at Year End (RM)	5.5	4.5	3.4	3.0	<b>3.5</b>
- Market Capitalisation	6,390.6	5,245.6	3,972.2	3,469.8	<b>4,053.9</b>
<b>FINANCIAL RATIOS</b>					
Return on Shareholders' Funds (%)	15.4	12.1	5.3	6.7	<b>9.5</b>
Return on Assets (%)	6.3	5.8	2.8	4.2	<b>5.5</b>
Debt-Equity Ratio (%)	49.6	41.2	38.4	40.4	<b>21.7</b>
Dividend Rate (%)	15.0	12.0	8.0	11.6	<b>28.4</b>
Dividend Yield (%)	1.4	1.3	1.2	2.0	<b>4.1</b>
Dividend Payout Ratio* (%)	17.0	15.7	22.8	25.3	<b>40.0</b>

**Notes:**

# The Group's dividend policy is for all its subsidiaries to declare and pay at least 50% of the subsidiary's net profit as dividends, unless funds are required for capital expenditure or investment purposes. Similarly, the Company has a dividend policy of paying at least 50% of its net profit attributable to shareholders after excluding unrealised profits and after taking into account any significant capital expenditure or Group expansion plan.

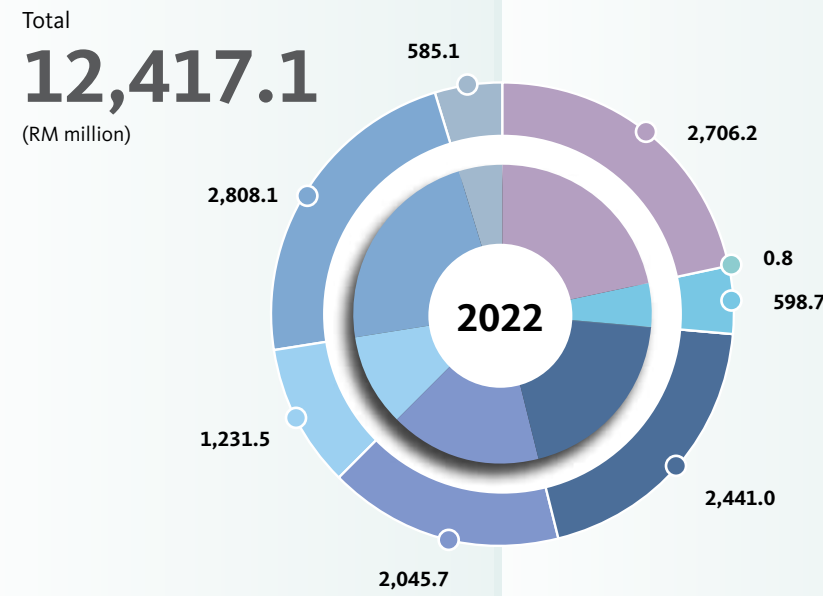
\* The financial results have excluded discontinued operations to arrive at the amounts shown in the consolidated statement of comprehensive income.

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

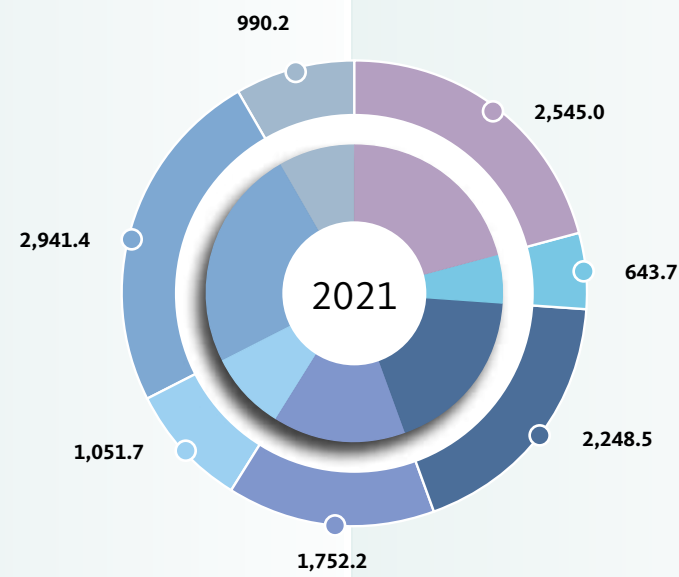
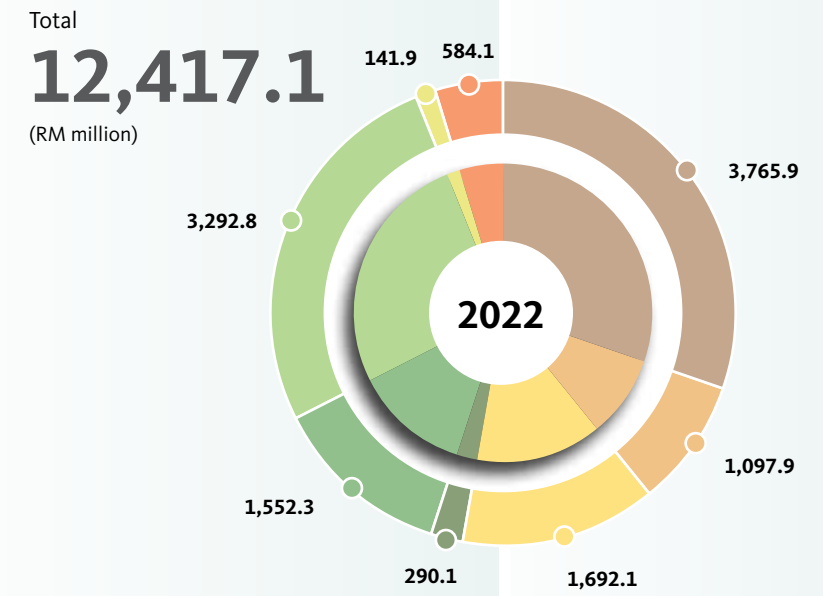
# ASSETS

- Property, plant and equipment
- Investment properties and leased assets
- Intangible assets
- Investments in joint ventures and associates
- Inventories
- Receivables
- Deposits, cash and bank balances
- Other assets

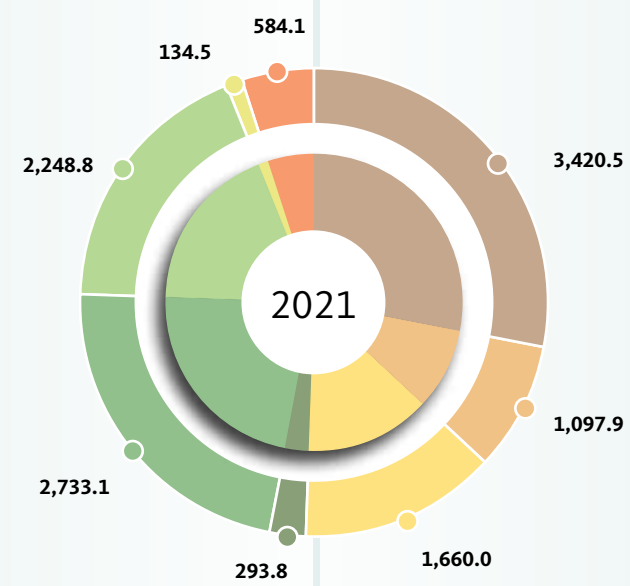


# EQUITY & LIABILITIES

- Equity**
- Share capital
  - Retained earnings and reserves
  - Perpetual sukuk
  - Non-controlling interests
- Liabilities**
- Provision for warranties
  - Borrowings
  - Payables
  - Other liabilities



Total  
**12,172.7**  
(RM million)



Total  
**12,172.7**  
(RM million)



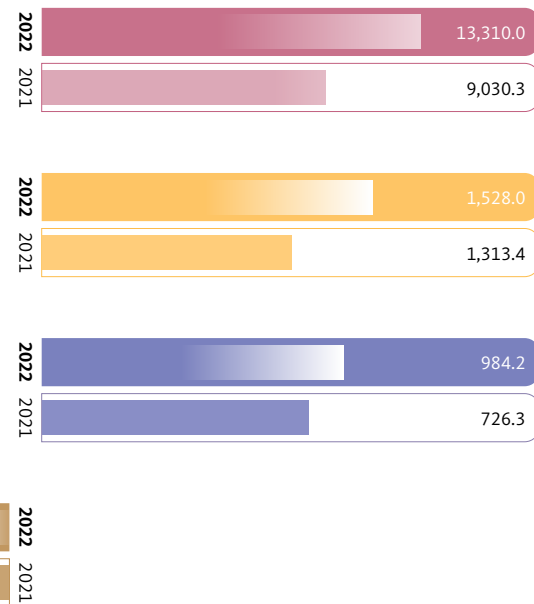
## FINANCIAL HIGHLIGHTS

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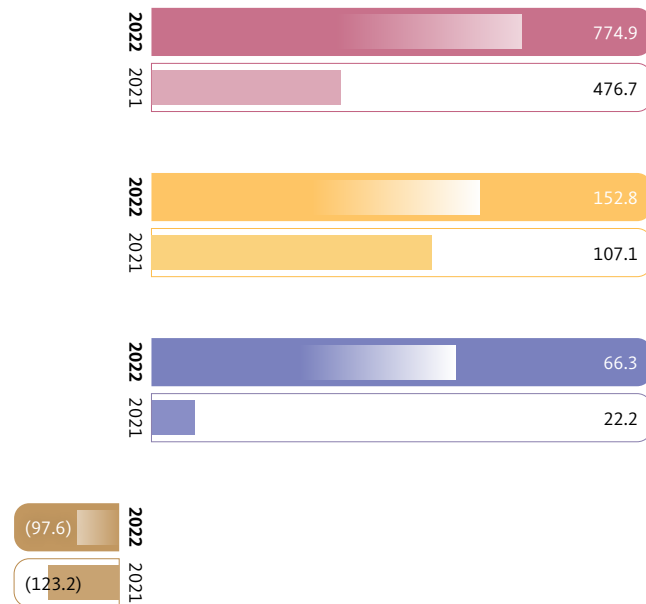
## SEGMENTAL ANALYSIS

Automotive Equipment M&E Others\*

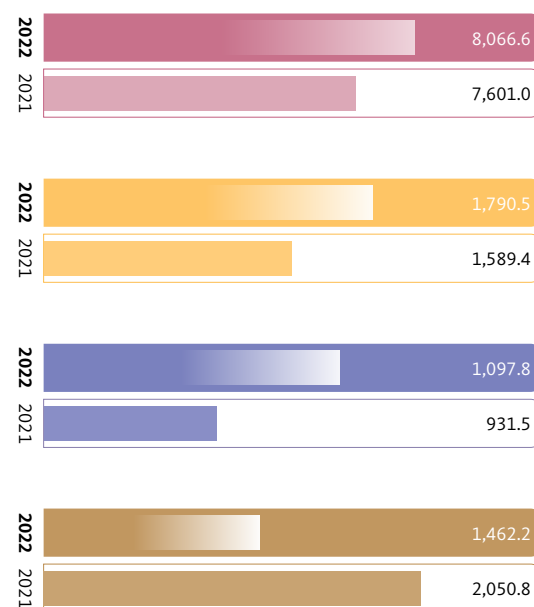
## Segment Revenue (RM million)



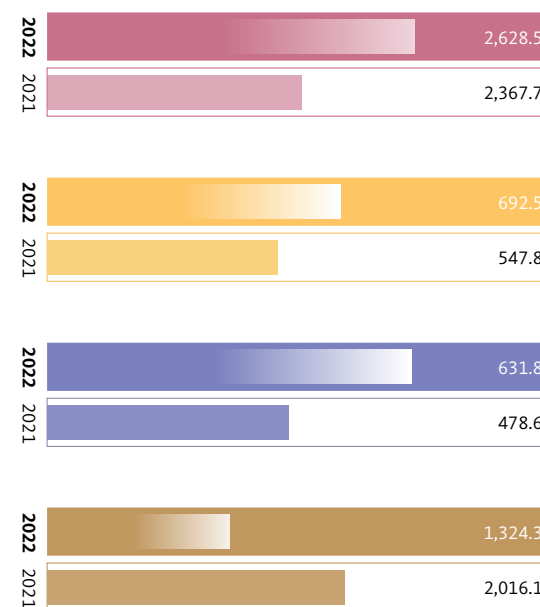
## Segment Profit/(Loss) Before Taxation and Zakat (PBTZ) (RM million)



## Segment Assets (RM million)



## Segment Liabilities (RM million)



Notes:

\* Including group elimination.

## STATEMENT OF VALUE ADDED

	2022 (RM million)	2021 (RM million)
<b>Value added</b>		
Revenue	15,814.4	11,060.8
Purchase of goods and services	(13,598.1)	(9,421.2)
Value added by the Group	2,216.3	1,639.6
Other operating income	144.6	114.8
Other operating expense	(582.8)	(484.4)
Finance costs	(114.1)	(108.2)
Investment income	70.2	48.7
Share of results of associates and joint ventures	334.9	268.0
<b>Value Added Available for Distribution</b>	<b>2,069.1</b>	<b>1,478.5</b>
<b>Distribution of Value Added</b>		
<b>To Employees</b>		
Employee benefits	832.0	652.2
<b>To Government</b>		
Taxation & Zakat	218.6	(32.9)
<b>To Equity holders</b>		
Dividend paid to equity holders of the Company	102.8	46.7
Dividend paid to holders of Perpetual Sukuk	69.9	69.9
Non-controlling interest	193.0	177.6
<b>Retained for reinvestment and future growth</b>		
Depreciation and amortisation	340.6	343.5
Retained earnings	312.2	221.5
<b>Value Distribution</b>	<b>2,069.1</b>	<b>1,478.5</b>

## MARKET LANDSCAPE AND OUTLOOK

## MARKET LANDSCAPE AND OUTLOOK

### THE YEAR IN REVIEW

The International Monetary Fund's (IMF) latest World Economic Outlook, published at the end of January 2023, reported that global economic growth slowed to an estimated 3.4% in 2022, beset by continued steep challenges. Despite being expected to maintain its momentum after 2021, growth instead slowed in advanced economies and China. Among the major factors contributing to this subdued performance were energy crisis in Europe, surging cost of living, tightening global financial conditions and economic slowdown in China. The continuing Russia-Ukraine conflict, persistent supply chain disruptions, rising inflation and costs further dampened initial forecasts as economic uncertainty and risk increased.

Despite more moderate global growth, Malaysia recorded a compelling 8.7% uptick in 2022, exceeding the forecast of 6.5% - 7%. Malaysia's economy rebounded with the easing of COVID-19 restrictions in April 2022. Bank Negara Malaysia (BNM) attributed this recovery to private sector activity, supported by private consumption and investment. Buoyed by domestic demand, additional headway was made possible by improved labour market conditions and the strengthening of the turbulent ringgit against the US currency, especially towards the end of 2022.

### OVERVIEW OF INDUSTRIES WE OPERATE IN

Overall, the UMW Group's 2022 operational and financial performance was better than in 2021. Indeed, the Group consistently exceeded its 2022 internal targets. Pent-up demand and a high carried-forward order backlog, up to 12 months for certain models, provided strong support for sales growth to the Group's core segments in 2022.

In January 2023 the Malaysian Automotive Association (MAA) revealed that a total of 720,658 vehicles were sold in Malaysia in 2022, a 41.6% increase from 2021. For the first time the total industry volume (TIV) exceeded the 700,000-unit mark, surpassing MAA's forecast by over 120,000 units, charting a record-breaking high for the country. UMW's Automotive Division in 2022 surpassed its sales targets for the year after a two-year decline in vehicle sales. This was mainly due to pent-up demand; sales tax exemption and new model launches. Both UMW Toyota and Perodua performed exceptionally well despite automotive industry challenges, including persistent supply chain issues and the Russia-Ukraine conflict.

Resuming economic activities following the 2022 National Recovery Plan (NRP), the Group took the necessary measures to ramp up production to fulfil its outstanding orders, further supported by supply chain improvements. The Automotive segment's revenue for FY2022 rose by 47.4% to RM13,310.0 million compared with RM9,030.3 million in FY2021.

Growth for the Equipment Division remains encouraging, with its improved performance from 2021. In 2022, the Equipment segment's revenue increased by 16.3% from the previous year to RM1,528.0 million. This was mainly as a result of growing demand for the segment's products and services in its local and overseas markets.

The services sector anchored the growth in Malaysia's 2022 economic performance, expanding by 10.9%. Furthermore, transportation and storage sub-sector growth rose by 30.8% in the year under review. The manufacturing, construction, mining and agriculture sectors also demonstrated growth, recording 8.1%, 5%, 3.4% and 0.1% respectively. Domestic growth in these sectors led to UMW's elevated performance in their Equipment and Manufacturing & Engineering Divisions, recording higher revenues than the previous year.

In the material handling business, the Equipment Division maintains a strong presence in Singapore, along with Vietnam and China, with extensive sales coverage. The Ministry of Trade and Industry (MTI) in Singapore reported that the country's economy grew by 3.6% in 2022, although the expansion of its services sector was more moderate than in the previous year. The growth of material-handling equipment sales in Vietnam was supported by significant investment activity. According to Vietnam's Ministry of Planning and Investment, Foreign Direct Investment (FDI) in the country increased by an estimated 13.5% to USD 22.4 billion in 2022. In China, however, industrial production weakened,

as COVID-19 outbreaks further disrupted the economy and, to a greater extent, subdued external demand dampened it.

As for the Heavy Equipment segment, the global pandemic's effects continued, along with supply chain disruption uncertainties and inflation concerns. Nevertheless, Malaysia's construction industry rebounded by 5% in 2022, mainly due to the positive performance of non-residential buildings and specialised construction activities sub-sectors. According to MTI, Singapore's construction sector expanded by 6.7% in 2022 upon recovery of both public and private sectors. In Myanmar, too, the Heavy Equipment segment benefitted from several private and public infrastructure projects re-starting, as the construction sector is one of Myanmar's growth drivers. In a World Bank Economic Update in September 2022, Papua New Guinea's (PNG) economy was forecast to expand by 4%, up from 1% in the previous year, with its non-extractive agriculture sector<sup>1</sup> among the key contributors to its economic recovery.

In Malaysia, the Manufacturing & Equipment Division gained its highest-ever revenue, surpassing initial targets. Revenue increased by 31.0% to RM758.1 million compared with RM578.7 million in 2021, attributed to higher contributions from all sub-segments. The Division largely benefitted from the robust original equipment (OEM) and replacement equipment (REM) markets due to higher demand for vehicles and spare parts for 2022. Both the automotive components and lubricants sub-segments registered healthy growth, supported by improving demand and the rise in mobility.

UMW Group expects the Aerospace Division to benefit from the reopening of international borders and increase in air travel. In February 2023, the International Civil Aviation Organization (ICAO), a UN aviation agency, released a statement indicating that air passenger demand on most routes will recover to pre-pandemic levels rapidly in 2023. According to the agency's forecast, the surge in air passenger demand is expected to be noticeable by the end of the first quarter of 2023, and by the end of the year, the industry is predicted to achieve growth of around 3% compared to 2019 figures<sup>2</sup>.

Reopening of economic sectors contributed to growth in Malaysian industrial property transactions in 1H2022, surging by 49.5% and 66% annually in volume and value respectively. As a result, with high demand for industrial land, the Development Division in 2022 quadrupled its revenue from 2021. By September 2022, about 84% of the Southern Zone land in the UMW High Value Manufacturing (HVM) Park had been taken up, with 40 companies committed to setting up their manufacturing operations at the park. According to the Ministry of Finance (MoF), the real estate and business service sub-sector rebounded by 22.8% in 2022, attributed to improvement in both segments.

### MARKET OUTLOOK

The IMF's January 2023 World Economic Outlook Update projects that global growth will fall to 2.9% in 2023, but rise to 3.1% in 2024. Effects from the Russia-Ukraine geopolitical conflict, anticipated growth in China<sup>3</sup>, rising interest rates and global inflation will continue to burden economic activities. Global inflation, still above pre-pandemic levels, is nevertheless expected to fall to 6.6% in 2023 and 4.3% in 2024.

The MoF projects the Malaysian economy to grow by 4.5% in 2023, amid a global slowdown. With challenging external headwinds, tightening monetary policies and further escalation of geopolitical tensions, the economy is forecast to register slower expansion on weaker external demand. Domestic demand, projected to expand by 5.4% in 2023, will continue to anchor growth and underpin overall economic activity, with an improved labour market that will support continuous positive consumer spending, improvement in tourism-related activities and revival of infrastructure projects that will fuel the domestic economy. The services and manufacturing sectors, in particular, will also continue to support growth.

Of the countries in which the Group operates, the latest IMF World Economic Outlook Update forecast reveals that China's 2023 GDP growth is forecast to strengthen from 3% to 5.2%. China will see growth picking up, reflecting growing international confidence in the economic recovery from consumer spending, with new growth points in digital economy and infrastructure.

The IMF projects real GDP growths of 3.3% for Myanmar in 2023. Continued recovery is expected on a moderate basis in some parts of the economy, including the construction and manufacturing sectors. As for PNG, IMF projects real GDP growth at 5.1%. The reopening of the Porgera gold mine will be a catalyst for continued growth post-COVID, as its government expects its mining and quarrying sector to drive its economic growth.

Reassured by the improved results for the financial year 2022, the Group will nevertheless be cautiously optimistic of a sustained performance by its core business divisions.

The Automotive Division's outlook remains positive and the Group will continue introducing new and enhanced models to maintain its sales momentum. Based on strong demand and bookings, the Group is optimistic that the automotive industry will continue to perform well in 2023. The MAA Market Review predicts that the demand for electric vehicles (EVs) will rise in 2023, driven by the launch of new models and additional tax incentives aimed at increasing EV sales. However, MAA forecast for the total industry volume (TIV) in 2023 at 650,000 units, a decline of 9.8% compared with the previous year due to absence of sales tax exemption.

The reopening of the economies in the countries in which the Equipment Division operates is expected to sustain demand. In the Industrial Equipment segment in Malaysia, ongoing expansion in the services, manufacturing and primary sectors will support demand for material handling equipment. Malaysian Investment Development Authority (MIDA) reported that Malaysia had attracted RM264.6 billion approved investments, with 58% contributed by the services sector.

Boding well for the Heavy Equipment segment, the MoF projects Malaysian construction to perform strongly in 2023, with an expected increase of 6.1%, supported by all sub-sectors' improved performance. In particular, this growth will be supported by the acceleration of ongoing infrastructure construction projects such as the East Coast Rail Link (ECRL) and the LRT Shah Alam Line (LRT 3), as well as new projects such as the upgrade of the Klang Valley Double Track (KDVT) Phase 2. In its National Budget delivered in December 2022, PNG projected its mining and quarrying sector to lead economic growth in 2023, to be supported by the expected reopening of the Porgera mine in 2Q2023.

In Malaysia the Manufacturing & Equipment Division's automotive components and lubricants sub-segments are expected to continue driving growth in 2023, leveraging improving demand. Meanwhile, the Aerospace Division anticipates higher demand for fan cases in 2023, due to additional new aircraft orders from airlines, combined with the order backlog.

The MoF predicts that the services sector in Malaysia is projected to expand by 5.3% in 2023, with the real estate and business services sector contributing to this growth. To capitalise on the forecasted growth, the Development Division plans to target V-shaped recovery industries and high value manufacturing (HVM) sectors, while also seeking to expand multinational corporations' presence in the UMW HVM Park. It will focus on strengthening its capacity to manage a sustainable industrial park by promoting green-rated development and developing the automotive ecosystem, with a goal of establishing the area as the Automotive Hub.

The Group is also capitalising on its sustainability agenda to capture new business opportunities from ESG-sensitive customers by expanding its electric vehicle range, bio-lubricants, battery revival services and membrane filtration technology. More funds and incentives for green tech were announced in Budget 2023, including extending the application period for the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) to 31 December 2025. The Group remains committed to drive its UMW Green Shoots Initiative (UGS) to complement the carbon reduction initiatives of the Group.

Amidst the challenging business environment expected in 2023, the Group will maintain its focus on strengthening its core businesses through operational efficiency and cost management initiatives to improve business resilience. The Group is optimistic about delivering a satisfactory performance for 2023.

<sup>1</sup> World Bank press release, 14 September, 2022, PNG Economy Returns to Growth, Buoyed by Higher Commodity Prices

<sup>2</sup> UN News, Economic Development, 8 February 2023, Air travel set to soar to pre-pandemic levels in 2023: UN aviation agency

<sup>3</sup> IMF January 2023 World Economic Outlook Update



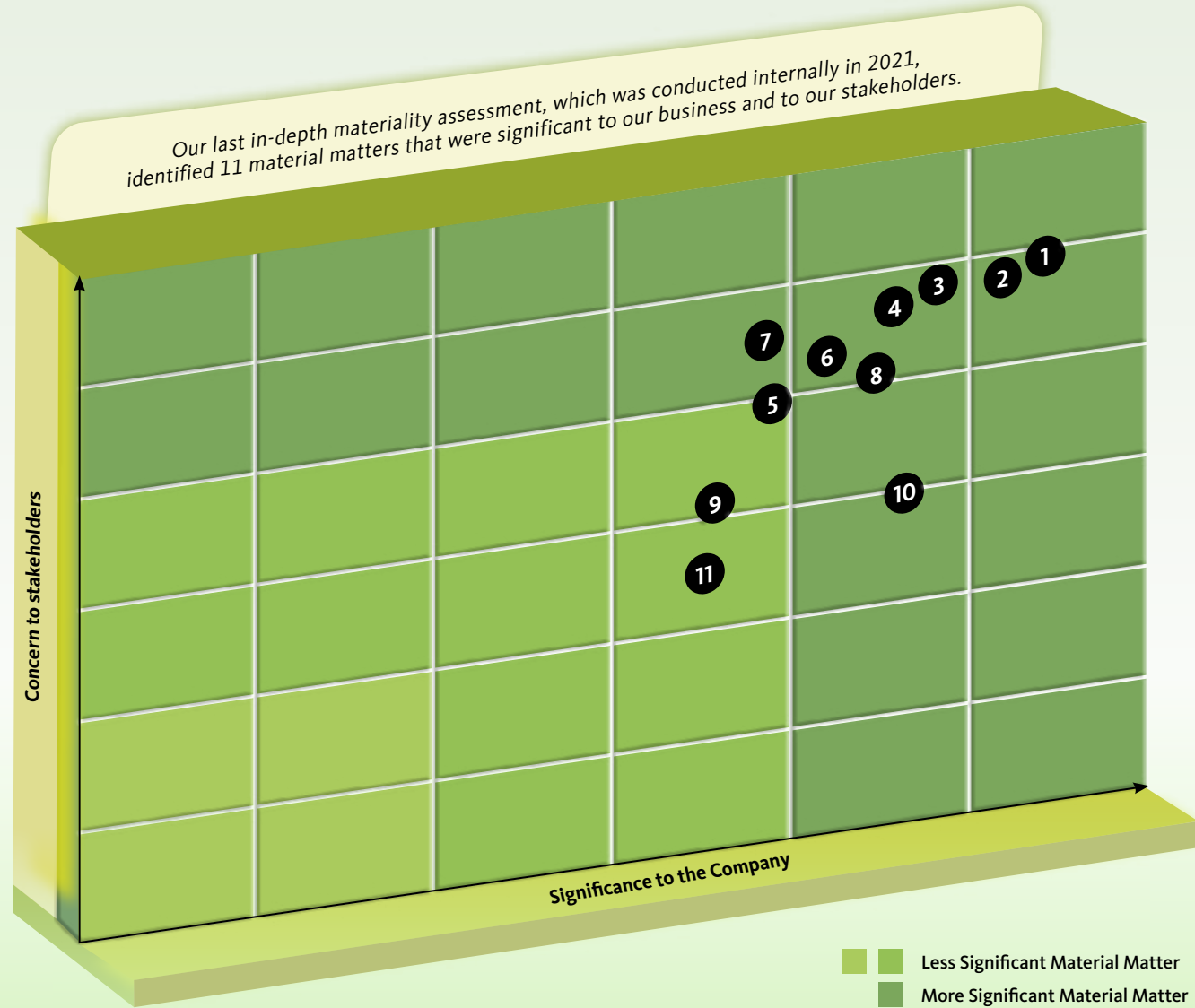
# MANAGING OUR MATERIAL MATTERS

# MANAGING OUR MATERIAL MATTERS

Our sustainability journey is guided by the importance of our materiality. Materiality is defined as the significant economic, environmental, and social impacts of an organisation as well as issues that substantially affect the decision making of stakeholders. Conducting a materiality assessment will enable us to identify the issues that are most significant to us, in terms of what we do, who we are and how we operate. We will use this assessment process to identify risks and opportunities for all key environmental, social and governance issues that impact our business and our stakeholders.

Our material issues are reviewed annually to ensure they reflect our strategic priorities and needs. In 2022, we conducted an internal review of our material matters and concluded that all the material matters were still relevant to our business strategy, industry peers, regulatory requirements and sustainability reporting frameworks.

Our last in-depth materiality assessment, which was conducted internally in 2021, identified 11 material matters that were significant to our business and to our stakeholders.



- 1 Climate Change
- 4 Employee Engagement
- 7 Labour/Management Relations
- 10 Sustainable Supply Chain
- 2 Customer, Products and Innovation Excellence
- 5 Waste and Water
- 8 Occupational Health & Safety
- 11 Community Investment
- 3 Training & Education
- 6 Diversity and Inclusivity
- 9 Business Ethics & Governance

This section represents a comprehensive alignment of our material matters with the identified risks and opportunities, as well as our mid-term approach and the value we have created for our stakeholders. This alignment facilitates a robust understanding of the areas in which we need to focus our efforts to enhance sustainability and create value for our stakeholders.

	Risks	Opportunities	Short-to Mid-term Approach	Value Created
Climate Change	<ul style="list-style-type: none"> <li>Destruction of property and assets resulting from severe weather conditions</li> <li>The effects of climate change can disrupt supply chains and lead to financial loss through reduced production</li> <li>Transition risk pertains to the impact of shifting strategies, regulations, or investments as society and industry move towards reducing their carbon dependency and mitigating the resulting environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Bolster climate action and commit to investing in nature-based solutions that facilitate carbon sequestration to achieve 45% and 100% carbon neutrality by 2030 and 2050</li> </ul>	<ul style="list-style-type: none"> <li>Investing in renewable energy by installing solar panels at our KYB-UMW and Aerospace plants</li> <li>Investing in nature-based solutions for CO2 sequestration and collaborating with key stakeholders to undertake a reforestation initiative</li> <li>Our commitment to sustainable operational excellence reflects on our dedication to environmental stewardship</li> </ul>	<ul style="list-style-type: none"> <li>Broadened reporting scope to disclose GHG emissions according to Scope 1, Scope 2 and Scope 3</li> <li>GHG emissions intensity reduced by 19.2% in 2022</li> <li>Planted 157,000 mangrove trees in various states throughout Malaysia in 2022</li> </ul>
Customer, Product and Innovation Excellence	<ul style="list-style-type: none"> <li>Dissatisfied customers might have a negative influence on revenue and reputation</li> <li>The innovation process necessitates the usage of in-house engineering expertise</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen product/service quality and speed of delivery by understanding evolving customer needs and expectations to gain a competitive business advantage</li> <li>Drives innovative developments and ownership of intellectual property (IP) and proprietary technologies</li> </ul>	<ul style="list-style-type: none"> <li>Utilising customer insights to develop innovative products and solutions enhances competitiveness and future-proof our business</li> <li>Creating in-house capabilities through cultivating an innovative and high-performance culture</li> <li>Leveraging on digitalisation and technology to boost efficiency</li> </ul>	<ul style="list-style-type: none"> <li>UMW Toyota recaptured the top non-national position</li> <li>Refurbished more than 500 forklifts</li> <li>UMW Aerospace was accorded the Supplier Best Practice Award by Rolls-Royce</li> </ul>
Employee Engagement	<ul style="list-style-type: none"> <li>Employee disengagement can result in subpar job performance and productivity</li> </ul>	<ul style="list-style-type: none"> <li>Employees promote our organisation to their colleagues, future employers, and co-workers</li> <li>Employees go above and engage in behaviours that help the company succeed</li> </ul>	<ul style="list-style-type: none"> <li>Improved employee engagement through organised and personalised programmes</li> <li>Providing platforms for enhancing employee engagement (i.e. Teams, Webex, e-Learning platforms)</li> <li>Developing employee wellness programmes to promote physical and emotional health</li> </ul>	<ul style="list-style-type: none"> <li>Employees expressed a strong desire to be a part of and stay with the organisation</li> <li>Launched Energize UMW for WOWriors' mental health and overall wellbeing</li> </ul>

MANAGING OUR MATERIAL MATTERS

MANAGING OUR MATERIAL MATTERS

	Risks	Opportunities	Short-to Mid-term Approach	Value Created
<b>Training and Education</b>	<ul style="list-style-type: none"> <li>Employees' capability to meet evolving business and market demands is restricted by a lack of relevant training</li> <li>Employee performance and productivity decline as a result of insufficient professional development programmes</li> </ul>	<ul style="list-style-type: none"> <li>Excellent chances for growth and upskilling boost talent recruitment and retention</li> <li>Employees who are well-trained strengthen the Group's resilience in the face of future difficulties and market shifts</li> </ul>	<ul style="list-style-type: none"> <li>Creating a dynamic and adaptable workforce that is well-versed in necessary and future-relevant skills to fuel the Group's growth</li> <li>Regularising skills and training requires assessment across divisions and business areas</li> <li>Developing and creating internal training and education programmes to boost productivity</li> <li>Developing and improving technical and leadership skills via a focused development course</li> </ul>	<ul style="list-style-type: none"> <li>Employees received overall training of 63,716 hours</li> </ul>
<b>Energy, Waste and Water Management</b>	<ul style="list-style-type: none"> <li>Failure to responsibly manage natural resources could result in resource scarcity for the business and regulatory sanctions</li> </ul>	<ul style="list-style-type: none"> <li>The Group's operating expenses can be improved and direct environmental impacts from its operations and business activities can be reduced through the systematic management of energy and resources</li> </ul>	<ul style="list-style-type: none"> <li>Mitigating risks achieved by regularly implementing energy and waste management initiatives</li> <li>Environmental stewardship is demonstrated by complying with relevant laws and regulations, as well as engaging with the community</li> </ul>	<ul style="list-style-type: none"> <li>The KYB-UMW factory has commissioned a water reclamation plant that utilises membrane technology developed in-house</li> <li>Improved UMW Environment Action Plan (UEAP) score from 0.5 in 2016 to 3.75 in 2022, higher than industry average score of 3.1</li> </ul>
<b>Diversity and Inclusivity</b>	<ul style="list-style-type: none"> <li>The Group's capacity to foster an exchange of ideas, perspectives, culture, creativity, etc., could be hindered by a lack of diversity</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing workplace dynamics can be achieved by leveraging a variety of skill sets, diverse ethnic and cultural perspectives, gender diversity, and other factors</li> <li>Fostering a culture of learning and growth, as well as promoting tolerance, patience, and perseverance throughout all levels of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>The design and implementation of programmes to enhance diversity across all significant dimensions</li> </ul>	<ul style="list-style-type: none"> <li>Retained more than 30% of women's representation on the Board</li> <li>14% of women in senior management roles</li> </ul>
<b>Labour/Management Relations</b>	<ul style="list-style-type: none"> <li>Employee morale and performance can be impacted by communication gaps resulting from inconsistent labour engagement</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging the influence of labour networks can lead to improved workforce quality, work environment, and productivity</li> </ul>	<ul style="list-style-type: none"> <li>The reinforcement of labour management guidelines and governance to ensure the efficient and effective resolution of all labour issues and concerns</li> </ul>	<ul style="list-style-type: none"> <li>62.47% of employees were unionised</li> <li>Signed five Collective Agreements between UMW Group and Kesatuan Pekerja-Pekerja Perusahaan Kumpulan UMW (KPPPKUMW)</li> </ul>

	Risks	Opportunities	Short-to Mid-term Approach	Value Created
<b>Business Ethics and Governance</b>	<ul style="list-style-type: none"> <li>Inadequate or ineffective anti-corruption governance may result in regulatory pressures, increased non-compliance costs, and a negative reputation</li> </ul>	<ul style="list-style-type: none"> <li>Incorporating principles of good governance can enhance an organisation's resilience against external factors, thereby future proofing it</li> </ul>	<ul style="list-style-type: none"> <li>The reinforcement of the governance of the enterprise risk management framework and relevant policies and processes can facilitate the efficient implementation of EES programmes and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Obtained zero corruption charges</li> <li>Reviewed and revised the Anti-Bribery and Corruption Policy and the Whistleblowing Policy</li> <li>Attained the ISO 37001 Anti-Bribery Management System certificate</li> <li>97% employees completed the Anti-Bribery and Corruption e-learning</li> </ul>
<b>Sustainable Supply Chain</b>	<ul style="list-style-type: none"> <li>Irresponsible practices and procedures throughout the supply chain can result in additional operational costs and reputational harm</li> </ul>	<ul style="list-style-type: none"> <li>By promoting sustainability practices in vendors and suppliers, we can strengthen our supply chain management and ensure sustainable business growth</li> </ul>	<ul style="list-style-type: none"> <li>Establishing guidelines for sustainable supply chain practices in order to increase industry collective capability and promote local suppliers</li> <li>Raising suppliers' awareness on ESG</li> </ul>	<ul style="list-style-type: none"> <li>Local suppliers comprised 88% of the Group's suppliers</li> <li>59% of the Group's procurement budget went to local suppliers</li> <li>Held a supplier performance review exercise for 308 suppliers</li> </ul>
<b>Occupational Health &amp; Safety</b>	<ul style="list-style-type: none"> <li>Inadequate OHS standards and practices may result in health hazards, workforce inefficiencies, and financial losses</li> </ul>	<ul style="list-style-type: none"> <li>Boosting employee health and well-being can enhance productivity and performance</li> </ul>	<ul style="list-style-type: none"> <li>Cultivating a "health and safety" culture across the organisation through education and awareness</li> </ul>	<ul style="list-style-type: none"> <li>Maintained zero cases of fatalities</li> <li>26 operational sites were assessed against the ISO 45001:2018 standard</li> <li>31 operational sites underwent statutory compliance audit</li> </ul>
<b>Community Investment</b>	<ul style="list-style-type: none"> <li>Negative social and economic impacts from our operations on local communities can potentially give rise to reputational repercussions</li> </ul>	<ul style="list-style-type: none"> <li>Increase our commitment to the community and as a result enhancing our market reputation</li> </ul>	<ul style="list-style-type: none"> <li>Implementing community development initiatives that nurture future generations and equip youths with industry-ready skills, such as our Apprenticeship Programme for entry-level technical mechanics</li> <li>Creating a positive environmental impact on the country through nature-based initiatives such as reforestation</li> </ul>	<ul style="list-style-type: none"> <li>Enrolled 55 interns through internship programme</li> <li>UMW Community Volunteers dedicated 11,344 volunteer hours</li> <li>Contributed about RM9.1 million in cash and in kind, to communities</li> </ul>



# OUR VALUE CREATION BUSINESS MODEL

### KEY INPUTS

<b>FINANCIAL</b>	Financial capital is defined as the pool of funds available to UMW. We keep our capital structure optimal, good access to capital, and undertake regular investment assessments.		
Revenue	Market Capitalisation	Total Shareholders' Fund	Gearing Ratio
<b>RM15.8 billion</b>	<b>RM4.1 billion</b>	<b>RM4.4 billion</b>	<b>21.7%</b>
<b>MANUFACTURED</b>	Manufactured capital includes the Group's assets and infrastructure, i.e. the machinery, equipment and technology that facilitate the Group's services to customers.		
<b>Automotive:</b> State of the art automotive plant in Bukit Raja	<b>Equipment:</b> Customer Centre in Kota Kemuning, Shah Alam	<b>M&amp;E:</b> Smart lubricant manufacturing plant in Pulau Indah and modernised manufacturing plant in Teluk Panglima Garang for KYB-UMW	<b>Development:</b> Infrastructure at the UMW HVM Park was enhanced and awarded Green certification
<b>HUMAN</b>	This capital covers the skills and experience of all the Group's employees that enable the Group to deliver its strategy, products and services to create value for stakeholders.		
Total employees	Reward structures linked to performance	RM832.0 million invested in employees' salaries and benefits	Experienced and diverse Management team and Board of Directors
<b>6,313</b>			
<b>INTELLECTUAL</b>	This capital encompasses organisational and knowledge-based intangibles that can include intellectual property such as licences or proprietary knowledge, systems or procedures.		
Corporate policies that uphold integrity such as the <b>UMW Integrity Framework and Integrity Plan</b>	<b>In-house R&amp;D capabilities focusing on green innovations, in collaboration with local universities and government agencies (triple helix)</b>	<b>Collaborated with TM One</b> towards fast-tracking digitalisation, improving our current data centre architecture	
<b>SOCIAL AND RELATIONSHIP</b>	This capital describes the relationships built between communities, stakeholders and other relevant groups. This also includes the Group's brand and reputation management.		
RM9.1 million invested in community engagement/CSR activities	More than <b>11,344</b> volunteer hours recorded	<b>Active engagement</b> with various stakeholders	
<b>NATURAL</b>	All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organisation.		
<b>100%</b> Carbon Neutrality by 2050	More than <b>4MW</b> capacity rooftop Solar PV installed	<b>Going Paperless</b> Implementing a zero-paper culture across our operations to reduce waste	<b>Reforestation</b> Planting and rehabilitation of mangrove forests

### VALUE CREATION PROCESS

**VISION**

To be an innovative global conglomerate with sustainable core businesses.

**MISSION**

Committed to delivering excellence and sustained value creation for our stakeholders through products and services.

**CREST@UMW**

A NEW STRATEGY FOR FUTURE GROWTH

**OUR CORE VALUES**

Ways of Working, or "WOW" for short, is the clarion call for our employees to pledge their unwavering commitment to this renowned industrial conglomerate.

WOW encapsulates three core values – **We Are One, We Drive Change and We Deliver Promises.**

Embracing these three core values will take us to the next level in fulfilling our roles and responsibilities to the UMW Group.

WOW advocates collaboration and going the extra mile towards driving excellence and success for the businesses.

# OUR VALUE CREATION BUSINESS MODEL

### INITIATIVES

- Intensifying customer retention and relationship
- Cost optimisation efforts led to savings of **RM178.4 million** in FY2022
- Built strong relationships with our principals

*Refer to President & Group Chief Executive Officer's Review on pages 20 to 29 and Financial Highlights on pages 30 to 35 for more details*

- Automotive: New model launches, including the Corolla Cross hybrid electric model from Toyota and Ativa Hybrid from Perodua
- Equipment: A series of successful marketing campaigns was launched to maximise opportunities during the year
- M&E: Launched Grantt Bio VG Hydraulic Oil, its first range of green, bio hydraulic lubricants
- Aerospace: Strong commitment to quality and product excellence

*Refer to Our Performance on pages 52 to 83 for more details*

- Continue to provide training through the UMW Executive Development Programme (UEDP)
- Organised the CREST@UMW Learning Series which includes discussions with business leaders and guest experts on topics and trends related to CREST's core pillars and strategic enablers
- Signed Collective Agreement with Kesatuan Pekerja-Pekerja Perusahaan Kumpulan UMW to strengthen labour relations with workers

*Refer to our Sustainability Report 2022 for more details*

- Deployed a total of 21 RPA (Robotic Process Automation) projects to improve productivity
- Collaborated with Telekom Malaysia (TM) on hybrid cloud, to consolidate and improve our data centre architecture as part of our efforts to optimise technology and operations.
- Progressed new research and innovation initiatives through the UMW Innovation and Research & Development Centre
- Developed a range of strategic partnerships with various institutions to expand R&D collaborations

*Refer to our Sustainability Report 2022 for more details*

- Provided a range of personal protective equipment in response to community and frontline requirements
- Provided excellent customer service and met customer needs
- Established new partnerships with a range of organisations to drive green innovation, nurture technological advancement and attract foreign investment

*Refer to our Sustainability Report 2022 for more details*

- Accelerating our sustainability agenda of achieving carbon neutrality by 2050 by further integrating sustainability into our business operations
- Introduced hybrid electric vehicle (Corolla Cross), expanded forklift refurbishments and battery-powered forklift business
- UMW Green Shoots (UGS) and Bamboo planting initiatives

*Refer to our Sustainability Report 2022 for more details*

### OUTPUTS

- Return on Equity: **9.5%**
- Dividend payout: **14.2 sen**
- Earnings per share: **35.5 sen**

- Automotive: Both Toyota and Perodua maintained their leading positions in the non-national and national car markets respectively
- Automotive: Introduced the Toyota Mirai which uses hydrogen fuel cell technology currently being used in Sarawak
- M&E: Grantt Bio VG Hydraulic Oil (VG46 and VG68) both obtained MyHijau certification
- Equipment: Industrial segment's business grew in sectors such as food & beverage, logistics, and warehousing
- Aerospace: the Division retained its position in the top **5%** of Rolls-Royce's high performing suppliers group
- Green Products: Expansion of BRUSS and Water Reclamation Plant (in-house membrane)

- 30%** women's representation on the Board of Directors
- Diversity: **80%** male, **20%** female
- Employee Engagement Survey recorded a satisfaction level of **93%**
- Zero fatality
- Energize UMW engagements to promote employee wellness
- 46 high potential young talents selected since 2018

- Improvement in productivity and work efficiency through process automation and digitalisation
- Fully compliant with the Eco-Dealership evaluation
- Applications modernisation across the business units in staying updated with the latest functionality and features
- Mitigated the risk of cyber threats and cyber attacks by continuously improving awareness on cyber security among employees
- Improved procurement process to strictly ensure compliance with Group's procurement guidelines

- In support of our local vendors, **58.99%** of the Group's procurement was spent on local suppliers
- 2,146** UMW Community Volunteers clocked **11,344** voluntary hours
- Collaboration between employees and local communities in reforestation activities under the UGS initiative
- Supported the Trail of National Rivers Programme's bamboo tree planting activities

- Rooftop Solar PV capacity increased from 2MW to 4MW, a **100%** increase from the previous year
- Improved GHG emissions disclosures by reporting Scope 1 emissions (direct emissions from sources owned or controlled by UMW Group): **8,069.4** tCO<sub>2</sub>e and Scope 2 emissions (indirect emissions from purchased energy such as electricity): **46,321.1** tCO<sub>2</sub>e
- 157,000** mangrove and **10,000** bamboo trees planted
- Printing was reduced by **484,394** prints which is equivalent to **1.3 tonnes** of solid waste avoided
- Awarded with Bronze in Green Rating for UMW Campus in Serendah by GreenRE

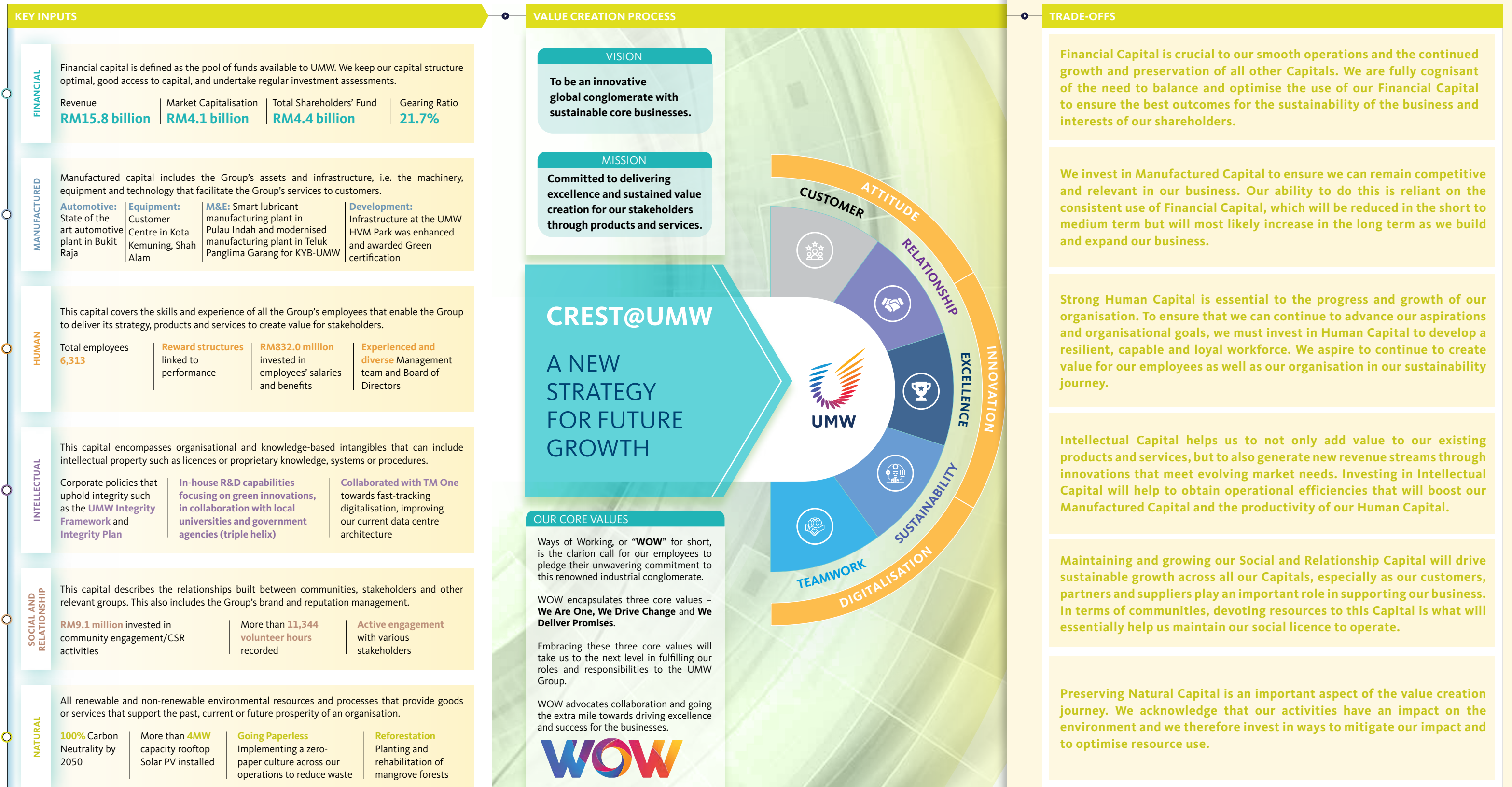
### OUTCOMES

- Financial strength**  
Value comes from prudent financial management and stringent cost optimisation provided for shareholder returns.
- Embedded trust**  
The strength of our assets serves to bring about a competitive advantage and provide assurance on our quality.
- Increased productivity**  
Ensuring productivity not only constantly improves, but is also substantially amplified through consistent, inclusive engagement and enhanced, targeted learning, led by an involved Management.
- Greater innovation**  
Creating limitless value through inventive courses of action by collaborating with strategic partners to deploy untapped revenues and efficient systems to meet progressive market requirements.
- Better relationships**  
Investing in building stronger relationships with advantageous collaborations within the value chain and in the communities we operate in to support our goals in sustaining a better world.
- Sustainable environment**  
Mitigating our impact on the environment through concerted efforts to minimise our footprint by integrating sustainability measures into our businesses and carrying out conservation initiatives.



# OUR VALUE CREATION BUSINESS MODEL

## OUR VALUE CREATION BUSINESS MODEL





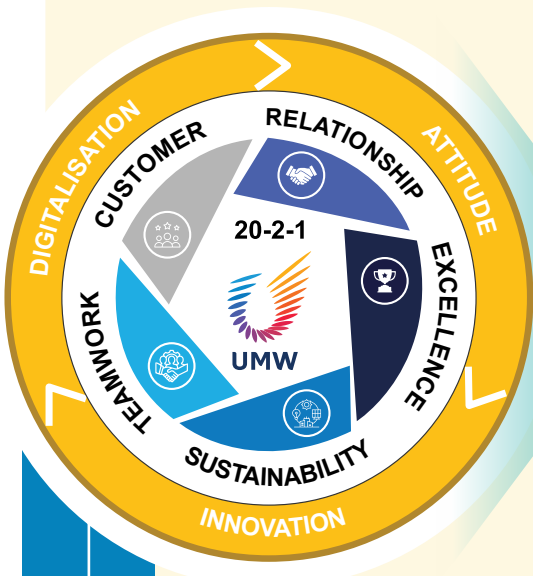
# OUR STRATEGIC PROGRESS

# OUR STRATEGIC PROGRESS

## CREST@UMW STRATEGIC FRAMEWORK

In the second year of implementing the CREST@UMW strategic transformation framework, we continued to grow the momentum from 2021 and extracted further value. Our focus was based on strengthening our core businesses, improving efficiency and sustaining growth. The CREST@UMW is progressing better than expected, achieving 40% of our financial aspirations.

In terms of revenue to the Group, initiatives carried under the "Customer" and "Relationship" pillars have enabled the increase in sales across the Automotive, Equipment and Manufacturing & Engineering Divisions in 2022. From the profitability perspective, exemplified under the "Excellence" pillar, the Group operated more efficiently and thus increased profit. Under the "Sustainability" pillar, we continue to increase our investors' confidence with enhanced transparency in our ESG reporting. The final pillar, "Teamwork", reinforced the right culture, training, and incentives to develop our WOWriors in realising the CREST@UMW aspirations.



**CREST@UMW**  
Innovising Mobility

- CUSTOMER**  
Our customer focus was evident in providing after-sales service and implementing robust Customer Relationship Management (CRM) strategies. This helped to improve customer satisfaction, retention, and loyalty, and proved particularly successful in the stellar performances of Toyota and Perodua.
- RELATIONSHIP**  
The Group continues to effectively manage the ecosystem of its businesses and corporate functions, driving further growth of the brands we represent. We have secured successful partnerships with both the government and strategic partners resulting in awards and recognition received, demonstrating the effectiveness of the initiatives carried out under this pillar.
- EXCELLENCE**  
The Group improves its operations and processes to align with the leading global companies that we partner with. We also strive to keep pace with the fast-changing markets and industries in which we operate. We were able to achieve more cost savings and increase the adoption of robotic process automation as well as improving how we work digitally.
- SUSTAINABILITY**  
The Group continues to adopt a holistic, rigorous, and comprehensive approach to sustainability, both in finance and environment. This has been successfully displayed in UMW's financial performance in 2022, together with successful implementation of sustainability initiatives.
- TEAMWORK**  
Human capital represents the constant, most important source of the Group's success, in addition to being the foundation for longevity and durability. Therefore, teamwork infuses and binds together the CREST@UMW strategic framework. This has led to the Group's success, not just in attracting talent, but also in retaining talent.

## KEY HIGHLIGHTS FROM OUR CORE PILLARS

- The Automotive Division performed exceptionally well with cumulative market share at 53% contributed by Toyota registering 101,035 units in sales, its highest in the last five years. Perodua achieved its best performance to date with sales of 282,019 units.
- In the Equipment Division, the Industrial Equipment segment continues to remain a dominant force in the Malaysian forklift market with 50% market share. Meanwhile, the Heavy Equipment segment continues to lead the market in Papua New Guinea with 55% market share.
- For Manufacturing and Engineering (M&E) Division, we dominated with 69% of the market share for shock absorbers and the lubricant business recorded sales of 26 million litres of lubricants in 2022.
- Concerted effort in inter-division cross-selling garnered a revenue of more than RM100 million.
- A total of 140 acres of HVM Park land worth RM304.9 million to be sold to LONGI (Kuching) Sdn Bhd.
- Secured a strategic venture in rear case localisation for Aerospace business.
- Received grant payments of RM42.4 million from MIDA, along with RM21.7 million worth of grant approvals from government agencies for Aero and M&E divisions.
- Launched 25 new products, a result of our close working relationships with principals.
- Collaborated with TM on hybrid cloud, to consolidate and improve our data centre architecture as part of our efforts to optimise technology and operations.
- Recognition received:
  - Heavy Equipment Group: Komatsu Award for Sales Promotion (Asia)
  - UMW Aerospace Sdn Bhd: Supplier Best Practice Award by Rolls-Royce.
- Achieved RM178.4 million in cost savings through optimisation and productivity improvements.
- Accumulated more than RM200,000 in savings through our War on Waste initiative.
- Deployed a total of 21 RPA (Robotic Process Automation) projects to-date, contributing to improvement in productivity and work efficiency through process automation and digitalisation.
- Fully complied with the Eco-Dealership evaluation.
- Implemented equipment tracking system at the Shah Alam warehouses.
- Recognition received:
  - UMW Group: Nation's Pride Brand of the Year (Brand Laureate).
  - UMW Group: Best Performing Business Conglomerate (LICTA).
  - UMW Corporation Sdn Bhd: Anugerah Majikan Prihatin from PERKESO.
  - UMW Corporation Sdn Bhd (Individual Award): Mohd Nazlan Eza (GRMI): Continuity & Resilience Professional - Private Sector (BCI APAC).
- Generated RM51.3 million in new revenue streams.
- Secured a pioneer project worth RM15 million for new biogas distributorship with Jenbacher.
- Introduction of Mirai as an alternative new energy vehicle technology that is being trialled in Sarawak.
- Launched bio-hydraulic product at IGEM 2022, generating revenue of RM100,000.
- Launched the Toyota Corolla Cross Hybrid which could lower CO2 emissions
- Planted:
  - 157,000 mangrove trees under the UMW Green Shoots Initiative (UGS).
  - 10,000 bamboo trees in our UMW Bamboo Project, part of our carbon offsetting initiatives.
- Awarded with Bronze in Green Rating for UMW Campus in Serendah
- Increased our productivity ratio to RM138,000 per employee (2021: RM74,000).
- Implemented various engagement programmes aimed at enhancing employee well-being and promoting knowledge-sharing, as well as improving teamwork and collaboration. Held CREST@UMW-related programmes to drive awareness and knowledge-sharing, namely CREST Talk Series with a line-up of speakers from our internal leadership team and external subject-matter experts.
- Achieved Employee Engagement Index Rating of 93% from Employee Pulse Survey.

20

Billion Revenue

2

Billion PBT

1

Billion PATAMI

### ENABLERS

#### ATTITUDE

Developing a shared commitment to an engaged and driven corporate culture, we ensured that our people centred their participation in customer engagement and building relationships to cultivate sustained success.

- Active participation from WOWriors on CREST@UMW Friday Activities (281 activities organised) aimed to foster good relations and collaboration within and between divisions across the Group.
- Continuous engagement with WOWriors in advocating WOWriors with the principle of 4Es1P inspired by Jack Welch to promote growth mindset and positive attitude.

#### INNOVATION

Driving innovation within the Group, we stimulate growth by creating a variety of platforms to explore options and new ideas. With sustainability at the centre of innovation, we have developed new products, participated in research and expanded cost-saving initiatives.

- Establishing an innovation recognition scheme to encourage innovation spirit among WOWriors.
- Developed in-house green products such as bio-hydraulic.

#### DIGITALISATION

Redefining the way we operate by leveraging digitalisation and its related technologies, we have optimised our systems, processes and customer experiences. Cost savings and enhanced productivity have further ensured our flexibility in adapting to current customers' needs.

- Applications modernisation across the business units in staying updated with the latest functionality and features.
- Strengthening our IT security posture through the deployment of Information Security Management System and phishing simulation exercises.

#### REDEFINING SUSTAINABILITY

In our unwavering commitment to delivering excellence and sustained value creation for our stakeholders, we continue to collaborate with partners with similar purposes. Our competitive advantage lies in aligning our business goals with our sustainability goals and with shared nation-building aspirations and initiatives. With a growing consumer market that demands conscientious choices, we continue to build beneficial partnerships. These partnerships facilitate seeking solutions together, while improving business practices within the ecosystem. In terms of regulatory requirements, the Group will embark on an improved reporting standard to align with Task Force on Climate-Related Financial Disclosures (TCFD), Global Reporting Initiative (GRI) and other stakeholder requisites.

# MANAGING OUR RISKS

# MANAGING OUR RISKS

Understanding and managing our key risks is essential to enabling us to deliver our strategy and make sound decisions. While business risk cannot be avoided, it should be actively managed to help us to achieve our objectives. An effective and robust risk management process is fundamental to protecting the business, our customers and colleagues, and shareholder value.

## Customer Concentration Risk

### AEROSPACE

### Definition and Impact of the Risk on UMW

**Definition**  
Risks relating to or arising from total reliance on single customer and/or market segment.

**Impact**


- Significant financial impact should the aerospace industry continue to face a downward trend.
- Loss of investment.

### How We Manage or Mitigate the Risk


- To diversify into new products.
- To explore new customers.

Link to Material Issue and Strategic Pillars


**Material Matter**



**Strategic Pillar**



2022 ● 2021 ●



Change in Risk Level:  
↔

### Strategic Pillars

 CUSTOMER

 RELATIONSHIP

 EXCELLENCE

 SUSTAINABILITY

 TEAMWORK

### Risk Level

● LOW

● MEDIUM

● HIGH

● EXTREME

↓ Decreased

↑ Increased

↔ Unchanged

## Portfolio Risk

### UMW GROUP

### Definition and Impact of the Risk on UMW

**Definition**  
Risk of concentration of investment in certain Divisions.

**Impact**


- Over-reliance on Automotive business.
- Significant financial consequences should the Automotive Division face a difficult business environment.

### How We Manage or Mitigate the Risk


- Continuous engagement with JV partners to maintain good relationships.
- Establishment of the Group's CREST@UMW strategic transformation framework.
- The Investment Committee (IC) has been established to review all new investments to ensure they meet the expected returns.
- Developing new products for new revenue streams.

Link to Material Issue and Strategic Pillars


**Material Matter**



**Strategic Pillar**



2022 ● 2021 ●



Change in Risk Level:  
↓

### Material Matter

 Climate Change

 Customer, Product and Innovation Excellence

 Employee Engagement

 Training and Education

 Energy, Waste and Water Management

 Diversity and Inclusivity

 Labour/Management Relations

 Business Ethics and Governance

 Sustainable Supply Chain

 Occupational Health and Safety (OHS)

 Community Investment



### Viability of Investment (Myanmar) EQUIPMENT

**Definition and Impact of the Risk on UMW**

**Definition**  
Risks relating to or arising from political/market uncertainties or poor management that may result in impairment in values or drop in business performance or lower than anticipated returns on investments.

**Impact**

- Disruption of business operations.
- Potential security exposure.
- Increasing foreign exchange loss due to the weakening of Myanmar Kyat (MMK).

**How We Manage or Mitigate the Risk**

- Adequate coverage of insurance policy to safeguard the assets.
- Close monitoring of political and security situation.
- Monitoring of debtors' ageing report and outstanding payment.
- Cash repatriation subject to availability of USD.

Link to Material Issue and Strategic Pillars

**Material Matter**

**Strategic Pillar**

2022 ● 2021 ●

Change in Risk Level:  
↓

#### Strategic Pillars

CUSTOMER

RELATIONSHIP

EXCELLENCE

SUSTAINABILITY

TEAMWORK

#### Risk Level

● **LOW**
● **MEDIUM**
● **HIGH**
● **EXTREME**

↓ Decreased
 ↑ Increased
 ↔ Unchanged

### Cyber Security Risk UMW GROUP

**Definition and Impact of the Risk on UMW**

**Definition**  
Risks relating to or arising from deliberate attacks on systems and individuals who have access to sensitive data, exposure to impact from the loss of media, unsafe practices of collecting, storing, sending, encrypting, finding and removing data that may have implications for data safety and security.

**Impact**

- Operational disruptions/financial loss due to systems' unavailability.
- Leakage of confidential information, which could lead to loss of reputation.

**How We Manage or Mitigate the Risk**

- IT Policy and IT Security Standards are in place and enforced.
- Cloud security tools deployed at all gateways, on desktops/laptops.
- Antivirus (cloud-based) installed on all computers.
- Ransomware protection is enabled.
- Vulnerability assessments & pen-tests conducted annually.
- IT Security Awareness Campaign conducted for all staff nationwide.
- Deployed mobile security devices.
- Patching for laptop and desktops on Windows 10.
- Disaster Recovery (DR) simulation test conducted annually.
- Completion of Business Continuity Management System.

Link to Material Issue and Strategic Pillars

**Material Matter**

**Strategic Pillar**

2022 ● 2021 ●

Change in Risk Level:  
↓

#### Material Matter

Climate Change

Customer, Product and Innovation Excellence

Employee Engagement

Training and Education

Energy, Waste and Water Management

Diversity and Inclusivity

Labour/Management Relations

Business Ethics and Governance

Sustainable Supply Chain

Occupational Health and Safety (OHS)

Community Investment

Climate Change

UMW GROUP

Definition and Impact of the Risk on UMW



Definition

Climate-related risk refers to the potential negative impact of climate change. The adverse impact on climate change particularly from transition risk and physical risk could lead to disruptions in our business.

Impact

- Revenue: Changing customers' preference towards greener products.
- Expenditures: Compliance costs and costs for damage recovery from physical loss of assets resulting from climate disaster.
- Assets and liabilities: Potential write-offs of assets, purchase of low-carbon assets.
- Capital and financing: Changing investors' preference towards greener products/lending requirement or pricing tied with climate-related risks.

Link to Material Issue and Strategic Pillars

**Material Matter**

**Strategic Pillar**

2022 Risk Indicator

Change in Risk Level: **NEW RISK**

How We Manage or Mitigate the Risk

Transition Risk

- **Policy**
  - Established Management Sustainability Committee (MSC), Management Risk Committee (MRC), and the Risk Management & Sustainability Committee (RMSC).
  - Established CREST@UMW strategic transformation framework which embeds sustainability.
  - Established sustainability roadmap to achieve 100% carbon neutrality by 2050.
  - Working towards embedding climate-related factors in reference to TCFD-aligned disclosures in Sustainability Report.
- **Market & Economic**
  - Launched green products initiative known as 4Rs: Reuse, Remanufacture, Recycle and Renewable (BRUSS, Ultrafiltration membrane, Bio-lube, Forklift refurbishment).
  - Signed strategic alliance with Mitsui & Co Ltd as well as MGTC to promote the hydrogen economy.
- **Technology**
  - Planned introduction of Hybrid and EV models based on market demand and competition.
- **Reputation**
  - Launched UMW Green Shoots initiative in partnership with the Malaysian Nature Society (MNS) and Yayasan Hijau Malaysia (YHM).
  - Installed rooftop solar panels.
  - To subscribe to Green electricity tariff programme by TNB.

Physical Risks

- Business Continuity Management System (BCMS) is in place to respond to threats, such as natural disasters, and help ensure the business can maintain critical functions and continue their daily business operations to the best of their ability.
- Adequate coverage of insurance policy to protect the company's assets.

Strategic Pillars

- CUSTOMER
- RELATIONSHIP
- EXCELLENCE
- SUSTAINABILITY
- TEAMWORK

Risk Level

- LOW
- MEDIUM
- HIGH
- EXTREME
- Decreased
- Increased
- Unchanged

Material Matter

- Climate Change
- Customer, Product and Innovation Excellence
- Employee Engagement
- Training and Education
- Energy, Waste and Water Management
- Diversity and Inclusivity
- Labour/Management Relations
- Business Ethics and Governance
- Sustainable Supply Chain
- Occupational Health and Safety (OHS)
- Community Investment



OUR PERFORMANCE

**AUTOMOTIVE**

**UMW TOYOTA**

**Reclaimed its position as the number-one non-national car manufacturer in Malaysia for the second year running**



**2022**



**UMW Toyota, sole distributor of Toyota and Lexus models in Malaysia, leads the non-national car market for the second year running. Toyota's new regional tagline 'Move Your World' reflects a more mobile future society, as it transitions from an automobile company to a mobility company.**

Globally, the automotive industry is evolving rapidly, its transformation prompted by digitalisation, innovative technology and new business models. Great strides in diverse mobility, autonomous driving, electrification and connectivity have advanced, recast and created a turning point for the industry.

According to Euromonitor, unit sales volumes in 2022 were expected to be around 78 million, 10% up from 2021, and higher than in 2019. Profits also rose on average across OEMs this year, with many reaching record heights.

In keeping with these positive projections, in mid-2022 the Malaysian Automotive Association (MAA) revised its projected total industry volume (TIV) upward to 630,000 new vehicles. By end-November 2022, Kenanga Research had also raised its 2022 TIV projection to 680,000 units. The revised figures were attributed mainly to the continued recovery of the Malaysian economy post-pandemic, easing of chip and component supply shortages and the Ministry of Finance's decision to extend the car registration deadline to 31 March 2023.

With new models, robust deliveries and new bookings, demand for cars in Malaysia is on an upward trend, despite the absence of continued tax waiver.

**KEY PERFORMANCE HIGHLIGHTS**

**TOYOTA SALES VOLUME**  
(Units)

**101,035**

2021: 72,394

**TOYOTA CAPITAL MANAGED ASSETS**  
(RM billion)

**7.3**

2021: 6.3

UMW Toyota ended the year on a high note, recording a total of 101,035 vehicles sold compared to 72,394 units in 2021. With a 40% sales increase, this achievement positions Toyota as the top-selling non-national brand in Malaysia.

With a history that dates back more than a century, UMW Toyota works very closely with the principal Toyota Motor Corporation (TMC) to implement global processes so as to uphold the brand's strong presence in Malaysia.

Challenging economic conditions still prevailed, both globally and locally, and the automotive industry was affected by supply chain issues. Nevertheless, UMW Toyota continued to benefit from sales tax exemption for outstanding orders made before 30 June 2022 and registered by 31 March 2023.

Toyota's success in Malaysia in 2022 was credited in part to the launch of the Corolla Cross Hybrid, one of several models introduced last year. The Hilux and Fortuner, both front-runners in their respective segments, also contributed to Toyota's strong sales in 2022.

UMW Toyota's customer service operations surpassed 1.25 million vehicles, evidence of the exceptional level of after-sales service embodied in its 'Extra Mile' initiative to deliver the best sales and after-sales service.

In a shift in branding, at the end of 2022 Toyota revealed its new tagline, 'Move Your World'. This conveys a multipath message, with hybrid, electric and hydrogen cars as options for the future.



OUR PERFORMANCE

ACHIEVEMENTS

UMW Toyota reclaimed its position as the number-one non-national car manufacturer in Malaysia for the second year running. The brand's total volume in Malaysia consisted of 100,042 Toyota and 993 Lexus vehicles. Compared to the total combined sales of both vehicles of 72,394 units in 2021, a 40% increase in sales was achieved. This was accomplished despite continuing disruptive market conditions. Toyota Vios, Hilux and Corolla Cross were the year's best-selling models.

Also, the decision to transform its own outlets into dealerships in 2017 led to more brand and sales resilience during the pandemic.

Toyota's new regional vision, 'Move Your World', was introduced and implemented to align with other Toyota markets across Asia-Pacific. The tagline encapsulates the brand's aims of realising its transition into a mobility company, with a customer-centric car ownership experience. As Toyota's evolving customers drive the company's choice of new ways of doing business, it aims to deliver happiness and total mobility for all.

In pursuing greater connectivity and convenience to facilitate optimal customer online interactions, the Toyota Malaysia website was upgraded with new user-friendly features and a modern interface, enhanced by data-driven personalisation. In enabling optimal engagement with customers, every process during interaction is focused on meeting the customer's precise needs.

Financially, UMW Toyota ensured that cash flow stayed strong, as long-term investment is necessary in the industry to sustain competitiveness and stay ahead.

In aspiring to provide a total mobility landscape to customers, UMW Toyota streamlined and increased its Corporate Social Responsibility (CSR) activities in 2022. The focus was on safety for children in schools, and youth, with Toyota Eco Youth implementing new ways of learning. Education and public awareness were also key in involving surrounding communities to transform their environments.



Additionally, Toyota championed the cause of the Cancer Society and the Kidney Society by investing in long-term support. The automotive company was also deeply involved in expanding the Toyota GAZOO Racing and Toyota GR Velocity Esports Championship events, with future plans to sponsor local professional golf.

UMW Toyota strengthened its multipath campaign to provide customers with mobility options. It ventured into electrification by introducing more hybrid electric vehicles, strengthening Toyota's green strategy for its portfolio, based on achieving carbon neutrality with a multi-prong approach.

TMC has pioneered development of electrified vehicles and is always striving to recycle 85% of all materials used. Much effort and investment has gone into developing the most complete range of electrified vehicles.

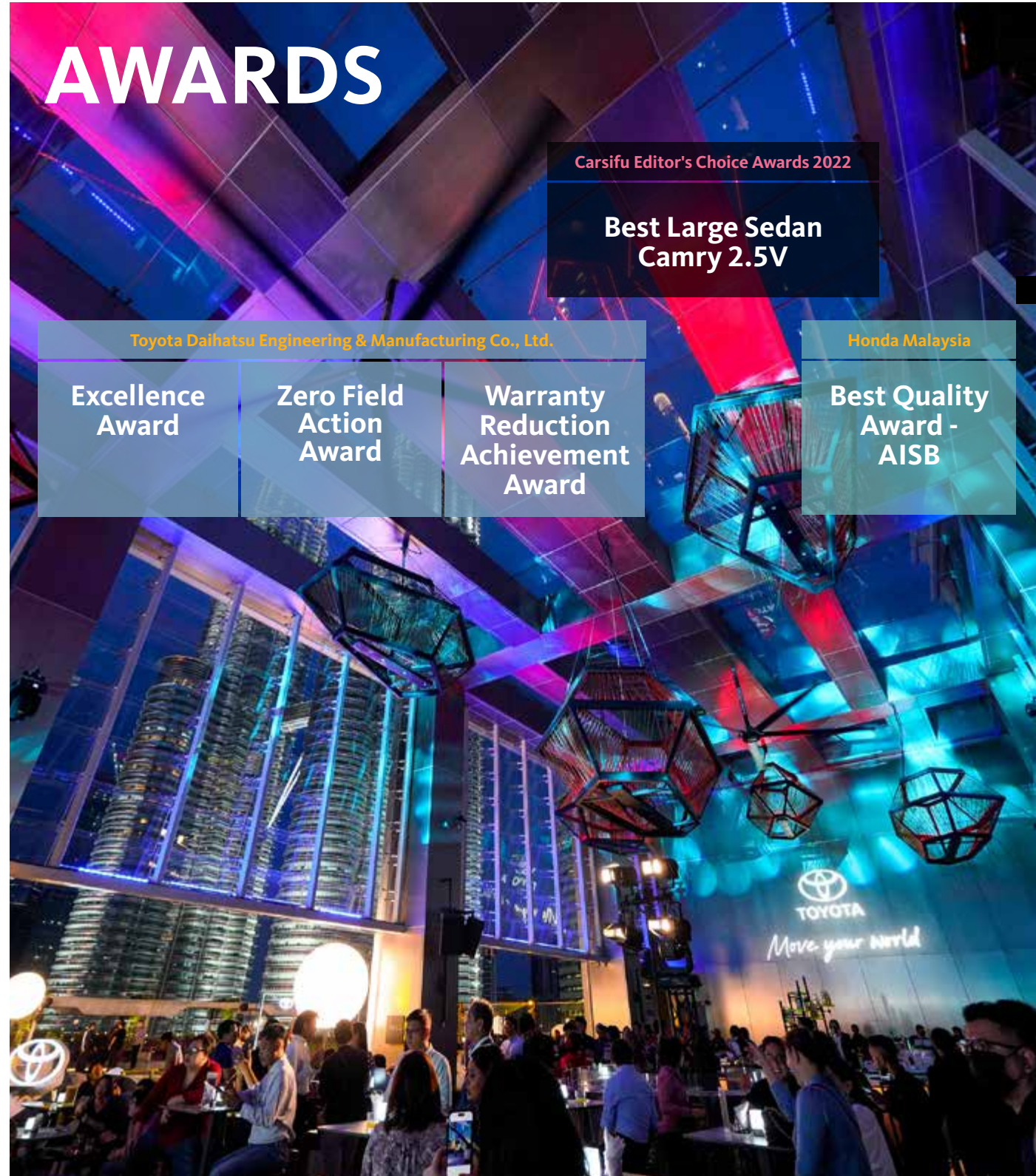


In Malaysia, UMW Toyota believes that HEVs are the most accessible option for car owners to begin carbon-reducing. The Corolla Cross Hybrid attained great significance in being the first-ever Toyota model with HEV technology assembled in Malaysia at the state-of-the-art UMW Toyota plant. In 2022, the Corolla Cross recorded 17,208 units sold in the C-segment SUV category.

Together with Toyota Capital Malaysia, the focus in 2022 has been to provide customers with innovative financing solutions for UMW Toyota's products. Toyota's Financial Packages offer vehicle financing choices to fit a range of needs and lifestyles, including attractive rates for lower-carbon vehicles, multi-tier repayment loans and even a car subscription plan. The improved Toyota Insurance Package covers vehicles of all ages, as well as Toyota Service Saver with money-saving holistic maintenance plans. Furthermore, customers are rewarded for their expenses through the Toyota Loyal-T programme, enabling them to earn points for purchases, servicing or repairs, and even for vehicle insurance renewals.

OUR PERFORMANCE





CHALLENGES

Driven by pent-up demand and extension of the sales tax exemption, the waiting period for bookings in 2022 ranged from six months to one year. The shortage in vehicle supply was caused by various issues that included material, capacity, supply chain and future price increases. With the resumption of economic activities, necessary measures were taken to ramp up production to fulfil outstanding orders.

Additionally, Bank Negara Malaysia's increase in Overnight Policy Rate (OPR) for the fourth time in November 2022 made new car loan rates higher than in the preceding six to nine months.

Despite supply chain improvements in 2022, chip and component shortages plagued the industry with continued disruption due to intermittent lockdowns and China's continuing zero COVID-19 policy that only ceased at the end of 2022. Manpower shortages meant increasing plant automation, where it currently stands at around 50% in terms of welding processes.

Forex will continue to be a challenge due to increased volatility and actions are being taken to mitigate the cost increase. Dealing with previous catastrophic events such as the 1995 Kobe earthquake, 2011 Thailand floods and Tohoku earthquake has resulted in UMW Toyota becoming more resilient in managing the fallout from the pandemic, to recover faster vis-a-vis its competitors.

With interest in electric cars gaining traction, the pressure was not only to produce and sell such cars but also to ensure that the supporting infrastructure is in place. UMW Toyota participated in the process by seeking collaboration with the right partners to move forward.

OUTLOOK

Future challenges include relooking at car ownership business models, the advent of autonomous cars, and building on Toyota's total mobility aspiration in extending coverage to the whole ecosystem.

UMW Toyota aims to retain its position as Malaysia's number-one non-national automotive brand in 2023, and beyond. The company plans to maintain the positive trend in 2023 by launching several new models such as the second-generation GR 86, GR Corolla, GR Supra and the new Toyota Vios. Following the success of the carbon-reducing Corolla Cross Hybrid Electric, a second HEV will be launched in 2023. UMW Toyota aims to introduce battery-electric vehicles (BEVs) by 2025.

A new agency retail model is set to commence in 2023, with customers able to enjoy hassle-free vehicle purchasing. This will be achieved by implementing a new sales process through selected premier agent dealerships for Lexus and certain Toyota models. The sales process has been re-designed to be more customer-centric, inspiring absolute trust and confidence through fair, transparent pricing.

Further expanding customer satisfaction and UMW Toyota's digital transformation, a Super App will be launched, building on 30-35 years of loyal customers' data. The app aims to capture all services and sales, gathering necessary information to offer every convenience during sales and after-sales service.

Although moving into the era of electrification, UMW Toyota will continue to maintain its fun-to-drive experiences with its long-running activities undertaken by GAZOO Racing Malaysia. The motorsports events, dating back 60 years, have elevated the local motor racing scene. They not only allow owners a chance to enjoy racing, but also enable Toyota to continue manufacturing even better cars.

UMW Toyota will remain cautiously optimistic on the domestic business environment. The company will continue to align very closely on multiple global strategy operations, gearing towards continuous digitalisation. More effort will be channelled towards the carbon neutrality drive and enhancing value chain business.



OUR PERFORMANCE

**AUTOMOTIVE**

**PERODUA**

**As a national carmaker, Perodua is steadfast about benefitting Malaysians**



**As the leading national carmaker, Perodua continues to maintain market leadership through enhancing and advancing Malaysia's automotive industry. It supports an ecosystem comprising suppliers, dealers, society and the government, based on an all-Malaysian idea. Key to this concept is commitment to manufacturing safe, affordable, fuel-efficient vehicles for all.**

Perodua's stellar 2022 achievement is the culmination of the Malaysian automotive industry's collective responsibility in optimising its potential. It also stems from cultivated convergence of customer expectations. In a year that saw the Malaysian automotive industry's best-ever performance, Perodua also recorded its best sales yet, increasing 48.2% compared to 2021. A significant impetus for this high sales volume was the extension of

the SST exemption until 30 June 2022, with an exception to include all vehicles booked before 1 July 2022 and registered before 31 March 2023. Implementation of Malaysia's short-term National Economic Recovery Plan (PENJANA), stimulating post-pandemic economic revival, further fortified sales.

The challenges of 2021 yielded many lessons, ranging from extensive floods to semiconductor chip shortages as well as the Full Movement Control Order (FMCO). Perodua and partners not only overcame these obstacles in 2022, but managed to channel growth in an under-pressure industry, too.

As Malaysia's largest automotive manufacturer, Perodua is committed to ensuring high value offerings to all Malaysians. This enables them to benefit from practical, fuel-efficient cars with the best safety features on offer, within an affordable price range. Perodua's vision, as part of the manufacturer's responsibility, is to provide end-to-end total car life-cycle care, from vehicle end-of-life management to environmental protection. As advocated in its pioneering Ativa Hybrid subscription programme, this pilot programme involves 300 subscribers and serves as a study, both of electric vehicles and the long-term, mobility-as-a-service market.

OUR PERFORMANCE

**2022**



Perodua surpassed its 2022 sales target of 247,800 units. It achieved its best performance on record with sales of 282,019 units, as compared to its 2021 sales of 190,291 units. Production rose by 49.5% to 289,054 units in 2022, as against 193,400 units in 2021. Accordingly, after-sales service intakes also increased by 30% to 2.6 million units in 2022.

The record performance bears testimony to Perodua's resilience. In December 2022, production and sales performance delivered an average of 1,000 vehicles per day. The tight capacity utilisation maximised the output with minimal investment at the plant running at almost 100% capacity to meet its production target.

As a national automotive company, Perodua upholds a deep-seated commitment to serving the people of Malaysia. Perodua remains highly focused on delivering unparalleled customer service, providing a range of products to meet customer demand including equipping our vehicles with practical yet advanced features as well as incorporating unique Malaysian elements in their design. These principles have played an instrumental role in establishing Perodua as a leading player in Malaysia's automotive industry, while also fostering positive societal impact and contributing to the betterment of the local community.

To cultivate a culture of shared commitment and advancement within Malaysia's automotive industry, Perodua and its partners work closely with stakeholders, including suppliers, dealers and the government. Through these collaborative efforts, we strive to elevate the industry ecosystem and drive sustainable progress for all involved. This approach is reflective of Perodua's corporate ethos, which emphasises partnership, innovation, and responsible leadership in all aspects of our operations.



**KEY PERFORMANCE HIGHLIGHTS**

**PERODUA SALES VOLUME**

(Units)

**282,019**

2021: 190,291

**PERODUA PRODUCTION VOLUME**

(Units)

**289,054**

2021: 193,400



OUR PERFORMANCE

ACHIEVEMENTS



To remain resilient and adapt to the evolving needs of the industry and consumers, Perodua in 2022 instilled the “going beyond” mindset to its employees to prepare them to embrace a new outlook.

In terms of operations, all risk assessment are tested and documented. Meanwhile, teams such as the sales unit remained flexible and agile amid rigorous requirements and the need to adjust quickly to the changing market environment.

In this crucial year, we strengthened the Perodua culture through building clear internal communication links and working relationships. This is in line with its motto ‘One Team, One Goal’. The streamlined focus helped build employee loyalty, along with the capacity to rise to the year’s challenges.

The new outlook extended to managing issues in the broader automotive ecosystem too. When faced with critical semiconductor shortages in 2022, the company used its central purchasing system to support the rest of the industry. This



support extended to technically absorbing price differences after negotiating and purchasing raw material in bulk to supply to the whole vendor system.

In September 2022, Perodua officially launched its Ativa Hybrid subscription programme. The pilot consumer study initiative, with 300 subscribers, will help Perodua gain unique insights into the behaviour of Malaysian consumers, drawing on data to anticipate customers’ needs when using a hybrid vehicle. With the RM500-a-month, 5-year subscription service, Perodua also ensures minimal negative environmental impact in terms of

battery or car disposal. This leasing method is already in place with EZ MOBi for corporate clients.

In 2022, Perodua prioritised adoption of ESG practices. Firstly, we worked towards regulating and reducing the cost of green energy initiatives in the entire automotive ecosystem. Our operations moderated energy use and consumption to be greener and more cost-conscious.

Secondly, we embarked on digitalisation efforts which focused on mapping digital initiatives in sales and manufacturing operations.

The current digitalisation rate is about 47-48% with more digitalised facilities for customers such as online ordering, booking, and loan application submissions to protect customer privacy.

Looking ahead, in support of Malaysia's automotive ecosystem, Perodua aims to increase its 95% localised content by extending vendor capabilities and resilience. Furthermore, the high localisation rate has shielded Perodua from the prevailing foreign exchange volatility.

To learn more from our peers, we conducted benchmarking exercises such as virtual factory tours. We introduced changes to our dealers which helped to cut costs and consolidate services. For instance, to further help customers, the functions of receptionists and guards were extended to serve as greeters and ushers.



OUR PERFORMANCE



# AWARDS

## CarSifa Editors' Choice Award

Local Car of the Year - Perodua Alza AV	Best Family Ride (up to RM100,000) – Perodua Alza AV	Best Sub-compact Hatchback – Perodua Myvi AV
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## 2022 Carlist.my Car of the Year Awards

- Perodua Myvi AV - Carlist.my People's Choice Award Entry-Level Sedan and Hatch (Gold winner)
- Perodua Alza AV - Carlist.my Editor's Choice Award – Newcomer of the Year
- Carlist People's Choice Award Small Midsize MPV.



## CHALLENGES

At Perodua challenges are indispensable as they allow new ways of doing things to emerge, thus leading to constant improvements.

Despite moving into endemic stage of COVID-19, chips shortages continue to be the main challenge for the company. This caused intermittent production interruption and delay to launch the new model. The issue was mitigated by increasing the inventory level and forward planning. With higher adoption of new technology, microchips are vital component to enable the advanced features.

Even though price increases for key materials such as steel, Perodua had to absorb the price increase rates without passing it to the customers. This was challenging to accomplish and required careful planning and management.

While aiming to maximise suppliers' capacity with minimal investment, Perodua continued to help those in their value chain cope with prevailing capacity demands, planning and localisation. Supply chain disruptions and manpower shortage continue to be a challenge. Shortages, in particular, had to be managed well, as they affected each level of the value chain. When our suppliers were affected by labour shortages, Perodua sent its own staff to help fill the gap. Ensuring continued supply not only helped operations, but also contributed meaningfully to developing the total automotive ecosystem.

Introducing digitalisation processes to suppliers also helped improve the process flow. For example, the E-booking systems and payments are being utilised at Perodua.

Additionally, the company held numerous roundtable discussions with vendors, dealers and stakeholders to overcome challenges and brainstorm counter-measures. The measures implemented and lessons learned from the year's challenges have given Perodua opportunities for advancement, as well as given new perspective on how to overcome challenges. This positions the brand more strongly to remain competitive in the coming years.

## OUTLOOK

In pursuit of its objectives for 2023, Perodua has identified three key areas for development: capacity building, sustainability, and innovation. With a view to expanding its capacity, the company intends to build on the growth achieved in the previous year and has set an ambitious target of selling 314,000 cars in 2023. To meet this target, Perodua will adopt the Kaizen concept to enhance efficiency and increase production speed, enabling us to meet customer demand and reduce waiting times.

With a strong commitment to sustainability, Perodua will expand its ESG initiatives by partnering with the government to promote low-carbon initiatives and introduce products that align with the government's energy policy. The company will also increase consumption of solar energy, with the aim of using renewable energy sources for 75% of our energy needs within five years. As part of our sustainability efforts, Perodua will introduce Carbon Neutral (CN) initiatives such as the establishment of an Eco Park and a "green factory" in our efforts to improve the quality of our environment.

In order to stay ahead of the curve, Perodua will invest in operational innovations and introduce new technologies in our future products and services. The company will encourage suppliers and dealers to adopt these technologies to improve competitiveness and productivity. Additionally, Perodua will seek to attract suppliers from Japan and Europe to invest their expertise in Malaysia, promoting knowledge transfer and attracting more foreign direct investment. With these measures in place, Perodua aims to achieve a localisation rate of 95% or higher.



OUR PERFORMANCE

**EQUIPMENT**

**Equipment Division's key initiatives launched during the pandemic yielded results in 2022**

**UMW Equipment Division distributes leading equipment products from world-renowned brands. Its Industrial Equipment and Heavy Equipment segments serve a wide range of industries including warehousing, logistics, construction, mining, agriculture, and logging. Its other segment, Industrial Power, provides solutions and customised compression, power generation, and marine propulsion.**

The COVID-19 pandemic and the repercussions of extended lockdowns prolonged a period of uncertainty. However, Equipment Division's markets rebounded in 2022. This was despite continuing challenges, evolving economic landscape and transforming business environment that prevailed globally. Additionally, the Division had to



factor in rapidly rising stakeholder expectations related to environmental and sustainability considerations.

To date, the Equipment Division has been able to maintain the largest market share for Industrial Equipment in the material handling business in Malaysia. We also have strong presence in Singapore, Vietnam and China, with extensive sales coverage. UMW is one of the largest fleet management companies with around 10,000 rental units for material handling.

Equipment Division's key initiatives launched during the pandemic yielded results in 2022 via strong product line-up, principals' support, and wide distribution networks.

The Industrial Equipment segment has embarked on lean logistics management internally and externally to deliver beyond traditional products and solutions. As for the Heavy Equipment segment, higher commodity prices are spurring growth in infrastructure development, agriculture and resource mining.

OUR PERFORMANCE

**2022**

The Equipment Division notably improved its performance from the previous year. In 2022, the Equipment Division's revenue improved by 16.3%, recording RM1,528.0 million, as compared to RM1,313.4 million in 2021. Its PBT rose to RM152.8 million, a 42.8% increase from 2021. This was mainly due to the economy reopening and a sharp increase in revival of delayed projects and start-up of new infrastructure projects.

The Equipment Division's growth strategy, in line with the Group's CREST@UMW aspirations, focuses on exploring ways to help customers address emerging economic and sustainability concerns. Partnerships are fostered for a more collaborative approach through consultative marketing, to identify customers' pain points in order to offer solutions.

To remain resilient when stretched by unprecedented challenges, since 2020 the Division has initiated and activated continuous improvement programmes. The purpose of these programmes is to brainstorm for new improvements, ideas and products, covering aspects such as strategy, processes, organisation and technology. In off-site workshops staff confer about pertinent issues like enhancements, increased revenue and raising productivity. By prioritising with focus, more than 30 key projects were identified and executed in 2022. Moreover, each year projects have been rapidly implemented to enhance revenue, profit and productivity.

Launching and implementing CREST@UMW during the COVID-19 pandemic facilitated the Division's growth. Working as a team has been pivotal in ensuring the Division's optimal performance, with considerable contribution from both internal and external members. To further enhance team engagement, a variety of training programmes were conducted. In embodying two (2) key CREST@UMW pillars, Customer and Excellence, prioritising excellent service and customer satisfaction remains at the centre of strategic and operational decisions.

To further affirm and deliver on its unwavering commitment to customers, on 25 October 2022 the Division officially launched its new integrated customer centre in Kota Kemuning, Shah Alam. A significant milestone, the Equipment Division Customer Centre (EDCC) is a one-stop centre for customers to explore and appreciate its products, automation solutions and services. Other than housing service centres for its heavy equipment, industrial equipment and industrial power businesses, EDCC is also a parts warehouse and an equipment service-and-repair centre.

The Equipment Division HQ will be moving to the green-rated HVM Park in Serendah, Selangor in 2023.

**KEY PERFORMANCE HIGHLIGHTS**

**REVENUE**

(RM million)

**1,528.0**

2021: 1,313.4

**PROFIT BEFORE TAX (PBT)**

(RM million)

**152.8**

2021: 107.0



## ACHIEVEMENTS

## INDUSTRIAL EQUIPMENT

**The Industrial Equipment segment steadily recovered throughout 2022, as economies around the world reopened, stimulating logistics activities. Pent-up demand also assured new orders, while back-orders were fulfilled.**

A series of successful marketing campaigns was launched to maximise opportunities during the year. One of the main campaigns entailed working together with principals on existing clients' fleet management renewals. Pandemic-induced lapses in renewals and ageing fleets meant an opportunity arose to work with certain used equipment dealers or rental companies to renew fleets.

As one of the largest fleet management companies, the segment's business grew in sectors such as food & beverage, logistics, and warehousing. Being number one in the Malaysian material handling market since 1975, the segment's vast experience and long-standing reliability have earned customers' trust with customised solutions. Future trends in this field are moving towards outsourcing material handling departments, allowing customers to concentrate on their core activities.

UMW's Sustainability Roadmap was initiated to intensify ESG impact, stemming from 50 years of experience in offering battery-operated electric forklifts to the market. The Electrifying Campaign is aimed at converting internal combustion-powered trucks, to further amplify low-carbon sustainability.

Refurbishment programmes for forklifts are also offered to further enhance sustainability aspirations, and to lower carbon footprint.

In 2022, global supply chain issues impacted the business. This segment acted swiftly to counter delivery delays via refurbishing options, maintenance packages, mixed fleet rentals and used trucks to tide customers over this period.

The Industrial Power segment ventured into the renewable energy sector after securing the distributorship of Innio Jenbacher biogas engine generator. The green technology product generates electricity by consuming palm oil mill effluent gas as fuel, thus reducing carbon emission.



## HEAVY EQUIPMENT

**In tandem with the resumption of infrastructure projects such as the Pan-Borneo Highway connecting Sabah and Sarawak with Brunei and Kalimantan, Sabah-Sarawak Link Road, Sarawak Coastal Road Network and Sarawak's Second Trunk Road, the demand for high-quality equipment within the segment increased significantly.**

Demand attributed to rising commodity prices helped secure several heavy equipment purchases, mainly in Sabah and Sarawak, with some in Peninsular Malaysia. Iron ore prices remained stable, while coal prices escalated due to hostilities in Ukraine. This also led to increases in demand and delivery for all-weather Articulated Dump Trucks (ADT). Favourable crude palm oil (CPO) prices, especially in 2021, resulted in considerable palm tree-planting in 2022, as farmers with foresight planned ahead.

Support from principals such as Komatsu was significant, with the introduction of new hydraulic excavators like the 13-ton model that caters for the agriculture sector. The Heavy Equipment segment was also able to compete effectively, owing to the introduction of 2-line models of 20-ton hydraulic excavators. These allowed customers a choice of machines, suited to specific job applications.

Further customer-centric initiatives were implemented, such as extended warranty of up to five years or 10,000 service metre readings. Parts and service packages provided peace of mind to customers during the extended warranty period. In collaboration with financial institutions, qualified customers' take-up of the Equipment's Deferred Payment Scheme (DPS) was encouraging, with lower capital outlay and a 6-month moratorium on payments.

This segment also introduced a Remanufacturing (REMAN) programme to refurbish large dump trucks from Papua New Guinea (PNG). This programme helped lower costs for customers, as they received virtually brand-new trucks in return.



# AWARDS

## Heavy Equipment

- Komatsu HD785 Dump Truck REMAN Sales Promotion, Papua New Guinea
- HR Development Award, Myanmar
- Komatsu HM400 Articulated Dump Truck (ADT) Sales Promotion Award, Malaysia
- New Customer Expansion Sales Promotion Award, Singapore



## CHALLENGES

Equipment Division's businesses are very dynamic and continually evolving. Despite the pandemic, the many issues and new challenges that constantly arose were viewed positively. Daily enhancements and ways of doing better than before, underpinned by the Kaizen concept, drive the Division's teams to improve, propelling them forward in transformative times.

Overall, the Industrial Equipment segment was beset with supply chain disruptions that led to longer delivery times. Nevertheless, loan units comprising refurbished units and mixed fleet rentals assisted in addressing this global issue.

Among the key challenges for the Heavy Equipment segment in 2022 were stock replenishment delays. These were due to logistics issues linked to delivery of machines from Europe. Fortunately, the Komatsu and Toyota Industries Corporation (**TICO**) production factories are spread around the world, thus making these issues more manageable.

Continued political instability in Myanmar, especially in the first half of 2022, impacted this segment's operating company based there. The political unrest significantly affected the country's overall business environment, impairing performance.

Shortage of manpower and of skilled technical workers further impeded some of the segment's customers' full use of recently purchased machinery. To deal with this issue, assistance was offered through contract options for machinery maintenance.

On the other hand, the second-hand machine market, including refurbished units, is growing. This is expected to reduce the growth potential of new heavy equipment demand in the market.

## OUTLOOK

The Equipment Division performed better than anticipated in 2022, yet it envisions the year ahead only with cautious optimism. In 2023, Malaysia's economy is expected to grow moderately by between 4% and 5%. With expected global growth and demand both slowing, growth challenges in Malaysia are predicted to be protracted. The prolonged effects of inflation and gradual rising interest rates in 2023 will be key factors affecting Malaysia's economic growth outlook. Bank Negara Malaysia forecasts that headline inflation is expected to range between 2.8% and 3.3%.

Impact from deglobalisation, arising from geopolitical tensions and the cost of transitioning towards more green economies will further prolong inflationary trends. Other adverse factors to consider include continued supply chain disruptions because of the drawn-out Russia-Ukraine conflict, along with the continuing fragmentation of US-China relations. Foreign exchange volatility and the risks of emergent strains of COVID-19 will need close monitoring. Furthermore, rising raw material prices will result in higher costs, warranting cost optimisation in 2023 as pent-up demand from 2022 wanes.

However, according to the Ministry of Finance (**MoF**) Economic Outlook 2023 report released in February 2023, the construction sector is expected to perform strongly this year.

In 2023, the Heavy Equipment segment will introduce Komatsu's 35-ton model hybrid excavator.

To remain resilient, the Equipment Division continuously tracks aspects such as productivity, returns on assets and returns to shareholders. This is in keeping with the Group's tracking and ratio comparison to constantly gauge yield against its own indices.

Digitalisation and automation efforts will continue, in line with available technological advances and customer needs. With more automated, autonomous and environment-friendly facilities installed, the Division will continue to work closely with principals and partners to deliver innovative products and solutions.



OUR PERFORMANCE

**MANUFACTURING & ENGINEERING**

The reopening of economies and borders have improved mobility tremendously, intensifying demand for automotive components and lubricants



UMW Manufacturing & Engineering (M&E) comprises three core businesses - automotive components, lubricants technology and green solutions. It represents renowned brands, develops its own in-house lubricant brand Grantt, and manufactures and assembles market leading suspension system.

The Malaysian manufacturing sector had been showing steady expansion, growing by 8.1% in 2022 as rising global demand and growth in domestic industries further supported production activities. The reopening of borders and normalisation of industrial and business activities have

driven growth in the global mobility of goods and people. In tandem with this growth, the M&E Division registered a surge in demand for shock absorbers and lubricants.



KYB-UMW Malaysia Sdn Bhd

**KEY PERFORMANCE HIGHLIGHTS**

**REVENUE**

(RM million)

**758.1**

2021: 578.7

**PROFIT BEFORE TAX (PBT)**

(RM million)

**75.7**

2021: 56.0

OUR PERFORMANCE

**2022**



Despite the softening of operating conditions across the Malaysian manufacturing sector in the latter part of the year due to rising external headwinds, the M&E Division achieved its highest ever revenue of RM758.1 million in 2022, a 31.0% increase from RM578.7 million previously. Accordingly, the M&E Division recorded PBT of RM75.7 million in 2022, 35.2% higher than RM56.0 million in 2021.



ACHIEVEMENTS

The M&E Division benchmarks its performance against the best and draws on its decades of experience to continuously enhance Quality, Costs and Delivery (QCD) of its products and operations. It also seeks to extract more value from the domestic market by developing new products to meet evolving customer demands. Its partnership with KYB Japan positions the M&E Division as Malaysia's leading supplier of OEM and REM shock absorbers, with 67% market share. The modernisation of the KYB-UMW plant in Teluk Panglima Garang, Selangor has further increased its capacity to meet rising demand with improved logistics and plant efficiency. Meanwhile, its partnerships with Repsol and Pennzoil in China and Malaysia respectively, have enhanced its capability to offer a range of R&D, blending and distribution services to some of the best known names in lubricants.

To counter the rising costs, the Division undertook significant cost-saving measures. Observing market demand, M&E Division took steps to stock up on inventory when prices were low. Correspondingly, high-volume purchases with similar quality material helped mitigate cost increase, too. As the number of new vehicle purchases at UMW Toyota and Perodua rose, usage of OEM and REM parts and lubricants after warranty increased accordingly.

As part of its commitment to sustainability and in line with growing demand for more eco-friendly solutions, the Division is already spearheading innovative developments of green products in areas such as battery revival system, water reclamation and bio-lubricants.

In October 2022, the Division launched its Grantt Bio VG Hydraulic Oil, its first range of bio-hydraulic lubricants and maiden commercial foray into the green product segment. Grantt Bio VG Hydraulic Oil is produced in two variants, VG46 and VG68, and is available in two sizes, 18-litre pail and 209-litre drum. The higher viscosity index (VI) in both variants provides stable viscosity over a wider operating temperature range.

Grantt Bio VG Hydraulic Oil meets various international standards such as ISO 15380: HETG, ISO 20763 and OECD 301, as well as ASTM D943. Both variants have also obtained the MyHijau certification, which is an official green recognition scheme endorsed by the Malaysian Government.

This product is equivalent to, if not better than, conventional lubricants and is produced from locally sourced palm oil. The non-toxic, non-bio accumulative lubricant biodegrades in 28 days and contains additives that provide for excellent lubrication capability. With high thermal and oxidation stability, it provides superior protection against wear, corrosion and rust, with good anti-foam characteristics. These products are aimed at customers looking for affordable and sustainable hydraulic lubricants without compromising performance.

The M&E Division via UMW M&E Sdn Bhd has entered into a memorandum of understanding (MoU) with Mitsui & Co. (Malaysia) Sdn Bhd (Mitsui). Leveraging the growing demand for sustainable products and services, along with Mitsui's strong sales and marketing foothold globally, the MoU paves the way for commercialisation of M&E Division's proprietary green products to generate growth along the green value chain, together with promoting the sustainability agenda.

Employee engagement is key to ensuring a sustainable future for the UMW Group as a whole. The M&E Division continued to implement various CREST@UMW initiatives and engagement programmes to foster strong teamwork and ensure that there is clarity, cohesion and alignment at all levels to the Group's larger strategic goals.





OUR PERFORMANCE

OUR PERFORMANCE

# AWARDS & CERTIFICATIONS

- KYB-UMW Malaysia Sdn Bhd**
- ISO 45001:2018 (Management of Safety and Health)**  
14 February 2022 - 13 January 2025 (Re-certification)
- ISO 14001:2015 (Management of Environment)**  
14 February 2022 - 13 January 2025 (Re-certification)
- Boon Siew Honda Best Supportive Award (Supplier Conference 2019, 2020, 2021)**
- UMW CREST@2021 Excellence Award**
  - Chairman's Award 2021
  - Best Innovation Group 2021
  - Best Innovative Company 2021
  - Best Return 2021
  - Best Return Over 3 Years
- BCMS ISO 22301:2019 (Business Continuity Management System)**  
July 2022 - July 2025 (Re-certification)
- 4<sup>th</sup> LEANAero SGIA Division Convention 2022**
  - Champion : Team Sepakat
  - 1<sup>st</sup> Runner-up : Team Toxic Buster
  - Best Presenter : Team Evolution

- UMW M&E Sdn Bhd**
- Certificate of ISO9001: 2015 (Management of Quality Management System)**  
2 April 2022 - 2 April 2025
- MyHijau for Biolubricant**  
25 August 2022 - 24 August 2025

- Lube Group Malaysia**
- Approval for Grantt 15W40 CI-4, Reintjes Germany**
  - Reintjes gearboxes
- Lab Excellence Awards, Institut Kimia Malaysia**
  - Fourth year running

- Lubritech Limited, China**
- High Technology Company, China Government - lower tax, incentives etc.**
- Fire Resistance Hydraulic Fluid Approval, FM Global**

Borneo Safari International Off-Road Challenge

## CHALLENGES

Raw materials constraint was the biggest challenge for the M&E Division. As the global economy recovered and operations went into full swing, the sudden increase in demand for base oil had caused supply shortage and consequently, price increase. The price of steel used in shock absorbers also rose as a result of the prolonged Russia-Ukraine conflict.

Nonetheless, the M&E Division had the capacity and mitigation measures in place to meet the demand for shock absorbers and lubricants in 2022. It had also intensified process automation and adoption of collaborative intelligent robots (**COBOTs**) to improve productivity.

## OUTLOOK

Vehicle sales in 2023 are expected to remain robust despite the absence of sales and service tax (**SST**) exemption. High outstanding bookings and new model launches by OEMs are expected to continue to drive production and deliveries.

The M&E Division will continue to remain competitive by increasing its level of automation to improve efficiency and productivity.

In line with the Industrial Revolution 4.0, COBOTs will be deployed in the new Lube Group plant and in the modernised KYB-UMW plant, deployment of highly automated setup with Automated Guided Vehicles (**AGV**) transporting goods seamlessly throughout the facility will be intensified.

As we continue to invest in automation technology, we anticipate an expanded use of machines, COBOTs and AGVs, to achieve a higher level of process automation in order remain relevant and competitive.



**AEROSPACE**

**UMW Aerospace is Malaysia's first homegrown High Performing Supplier Group (HPSG) Tier-1 aero engine component supplier to Rolls-Royce**

**UMW Aerospace is the sole supplier of fan cases for the Trent 1000 and Trent 7000 engines for Rolls-Royce. The Malaysian Government's Twelfth Malaysia Plan (12MP) and Malaysian Aerospace Industry Blueprint (MAIB) 2030 aspire to develop Malaysia into becoming a regional hub for aerospace, and UMW is involved in this industry to support the realisation of this vision.**

In 2022, despite being one of five industries most affected by COVID-19 due to air travel restrictions, aerospace was on the road to recovery. As a result of the reopening of international borders, global commercial aerospace revenues grew 10% YoY in 2022, with worldwide passenger traffic reaching 75% of pre-COVID-19 level.

The local aerospace industry has been playing an increasingly significant role in the global aerospace supply chain, with ample

capacity to grow. It is expected to generate RM55.2 billion in annual revenue by 2030.

Aerospace has also been identified as a high-impact strategic industry in the Malaysian Government's 12MP. Its development is vital to moving Malaysia towards high-technology nation status and accelerate its transformation into a high-income nation by 2025.



**2022**



The Aerospace Division has a long-term contract of 25 + 5 years with Rolls-Royce, which was signed in 2015. The Division is a single-source supplier of fan cases for Trent 1000 engines, first delivered in November 2017 and for Trent 7000 engines which began in October 2020.

In 2022, the Division's recovery pace was moderated due to a lagging demand for widebody aircraft engines. Nevertheless, the Aerospace Division's revenue improved by 53.2%, to RM226.1 million in 2022, compared to RM147.6 million in 2021. Its LBT narrowed accordingly from RM33.8 million to RM9.4 million, a 72.2% improvement from 2021.

Generally the aerospace industry is expected to continue on its recovery trajectory with the rapid growth in global air travel and aircraft replacements by airlines. The resumption of Boeing 787 deliveries is expected to improve the orders for the Trent 1000.

**KEY PERFORMANCE HIGHLIGHTS**

**REVENUE**

(RM million)

**226.1**

2021: 147.6

**LOSS BEFORE TAX (LBT)**

(RM million)

**(9.4)**

2021: (33.8)



OUR PERFORMANCE

ACHIEVEMENTS



The Aerospace Division retained its position in the Rolls-Royce High Performing Supplier Group (HPSG) in 2022. The inclusion places the Division in the top 5% of Rolls-Royce's suppliers globally. The Division's remarkable safety record of 2,343 days without industrial accident or Zero Lost-Time-Injury (LTI) demonstrates the high safety standards practiced.

In May 2022, the Aerospace Division was awarded the Supplier Best Practice Award at the Rolls-Royce Global Aerospace Supplier Conference in the UK. The award recognises suppliers with exceptional qualities, including focus on continuous improvement in operations and cost optimisation as well as commitment towards zero defects. The Division was also recognised by Rolls-Royce for its sustainability and green initiatives such as the installation of rooftop solar panels, rainwater harvesting and no-plastic-bottles initiative.

These distinguished awards strengthen UMW's position as a reputable player in the highly regulated aerospace industry and we believe it will open more opportunities for the Aerospace Division to participate in future projects with Rolls-Royce and other engine OEMs.

OUR PERFORMANCE

CHALLENGES

The Aerospace Division manufactures fan cases for Rolls-Royce's Trent 1000 and Trent 7000 engines used by Boeing 787 and Airbus A330 neo wide-body aircraft for long-distance flights.

Due to air travel restriction during the COVID-19 pandemic, the Aerospace Division was adversely affected. The pandemic's disruptive effects still persisted in 2022 where the number of orders received from Rolls-Royce were still below the pre-pandemic level. Volume recovery for wide-body is slower than narrow-body aircraft due to partial opening of international borders.

The aerospace industry recovery triggers high demand of materials, hence putting pressure on logistics and the global supply chain. The Russian-Ukraine conflict had affected the supply of titanium which is the main material used for aircraft engines.

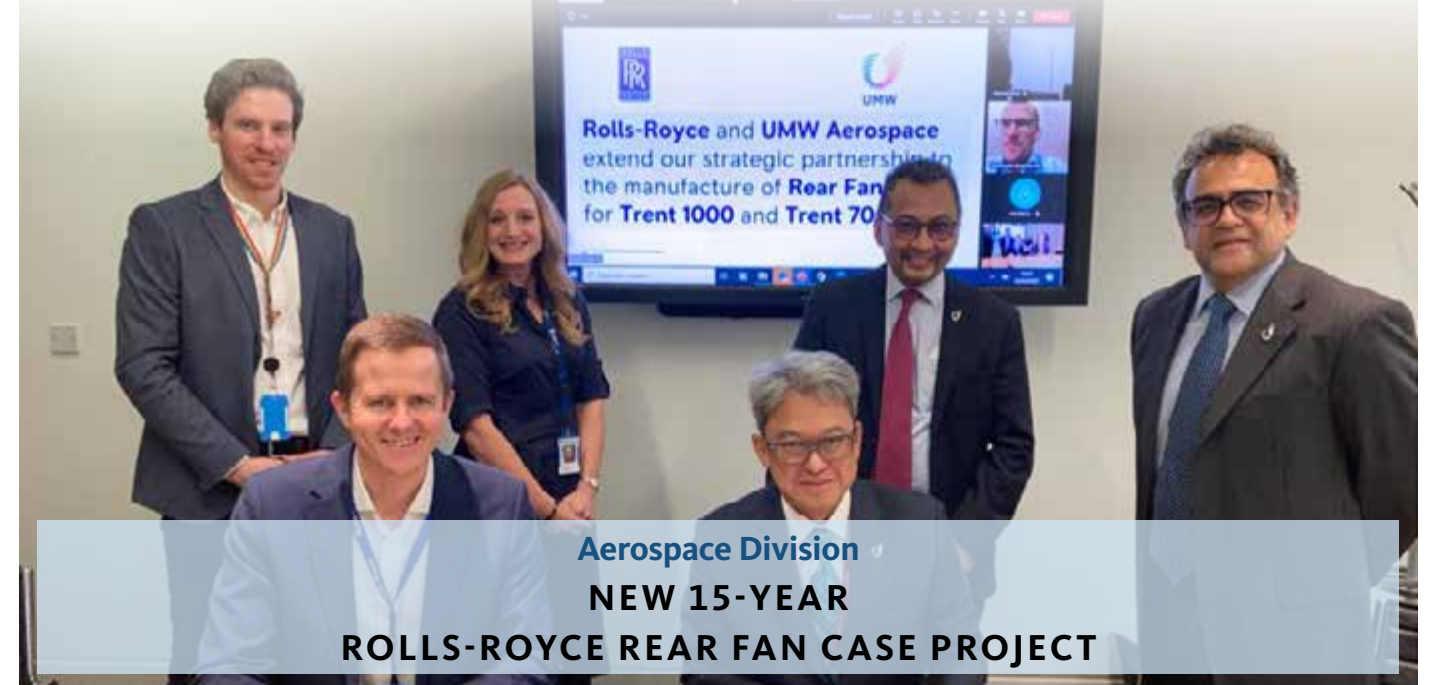
OUTLOOK

Rolls-Royce's three year 2023-2025 forecast indicates that order numbers are expected to remain sustainable, at an encouraging volume beyond pre-COVID-19 levels.

The higher forecasted orders will increase the plant utilization rate and is expected to contribute positively to the Company's future earnings and growth.

The end of China's zero COVID-19 policy is expected to stimulate global economic recovery in 2023. This will further enhance air traffic recovery and improve demand for wide-body aircraft.

The aerospace industry is under increasing pressure to reduce its carbon footprint and Rolls-Royce has successfully tested Sustainable Aviation Fuel (SAF) on its engines. This will ensure the Trent 1000 and Trent 7000 engines remain relevant for years to come.





OUR PERFORMANCE

OUR PERFORMANCE

**DEVELOPMENT**

**UMW Development Sdn Bhd's primary role is to unlock the value of the Group's landbank in Serendah, with the development of UMW High Value Manufacturing (HVM) Park as a managed and green-rated industrial park**



**In the first year of the prolonged COVID-19 crisis, global manufacturing was one of the hardest-hit. However, throughout 2022, Malaysia's external trade performance and robust domestic economy, enabled a pick-up in the local manufacturing industry. This spurred the Division to secure commendable sales of RM460 million in 2022.**

The 861 acres HVM Park incorporates integrated Industry 4.0 infrastructure and an underlying Green concept that contributes to our sustainability efforts. This complements the nation's ambition towards a Net Zero pathway by 2050 and accelerates our vision to be 100% carbon neutral by 2050.

**KEY PERFORMANCE HIGHLIGHTS**

**INKED SALES AND PURCHASE AGREEMENT VALUED AT**  
(RM million)

**460.0**

2021: 42.9

**REVENUE**  
(RM million)

**73.9**

2021: 17.1

**2022**

In 2022, interest for industrial land increased, in line with expanding domestic manufacturing activity.

Sales secured rose substantially from RM42.9 million in 2021 to RM460.0 million in 2022, an increase of 972.3% with a total of 213 acres of industrial land sold, including 140 acres sold to LONGi (Kuching) Sdn Bhd for RM304.92 million, the largest transaction for UMW HVM Park to date. Accordingly, UMW Development has more than quadrupled its revenue, from RM17.1 million in 2021 to RM73.9 million in 2022.



OUR PERFORMANCE

OUR PERFORMANCE

ACHIEVEMENTS



Improved road connectivity along with ready utilities enhanced HVM Park in 2022. Additionally, teamwork, unity and a dedication to superior customer service was evident through the cross-selling and promotion of other UMW businesses to prospective customers. From a sustainability standpoint, the final Green Certification was obtained for the new UMW Campus office and factories. Upon completion of all infrastructure and landscaping works in 2023, HVM Park's Southern Zone will be awarded a Green Township certification, one of the first in Selangor.

Within the purview of UMW Group's Sustainability Roadmap, various sustainability and low-carbon initiatives have been implemented at HVM Park. Among them are 100%-LED street lighting, rainwater harvesting, compost bins, recycling bins, designated walking and bicycle lanes, and solar panels at the UMW Aerospace factory.

HVM Park tenants are also encouraged to get their buildings green-rated and be Environmental, Social, and Governance (ESG) compliant. As a one-stop solution provider, the Division assists tenants on industrial material handling, warehouse automation, Water Reclamation Plant (WRP) and collaborative robots (COBOTS). UMW Development also assists investors in obtaining planning and construction approvals and applying for government incentives.

All five core pillars of the CREST@UMW transformation strategy spurred the Development Division's growth in 2022. A key highlight from the customer pillar is gaining potential new investors, introduced by existing customers. In developing stronger relationships, key stakeholders like Majlis Perbandaran Hulu Selangor (MPHS), Invest Selangor Berhad (ISB) and Malaysian Investment Development Authority (MIDA) provide continuous support.

CHALLENGES

UMW Development is cognisant of the challenges going forward despite a positive recovery in 2022. End financing remained an uphill task for some investors as financial institutions will be selective in giving loans. Additionally, high material costs, supply chain issues, and manpower shortages may potentially result in margin compression.

OUTLOOK

UMW Development will continue to target V-shaped recovery industries and high-value manufacturing sectors such as automotive, F&B, medical devices, construction, and electrical & electronics (E&E).

The Division will continue to strengthen its capacity. It will support investors in creating new facilities and promoting other UMW businesses, particularly in meeting the automation requirements of new factories.

For 2023 the Division will focus on growing the automotive and solar ecosystem within the HVM Park. For long-term sustainable revenue, the Northern Zone will be planned as a managed and green-rated industrial development. Plans are in place to provide a Centralised Labour Quarter (CLQ) to cater for HVM Park investors.

UMW Development will endeavour to attract more multinational (MNC) presence in HVM Park, their base to expand their business and facilities in this region.

# AWARDS & CERTIFICATIONS

REHDA GreenRE Certification	
UMW Campus for offices, workshops and warehouses	
UMW CREST@2021 Excellence Award - Most Improved Employee Engagement	UMW CREST@2021 Excellence Award - Best Cost-Saving Initiatives





# SUSTAINABILITY PERFORMANCE

# SUSTAINABILITY PERFORMANCE

	Strategic Action Plan	Target Milestones	Key Focus Areas	Key Highlights	Alignment to UN SDGs
<p><b>SUSTAINABLE ENVIRONMENT- ENVIRONMENTAL STEWARDSHIP</b></p> <p><b>Pillar 1</b> 100% Carbon Neutrality by 2050</p>	<ul style="list-style-type: none"> <li>Environmental leadership via sustainable operational excellence</li> <li>Invest in nature-based solution for CO2 sequestration</li> </ul>	<ul style="list-style-type: none"> <li>45% CO2 neutrality by 2030</li> <li>100% CO2 neutrality by 2050</li> </ul>	<ul style="list-style-type: none"> <li>Renewable Energy (Solar PV installations, Green Electricity Tarriff subscription)</li> <li>Reforestation</li> </ul>	<ul style="list-style-type: none"> <li>KYB-UMW and UMWT subscribed to GET</li> <li>ASSB, Aerospace and KYB-UMW installed rooftop solar PV</li> <li>157,000 mangrove and 10,000 bamboo trees planted</li> </ul> <p><i>Refer to pages 12 to 23 of our Sustainability Report 2022 for more details</i></p>	
<p><b>SUSTAINABLE WORKFORCE- DYNAMIC WORKFORCE</b></p> <p><b>Pillar 2</b> Build a Progressive and Innovative Workforce</p>	<ul style="list-style-type: none"> <li>Foster sustainable culture, support and funding for employee wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>Accident rate not more than 2.13</li> <li>Scholarship programme to nurture talent</li> <li>25% women's representation in Senior Management roles</li> </ul>	<ul style="list-style-type: none"> <li>Employee well-being</li> <li>Education</li> <li>Diversity and inclusivity</li> </ul>	<ul style="list-style-type: none"> <li>RM1 million spent, 92% utilisation of scholarship fund</li> <li>UMW Aerospace has achieved zero LTI since started its operation in 2016, with 2,343 days of zero LTI as of to date</li> <li>EnergizeUMW: 24/7 helpline to provide remote therapy sessions for employees</li> <li>UMW Executive Development Programme (UEDP) for employees strategic and targeted leadership</li> <li>Flexible Benefit Scheme for employees</li> <li>46 high potential young talents selected since 2018</li> <li>Employees received 63,716 training hours</li> </ul> <p><i>Refer to pages 24 to 39 of our Sustainability Report 2022 for more details</i></p>	
<p><b>SUSTAINABLE PRODUCTS AND SERVICES- INNOVATIVE &amp; HIGH-PERFORMANCE</b></p> <p><b>Pillar 3</b> Achieve Excellence in Products and Services</p>	<ul style="list-style-type: none"> <li>Focusing into value generating green assets</li> <li>Accelerate innovation for products stewardship</li> </ul>	<ul style="list-style-type: none"> <li>Production of Green Energy</li> <li>Production of Green Products</li> </ul>	<ul style="list-style-type: none"> <li>Value chain of H2</li> <li>Hybrid vehicle</li> <li>Electrification (components &amp; 2-wheeler)</li> <li>Products (Bio-Lubricant &amp; Membrane)</li> <li>Recycling (BRUSS)</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of Mirai as an alternative new energy vehicle technology that is being trialed in Sarawak</li> <li>Launched of The Grantt Bio VG Hydraulic Oil</li> <li>Expansion of BRUSS and Water Reclamation Plant (in-house membrane)</li> <li>Parts manufacture for E2W</li> </ul> <p><i>Refer to pages 40 to 47 of our Sustainability Report 2022 for more details</i></p>	
<p><b>SUSTAINABLE LOCAL COMMUNITIES- NURTURING COMMUNITY &amp; SOCIETY</b></p> <p><b>Pillar 4</b> Create a Positive Impact and Well-being of Local Communities</p>	<ul style="list-style-type: none"> <li>Foster sustainable culture, support and funding for community well-being</li> </ul>	<ul style="list-style-type: none"> <li>1% of PATAMI goes to community investments by 2025</li> <li>2% of PATAMI goes to community investments by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Community</li> <li>Education</li> </ul>	<ul style="list-style-type: none"> <li>2,187 community volunteers</li> <li>11,344 volunteer hours</li> <li>RM9.1 million spent on initiatives, sponsorship, donations</li> </ul> <p><i>Refer to pages 48 to 51 of our Sustainability Report 2022 for more details</i></p>	

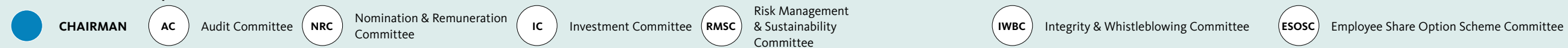


# BOARD OF DIRECTORS

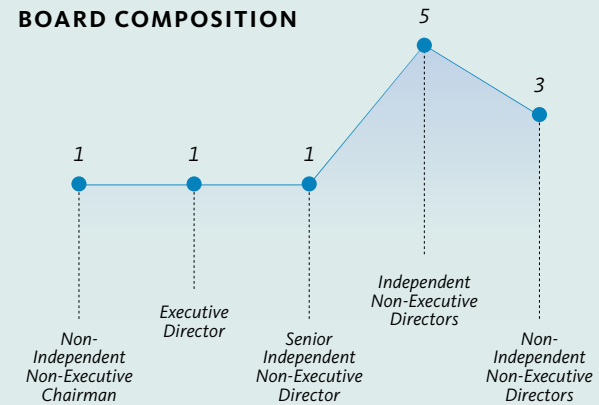
BOARD OF DIRECTORS  
AS AT 15 MARCH 2023

Group Chairman, Non-Independent Non-Executive Director	President & Group Chief Executive Officer/Executive Director	Senior Independent Non-Executive Director/Independent Non-Executive Director			Non-Independent Non-Executive Director					
<b>TAN SRI DATO' SRI HAMAD KAMA PIAH CHE OTHMAN</b> Group Chairman, Non-Independent Non-Executive Director	<b>DATO' AHMAD FUAAD MOHD KENALI</b> President & Group Chief Executive Officer/Executive Director	<b>DR. VEERINDERJEET SINGH</b> Senior Independent Non-Executive Director	<b>DATO' ESHAH MEOR SULEIMAN</b> Independent Non-Executive Director	<b>RAZALEE AMIN</b> Independent Non-Executive Director	<b>DATO' SERI PROF. DR. IR. ZAINI UJANG</b> Independent Non-Executive Director	<b>DATO' AZMI MOHD ALI</b> Independent Non-Executive Director	<b>DATUK (DR.) YASMIN MAHMOOD</b> Independent Non-Executive Director	<b>DATIN PADUKA KARTINI HJ ABDUL MANAF</b> Non-Independent Non-Executive Director	<b>SHAHIN FAROUQUE JAMMAL AHMAD</b> Non-Independent Non-Executive Director	<b>MOHD SHAHAZWAN MOHD HARRIS</b> Non-Independent Non-Executive Director
ESOSC	ESOSC	AC, IC, IWBC	RMSC, AC, NRC, ESOSC	IWBC, AC, RMSC	NRC, RMSC, ESOSC	NRC, ESOSC, RMSC, IWBC	AC, IC	NRC, IC, IWBC, ESOSC	IC, NRC, ESOSC	IC, RMSC

### Committee Membership



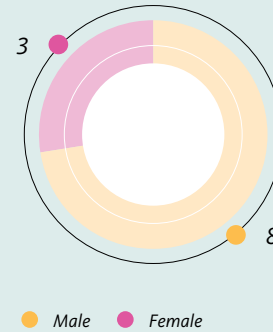
### BOARD COMPOSITION



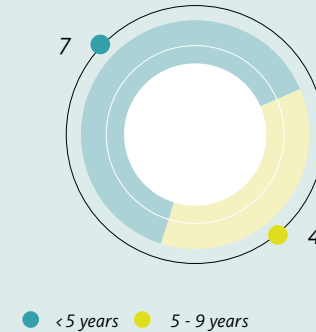
### AREA OF EXPERTISE

Investment & Fund Management	5
Administration, Legal & Taxation	3
Accounting, Audit & Finance	5
Economics & Corporate Strategy	5
Environmental Engineering	1
Innovation & Sustainability	1
General Management	1
Technology & Digital	1

### GENDER



### BOARD TENURE



### Notes

- Save as disclosed below, none of the Directors has any family relationship with and is not related to any Directors and/or major shareholder of the Company:
  - Tan Sri Dato' Sri Hamad Kama Piah Che Othman, Datin Paduka Kartini HJ Abdul Manaf and Shahin Farouque Jammal Ahmad are nominees of Permodalan Nasional Berhad.
  - Mohd Shahazwan Mohd Harris is a nominee of the Employees Provident Fund Board.
- None of the Directors has any conflict of interest with the Company.
- Other than traffic offences, none of the Directors has any conviction for offences within the past five (5) years nor public sanctions or penalties imposed by the relevant regulatory authorities during the year under review.
- None of the Directors has transacted in any of the Company's securities during the year under review.

## BOARD OF DIRECTORS' PROFILE

## BOARD OF DIRECTORS' PROFILE

Group Chairman,  
Non-Independent  
Non-Executive  
Director



### TAN SRI DATO' SRI HAMAD KAMA PIAH CHE OTHMAN

DATE OF APPOINTMENT:  
**1 January 2017**

DATE OF LAST RE-ELECTION:  
**25 June 2020**

LENGTH OF SERVICE (as at 15 March 2023):  
**6 years 2 months**

President &  
Group Chief  
Executive Officer/  
Executive Director

ESOSC



### DATO' AHMAD FUAAD KENALI

DATE OF APPOINTMENT:  
**1 November 2020**

DATE OF LAST RE-ELECTION:  
**20 May 2021**

LENGTH OF SERVICE (15 March 2023):  
**2 years 4 months**

#### BOARD MEETINGS ATTENDED:

12/12

#### AREAS OF EXPERTISE

Investment & Fund Management, Corporate Finance and General Management

#### RELEVANT EXPERIENCE

Tan Sri Dato' Sri Hamad Kama Piah served Permodalan Nasional Berhad (PNB) since 1979 until his retirement as the President & Group Chief Executive Officer on 30 September 2016. Throughout his corporate career, he has also served on various boards of Malaysia's largest corporations, among others, as Deputy Chairman of Sime Darby Berhad, Chairman of Chemical Company of Malaysia Berhad, i-Berhad and various public listed and private companies. During his illustrious career spanning more than 41 years, he has been involved in various facets of PNB's operations, including investment and portfolio management, real estate investment and management, corporate finance and restructuring, as well as unit trust management.

#### ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIPS

- Honorary Doctorate in Entrepreneurship, Universiti Malaysia Kelantan
- Honorary Doctorate in Finance and Investment, Management & Science University, Malaysia
- Honorary Doctorate in Economics and Muamalat Administration, Universiti Sains Islam, Malaysia

- Honorary Doctorate in Business Administration, Universiti Tenaga Nasional, Malaysia
- Master of Philosophy, Swansea University, UK
- Diploma in Statistics, Universiti Teknologi MARA, Malaysia
- Senior Fellow, Financial Services Institute of Australasia
- Certified Financial Planner, Financial Planning Association of Malaysia
- Honorary Fellow & Registered Financial Planner, Malaysian Financial Planning Council

#### PRESENT APPOINTMENTS

- Acting Chairman, Professional Golf Association of Malaysia
- Director, Institut Kefahaman Islam Malaysia
- Chairman, Yayasan Karyawan, Malaysia
- Council Member, Majlis Agama & Adat Istiadat Kelantan

#### PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES

##### Listed

- None

##### Non-Listed

- None

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 15 March 2023)

- None

#### BOARD MEETINGS ATTENDED:

12/12

#### AREAS OF EXPERTISE

Accounting, Investment and Corporate Finance & Strategy

#### RELEVANT EXPERIENCE

Dato' Ahmad Fuaad began his career with Arthur Andersen & Co in 1994. In 2001, he left practice to take up the position of Executive Director of Finance at Petaling Garden Berhad. In 2008, he rejoined practice as a Partner/Executive Director in Ernst & Young, Kuala Lumpur and was with the firm until 2010 when he joined Astro Malaysia Holdings Berhad as the Chief Financial Officer from August 2010 to July 2013.

In August 2013, he joined DRB-HICOM Berhad as the Chief Financial Officer and subsequently as Chief Operating Officer - Finance & Corporate until March 2016. He was subsequently seconded to Proton Holdings Berhad as the Chief Executive Officer and Executive Director from 1 April 2016 to 30 September 2017.

While in DRB-HICOM Berhad, he also served as a board member of key subsidiaries such as Pos Malaysia Berhad, Bank Muamalat Malaysia Berhad, Edaran Otomobil Nasional Berhad, Horsedale Development Berhad, Glenmarie Properties Sdn Bhd and Alam Flora Sdn Bhd.

Prior to joining UMW, he was the Chief Executive Officer of Malakoff Corporation Berhad from 1 October 2017 to 31 October 2020.

#### ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIPS

- B.Sc (Hons) in Computerised Accountancy, University of East Anglia, Norwich, UK
- National Diploma in Business & Finance, Brighton College of Technology, Brighton, UK
- Senior Management Development Programme, Harvard Business School Alumni Club of Malaysia
- Advanced Management Programme, International Institute for Management Development (IMD), Lausanne, Switzerland
- Fellow, Association of Chartered Certified Accountants
- Member, Malaysian Institute of Certified Public Accountants
- Member, Malaysian Institute of Accountants

#### PRESENT APPOINTMENTS

- Member, Board of Trustees of Yayasan Universiti Malaysia Pahang
- Director, Yayasan Pahang

#### PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES

##### Listed

- None

##### Non-Listed

- None

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 15 March 2023)

- None



## BOARD OF DIRECTORS' PROFILE

Senior Independent Non-Executive Director

AC  
IC  
IWBC

66



**DR. VEERINDERJEET SINGH**

DATE OF APPOINTMENT:  
**15 June 2017**

DATE OF LAST RE-ELECTION:  
**25 June 2020**

LENGTH OF SERVICE (as at 15 March 2023):  
**5 years 9 months**

## BOARD MEETINGS ATTENDED:

12/12

**AREAS OF EXPERTISE**  
Taxation and Accounting**RELEVANT EXPERIENCE**

Dr. Veerinderjeet is currently the Non-Executive Chairman of Tricor Services (Malaysia) Sdn Bhd. He has extensive tax experience from having been a tax partner in international accounting firms and having worked with the Inland Revenue Department of Malaysia. He has been involved in a wide range of tax matters affecting cross-border investments, corporate restructuring, financial institutions, multinational entities, listed entities and government and quasi-government entities and projects. He was appointed by the Malaysian Minister of Finance to be part of the Tax Reform Committee in 2018-2020. He is also a member of the Institute of Corporate Directors of Malaysia and the Malaysian Institute of Corporate Governance.

He has written more than 100 publications, including books and articles in local newspapers and in local and international tax, law and accounting journals and speaks on various tax, accounting, corporate governance and economic matters.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Bachelor of Accounting (First Class Hons), University of Malaya
- Doctor of Philosophy, University Putra Malaysia
- Member, Malaysian Institute of Certified Public Accountants (MICPA)

- Member, Malaysian Institute of Accountants
- Member, Chartered Tax Institute of Malaysia

**PRESENT APPOINTMENTS**

- Executive Committee and Council Member, MICPA
- Executive Committee Member, International Fiscal Association (Malaysia Branch)
- Board of Trustees, International Bureau of Fiscal Documentation, based in Amsterdam
- Vice Chair, Commission on Taxation, International Chamber of Commerce, based in Paris
- Adjunct Professor, Monash University, Malaysia
- Member and Past Chairman, Monash School Industry Board
- Chairman, Tricor Services (Malaysia) Sdn Bhd
- Chairman, MARC Ratings Berhad

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES****Listed**

- None

**Non-Listed**

- Malaysian Rating Corporation Berhad
- AmBank (M) Berhad
- ICC Malaysia Berhad
- MARC Ratings Berhad

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES****(as at 15 March 2023)**

- 66 shares in UMW Holdings Berhad

## BOARD OF DIRECTORS' PROFILE

Independent Non-Executive Director

RMSC  
AC  
NRC  
ESOSC

68



**DATO' ESHAH MEOR SULEIMAN**

DATE OF APPOINTMENT:  
**17 October 2016**

DATE OF LAST RE-ELECTION:  
**26 May 2022**

LENGTH OF SERVICE (as at 15 March 2023):  
**6 years 4 months**

## BOARD MEETINGS ATTENDED:

12/12

**AREAS OF EXPERTISE**  
Public Administration and Economics**RELEVANT EXPERIENCE**

Dato' Eshah began her career in the public service in 1981 as the Assistant Director, Macro Economic Section, at the Economic Planning Unit of the Prime Minister's Department before serving as the Assistant Secretary at the Government Procurement Management Division, Ministry of Finance (MOF) in 1991. During her tenure in MOF, she held various key positions, including as Principal Assistant Secretary, Deputy Under Secretary and Under Secretary of Investment, Minister of Finance (Incorporated) and Privatisation Division of MOF. In January 2014, she was appointed as the Under Secretary of the Statutory Bodies Strategic Management Division of MOF prior to her retirement on 1 November 2014.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Master of Business Administration, Oklahoma City University, USA
- Bachelor of Economics (Hons), University of Malaya
- Diploma in Public Administration, National Institute of Public Administration (INTAN), Malaysia

**PRESENT APPOINTMENTS**

- None

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES****Listed**

- None

**Non-Listed**

- None

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES****(as at 15 March 2023)**

- None

## BOARD OF DIRECTORS' PROFILE

Non-Independent  
Non-Executive  
Director

61

F



**DATIN PADUKA KARTINI HJ  
ABDUL MANAF**

DATE OF APPOINTMENT:  
**15 June 2017**

DATE OF LAST RE-ELECTION:  
**20 May 2021**

LENGTH OF SERVICE (as at 15 March 2023):  
**5 years 9 months**

NRC  
IC  
IWBC  
ESOSC

BOARD  
MEETINGS  
ATTENDED:

12/12

## AREAS OF EXPERTISE

Investment, Corporate Strategy and Fund Management

## RELEVANT EXPERIENCE

Datin Paduka Kartini, who was formerly the Deputy President of Strategic Investments at Permodalan Nasional Berhad (PNB), had served PNB in various capacities for over 30 years until her retirement on 31 December 2019. At PNB, she served in various key positions, which were primarily related to investment management and corporate finance, including mergers and acquisitions, corporate restructuring, portfolio management, property investment and business development.

ACADEMIC/PROFESSIONAL QUALIFICATION/  
MEMBERSHIPS

- Master of Business Administration, Ohio University, USA

- Bachelor of Business Administration, Ohio University, USA
- Diploma in Banking Studies, Universiti Teknologi MARA, Malaysia

## PRESENT APPOINTMENTS

- Director, Lembaga Tabung Haji

PRESENT DIRECTORSHIP OF OTHER PUBLIC  
COMPANIES

## Listed

- Syarikat Takaful Malaysia Keluarga Berhad

## Non-Listed

- Perumahan Kinrara Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS  
SUBSIDIARIES

(as at 15 March 2023)

- None

## BOARD OF DIRECTORS' PROFILE

Independent  
Non-Executive  
Director

69

M



**RAZALEE AMIN**

DATE OF APPOINTMENT:  
**1 September 2019**

DATE OF LAST RE-ELECTION:  
**26 May 2022**

LENGTH OF SERVICE (as at 15 March 2023):  
**3 years 6 months**

IWBC  
AC  
RMSC

BOARD  
MEETINGS  
ATTENDED:

12/12

## AREAS OF EXPERTISE

Audit and Corporate Recovery, Banking and Finance

## RELEVANT EXPERIENCE

Razalee is a licensed auditor and an approved liquidator with more than 45 years experience in various management positions and directorships in public listed companies with areas of expertise in audit, corporate recovery, finance, banking and investment acquisition. He started his career at Messrs. Hanafiah Raslan & Mohamad, a chartered accountants' firm. In 1983, he joined Sateras Resources (Malaysia) Berhad as the Group Financial Controller before being appointed as the Senior Vice President of the Investment and Acquisition Division of MBF Finance Berhad in 1987. He subsequently served Damansara Realty Berhad as its Senior General Manager from 1994 to 1996, when he set up his own chartered accountants' firm, Razalee & Co, where he is presently the Managing Partner.

ACADEMIC/PROFESSIONAL QUALIFICATION/  
MEMBERSHIPS

- Bachelor of Economics (Hons)(Accounting), University of Malaya

- Postgraduate Diploma in Accounting, University of Malaya
- Member, Malaysian Institute of Certified Public Accountants
- Member, Malaysian Institute of Accountants
- Member, Financial Planning Association of Malaysia

## PRESENT APPOINTMENTS

- None

PRESENT DIRECTORSHIP OF OTHER PUBLIC  
COMPANIES

## Listed

- Duopharma Biotech Berhad
- Heitech Padu Berhad

## Non-Listed

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS  
SUBSIDIARIES

(as at 15 March 2023)

- None



## BOARD OF DIRECTORS' PROFILE

Independent  
Non-Executive  
Director



### DATO' SERI PROF. DR. IR. ZAINI UJANG

DATE OF APPOINTMENT:  
**1 November 2019**

DATE OF LAST RE-ELECTION:  
**26 May 2022**

LENGTH OF SERVICE (as at 15 March 2023):  
**3 years 4 months**

#### BOARD MEETINGS ATTENDED:

11/12

#### AREAS OF EXPERTISE

Environmental Engineering and Management, Innovation and Sustainability

#### RELEVANT EXPERIENCE

Dato' Seri Prof. Dr. Ir. Zaini is a professional environmental engineer-cum-scientist, with expertise in climate change, green technology, climate governance, river rehabilitation and environmental sustainability. His interest in these fields led him to collaborate with leading scholars and policy makers worldwide, particularly in climate change, ESG, green technology, water and wastewater management. He is a Fellow of various professional bodies and a Visiting Professor at the Imperial College London (UK), Lund (Sweden) and Tsukuba (Japan). He received the Honorary Doctor of Science from Newcastle University (UK) in 2018, was the Vice Chancellor of Universiti Teknologi Malaysia from 2008 to 2013 and later became the Secretary General of three ministries from 2013 to 2022. He has been very instrumental in climate policy, especially carbon market and GHG net-zero policies. He led the Malaysia delegation to COP26 and COP27, in Glasgow and Sharm-el-Sheikh respectively. He has also registered more than 20 intellectual property rights and published more than 300 technical papers and 50 books.

#### ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIPS

- Honorary Doctor of Science in Environmental Engineering, Newcastle University, UK
- Advanced Management Programme, Harvard Business School, USA
- Doctor of Philosophy in Environmental Engineering, Newcastle University, UK
- Master of Science in Environmental Engineering, Newcastle University, UK

- Bachelor of Chemical Engineering, Universiti Teknologi Malaysia
- Fellow, Institute of Corporate Directors Malaysia
- Fellow, Royal Physiographic Society of Lund (Sweden)
- Fellow, Chartered Institution of Water and Environmental Management (UK)
- Fellow, Academy of Sciences Malaysia
- Fellow, Institution of Chemical Engineers (UK)
- Fellow, Institution of Engineers (Malaysia)
- Fellow, International Water Association (UK)
- Professional Engineer (Board of Engineers, Malaysia)
- Chartered Water and Environmental Manager (Chartered Institute of Water and Environmental Management, UK)
- ASEAN Chartered Professional Engineer (ASEAN MRA)
- Visiting Professor at Imperial College London (UK), Lund (Sweden) and Tsukuba (Japan)

#### PRESENT APPOINTMENTS

- Secretary General, Ministry of Environment and Water, Malaysia
- President, Harvard Business School Alumni Club, Malaysia
- Member, Board of Trustees of Yayasan Petronas, Malaysia

#### PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES

Listed  
• None

#### Non-Listed

- Pengurusan Aset Air Berhad

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 15 March 2023)  
• None

Independent  
Non-Executive  
Director



### DATO' AZMI MOHD ALI

DATE OF APPOINTMENT:  
**1 April 2022**

DATE OF LAST RE-ELECTION:  
**26 May 2022**

LENGTH OF SERVICE (as at 15 March 2023):  
**11 months**

#### BOARD MEETINGS ATTENDED:

8/8

#### AREAS OF EXPERTISE

Legal, Governance, Regulatory and Business

#### RELEVANT EXPERIENCE

Dato' Azmi is the Senior Partner of Azmi & Associates, a full service corporate and commercial law firm of more than 80 lawyers, based in Kuala Lumpur, Malaysia. The firm, Azmi & Associates under his leadership is recognised as one of the largest law firms (by size) in Malaysia.

He is one of the leading corporate lawyers in Malaysia with expertise in the areas of mergers and acquisitions, joint ventures, cross-border transactions, project finance, privatisation, energy, oil and gas and foreign investments.

Prior to his endeavour in private practice, Dato' Azmi had spent 6½ years as an in-house counsel of PETRONAS. He was involved in projects of national importance for Malaysia and negotiated and concluded the NGPSA, a major gas development project for Malaysia, in 1990.

His accomplishments as a corporate lawyer are well noted and have earned him numerous awards, accolades and recognitions from reputed international legal publications. He won the prestigious Legal 500 Hall of Fame for M&A/Corporate for three consecutive years, 2020-2022, Distinguished M&A Practitioner for AsiaLaw 2020, International Law Office 2016 Clients Choice Award for Malaysia in Mergers & Acquisitions, and other international publications.

Currently, he serves as a Director of Terralex, a Florida-based world-wide network of 155 law firms with 20,000 lawyers within its member firms spanning across 100 jurisdictions world-wide.

He is also a Director of the Institute of Corporate Directors Malaysia.

#### ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIPS

- Master of Laws (LLM) in the United States of America & Global Business Law, University of Suffolk, Boston Massachusetts, USA
- Bachelor of Law LLB (Hons), Universiti Malaya

#### PRESENT APPOINTMENTS

- Senior Partner of Azmi & Associates
- Fellow & Director of Institute of Corporate Directors Malaysia
- Member, Appeals Committee, Bursa Malaysia Berhad
- Member, Investment Panel of Lembaga Tabung Angkatan Tentera
- Adjunct Professor of Law, Universiti Utara Malaysia

#### PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES

Listed  
• S P Setia Berhad  
• Sapura Energy Berhad

#### Non-Listed

- Maybank Islamic Berhad
- Worldwide Holdings Berhad
- Pelaburan Hartanah Berhad

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES


(15 March 2023)  
• None

BOARD OF DIRECTORS' PROFILE

Non-Independent  
Non-Executive  
Director

49

M



**SHAHIN FAROUQUE  
JAMMAL AHMAD**

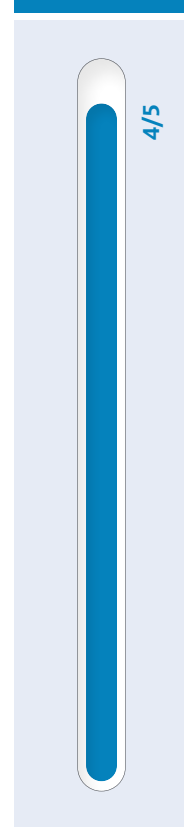
DATE OF APPOINTMENT:  
**1 July 2022**

DATE OF LAST RE-ELECTION:  
**Not applicable**

LENGTH OF SERVICE (as at 15 March 2023):  
**8 months**

IC  
NRC  
ESOSC

BOARD MEETINGS ATTENDED:



**AREAS OF EXPERTISE**

Investment, Corporate Strategy and Fund Management

**RELEVANT EXPERIENCE**

Shahin Farouque is currently the Group Head, Strategic Investments of Permodalan Nasional Berhad (**PNB**). He has over 21 years of investment banking experience. Previously, he was an Executive Director in Investments Division of Khazanah Nasional Berhad (**Khazanah**). He sat on the boards of various creative and media companies within the Khazanah portfolio companies. Prior to joining Khazanah in 2016, he worked with various commercial and investment banks in both domestic and regional roles.

**ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIPS**

- Bachelor of Science in Economics (Accounting & Finance), London School of Economics and Political Science, University of London

**PRESENT APPOINTMENTS**

- Group Head, Strategic Investments of PNB

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

- Listed**
- Axiata Group Berhad

**Non-Listed**

- None

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2023)**

- None

BOARD OF DIRECTORS' PROFILE

Non-Independent  
Non-Executive  
Director

51

M



**MOHD SHAHAZWAN  
MOHD HARRIS**

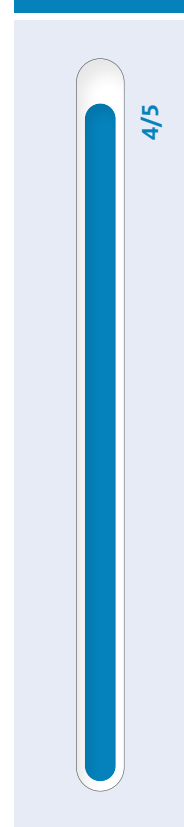
DATE OF APPOINTMENT:  
**1 July 2022**

DATE OF LAST RE-ELECTION:  
**Not applicable**

LENGTH OF SERVICE (as at 15 March 2023):  
**8 months**

IC  
RMSC

BOARD MEETINGS ATTENDED:



**AREAS OF EXPERTISE**

Investments, Merger & Acquisition, Asset Management, Corporate Strategy and Restructuring

**RELEVANT EXPERIENCE**

Shahazwan was appointed as the Head, Strategic Investments of Employees Provident Fund (**EPF**) in January 2022, which is a new department established to invest, oversee and manage EPF's investments in strategic assets and sectors. He has more than 25 years of experience in investments, mergers and acquisitions, portfolio and asset management, corporate strategy and restructuring. Prior to joining EPF, he was the Chief International Officer at Tenaga Nasional Berhad (**TNB**), where he led all of TNB's International business and helped TNB to pivot its international business to focus to renewables and new energy opportunities.

Shahazwan began his career at TNB, before joining PA Consulting Group in Kuala Lumpur and Jakarta, and then Boston Consulting Group. He then worked at Khazanah Nasional Berhad (**Khazanah**) for 11 years, from 2005 to 2016, where he covered investments across Asia and Europe. After Khazanah, he assumed senior advisory roles at Bain & Co (Kuala Lumpur/Southeast Asia) and Temasek International Advisory (Singapore) and remains on the Advisory Board of Stashaway. He held several board positions in companies such as UEM Edgenta Berhad (**UEM**), Opus International Consultants Limited (listed on the New Zealand Stock Exchange) and Malaysia

Airlines Berhad. He was also the Chief Strategy Officer at UEM, before rejoining TNB in 2019.

**ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIPS**

- Sloan Fellows Master of Business Administration in Leadership and Innovation, Massachusetts Institute of Technology, USA
- Master of Science in Advanced Mechanical Engineering, Imperial College of Science, Technology and Medicine, UK
- Bachelor of Engineering Degree in Mechanical Engineering, University of Warwick, UK

**PRESENT APPOINTMENTS**

- Head, Strategic Investments of Employees Provident Fund

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

- Listed**
- IHH Healthcare Berhad

**Non-Listed**

- None

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2023)**

- None



BOARD OF DIRECTORS' PROFILE

Independent  
Non-Executive  
Director

AC

IC



**DATUK (DR.) YASMIN MAHMOOD**

DATE OF APPOINTMENT:  
**12 October 2022**

DATE OF LAST RE-ELECTION:  
**Not applicable**

LENGTH OF SERVICE (as at 15 March 2023):  
**5 months**

**ACADEMIC/PROFESSIONAL QUALIFICATION/ MEMBERSHIPS**

- Bachelor of Computer Science and Applied Maths, University of New South Wales, Sydney, Australia (1983)

**PRESENT APPOINTMENTS**

- Managing Partner of FutureReady Consulting Sdn Bhd
- Chair of Heriot-Watt University Malaysia Board of Directors
- Chairman, Skymind Holdings Berhad

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

**Listed**

- Bintulu Port Holdings Berhad

**Non-Listed**

- Skymind Holdings Berhad
- Malaysia Industrial Development Finance Berhad

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES**

(as at 15 March 2023)

- None

**AREAS OF EXPERTISE**  
Technology and Digital

**RELEVANT EXPERIENCE**

Datuk (Dr.) Yasmin has served in the technology industry for more than 31 years, both in the private and public sectors. She started her career as an analyst programmer before working her way up to chief executive officer and senior positions within Malaysia of global brands such as Regional Director of Dell Asia Pacific and Managing Director of Microsoft Malaysia. She was appointed as the Chief Executive Officer of Malaysia Digital Economy Corporation (MDEC) from 2015 to 2019. Prior to joining MDEC, she was the Executive Director at YTL Communications Sdn Bhd. In her early career, she served as the General Manager, CPSD of HP Sales Malaysia from 1995 to 1999. She was also the General Manager of Dataprep Retail Sdn Bhd from 1993 to 1995.

Datuk (Dr.) Yasmin is also active with helping tech startups, such as Skymind Holdings Berhad, a global AI company.

**BOARD MEETINGS ATTENDED:**

2/2

**MANAGEMENT COMMITTEE MEMBERS**

**DATO' AHMAD FUAAD KENALI**

President & Group Chief Executive Officer/Executive Director



**DATUK RAVINDRAN KURUSAMY**

President, UMW Toyota Motor Sdn Bhd



**DATO' ABDUL RASHID MUSA**

Group Chief Mobility & Innovation Officer/President, Aerospace Division



**MEGAT SHAHRUL AZMIR NORDIN**

President, Equipment Division



**ZAILANI ALI**

Group Chief Human Resources Officer



**FARNIDA NGAH**

Group Chief Financial Officer




**MUZAFAR MUNZIR**

Senior Group General Counsel, Group Legal



## MANAGEMENT COMMITTEE MEMBERS' PROFILE

## MANAGEMENT COMMITTEE MEMBERS' PROFILE

	<b>DATO' AHMAD FUAAD KENALI</b>  President & Group Chief Executive Officer/ Executive Director	<b>DATUK RAVINDRAN KURUSAMY</b>  President, UMW Toyota Motor Sdn Bhd	<b>MEGAT SHAHRUL AZMIR NORDIN</b>  President, Equipment Division	<b>DATO' ABDUL RASHID MUSA</b>  Group Chief Mobility & Innovation Officer/ President, Aerospace Division	<b>ZAILANI ALI</b>  Group Chief Human Resources Officer
<b>Nationality/Age/Gender</b>	Malaysian, 52, Male	Malaysian, 59, Male	Malaysian, 52, Male	Malaysian, 57, Male	Malaysian, 57, Male
<b>Date of Appointment</b>	1 November 2020	1 January 2017	1 January 2012	1 January 2019	1 October 2016
<b>Relevant Experience</b>	 <i>The profile of Dato' Ahmad Fuaad Kenali is presented on page 89 of this Integrated Annual Report.</i>	He has served UMW Toyota Motor Sdn Bhd for 33 years in various capacities, during which he initiated and completed several projects that enhanced the supply chain and logistics network for the company. Through various initiatives, he continues to strengthen the company's rapport with its business partners in Malaysia and throughout the ASEAN region as well as driving the range and transformation of the business.	Megat has over 30 years of proficiency in strategy and growth, turnaround, business development, manufacturing and management consulting. He began his career as an engineer with the world's largest semiconductor chip manufacturing company and prior to his joining UMW, he was attached to a global industrial conglomerate where he focused mainly on country strategy, business development and enterprise selling for Malaysia. He later became the Asia-Pacific Marketing Director for the Power & Water business and led the strategic development and execution for 17 countries in the Asia-Pacific region. During his employment with a leading global consulting company, he led various engagements to enhance strategy, technology, processes and organisations. He has core experience in the areas of corporate strategy, programme management, business process re-engineering and business integration in multiple industries, including automotive, oil & gas, telecommunications, manufacturing, the public sector, etc.	He is no stranger to the automotive industry with over 32 years of experience in the automotive field, having been involved in various projects and organisations ranging from research & development and production to sales and distribution at DRB-Hicom. During his stint as the Chief Technical Officer at Proton, he held several portfolios, including being instrumental in the development of the four (4) new models launched in 2016. As CEO of Proton Edar, he played a leading role in the launching of various successful models for Proton, including the X70.  He joined UMW in January 2019 as President of the Manufacturing & Engineering Division, covering auto parts, lubricants and aerospace businesses. During his tenure, the new aerospace venture had a maiden profit in 2019. He also initiated various collaborations with universities and government agencies to introduce green technology products.  With his vast experience, he was appointed the Group Chief Mobility & Innovation Officer effective 1 January 2021, covering an expanded portfolio to drive and execute mobility and new product innovation as part of UMW's strategic shift. Concurrently, Dato' Abdul Rashid also heads the standalone Aerospace Division.	He has more than 32 years of human resource experience with local and multinational companies spanning various industries such as telecommunication, insurance, automotive and banking. Prior to joining UMW, he held several senior positions, namely, Director of HR of Maxis Berhad, Senior Vice President/Head of Group HR of International Netherland Group (ING) Malaysia and Member of the Global HR Business Council, Head of HR & Administration of DaimlerChrysler Malaysia, Vice President HR of Citibank Berhad, Regional (Southeast Asia) Manager of Bestfood International, Group HR Manager of DRB Hicom Berhad and Compensation & Benefits Manager of Telekom Malaysia Berhad. He brings with him vast experience in strategic HR initiatives in the areas of leadership and management development, business transformation and change management, high-performance culture, merger and acquisitions, reward and performance, workforce data analytics and coaching and mentoring culture.
<b>Academic/Professional Qualification/ Memberships</b>		<ul style="list-style-type: none"> <li>• Master in Business Administration, Western International University, USA</li> <li>• Bachelor of Science in Business Administration (Finance), Northern Arizona University, USA</li> </ul>	<ul style="list-style-type: none"> <li>• Bachelor of Science in Electrical Engineering, Widener University, USA</li> </ul>	<ul style="list-style-type: none"> <li>• Bachelor of Mechanical Engineering (Hons), University of Malaya</li> </ul>	<ul style="list-style-type: none"> <li>• Bachelor of Arts (Hons) in Social Science, Universiti Kebangsaan Malaysia</li> <li>• Certified 360° Coach from Assessment Plus, USA</li> </ul>
<b>Present Directorship of Other Public Companies</b>		<b>Listed</b> <ul style="list-style-type: none"> <li>• None</li> </ul> <b>Non-Listed</b> <ul style="list-style-type: none"> <li>• None</li> </ul>	<b>Listed</b> <ul style="list-style-type: none"> <li>• None</li> </ul> <b>Non-Listed</b> <ul style="list-style-type: none"> <li>• None</li> </ul>	<b>Listed</b> <ul style="list-style-type: none"> <li>• None</li> </ul> <b>Non-Listed</b> <ul style="list-style-type: none"> <li>• None</li> </ul>	<b>Listed</b> <ul style="list-style-type: none"> <li>• None</li> </ul> <b>Non-Listed</b> <ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Interest In Securities of The Company and Its Subsidiaries (as at 15 March 2023)</b>		<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>



MANAGEMENT COMMITTEE MEMBERS' PROFILE

	<b>FARNIDA NGAH</b> Group Chief Financial Officer	<b>MUZAFAR MUNZIR</b> Senior Group General Counsel, Group Legal
<b>Nationality/Age/Gender</b>	Malaysian, 45, Female	Malaysian, 57, Male
<b>Date of Appointment</b>	9 November 2020	1 February 2016
<b>Relevant Experience</b>	<p>Farnida is currently the Group Chief Financial Officer of UMW Holdings Berhad. She is also a Board member of Universiti Teknikal Malaysia Melaka (UTeM) and a member of the Interpretations Committee for Malaysian Accounting Standards Board (MASB).</p> <p>She has over 23 years of experience in a broad range of industries including media, telecommunication, plantation, oil and gas, property development, transportation and manufacturing. Her vast experience covers the fields of accounting, finance, business assurance and various corporate transactions, namely mergers and acquisitions, initial public offerings, corporate bond issuance, corporate restructuring, strategy and transformation.</p> <p>She began her career with PricewaterhouseCoopers in 1999 before joining KPMG six (6) years later. In 2009, she joined Big Tree Outdoor Sdn Bhd, one of Media Prima Berhad's (MPB) wholly owned subsidiaries as the General Manager, Finance. Subsequently, she was promoted to MPB Group as the Group General Manager for Financial Reporting and Taxation.</p> <p>Prior to joining UMW, she was the Group Chief Financial Officer and Joint Company Secretary where she was responsible for the Group's corporate functions in finance, treasury, corporate finance, investor relations, information technology, management services, legal and secretarial. She has been very instrumental in the restructuring and transformation of MPB Group.</p>	<p>He was admitted to the Malaysian Bar in May 1990 and was in active practice as an Advocate and Solicitor from May 1990 to March 2010. In April 2010, he joined UMW and was subsequently appointed as the Group General Counsel. He was promoted to the position of Senior Group General Counsel on 1 January 2015. He was also the Head of Group Management Services Division from 1 February 2016 until August 2021.</p>
<b>Academic/Professional Qualification/ Memberships</b>	<ul style="list-style-type: none"> <li>Bachelor of Commerce (Accounting and Finance), Flinders University of South Australia</li> <li>Fellow, CPA Australia</li> <li>Fellow, Chartered Accountants Australia and New Zealand</li> <li>Fellow, Chartered Institute of Management Accountants</li> <li>Member, Malaysian Institute of Accountants</li> <li>Member, Malaysian Institute of Certified Public Accountants</li> <li>Senior Management Development Programme, Harvard Business School, Alumni Club of Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Advanced Diploma in Law, Universiti Teknologi MARA, Malaysia</li> <li>Diploma in Law, Universiti Teknologi MARA, Malaysia</li> </ul>
<b>Present Directorship of Other Public Companies</b>	<p><b>Listed</b></p> <ul style="list-style-type: none"> <li>None</li> </ul> <p><b>Non-Listed</b></p> <ul style="list-style-type: none"> <li>None</li> </ul>	<p><b>Listed</b></p> <ul style="list-style-type: none"> <li>None</li> </ul> <p><b>Non-Listed</b></p> <ul style="list-style-type: none"> <li>None</li> </ul>
<b>Interest In Securities of The Company and Its Subsidiaries (as at 15 March 2023)</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>

Notes

- Save as disclosed, none of the Management Committee members has any family relationship with any Director and/or major shareholder of the Company.
- None of the Management Committee members has any conflict of interest with the Company or any conviction for offences within the past five (5) years other than traffic offences nor any public sanction or penalty imposed by any regulatory body in the year under review.
- None of the Management Committee members has transacted in any of the Company's securities in the year under review.
- The Management Committee members and their respective direct reports are held accountable for their ESG performances, which are captured in their annual performance appraisal that is linked to their remuneration.

EX OFFICIO MEMBERS

**SHAHRLI MIZANI ARIFFIN**

Group Chief Transformation & Technology Officer



**CHEW KAR KEAN, ERIC**

Group Director, Property & Development



**ANAS NASRUN MOHD OSMAN**

Group Director, Manufacturing & Engineering Division



**ZOELANEY ABID**

Group Director, Group Strategy



**IDZAM YUHAIZI MOHD YUNOS**

Group Head, Group Risk Management & Integrity



EX OFFICIO MEMBERS' PROFILE

EX OFFICIO MEMBERS' PROFILE

**SHAHRIL MIZANI ARIFFIN**

Group Chief Transformation & Technology Officer

**CHEW KAR KEAN, ERIC**

Group Director, Property & Development

**ANAS NASRUN MOHD OSMAN**

Group Director, Manufacturing & Engineering Division

Nationality/Age/Gender														
Malaysian, 43, Male	Malaysian, 58, Male	Malaysian, 48, Male												
Date of Appointment														
1 May 2021	1 April 2020	1 August 2021												
Relevant Experience														
<p>Shahril Mizani has more than 22 years of experience in the areas related to business strategy, consulting and transformation across various industries including plantation, healthcare, logistic, aviation, mobility and investment holdings companies. He started his career in Accenture in 2001, where he was involved in technology re-alignment and programme management, with focus on digital transformation. Subsequently, he went to Ethos &amp; Company as the Engagement Manager where he was involved in multiple strategy related projects, mainly for newly setup government linked companies. Subsequently, he joined A.T.E.S Sdn Bhd in 2009 wherein he was one of the pioneer team members who built the company from ground zero. He then joined Korn Ferry as Managing Consultant specialising in various areas of human capital advisory, including organisation effectiveness, strategic workforce planning and talent management.</p>	<p>Eric Chew joined the UMW Group in 2015, as the Director of Property Development with UMW Development Sdn Bhd. He has more than 30 years of experience in the construction and property industry and had successfully launched and completed numerous residential, commercial, and industrial projects in the Klang Valley, Perak and Johor.</p> <p>One of the key projects that he is currently undertaking is the unlocking of UMW Group's land bank in Serendah into a new generation industrial park, known as the UMW High Value Manufacturing Park (HVMP). The HVMP sets to become a new benchmark for industrial development and is accredited with green certification by GreenRE.</p>	<p>Anas Nasrun started his career in 1997 as an auditor before continuing his career in various industries including oil &amp; gas, food, lubricants, aerospace, manufacturing and engineering. He has vast experience in mergers and acquisition, strategy, business development, marketing and turnaround.</p> <p>He joined the UMW Group in 2010 and was pivotal in increasing the bottom line of the Manufacturing &amp; Engineering Division and hence, shareholders' value. He has enhanced brand awareness and undertaken market expansion regionally.</p> <p>At UMW, he has initiated various cost saving activities and organisation restructuring to improve productivity and profitability.</p>												
Academic/Professional Qualification/Memberships														
<ul style="list-style-type: none"> <li>Bachelor of Engineering (Chemical Engineering) University College London, UK</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor of Science in Construction Management, Southern Pacific University, USA</li> <li>Certificate in Technology, Architecture, Tunku Abdul Rahman College, Malaysia</li> <li>Member, The Chartered Institute of Building (CIOB), UK</li> <li>Associate Member, Institute of Value Management, Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor of Science (Hons) in Accounting and Financial Analysis, University of Warwick, UK</li> <li>Fellow, Institute of Chartered Accountants in England and Wales</li> <li>Member, Malaysian Institute of Accountants</li> </ul>												
Present Directorship of Other Public Companies														
<table border="1"> <thead> <tr> <th>Listed</th> <th>Non-Listed</th> </tr> </thead> <tbody> <tr> <td>• None</td> <td>• None</td> </tr> </tbody> </table>	Listed	Non-Listed	• None	• None	<table border="1"> <thead> <tr> <th>Listed</th> <th>Non-Listed</th> </tr> </thead> <tbody> <tr> <td>• None</td> <td>• None</td> </tr> </tbody> </table>	Listed	Non-Listed	• None	• None	<table border="1"> <thead> <tr> <th>Listed</th> <th>Non-Listed</th> </tr> </thead> <tbody> <tr> <td>• None</td> <td>• None</td> </tr> </tbody> </table>	Listed	Non-Listed	• None	• None
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• None	• None													
Listed	Non-Listed													
• None	• None													
Interest In Securities of The Company and Its Subsidiaries (as at 15 March 2023)														
• None	• None	• None												

**ZOELANEY ABID**

Group Director, Group Strategy

**IDZAM YUHAIZI MOHD YUNOS**

Group Head, Group Risk Management & Integrity

Nationality/Age/Gender									
Malaysian, 52, Male	Malaysian, 50, Male								
Date of Appointment									
1 August 2021	1 June 2021								
Relevant Experience									
<p>ZoelaneY has more than 22 years of experience in the fields of strategic planning, business development, corporate advisory and mergers and acquisitions. He is now the Group Director of Group Strategy with the responsibility to oversee the Group Corporate Finance, Group Corporate Planning, Group Strategic Research divisions and Group Sustainability unit, and leads the strategy development process through rigorous assessment of the operating environment, detailed analysis of the market and competitive landscape, the identification and development of strategic growth opportunities for the Group, and managing and implementing UMW's sustainability strategy and initiatives across the Group.</p> <p>Prior to joining UMW, he held several management positions in organisations such as DRB-HICOM Berhad and Lembaga Tabung Haji and was involved in the execution of various corporate exercises, debt restructuring and acquisition and divestment activities.</p>	<p>Idzam Yuhaizi joined the UMW Group on 1 June 2021 as the Group Head of Group Risk Management &amp; Integrity Division to oversee the Enterprise Risk Management, Business Continuity Management, Business Process Improvement, Integrity functions and Group Insurance. Prior to joining UMW, he served as the Head of Risk Management at MMC Corporation Berhad and Malakoff Corporation Berhad.</p> <p>Idzam Yuhaizi has more than 26 years of experience in governance function that spans the areas of audit, risk management and process improvement, in various industries ranging from banking, manufacturing, research, oil &amp; gas, engineering and construction.</p>								
Academic/Professional Qualification/Memberships									
<ul style="list-style-type: none"> <li>Master of Business Administration (Finance), University of Nottingham, UK</li> <li>Bachelor of Science (Hons) in Accounting and Financial Management, University of Buckingham, UK</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor of Arts in Economics and Social Studies (Hons), University of Manchester, UK</li> <li>Certified Enterprise Risk Manager, Institute of Enterprise Risk Practitioners, Malaysia</li> <li>Certified Integrity Officer (CeIO), Malaysian Anti-Corruption Commission Academy, Malaysia (2020)</li> <li>Associate Business Continuity Professional, DRI International Inc, US</li> <li>Certified Internal Control Auditor, Institute for Internal Controls</li> <li>Member, Institute of Enterprise Risk Practitioners</li> </ul>								
Present Directorship of Other Public Companies									
<table border="1"> <thead> <tr> <th>Listed</th> <th>Non-Listed</th> </tr> </thead> <tbody> <tr> <td>• None</td> <td>• None</td> </tr> </tbody> </table>	Listed	Non-Listed	• None	• None	<table border="1"> <thead> <tr> <th>Listed</th> <th>Non-Listed</th> </tr> </thead> <tbody> <tr> <td>• None</td> <td>• None</td> </tr> </tbody> </table>	Listed	Non-Listed	• None	• None
Listed	Non-Listed								
• None	• None								
Listed	Non-Listed								
• None	• None								
Interest In Securities of The Company and Its Subsidiaries (as at 15 March 2023)									
• None	• None								

**Notes**

- Save as disclosed, none of the Ex officio members has any family relationship with any Director and/or major shareholder of the Company.
- None of the Ex officio members has any conflict of interest with the Company or any conviction for offences within the past five (5) years other than traffic offences nor any public sanction or penalty imposed by any regulatory body in the year under review.
- None of the Ex officio members has transacted in any of the Company's securities in the year under review.
- The Ex officio members and their respective direct reports are held accountable for their ESG performances, which are captured in their annual performance appraisal that is linked to their remuneration.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Dear Shareholders,**  
I am pleased to present the Group's Corporate Governance Overview Statement for the financial year ended 31 December 2022.

**Tan Sri Dato' Sri Hamad Kama Piah Che Othman**  
Group Chairman



The Board and I recognise the utmost importance of good corporate governance and are wholeheartedly committed to ensuring the sustainability of our Group's business and operations by aligning best practices, ethics, and business integrity with our strategies and operations.

We strongly support the adoption of best practices in good corporate governance that surpass regulatory requirements and diligently discharge our duties to the highest ethical standards and ensure that the principles of transparency, integrity, and accountability are deeply ingrained in our corporate culture. These include, among others, ethical conduct, business integrity, a value-based commitment, delivering sustainable value, and managing stakeholders' expectations.

During the reviewed period, the Board engaged in discussions pertaining to the Directors' Fit & Proper Policy ("Policy") in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance. The Policy is formulated to ensure that both existing and new Board members possess the necessary qualities, competencies, experience, and time commitment required for the efficient functioning of the

Board and its Committees. The Policy's criteria encompasses the following aspects: Character and Integrity, Experience and Competence, and Time and Commitment.

In recognition of the Board's steadfast commitment to maintaining the highest level of corporate governance, the Company was honoured with the prestigious Industry Excellence Award for CG Disclosure at the esteemed MSWG-ASEAN Corporate Governance Award 2021. Furthermore, the Group was bestowed with the coveted ASEAN Asset Class at the 2021 ASEAN Corporate Governance Scorecard (ACGS) Virtual Award on 1 December 2022. This comprehensive evaluation, undertaken every two (2) years by the ASEAN Capital Markets Forum (ACMF) involving six (6) ASEAN countries, is a testament to our unwavering dedication to upholding the highest standards of corporate governance.

The Board affirms that the Company has fully complied with all the provisions and best practice guidelines of the MCGG save for those detailed in our Corporate Governance Report 2022 (CG Report 2022). This statement is prepared in accordance with the MMLR of Bursa Securities and should be read together with the CG Report 2022, which is available on the Company's website at [www.umw.com.my](http://www.umw.com.my). This statement must also be read

in conjunction with the Statement on Risk Management and Internal Control (SORMIC) and the Audit Committee Report (AC Report).



As of 31 December 2022, the Company has complied with the principles set out in the Malaysian Code on Corporate Governance 2021 (MCCG) in all material aspects, except for Practice 5.9. Furthermore, the Company has adopted all the 48 recommended practices in the MCCG, including the five (5) Step Up practices. A summary of UMW's CG practices, along with the Board's key focus areas and future priorities regarding CG practices, is described below under each CG principle:

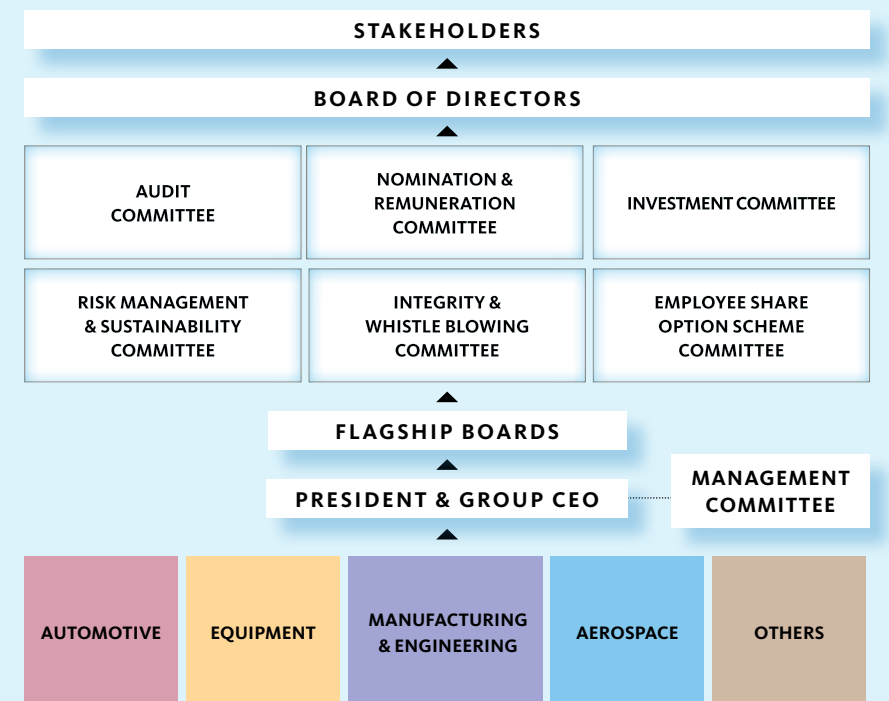
- PRINCIPLE A**  
BOARD LEADERSHIP AND EFFECTIVENESS  
*See Pages 108 to 120*
- PRINCIPLE B**  
EFFECTIVE AUDIT AND RISK MANAGEMENT  
*See Pages 121 to 123*
- PRINCIPLE C**  
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONS WITH STAKEHOLDERS  
*See Pages 124 to 129*

The Group is driven to continuously strengthen value creation by adhering to essential regulatory requirements, statutory provisions, policies, guidelines and best practices:

- Companies Act, 2016 (CA 2016)
- Corporate Governance Guide: Towards Boardroom Excellence (4<sup>th</sup> Edition) by Bursa Malaysia Berhad
- Capital Markets and Services Act 2007
- Malaysian Code on Corporate Governance 2021
- ASEAN Corporate Governance Scorecard
- Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities)
- Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on GLC High Performance
- Malaysian Anti-Corruption Commission (Amendment) Act, 2018 (MACCA)
- Minority Shareholder Watch Group (MSWG)
- Tax Governance Guide 2021 by the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants

## OUR GOVERNANCE FRAMEWORK

The Group's governance framework is an accurate representation of how strategic and operational activities are managed. This framework provides a clear organisational structure that includes rigorous internal controls and risk management mechanisms. It also upholds high standards of governance, integrity, transparency, and clearly defines the roles of the Board, Board Committees, Management, stakeholders, external and internal auditors, and other administrative committees. Each stakeholder group, the Board, Board Committees, and Management, have distinct but complementary roles that work together to achieve the Group's core objectives.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A

## BOARD LEADERSHIP AND EFFECTIVENESS

## Discharging Board Responsibilities

The Board is tasked with the duty of ensuring that the Group and its various businesses operate in accordance with relevant laws, regulations, ethical standards, and good practices while maintaining appropriate governance and standards. Its responsibilities include assessing internal controls, maintaining a balanced Board composition in terms of skill and experience, and complying with the MCCG. The Board is responsible for the overall governance of the Company, exercising reasonable and proper care to safeguard the Group's assets and act in the best interests of shareholders. In fulfilling its fiduciary and leadership functions, the Board is responsible for the following main roles and duties:

- Establish and review the strategic direction of the Company;
- Together with the Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- Review, challenge and decide on the Management's proposals for the Company, and monitor its implementation by the Management;
- Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Supervise and assess the Management's performance to determine whether the business is being properly managed;
- Oversee and evaluate the conduct of the Company's businesses;
- Ensure there is a sound framework for internal controls and risk management;
- Identify and understand the businesses' principal risks, recognise that business decisions involve the taking of appropriate risks and ensuring that risks are properly managed;
- Set the risk appetite within which the Board expects the Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- Establish orderly succession plan for the Board and the Senior Management;
- Ensure that the Senior Management has the necessary skills and experience;
- Ensure the existence of procedures to enable effective communication with stakeholders;
- Review the adequacy of the internal control policy; and
- Ensure the integrity of the Company's financial and non-financial reporting.

The Board Charter clearly outlines the roles and responsibilities of the Board, and is subject to regular review to ensure optimum structure for efficient and effective decision-making in the organisation. The most recent review was conducted on 26 January 2023.

In 2022, the Board and Board Committees had fulfilled their duties and obligations as

specified in the respective Committees' terms of reference. Details of attendance of each Director at the Annual General Meeting (AGM), Board and Board Committees' meetings for the year under review are as follows:

	BOARD MEETINGS	AGM	AC	NRC	IC	RMC*	RMSC	IWBC
<b>NON-INDEPENDENT NON-EXECUTIVE</b>								
Tan Sri Dato' Sri Hamad Kama Piah Che Othman <sup>1</sup>	12/12	1/1	-	-	-	-	-	-
Datin Paduka Kartini Hj Abdul Manaf <sup>2</sup>	12/12	1/1	-	6/6	6/6	-	-	-
Salwah Abdul Shukor <sup>3</sup>	4/4	-	-	-	2*/2	1/1	-	1/1
Lim Tze Seong <sup>4</sup>	7/7	1/1	-	-	4/4	-	-	-
Shahin Farouque Jammal Ahmad <sup>5</sup>	4/5	-	-	-	1*/1 0/1	-	-	-
Mohd Shahazwan Mohd Harris <sup>6</sup>	4/5	-	-	-	2/2	-	1/1	-
<b>INDEPENDENT NON-EXECUTIVE</b>								
Tan Sri Hasmah Abdullah <sup>7</sup>	9/9	1/1	4/4	5/5	-	3/3	-	2/2
Dato' Eshah Meor Suleiman <sup>8</sup>	12/12	1/1	2/2	6/6	-	3/3	1/1	2/2
Dr. Veerinderjeet Singh <sup>9</sup>	12/12	1/1	6/6	-	5/6	-	-	-
Razalee Amin <sup>10</sup>	12/12	1/1	6/6	-	-	3/3	1/1	2/2
Dato' Seri Prof. Dr. Ir. Zaini Ujang <sup>11</sup>	11/12	1/1	-	4/6	4/5	-	1/1	-
Dato' Azmi Mohd Ali <sup>12</sup>	8/8	1/1	-	-	2*/2	2/2	1/1	1/1
Datuk (Dr.) Yasmin Mahmood <sup>13</sup>	2/2	-	2/2	-	1/1	-	-	-
<b>EXECUTIVE/PGCEO</b>								
Dato' Ahmad Fuaad Kenali <sup>14</sup>	12/12	1/1	6/6	6/6	5/5 1*/1	3/3	1/1	1/1
<b>TOTAL MEETINGS IN 2022</b>	<b>12</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>2</b>

1. Tan Sri Dato' Sri Hamad Kama Piah Che Othman is not member of any Board Committee.
2. Appointed as IWBC member with effect from (w.e.f.) 12 October 2022 and redesignated as IC member w.e.f. 27 February 2023.
3. Resigned as NINED, RMC member and IWBC member w.e.f. 31 March 2022.
4. Resigned as NINED and IC member w.e.f. 30 June 2022.
5. Appointed as NINED w.e.f. 1 July 2023, appointed as NRC member, IC member and ESOSC member w.e.f. 12 October 2022 and redesignated as IC Chairman w.e.f. 27 February 2023.
6. Appointed as NINED w.e.f. 1 July 2023 and appointed as RMC member w.e.f. 12 October 2022.
7. Retired as Senior Independent Director and NRC Chairperson, IWBC Chairperson, ESOSC Chairperson, AC member and RMC member w.e.f. 2 September 2022.
8. Appointed as AC member w.e.f. 12 October 2022.
9. Redesignated as Senior Independent Director and appointed as IWBC member w.e.f. 12 October 2022.

10. Redesignated as IWBC Chairman w.e.f. 12 October 2020.
  11. Resigned as IC member and appointed as RMSC member w.e.f. 12 October 2022.
  12. Appointed as INED, RMC member and IWBC member w.e.f. 1 April 2022 and appointed as NRC Chairman and ESOSC Chairman w.e.f. 12 October 2022.
  13. Appointed as INED, AC member and IC member w.e.f. 12 October 2022.
  14. Resigned as IC member w.e.f. 12 October 2022.
  15. No meetings held for ESOSC during the year under review, hence there is no disclosure to be made.
- \* Attended as invitee to the meeting.  
\* Changed from RMC to RMSC on 12 October 2022

## Board Leadership

To maintain a balance of power and authority within the Board, clear duties are allocated between the Group Chairman and the President & Group Chief Executive Officer (PGCEO). This demarcation enables a clear distinction between the Group Chairman's responsibility of managing the Board and the PGCEO's responsibility of managing the Company's business.

## Group Chairman

- Providing leadership for the Board so that the Board can perform its responsibilities effectively;
- In consultation with the PGCEO and the company secretary, setting the agenda for Board meetings and ensuring all relevant issues are on the agenda;
- Ensuring the Board members receive complete and accurate information in a timely manner;
- Leading the Board in setting the values and standards of the Company;
- Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- Leading Board meetings and discussions;
- Encouraging active participation and allowing dissenting views to be freely expressed;
- Managing the interface between the Board and the Management;
- Ensuring appropriate steps are taken to provide effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole;
- Leading the Board in establishing and monitoring good corporate governance practices in the Company;
- Arranging regular evaluation of the performance of the Board, its committees and individual directors; and
- Facilitating the effective contribution of Non-Executive Directors and ensuring that constructive relations be maintained between Executive and Non-Executive Directors.

## PGCEO

- The PGCEO is an executive director on the Board and is responsible for implementing policies of the Board, overseeing UMW Group's day-to-day operations and developing UMW Group's business strategies, which include performance targets and long-term goals established by the Board. The PGCEO is supported by the Management Committee and other committees established under the UMW Group's CG Framework. The views of the Management are represented at meetings of the Board and in the presence of the Senior Executives, when required.
- The PGCEO serves as the conduit between the Board and the Management in ensuring that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the UMW Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.
- All Board authorities conferred on the Management is delegated through the PGCEO and this will be considered as the PGCEO's authority and accountability as far as the Board are concerned.



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The Board is supported by a suitably qualified and competent company secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of CG best practices.

**Company Secretary**

Our Joint Group Secretary provides the necessary support and assistance to the Board with regard to corporate governance matters, Board policies and procedures and its compliance with regulatory requirements, codes, guidance and legislations. The Joint Group Secretary ensures that discussions and deliberations at the Board and Board Committee meetings are well documented and subsequently communicated to the Management on the decisions and recommendations.

**Demarcation of Responsibilities**

**Non-Executive Directors**

The Non-Executive Directors (NEDs) possess the necessary expertise and experience to ensure that the strategies proposed by the Management are fully deliberated and examined, taking into account the interests of all stakeholders.

**Senior Independent Director (SID)**

- Acts as an intermediary for other Directors when necessary and specifically between the Independent Non-Executive Directors (INEDs) and the Group Chairman on issues that may be deemed sensitive.
- Available for confidential discussions with other NEDs who may have concerns which they believe have not been considered by the Board as a whole.
- Acts as the designated contact to whom shareholders' concerns or queries may be raised as an alternative to the formal communication channel with shareholders.

The current SID, Dr. Veerinderjeet Singh, was designated the role on 12 October 2022.

All queries relating to the Group can be channelled to the SID's email address at [veerinder@my.tricorglobal.com](mailto:veerinder@my.tricorglobal.com) or directed to the following address:

**Dr. Veerinderjeet Singh**  
Senior Independent Director  
UMW Holdings Berhad  
Level 6, Menara UMW  
Jalan Puncak, Off Jalan P. Ramlee  
50250 Kuala Lumpur

For more information on the SID's profile, please refer to page 90 of this Integrated Annual Report

**Board Committees**

In order to ensure effective oversight and discharge of their responsibilities, the Board has established various key Committees, each with a specific role and authority as per their respective terms of reference (TOR). These Committees include the Audit Committee (AC), Nomination and Remuneration

Committee (NRC), Investment Committee (IC), Risk Management and Sustainability Committee (RMSC) formerly known as the Risk Management Committee (RMC), Integrity and Whistle Blowing Committee (IWBC), and the Employee Share Option Scheme Committee (ESOSC). Regular meetings are held by the Board and these Committees, and additional meetings can be called as and when necessary by the respective Committees or Board Chairman. The Chairman of each Committee provides the Board with updates on the Committee's recommendations for consideration and approval. The TORs of the Board Committees are reviewed periodically and updated to ensure that they are aligned with the latest regulatory provisions, policies, guidelines, and best practices. This ensures that the Committees operate effectively, with proper guidance and decision-making processes.

**Board Administration**

To fulfil its duties, the Board has unfettered access to information related to the Company's business affairs and can directly communicate with Senior Management. The Joint Group Secretary provides advice and services to the Directors, and updates them on new statutory and regulatory requirements. The Directors, either collectively or individually, can seek independent professional advice at the Company's expense to aid in fulfilling their responsibilities.

**Promoting Good Business Conduct**

The Board ensures that ethical standards and codes of conduct are established and adhered to by all parties involved, including Directors, Management, and employees, to prevent corruption, abuse of power, conflicts, insider trading, and money laundering. The Board and Management work together to implement policies and procedures to promote ethical behaviour and handle ethical issues, including mechanisms to report unethical conduct through the Whistleblowing Policy.

The Directors, including those in operating subsidiaries, must comply with the Directors' Code of Ethics, the Code of Business Conduct and Ethics, and the Board Charter, which provide guidance on recognising and dealing with ethical issues, fostering a culture of honesty and accountability. These codes and charters emphasise integrity and corporate social responsibility, and they prohibit corrupt activities, including bribery and improper solicitation. The Board will periodically review these codes to incorporate new regulatory requirements and developments.

The Company's website provides access to the Directors' Code of Ethics, Code of Business Conduct and Ethics, and Whistleblowing Policy. These codes and policies underscore the Group's commitment to ethical behaviour and integrity in conducting business, which are fundamental to the Group's success and well-being.

The Directors' Code of Ethics (DCE), Code of Business Conduct and Ethics (CBCE) and Whistleblowing Policy (WBP) are available on the Company's website at [www.umw.com.my](http://www.umw.com.my)

**Governing Sustainability**

The Group is committed to achieving excellence in all aspects of its business operations, while also striving to promote sustainability and responsible corporate citizenship. The Company recognises that a holistic approach to business management is essential for sustainable development, balancing the needs of the present with those of future generations.

In pursuit of these goals, UMW has adopted a progressive approach to sustainability governance. In 2021, the Company strengthened its governance structure to ensure that sustainability considerations are embedded in its business strategy, management, and daily operations. This approach is intended to uphold good corporate governance and ensure the effectiveness of the Company's sustainability efforts.

To underscore our Group's commitment to sustainability as a critical business agenda, the Board has resolved to expand the purview of the Risk Management Committee and rename it as the Risk Management and Sustainability Committee (RMSC), effective from 12 October 2022. In addition to its current oversight role in risk management processes, the RMSC will assume responsibility for overseeing all aspects of sustainability practices within the Group. As a responsible and forward-thinking corporate entity, we recognise the critical importance of sustainability to our business, and the establishment of the RMSC is a natural and strategic step forward in advancing our sustainability goals.

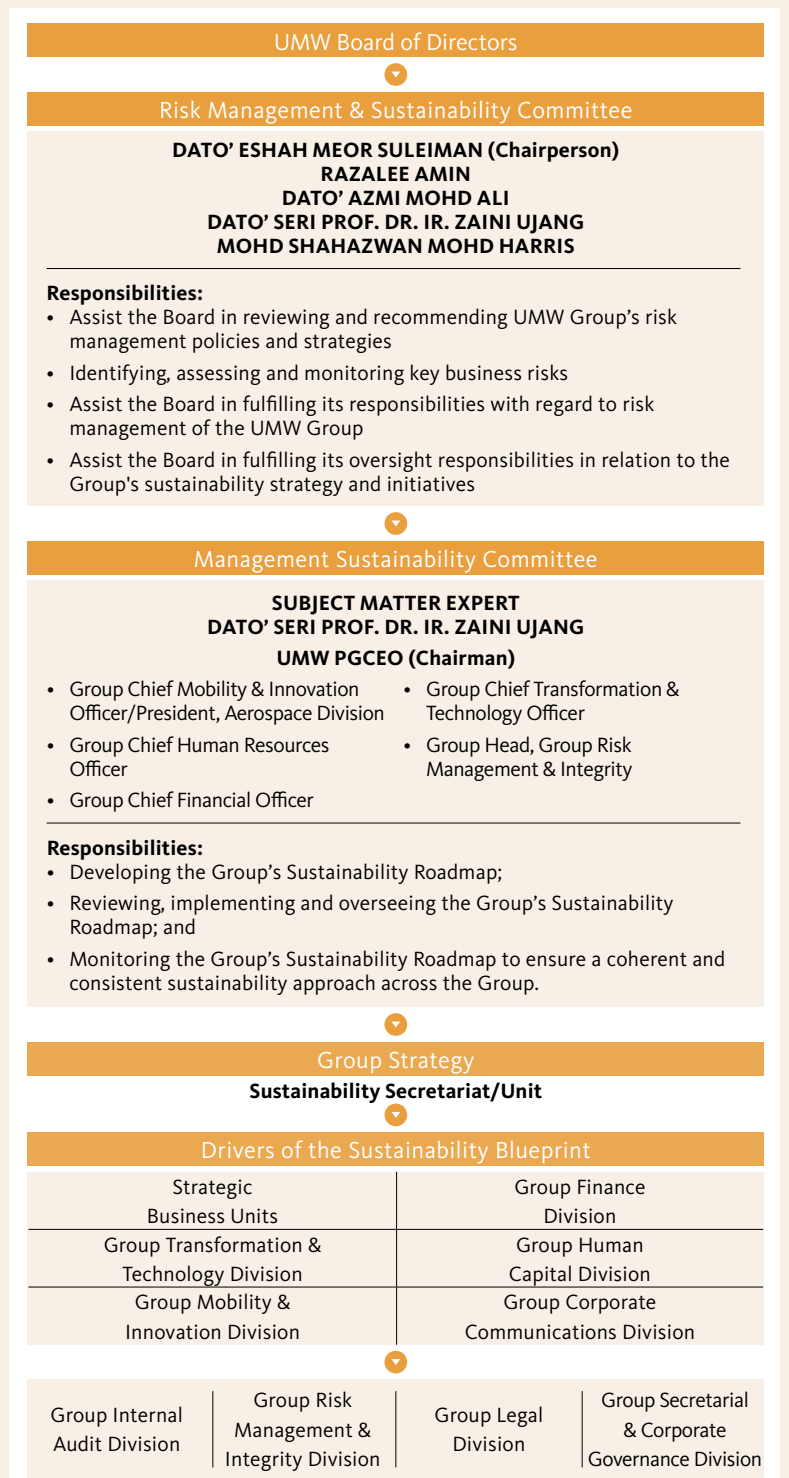
The Board of Directors provides oversight on sustainability matters via the RMSC, and is supported by the Management Sustainability Committee (MSC). Led by UMW's PGCEO, the MSC comprises subject matter experts and senior management personnel. The committee is responsible for developing and implementing the Group's Sustainability Roadmap, which guides the Company's sustainability strategy and initiatives. The MSC also manages climate action and mitigates climate risks, reporting periodically to the Board of Directors.

The Group Strategy Division supports the MSC, with a dedicated Sustainability Secretariat/Unit responsible for managing and implementing sustainability initiatives across the Group. The division works closely with the Group's Strategic Business Units (SBUs) and Corporate Divisions, which act as the drivers of the Sustainability Blueprint. The Group Strategy Division reports periodically to the MSC, ensuring a coherent and consistent sustainability approach across the Group.

**Activities of the Risk Management and Sustainability Committee (RMSC)**

12 October 2022	Establishment of the Risk Management & Sustainability Committee
26 January 2023	Term of Reference of the Risk Management & Sustainability Committee
27 February 2023	Sustainability Progress Report

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Professional Development

At UMW, we recognise the importance of staying up-to-date with the rapidly evolving business landscape. To ensure our Non-Executive Directors (NEDs) are equipped with the latest knowledge and skills, we actively encourage their participation in training programmes. In compliance with Paragraph 15.08 of the MMLR of Bursa Securities, our Directors have participated in a range of training programmes covering key areas such as corporate governance, finance, global business developments, sustainability reporting, and relevant industry updates. We have provided detailed information on these training programmes in Practice 2.1 of our CG Report 2022. This commitment to ongoing education and development is a crucial element of our corporate strategy, enabling us to remain agile and responsive in a rapidly changing business environment.

SUMMARY OF TRAINING PROGRAMMES ATTENDED BY DIRECTORS OF UMW HOLDINGS BERHAD

Name of Director	Segment	Forum/Training Programme	Date Attended/Attending	Co-ordinator/Organiser	
Tan Sri Dato' Sri Hamad Kama Piah Che Othman	Corporate Governance (including audit, risk management, compliance and internal control)	Webinar on the Anti-Bribery Management System (ABMS) and Refresher on the Malaysian Anti-Corruption Commission Act (MACCA)	26/01/2022	Malaysian Anti-Corruption Commission (MACC)	
	Sustainability and Others	Permodalan Nasional Berhad (PNB) Knowledge Forum 2022: Sustainable Investing: ESG at the Forefront	10/08/2022	PNB Research Institute Sdn Berhad (PNBRI)	
		Seminar Yayasan Tuanku Fauziah: Wanita Dalam Pembangunan Negara	20/10/2022	Dewan Bahasa dan Pustaka	
		Institute of Islamic Understanding Malaysia (IKIM) International Forum on "Ungku A. Aziz: Expanding the Frontiers of Development"	15/12/2022	Institute of Islamic Understanding Malaysia (IKIM)	
Dato' Ahmad Fuaad Mohd Kenali	Corporate Governance (including audit, risk management, compliance and internal control)	Webinar on the ABMS and Refresher on the MACCA	26/01/2022	MACC	
	Leadership, Legal and Business Management	Advanced Management Programme	06/11/2022 - 29/11/2022	International Institute for Management Development (IMD)	
		International Directors Summit 2022: The B Factor - [Bold + Brave] Boards	26/09/2022 - 28/09/2022	Institute of Corporate Directors Malaysia (ICDM)	
		Leadership Imperative: Behind Successful Leadership Transformation	14/09/2022	IMD	
	Sustainability and Others	Khazanah Megatrends 2022	03/10/2022 - 04/10/2022	Khazanah Nasional Berhad (Khazanah)	
		SIDC Business Foresight Forum 2022: Scaling Up Innovation Towards Future Sustainable Business Now	19/10/2022	Securities Industries Development Corporation (SIDC)	
		Preserving the Climate Through Sustainable Business and Living	22/06/2022 - 23/06/2022	SIDC	
		Executive Masterclass: Developing Malaysia Road Map to Net Zero	27/04/2022	Malaysian Institute of Certified Public Accountants (MICPA)/KPMG PLT	
	Dato' Eshah Meor Suleiman	Corporate Governance (including audit, risk management, compliance and internal control)	Webinar on the ABMS and Refresher on the MACCA	26/01/2022	MACC
		Information Technology and Innovation	Webinar on 'Artificial Intelligence (AI) For Company Directors and Executives'	15/03/2022	Malaysian Institute of Corporate Governance
Leadership, Legal and Business Management		International Directors Summit 2022	26/09/2022 - 28/09/2022	ICDM	
Sustainability and Others		PNB Knowledge Forum 2022: Accelerating the Net Zero Transition	21/06/2022 - 22/06/2022	PNB	

Name of Director	Segment	Forum/Training Programme	Date Attended/Attending	Co-ordinator/Organiser	
Datin Paduka Kartini Hj Abdul Manaf	Corporate Governance (including audit, risk management, compliance and internal control)	Webinar on the ABMS and Refresher on the MACCA	26/01/2022	MACC	
	Leadership, Legal and Business Management	Strategic Management	24/11/2022 - 25/11/2022	ICLIF	
	Financial Related Matters	Fundamentals and Application of the Taskforce on Climate-Related Financial Disclosure (TCFD)	01/12/2022	ICLIF	
Dr. Veerinderjeet Singh	Corporate Governance (including audit, risk management, compliance and internal control)	Webinar on the ABMS and Refresher on the MACCA	26/01/2022	MACC	
	Leadership, Legal and Business Management	Corporate Governance & Remuneration Practices For The ESG World	06/09/2022	ICLIF	
		Information Technology and Innovation	Leading Data Driven Organisation and Applying Ethics in the Use of Technology	08/03/2022	Malaysian Institute of Accountants (MIA)
		How Boards Should Rethink Their Talent Strategy in This Era of Opportunity	19/05/2022	ICDM	
			Climate Change and Carbon: From the Financial Risk & Reporting Perspectives	04/08/2022	ICDM
	SID Directors Conference 2022	15/09/2022	Strategic Investment Division (SID)		
	International Directors Summit 2022	26/09/2022 - 28/09/2022	ICDM		
	Financial Related Matters	Meta Finance: The Next Frontier of the Global Economy	23/05/2022	Financial Institutions Directors' Education (FIDE)	
		Case-Based Series: Part 1 - The Board's Performance Role	15/06/2022	ICLIF	
		Case-Based Series: Part 2 - The Board's Conformance Role	16/06/2022	ICLIF	
		Unlocking the Potential of Digital Finance via Labuan IBFC's Digital Ecosystem	28/09/2022	International Business and Financial Centre (IBFC)	
		The Emerging Trends, Threats, and Risks to the Financial Services Industry	24/11/2022	Amanah Saham Bumiputera (ASB)	
	Sustainability and Others	Fundamentals and Application of the Taskforce on Climate-Related Financial Disclosure (TCFD)	01/12/2022	ICLIF	
		BNM-FIDE FORUM Dialogue: Climate Risk Management and Scenario Analysis	08/03/2022	FIDE	
		FCD Series Module B: Stakeholder Voice in the Boardroom	09/03/2022 - 10/03/2022	ICDM	
Steward Leadership for Sustainability		12/04/2022	ICLIF		
Materiality: Determining ESG Topics That Matter		21/06/2022	ICLIF		
Assessing Your Organizational Culture		22/06/2022	ICLIF		
The Elements of ESG Metrics. Measuring What Matters		29/09/2022	SID		
Modern Governance and ESG: Connecting Board Effectiveness and ESG Implementation		06/10/2022	SID		
Razalee Amin	Corporate Governance (including audit, risk management, compliance and internal control)	Webinar on the ABMS and Refresher on the MACCA	26/01/2022	MACC	
	Engagement Quality Reviews and Documentation ISQM2, ISA 220 (Revised) & ISA 230	06/04/2022	MIA		
		Determining Materiality in Audit	15/08/2022	Association of Malay Chartered Accountant Firm Malaysia (AMCAF)	
	MIA: Audit Evidence and Sampling	07/09/2022	MIA		
		MIA: The Corporate Governance Overview Statement, CG Report, Audit Committee Report, and Statement on Risk Management & Internal Control	17/10/2022	MIA	
	Information Technology and Innovation	Challenges in Digital Transformation	20/01/2022	Naluri Hidup Sdn Bhd	
	Financial Related Matters	ISQM1- The Processes (FRAP & MRP)	20/06/2022	AMCAF	
		Modified Audit Report VS Modified Audit Opinion	03/08/2022	AMCAF	
		MIA-ISQM Implementation Part 2 - Formulating the firm's ISQM Manual-Policies and Procedures	24/11/2022 - 25/11/2022	MIA	
		MIA-ISQM Implementation Part 3 - Forms and Other Documentation	01/12/2022	MIA	
Messrs KPMG Seminar: "2022 MFRS Updates Seminar"		13/12/2022	Malaysian Accounting Standards Board		
Sustainability and Others	The Efficacies of Integrated Reporting for Listed Organisations	07/04/2022	NovaFusion		
	Advocacy Dialogue on Bursa Malaysia's Enhanced Sustainability Reporting Framework	12/12/2022	ICDM		



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Name of Director	Segment	Forum/Training Programme	Date Attended/Attending	Co-ordinator/Organiser
Dato' Seri Prof. Dr. Ir. Zaini Ujang	Corporate Governance (including audit, risk management, compliance and internal control)	Webinar on the ABMS and Refresher on the MACCA	26/01/2022	MACC
		Kursus Penutup Kesedaran Keselamatan Perlindungan Bagi Dokumen Terperingkat	30/06/2022	Kementerian Alam Sekitar dan Air (KASA)
	Information Technology and Innovation	Forum 1, 100 Years of the PTD: Looking Back-Going Forward	14/06/2022	Persatuan Perkhidmatan Tadbir dan Diplomatik (PPTD)
	Leadership, Legal and Business Management	Panel Forum Eksekutif Muda Global - Tajuk: Bual Bicara Kepimpinan	27/10/2022	Institute of Leadership Excellence and Development Kementerian Belia dan Sukan (i-LEAD KBS)
	Sustainability and Others	Meeting Khazanah MyClimate	12/01/2022	Khazanah
		Speaker at Sustainability Talk Series - Climate Action: How Could We Do it Together, Effectively?	15/02/2022	Kursi UKM-Yayasan Sime Darby UKM
		Talk UCSI - Net Zero, Managing GHGs Beyond Climate	10/03/2022	University College Sedaya International (UCSI)
		From Climate Mitigation to Climate Resilience	14/03/2022	The Institution of Engineers Malaysia (IEM)
		Forum "Water Hazards and Security - 1R4.0"	19/03/2022	IEM
		Forum on Water Management Strategies Keynote Address	21/03/2022	Dubai Expo
		Living Oceans: Reversing Our Impact on Marine Ecosystems	21/03/2022	Dubai Expo
		Water Business Forum: Solutions For Water Network Management	22/03/2022	Dubai Expo
		United Nations Climate Change Conference in Bonn Germany	05/06/2022 - 09/06/2022	KASA
		National Water Innovation Conference and Exhibition (NWICE)	19/07/2022	NWICE
		Environmental Degradation, Water Management and Climate Change: The Malaysian Environment Policy	25/07/2022	Universiti Pertahanan Nasional Malaysia (UPNM)
		INCEIF Roundtable on ESG	29/07/2022	International Centre for Education in Islamic Finance (INCEIF)
		MJIIT Disaster Management - Climate Resilience: Priority in Malaysia	05/08/2022	Malaysia-Japan International Institute of Technology (MJIIT)
		19 <sup>th</sup> Asean Pacific Confederation on Chemical Engineering (APCCHE 2022) Congress - Working Towards a Sustainable Society	10/08/2022	IEM
		The Road to Net Zero: Energy Transition and Business Synergies in ASEAN "Proposed Theme: Driving Business Climate Action Towards Malaysia's NDC Goals"	15/08/2022	Asean Business Advisory Council Malaysia (ASEAN BAC)
		Climate Change: Our Roles	21/09/2022	CELCOM
Tsukuba MJIIT Seminar - Environmental Sustainability: from Computational Modelling to Global Agenda		29/09/2022	MJIIT	
International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM) 2022: Building Low Carbon Cities for Low Carbon Future - Malaysia's Transition Towards Low Carbon Cities Discussion on Cities, Climate Change and Low Carbon Future		12/10/2022	Malaysian Green Technology And Climate Change Corporation (MGTC)	
Malaysia Urban Forum 2022 High Level Dialogue 2 - Topic: Cities and Local Climate Actions	17/10/2022	Urbanice		
United Nation Climate Change Conference - The 27 <sup>th</sup> Session of the Conference of the Parties to the United Nations Framework Convention of Climate Change (UNFCCC COP-27)	06/11/2022 - 12/11/2022	Sharm El Sheikh Mesir		
The State of the Drinking Water Quality and Treatment in Malaysia	29/11/2022	The Malaysian Water Association (MWA)		
Sustainable Water Policy for Developing Economies	08/12/2022	ASIAWATER Dialogue		

Name of Director	Segment	Forum/Training Programme	Date Attended/Attending	Co-ordinator/Organiser
Dato' Azmi Mohd Ali	Corporate Governance (including audit, risk management, compliance and internal control)	Maybank Islamic Berhad Annual Board Risk Workshop (ABRW) 2022	07/09/2022	Maybank Islamic Berhad
	Information Technology and Innovation	FCD Series Module E: Digital Awareness and Upskilling for Board	23/03/2022	ICDM
	Leadership, Legal and Business Management	2022 AIAC i-Arbitration Learning Series: Islamic Finance Transactions: How Does the i-Arbitration Rules 2021 Assist?	28/04/2022	Asian International Arbitration Centre (AIAC)
		KPMG Board Leadership Centre Exclusive: Empowering and Rewarding the "Boardroom Brigade" - A Board Remuneration Masterclass	18/05/2022	KPMG
		ICDM Power Talk: Talent Uprising - How Boards Should Rethink Their Talent Strategy in This Era of Opportunity	19/05/2022	ICDM
		A Half-Day Lecture Series by Mr John Vercoe on "My Journey as a Commercial and Oil and Gas Lawyer"	15/07/2022	Azmi & Associates (AA)
		Lecture Series by Mr John Vercoe on "Introduction to Legal Aspects of Upstream Oil and Gas"	27/07/2022	AA
		Lecture Series by Mr John Vercoe on "Substance of the Production Sharing Contract and the Joint Operating Agreement"	28/07/2022	AA
		Lecture Series by Mr John Vercoe on "ESG from a Lawyer's Perspective"	29/07/2022	AA
		Webinar Kursus Pembaharuan Ejen Cap Dagangan Siri 3	02/08/2022	Akademi Harta Intelek
		The Board and Its Role in ESG	25/08/2022	ICDM
		IP Laws Sharing Knowledge Session	08/11/2022	AA
		Sapura Energy's Inaugural Global Leadership Huddle	01/12/2022	Sapura Energy Berhad
		Financial Related Matters	Overview Of Accounting For Property Development Activites	06/01/2022
	Webinar on "Why the Circular Economy?" by Adrienna Zsakay		23/08/2022	AA
	Sharing session by Korn Ferry on ESG		22/03/2022	S P Setia Berhad
	Sustainability and Others	Lecture by Mr John Vercoe on "Current Picture of Upstream Oil and Gas Internationally and Its Vital Role in Oil and Gas Value"	08/08/2022	Perbadanan Harta Intelek Malaysia (Mylpo)
		PNB Knowledge Forum 2022 - Tall Buildings and Living in the Space Age: The Enigma and Convergence of Science and Art	10/08/2022	PNB
		ESG Webinar by Encik Norhisham Abd Bahrin for the Energy Commission	28/10/2022	AA
		Talk by Mr Derick Loi (ANT Group) - Case Study on Property Companies	10/11/2022	S P Setia Berhad
PNB Integrity Talk 2022: Section 17A MACC Act Corporate Liability, Adequate Procedures, and ISO 37001 ABMS		05/04/2022	PNB	
Shahin Farouque Jammal Ahmad	Corporate Governance (including audit, risk management, compliance and internal control)	AML/CFT & TFS: Evolving Challenges & Expectations in Regulatory Compliance for Senior Management	25/07/2022	PNB
		Keynote Session of IRAC Week	22/03/2022	PNB
	Leadership, Legal and Business Management	Joint PNB-ASNB Board Offsite	21/06/2022 - 22/06/2022	PNB
		PNB Group Joint Board Offsite	12/12/2022 - 13/12/2022	PNB
		PNB Knowledge Forum: Sustainable Investing ESG at the Forefront	21/04/2022	PNBRi
	Sustainability and Others	Environment, Social and Governance (ESG) Strategies for Board of Directors and Leadership Team	08/08/2022	PNB
		PNB Knowledge Forum: Tall Buildings and Living in the Space Age: The Enigma and Convergence of Science and Art	10/08/2022	PNBRi
		Management Offsite - Firm-Wide Day	14/11/2022	PNB

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A

Name of Director	Segment	Forum/Training Programme	Date Attended/Attending	Co-ordinator/Organiser
Mohd Shahazwan Mohd Harris	Leadership, Legal and Business Management	Thought Leadership Webinar Series 4 - Agility vs Flexibility	09/09/2022	English Language Company (ELC)
		NBO Centre for Leadership Assessment - NBO Class	31/10/2022 & 15/11/2022	Prime Minister's Department of Malaysia (PMD)
	Financial Related Matters	Unlocking the Potential of Digital Finance via Labuan IBFC's Digital Ecosystem	01/09/2022	Eco-Business
		Level 2 : Financial Modeling Training	07/11/2022 - 09/11/2022 & 14/11/2022 - 15/11/2022	Strategic Investment Division (SID)/Jabatan Perancangan Ekonomi dan Statistik (JPES)
	Sustainability and Others	Bain Senior Executive Conversation 2022 Visionary Pragmatism. Redefining Full Potential with ESG.	27/06/2022	Bain & Company
		TNB Sustainability Pathway 2050 (SP2050) Gallery Walk	16/08/2022	Tenaga Nasional Berhad
		5 <sup>th</sup> International Sustainable Energy Summit (ISES) 2022	29/08/2022 - 30/08/2022	Sustainable Energy Development Authority (SEDA)
		Khazanah Megatrends Forum	03/10/2022 - 04/10/2022	Khazanah
		PNB Knowledge Forum 2022 - Decarbonised Economy Accelerating the Net Zero Transition	09/11/2022	PNB
	Datuk (Dr.) Yasmin Mahmood	Corporate Governance (including audit, risk management, compliance and internal control)	Corporate Liability under Section 17A of the MACCA	25/02/2022
Audit Oversight Board's Conversation with Audit Committee			07/04/2022	Securities Commission Malaysia
FIDE FORUM-ICDM: Board Risk Committee Dialogue			08/12/2022	FIDE
Leadership, Legal and Business Management		ESG, Stakeholder Capitalism & Sustainable and Responsible Investment (SRI), and Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) - The Role of Boards and Senior Management	21/06/2022 - 22/06/2022	MIDF Berhad
		Global Islamic Finance Forum 2022 - Strengthening Islamic finance's global leadership position	05/10/2022 - 06/10/2022	Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)
Financial Related Matters		The FIDE Core Programme Module B: Bank	04/03/2022	FIDE
		Fundamentals and Application of the Taskforce on Climate-Related Financial Disclosure (TCFD)	01/12/2022	ICLIF
Sustainability and Others		MIDF Green Conference 2022	09/03/2022	MIDF Berhad

## Board Composition and Diversity

The Board understands the importance of diversity and gender mix in its composition, and upholds its commitment to embrace such diversity in all aspects of its operations. The presence of individuals from diverse backgrounds, ethnicities, nationalities and gender mix on the Board enables a wider range of perspectives to be considered in effectively discharging its duties and responsibilities. However, the Board also admits that while promoting diversity, the financial, technical, experience and skill sets of each Director remain a priority to ensure that the business objectives are met.

The Board's profile, including details of its independence, gender diversity, age and skill-sets, can be found in the Board of Directors' Profile on pages 88 to 98 of this Integrated Annual Report.

## Board Diversity Policy

UMW's Board Diversity Policy is to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender can provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. Through this, the Board believes that a truly diverse and inclusive board will ensure that UMW retains its competitive advantage.

In this regard, the NRC is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions. In reviewing the composition of the Board, the NRC will consider the benefits of diversity in order to maintain an optimum mix of skills, knowledge and experience on the Board.

## Board Appointments, Re-Election and Succession Planning

The Group places great importance on the appointment of Directors to the Board and follows a formal and transparent procedure to ensure the selection of the most suitable candidates. The policies and procedures for appointment, re-election, and re-appointment are detailed in the Board Charter, which is regularly reviewed and updated.

In accordance with regulatory requirements and the Company's Constitution, one-third of the Directors of the Company shall retire by rotation at each AGM, and all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election at the AGM. A Director appointed to fill a casual vacancy or as an addition to the Board shall hold office until the conclusion of the next AGM.

The NRC oversees the search for INEDs, which may be conducted through the engagement of a professional recruitment firm or recommendations from existing Board members. The NRC evaluates candidates based on their skills, competencies, experience, integrity, personal attributes, and time commitment required for effective discharge of duties as a Director.

The Board views that human capital development is critical for the Group's long-term sustainability and takes measures to manage succession planning proactively. The NRC considers succession planning regularly, ensuring that Board changes are coordinated and proactively planned, with a maximum tenure of nine (9) years for Directors. The NRC also monitors the development of the executive team below the Board to ensure a diverse supply of senior executives and potential future Board members with appropriate skills and experience.

To ensure the readiness of identified candidates for critical positions within the Group, a Talent Council has been established to undertake a comprehensive review and assessment of potential talent and successors and monitors appropriate development programmes.

## Board Meetings and Attendance

The Board adheres to a formal schedule of at least quarterly meetings, during which matters reserved for the Board's consideration are deliberated, including corporate plans, annual operational and financial performance reviews, major investments, and investment decisions. Additional meetings are scheduled as necessary to address issues requiring expeditious review.

The schedule for meetings of the Board, Board Committees, and AGM for the year under review was established on 15 October 2021, allowing Directors to plan ahead and ensure their full attendance. Prior to each Board meeting, a pre-Board briefing is held to provide the Board with insights into the papers to be deliberated when necessary.

Board materials are uploaded electronically into secure digital mediums, which enables remote access to the papers and other information by Directors through dedicated applications. The Board is presented with a comprehensive paper, comprising qualitative and quantitative information, enabling informed and effective decision-making.

As the Group Chairman, I am responsible for ensuring that accurate, timely and clear information are made available to the Board and sufficient time is allowed for deliberation of complex or contentious issues prior to decisions being reached at meetings. The Group Chairman also manages boardroom dynamics by promoting a culture of openness and active participation, ensuring forward-looking and strategic discussions.

Directors are required to declare any interest they have in transactions directly or indirectly entered into with the Company. They must disclose the extent and nature of their interest at a Board meeting or as soon as practicable after becoming aware of the conflict of interest. Interested parties must also abstain from participating in the deliberation and Board decision on the matter.

The Directors' commitment in discharging their duties and responsibilities is evident in their attendance at Board and Board Committee meetings, with all Directors complying with the minimum attendance requirement of at least 50% of Board and Board Committees' meetings held during the year.



**PRINCIPLE A**

**Board & Directors Effectiveness Evaluation**

The annual Board & Directors Effectiveness Evaluation (BDEE) is a fundamental and indispensable process that determines the effectiveness of the Board, its Committees and every individual Director. Through this rigorous procedure, the Board as a cohesive unit can address critical issues pertaining to leadership, core competencies, skill-sets, attributes, delegation of duties and responsibilities, and thorough reviews of existing Board processes.

The primary objectives of the BDEE are to provide valuable insights to the Board, Board Committees, the individual Directors and the PGCEO. These insights will serve as a foundation for the journey towards achieving a high-performing Board. It will look to identify areas of improvement in the current Board oversight and Board processes, and recommend the best approach for addressing them.

Furthermore, the BDEE will evaluate the Board's decision-making role in developing and implementing long-term strategies for creating value for shareholders. This includes assessing the Board's effectiveness in overseeing the implementation plan for long-term shareholders' value creation. Additionally, the evaluation will assess the culture and dynamics within the Board, and its relationship with the management team.

In 2022, to ensure the highest level of objectivity and impartiality, the Group Secretarial and Corporate Governance Division (GSCG) engaged the services of an external facilitator to conduct the BDEE exercise. The Institute of Corporate Directors Malaysia (ICDM) was entrusted with overseeing the BDEE through an online questionnaire/assessment that incorporated the latest corporate governance framework, best practices and industry norms.

The following details the criteria for formulating the questionnaires:

QUESTIONNAIRES	PURPOSE	RESPONDENTS
<b>Overall Board Effectiveness</b>	Assessing 10 key effectiveness parameters for the Board	Directors
<b>Individual Board Competency</b>	Self vs. Peer (fellow directors) assessment of each director's board competencies	Individual Directors and their peers
<b>Technical Knowledge</b>	Self-assessment of technical knowledge	Directors

The evaluation process encompassed a broad range of factors relevant to Board effectiveness, spanning Board Leadership, Board and Committee composition, meeting content and management, Board working relationships, boardroom protocols and information dissemination. A comprehensive set of ten (10) key parameters assessment criteria was employed to evaluate the Board's overall effectiveness, individual Director competency and technical

knowledge. Additionally, Independent Directors underwent an assessment to gauge their level of independence, with the aim of ensuring a fair and impartial decision-making process at the Board. In the areas of ESG performance, in line with the application of Practice 4.4 of MCCG, a review on ESG considerations, effectiveness and integration across the Board's responsibilities was carried as a component of evaluation (where relevant) across ten (10) key parameters.

**ASSESSMENT CRITERIA**

The BDEE assessment criteria covered the following 10 key parameters:

Strategy & Risk	
<b>1 Board Leadership</b>	
<b>Board Leadership</b>	<ul style="list-style-type: none"> <li>&gt; Effectiveness of Chairman's and CEO's role, leadership style &amp; tone</li> <li>&gt; Exhibit leadership &amp; stewardship qualities, impact &amp; influence</li> <li>&gt; Forward-looking, future-ready</li> <li>&gt; Succession plan for board &amp; management - Strategy &amp; Framework</li> </ul>
<b>Board Roles</b>	<ul style="list-style-type: none"> <li>&gt; Understand &amp; execute roles &amp; responsibilities</li> <li>&gt; Oversight on strategic plan, risk management &amp; performance and sustainability</li> <li>&gt; Stakeholder engagement &amp; communication</li> <li>&gt; Ensure alignment of purpose, people, process, power and principle to deliver mission &amp; vision</li> </ul>
<b>Board Performance</b>	<ul style="list-style-type: none"> <li>&gt; Having KPIs and KBIs (Key Behavioural Indicators) to measure company performance, the strategy setting, disruption, competitor landscape, positioning of the organisation in the long and medium term, business sustainability etc</li> <li>&gt; Oversight &amp; guidance to management</li> <li>&gt; Responsiveness to matters brought to its attention</li> <li>&gt; Alert issues/risks/trends that may deviate from performance</li> </ul>
Structure & Composition	
<b>2 Board Composition, Skills &amp; Development</b>	
	<ul style="list-style-type: none"> <li>&gt; Board size</li> <li>&gt; Board mix: tenure, diversity (age, gender, nationality), independence, competencies, skills, experience</li> <li>&gt; Reporting structure</li> <li>&gt; Board sourcing</li> <li>&gt; Directors Development Analysis</li> <li>&gt; Behavioural Analysis</li> <li>&gt; Must dedicate sufficient resources toward the on-going development of its directors</li> <li>&gt; Each director possess the knowledge and skills necessary to fulfil his/her responsibilities</li> </ul>
<b>3 Board Committee</b>	
	<ul style="list-style-type: none"> <li>&gt; Type &amp; size of committee</li> <li>&gt; Reporting structure</li> <li>&gt; Effectiveness in handling of matters arising, reporting to the board as a whole</li> </ul>
Policies, Procedures & Processes	
<b>4 Board Governance &amp; Processes</b>	
	<ul style="list-style-type: none"> <li>&gt; Meet standards &amp; guidance from CA 2016, MCCG, Bank Negara's Corporate Guidelines etc. (where applicable)</li> <li>&gt; Board's TOR, charters, policies etc.</li> <li>&gt; Selection &amp; nomination</li> <li>&gt; Remuneration/compensation</li> <li>&gt; On-boarding</li> <li>&gt; Decision making process</li> </ul>

**5 Board Agendas, Meetings & Information**

- > Meet Standard & guidance from CA 2016, MCCG and Bank Negara's Corporate Governance Guidelines (where applicable)
- > Sufficient time spent to prepare and attend meetings including timely and accurate board material & information
- > Clear and accurate minutes recorded

**Dynamics & Culture**

**6 Board Dynamics & Culture**

<b>Board Dynamics</b>	<ul style="list-style-type: none"> <li>&gt; Diversity of thoughts, robust discussion</li> <li>&gt; Ability &amp; willingness to challenge &amp; probe (energy/drive, courage, candour, candid)</li> <li>&gt; Director's contribution &amp; strength, fit and properness</li> </ul>
<b>Board Culture</b>	<ul style="list-style-type: none"> <li>&gt; Drive &amp; uphold the organisation's values, mindset &amp; behaviours</li> <li>&gt; Impeccable integrity &amp; ethics at all time</li> <li>&gt; Independent judgement &amp; clarity of thoughts</li> <li>&gt; Ensure good corporate culture being cascaded down to all feedback mechanism</li> <li>&gt; Feedback Mechanism</li> </ul>

**7 Board & Management Relationship**

- > Systematic interaction opportunities in both formal and informal settings, allowing board members to know senior management staff on personal basis
- > Trust level between board-management
- > Openness in communication & sharing of info & concerns

**8 Board & Stakeholder Engagement**

- > Integrity in corporate reporting and meaningful relationship with stakeholders/shareholders
- > Effective, transparent and regular communication between the company and stakeholders/shareholders to facilitate mutual understanding of each other's objectives and expectations

**9 Sustainability Matters**

- > Strengthen board oversight and the integration of sustainability
- > Consideration in the strategy and operations of companies, strategies on economic, environmental and social
- > Sustainability risks and opportunities

**10 Board & Crisis Management**

- > Clear plan on sustainability including supporting the global transition to a net-zero economy
- > Current crisis management plan
- > Action Plan & Strategy

Similarly, the PGCEO performance assessment takes cognisance of the Board competencies and 13 areas of technical competencies. These includes:

- |                                 |   |
|---------------------------------|---|
| - Industry & Technical          | - Regulator Compliance                  |
| - Governance                    | - Board & Management Relationship       |
| - Behavioural                   | - Strategy & Risk Management Oversight  |
| - Board Process                 | - Emerging Trends                       |
| - Board Structure & Composition | - Sustainability                        |
| - Board Committee               | - Stakeholder Relations & Communication |
| - Board Dynamics & Culture      |   |

Additionally, Directors Independence and Fit & Proper Assessments were conducted for all members of the Board of Directors, including the PGCEO.

**RESULTS**

**KEY HIGHLIGHTS**

- The Board works cohesively as a team, with mutual respect, open and honest communication which encourages independence of thought and prompts cognitive diversity.
- The Board exhibits a keen awareness of the long-term strategic requirements and objectives of the organisation, and is fully cognisant of the risk appetite, traditional operating environment, and the ongoing challenges posed by the constantly evolving global economy. The issue of sustainability looms large in the Board's considerations, reflecting its deep commitment to responsible and sustainable business practices.
- The Board is committed to promoting ethical business conduct and maintaining a healthy organisational culture that encourages accountability, integrity, transparency and fairness; and is strong enough to make decision in the face of extraneous pressure.

**RECOMMENDATIONS**

- Enhance and strengthen the role of the SID to cater for the unique requirements of the Company's Board, as well as to reflect the new roles that have come under the purview of the SID. The SID's enhanced roles should be updated and streamlined in the Board Charter accordingly.
- A Board succession plan should be prioritised and be based on a Board skills matrix. A Company's Board skills matrix should be enhanced to include identifying future talent and succession required at the Board.
- To consider reviewing TOR on oversight of sustainability matters where applicable, in light of the new 2022 Bursa Malaysia Enhanced Reporting Framework Requirements.

The findings and results of the overall evaluation of the BDEE were summarised and presented to the NRC. The Chairman of the NRC subsequently met with the Group Chairman to provide key insights on the overall performance of the Board, the Board Committees, and individual Directors, and to recommend areas of continuous improvement for discussion.

The NRC and the Board have taken note of the findings and results and would address them in an appropriate manner.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A

## Remuneration Policy

The Company places a high priority on ensuring that the remuneration packages of its Directors are both competitive and commensurate with their contributions and responsibilities. Approved by the Board on 4 March 2022, this approach is designed to attract and retain talented Directors who are capable of driving the Company towards success, while taking into account various factors such as business complexities, performance, and workload.

To ensure fairness and objectivity, the level of remuneration for the PGCEO is determined by the NRC after evaluating their performance and achievement of set targets. Similarly, the remuneration and incentives for INEDs are carefully assessed to prevent any potential compromise of their independent judgment and objectivity during Board meetings.

In determining the compensation for the PGCEO and other Directors, the Board takes into account industry practices, the Company's long-term objectives, and business strategies. The Company conducts a review of

Directors' remuneration every two (2) years to ensure that is aligned with the Company's performance and market trends. This commitment to fair and competitive remuneration ensures that the Directors are motivated to lead the Company to achieve its goals and objectives.

Additionally, the Management Committee members, Ex officio, and their respective direct reports are held accountable for their ESG (Environmental, Social, and Governance) performances, which are captured in their annual performance appraisal linked to their remuneration. The Company's Remuneration Policy covers both short and long-term incentives, and is clearly stated on our corporate website. Further details on the remuneration of both our Directors and Senior Management can be found in our Corporate Governance Report, which is available online.

Scan the QR code to view our Corporate Governance Report online



## ACTIVITIES OF THE NOMINATION &amp; REMUNERATION COMMITTEE (NRC)

The NRC assists the Board in reviewing the structure, size and composition of the Board, including providing advice to the Board on the retirement and appointment of additional and/or replacement Directors. It is also responsible for reviewing succession plans for the Directors, including the Group Chairman and PGCEO and other Senior Executives. The primary role of its remuneration function is to determine and agree with the Board on the executive remuneration policy and approve individual remuneration arrangements for the Group Chairman and Executive Directors with the objective of ensuring that the levels of remuneration are sufficient to promote the long-term success of the Company.

UMW's Remuneration Policy ensures that the remuneration mix is market competitive and equitable and is aligned with the Company's strategic thrusts and value drivers. It must also be able to attract and retain Directors of such calibre who are able to provide the necessary skills and experience that commensurate with the responsibilities for the effective management of the Group as well as to support the philosophy of value-based management.

The NRC has been entrusted with discharging remuneration strategies as defined in its TOR which can be referred to on the Company's website at [www.umw.com.my](http://www.umw.com.my)

The formal review included the revision in Directors' fees and meeting allowance for NEDs and Directors' fees paid to Directors serving as Chairman and Directors of the boards of subsidiaries in the Group. The review of Directors' fees is to ensure that the Company is able to attract and retain the right Board level talent as well as motivate the Directors to drive the Company's long-term objectives. The remuneration takes into account the demands, complexities and performance of the Company as well as skills and experience required.

Taking cognisance of the compensation philosophy advocated by the Putrajaya Committee on GLC High Performance, which suggests that GLC Boards should regularly review the compensation of their Chairman and Directors and align them to the market and appropriate peer group, a formal review of Directors' remuneration is undertaken once every two (2) years in accordance with the Board Charter. The last review on NEDs' remuneration was approved by shareholders at the 40<sup>th</sup> AGM held on 26 May 2022. The

details of the Directors' remuneration (both Executive and Non-Executive) for the financial year ended 31 December 2022 can be found under Practice 8.1 and Practice 8.3 of the CG Report 2022. The summary of key activities carried out by the NRC for the financial year ended 31 December 2022 is as follows:

## Nomination Function

- Reviewed and recommended the composition of the Board, the Board Committees and the Board of subsidiaries.
- Reviewed the results of the Board Effectiveness Evaluation and made recommendation on the suitability of Directors for re-election at the 40<sup>th</sup> AGM.
- Reviewed and recommended the suitability for the appointment and/or promotion of the Senior Management of the Group.
- Reviewed and recommended the employment service contract of the Senior Management of the Group.
- Reviewed and recommended the new organisational structure for the UMW Group.
- Reviewed the composition of Independent Directors of the Board.

## Remuneration Function

- Reviewed and recommended the remuneration package for the Senior Management of the Group.
- Appraised and recommended the performance of the PGCEO and his direct reports for 2021.
- Appraised and recommended the total remuneration package and reward (bonus payout and salary increment) for the Group.
- Reviewed and recommended the enhancement to employees' benefits.
- Reviewed and recommended the high-level 2022 Balanced Scorecard for the PGCEO and his direct reports.

## Governance Function

- Reviewed the results of the BDEE exercise of the Board and the Board Committees for 2021 and recommended the improvement plans.
- Reviewed the enhancement to the Board Charter.

## PRINCIPLE B

## EFFECTIVE AUDIT AND RISK MANAGEMENT

The Board affirms its commitment and responsibility for the Group's risk management and internal control systems as well as reviewing the adequacy, effectiveness and integrity of the systems. These systems cover not only financial controls but also strategic, organisational, operational, regulatory and compliance controls.

The Group has Risk Management & Internal Control Systems in place for managing risks and internal controls affecting its business operations. The maintenance of the Risk Management & Internal Control Systems is undertaken by the Management. Regular reports on risks identified and actions taken to mitigate and/or minimise such risks and gaps in the internal control systems, if any, are presented to the Management Risk Committee (**MRC**), the Management Audit Meeting (**MAM**), the RMSC, the AC and ultimately to the Board.

## Audit Committee

The Board has in place an AC that comprises four (4) NEDs all of whom are INEDs. The composition of the AC and the qualifications of its members comply with Paragraph 15.09 of MMLR of Bursa Securities and are reflected in the TOR of the AC which is available on the Company's corporate website at [www.umw.com.my](http://www.umw.com.my)

The AC supports the Board with matters relating to financial reporting (including taxation and zakat), external audit, internal control and internal audit process and review of related party transactions as well as conflict of interest situations. The AC is chaired by Dr. Veerinderjeet Singh, who has extensive tax experience from having been a tax partner in international accounting firms and has been involved in a wide range of tax matters affecting cross-border investments. He also actively participates in the professional accounting bodies where he currently serves as Executive Committee and Council Member of the Malaysian Institute of Certified Public Accountants, Member of Malaysian Institute of Accountants (**MIA**) and Member of the Chartered Tax Institute of Malaysia.

Collectively, the AC's members are qualified individuals having the required skills and expertise to discharge the AC's functions and duties. The AC financial literacy and understanding of the financial reporting process have provided thorough deliberation in upholding the integrity of the Group's financial reporting and financial statements.

## External Audit

The AC is responsible for assessing the capabilities and independence of the external auditors and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditors. The AC's TOR specifies that its responsibilities include review on the nomination and appointment, re-appointment of external auditors, audit fee, resignation or dismissal of external auditors, and the scope and nature of the audit plan.

The annual evaluation of external auditors provides the AC with a disciplined approach for maintaining effective oversight of the external auditors' performance, covering amongst others, the adequacy of the audit team, degree of independence, performance level and audit scope.

Based on the evaluation conducted, the AC is satisfied with the performance, technical competencies and audit independence of Ernst & Young PLT (**EY**). The AC is also satisfied with the level of calibre and professionalism demonstrated by EY, quality of processes, selection of audit team (including the lead engagement partner), adequacy of audit scope and planning, and audit communications and engagements with the AC.

In addition, EY had also provided written assurance to the AC that they were and had been independent throughout the audit engagement for 2022, in accordance with the terms of all relevant professional and regulatory requirements, including the By-Laws (on Professional Ethics, Conduct and Practice) of the MIA and the International Code of Ethics for Professional Accountants (including International Independence Standards).

The Lead Partner of the external auditors is subjected by the Group to a five-year rotation with a five-year cooling-off period. Additionally, the AC has a policy that requires a former key audit partner to observe a cooling-off period of at least five (5) years before being appointed as a member of the AC.

There is also a limitation of the external auditors appointment duration of not exceeding ten (10) continuous years. The next tender process is for the audit for the financial year ending 31 December 2025.

Further thereto, the External Auditors Policy was established on 28 September 2021 and took effect from 1 January 2022.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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## PRINCIPLE B

## Internal Audit

The AC oversees the Group Internal Audit Department (**GIAD**) function which operates under a charter mandated by the AC giving it unrestricted access to review all activities across the Group. The GIAD reports directly to the AC on all its activities as promulgated by Paragraph 15.27 of the MMLR of Bursa Securities.

The GIAD's main responsibility is to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal control, risk management and governance process. GIAD carries out its internal audit function objectively and independently of the Management. The GIAD performed its audit functions as per the standards prescribed by the Institute of Internal Auditors Malaysia and in accordance with the annual audit plan approved by the AC each year.

The AC reviews and approves the GIAD's annual audit plan, its staffing requirements and audit activities, including the appraisal of the Head of GIAD's performance.

Details of the summary of work performed by the AC during the year under review are provided in the AC Report on pages 130 to 135 of this Integrated Annual Report.

## Risk Management and Internal Control Framework

The oversight of risk management is divided between the RMSC, and the Board, with their commitment and mandate being the driving force behind the successful implementation of the Enterprise Risk Management (**ERM**) programmes. The RMSC and the Board set the strategic direction for risk roles, responsibilities, and reporting structures, and receive periodic reports from the Management through the MRC on all aspects of the ERM, individual risks, and risk trends.

To identify, evaluate, monitor, and manage significant risks that could materially impact the Group's business objectives, the Board regularly reviews the process via the RMSC. The effectiveness of the Group's Risk Management & Internal Controls systems is monitored through a monthly management review of financial and operating results, business processes, internal controls, and business risk profile. The respective Heads of SBUs report to the Management Committee on these reviews.

Additionally, the PGCEO conducts a mid-term business review of all SBUs, and Senior Management conducts regular internal visits to assess compliance with policies and performance. The Board receives quarterly updates on business performance. The GIAD supplements these reviews by conducting comprehensive reviews of controls implemented in each business unit and submits reports to the Management and AC on control issues and recommended actions.

The Board acknowledges that these systems aim to manage and mitigate, rather than eliminate, the risk of failure to achieve the Group's objectives within the established risk appetite. As such, the systems provide reasonable, not absolute assurance against material misstatement, loss, or fraud. The Board discloses the key features, adequacy, and effectiveness of its risk management and internal control systems in the SORMIC on pages 136 to 142 of this Integrated Annual Report.

## Integrity And Ethics

All Directors, including those in operating subsidiaries, are required to adhere to the Directors' Code of Ethics (**DCE**), Code of Business Conduct and Ethics (**CBCE**), and Board Charter to promote a culture of honesty and accountability and provide guidance on recognising and addressing ethical issues. The Whistleblowing Policy (**WBP**) is in place to report unethical conduct.

The DCE is designed to establish a standard of ethical conduct for Directors based on acceptable beliefs and values, upholding social responsibility and accountability in accordance with applicable laws, regulations, and guidelines. Its principles include transparency, integrity, accountability, and corporate social responsibility. The

## Whistleblowing Policy

Mechanisms to report unethical conducts are encapsulated in the WBP. It provides an accessible avenue for the Group's employees and members of the public to disclose any improper conduct, report any wrongdoing and malpractice at the earliest opportunity, in an appropriate manner and without fear of reprisal in accordance with the procedures as provided under the policy.

The WBP is accessible to the public on the Company's corporate website at [www.umw.com.my](http://www.umw.com.my).

## Insider Trading

In line with the MMLR of Bursa Securities and the relevant provisions of the Capital Markets and Services Act 2007, the Board, key management personnel and principal officers of the Group are prohibited from trading in securities, or any kind of properties based on price-sensitive information and knowledge which have not been publicly announced.

Notices on closed periods for trading in shares of UMW are circulated to the Board, key management personnel and principal officers who are deemed privy to any price-sensitive information and knowledge in advance, whenever the closed period is applicable.

DCE will be reviewed periodically to incorporate new regulatory requirements and developments.

These codes/charters reflect the Group's commitment to conducting business with integrity, emphasising the principles of discipline, good conduct, and integrity critical to the Group's success and well-being. They outline policy statements on expected behaviour and ethical conduct for all individuals in the Group, expressly prohibiting improper solicitation, bribery, and other corrupt activities by employees, Directors, and third parties working for or on behalf of the Group.

The DCE, and CBCE are available on the Company's website at [www.umw.com.my](http://www.umw.com.my)

## Corporate Liability

Taking cognisance of MACCA, and in particular the implementation of the corporate liability provision that took effect on 1 June 2020, the Group through the Group Risk Management & Integrity has taken proactive measures to ensure that the Group has adequate procedures through various programmes and activities with all the employees. The UMW Group Anti-Bribery & Corruption Policy (**ABCP** or **Policy**) which was approved by the Board in May 2020 and revised in October 2022 will address integrity, good governance and anti-corruption concerns while combatting corruption at organisational level within the Group. It also forms part of the Group's effort and strategy to strengthen the governance, integrity, and anti-corruption controls. This Policy was communicated to the employees via email, webinar and our website. The Anti-Bribery Policy Statement has been placed in various strategic locations within the Group's premises to demonstrate its commitment in combatting bribery and corruption. The ABCP is available on the Company's website at [www.umw.com.my](http://www.umw.com.my)

In addition, in October 2022, UMW Corporation Sdn Bhd has been certified with ISO 37001:2016 Anti-Bribery Management Systems (**ABMS**). The ABMS is recommended by the MACCA and is aimed to provide guidance in establishing, implementing, maintaining, reviewing, and improving an anti-bribery management system.

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONS WITH STAKEHOLDERS

Relations With Stakeholders

We acknowledge that investors play a vital role in the success and growth of UMW. Because of this, we want to keep open and effective lines of communication and information with investors, be they existing or prospective. Through these communication channels, our aim is to be able to transform passive awareness into active investor interest, investment and support. Engagement with shareholders also allows us to understand their views on our value drivers. We are then able to communicate to management and be more aware of what they measure and what they are most interested in. We are also aware of what their concerns are, and the areas of the business where we think the Group is least understood. This, in turn, helps us to ensure investors clearly understand our story.

UMW acknowledges the importance of the annual Sustainability Report, having started producing it since 2016. The Report discloses the Group's management of sustainability risks and opportunities in terms of Economic, Environment and Social. From 2020 onwards, the Company took a step further with Integrated Reporting. Sustainability in the context of integrated reporting identifies material sustainability risks and opportunities relevant to the Company and key stakeholders, as well as providing disclosure on how they are integrated into our corporate strategy.

The Board continues to be open, transparent and effective in our communication with investors. Our timely and transparent disclosures about the Group's strategies and performance help to strengthen relationships and investor trust in UMW. Our Integrated Annual Report serves as one of the primary channels of communication with investors. Announcements, circulars, press releases, dialogues and briefings are also crucial to communicate our Group's progress. In addition, we conduct investor meetings at roadshows and conferences to engage with the investors and analysts, giving the chance for two-way dialogue.

We recognise that it is vital to be proactive in providing information to reduce any potential speculation. Therefore, we continue to conduct physical meetings as well as web and teleconferencing with investors and analysts. In recognising the impact of market perception assessments towards our business, we held quarterly financial briefings in virtual format, as this allows more participants to partake. The PGCEO and Group Chief Financial Officer (GCFO) typically presents the quarterly and annual performance before a Q&A session. The Senior Management also partakes, to answer queries or issues raised relating to the operations of the Group. We make it a point to organise several site visits during the year, as this allows the investors and analysts to understand our operations better. In 2022, conferences and roadshows organised by brokers were still being done virtually. To ensure investor and analysts are in the loop of any updates pertaining to our business, we continue to be proactive in disseminating e-mail to notify them.

Constantly, close communication takes place between our Investor Relations and Sustainability Secretariat/Unit to ensure effective and precise communication flow to the investment community. As ESG concerns become increasingly important as a metric to investors, we, to the best of our ability, try to understand what investors consider to be the strongest indicators of sustainability and how this information is applied to their investment decisions.

Annual General Meeting (AGM)

The 40<sup>th</sup> Annual General Meeting was conducted on a fully virtual platform via live streaming from Menara UMW on 26 May 2022. The Board, including the Group Chairman and PGCEO, were physically present at the Broadcast Venue together with the Joint Group Secretary, the GCFO and Senior Management. All resolutions set out in the Notice of AGM were put to a vote by poll and all resolutions tabled were carried. The AGM provides an opportunity for shareholders to pose relevant questions to me and my fellow board members.

In line with the best CG practices, the notice of the 40<sup>th</sup> AGM was issued 28 days before the AGM date.

The shareholders, corporate representatives and proxies attended the 40<sup>th</sup> AGM via Remote Participation and Voting facilities provided by SS E Solutions Sdn Bhd via the Securities Services e-Portal platform at <https://sshsb.net.my/login.aspx>. The proceedings of the 40<sup>th</sup> AGM commenced with a presentation by the PGCEO on the Company's operations and financial performance for the preceding financial year, followed by the questions received from the MSWG together with the replies. Both the presentation by the PGCEO and the letter from MSWG are made available in the Company's website.

Prior to proceeding with the Agenda of the 40<sup>th</sup> AGM, the Group Chairman invited shareholders to participate and to raise any question and seek clarifications on the proposals tabled using real time submissions via the Query Box provided. The Group Chairman read and answered most of the questions received live from the Query Box.

The Scrutineers, Commercial Quest Sdn Bhd verified and announced the poll results for each resolution, which included votes in favour and against, upon which the Group Chairman of the 40<sup>th</sup> AGM declared that all the resolutions set out in the Notice of AGM were carried. The poll results were also announced by the Company via Bursa Link on the same day for the benefit of all shareholders. The minutes of the 40<sup>th</sup> AGM were also made available on UMW's website at [www.umw.com.my](http://www.umw.com.my)

Corporate Website

The Group's website, [www.umw.com.my](http://www.umw.com.my), has a dedicated investor relations section. This includes our annual reports, results presentations (disseminated to investors and analysts after each financial results announcement), corporate presentation, analysts' reports and our financial calendar for the upcoming year.

Stakeholder Engagement

Our long history is built on our key stakeholders' trust and support. Our stakeholders have been the reason for our success for more than 100 years, as we strive to deliver value to them. Effective stakeholder relations improve their trust in UMW and resolve any issues that may otherwise affect the relationship. Our stakeholders have a choice of many diverse channels through which they can voice their concerns. Most of these are direct engagements at different levels and frequencies. Regular engagements with stakeholders are critical to aptly capture their expectations and better understand how we can create value for them. Consultation with our stakeholders is meaningful, as they hold influence over our business and performance. Systematic management of stakeholder relations mitigates various risks and improves our preparedness to overcome any potential challenges.

The table below details our stakeholder engagement efforts for the year, as well as our approach to addressing their main concerns.

Key Stakeholder Groups	Channels of Engagement	Frequency of Engagement	Engagement Topics	Our Broad Management Response and Outcomes
<b>Principal Partners</b>	<ul style="list-style-type: none"> <li>Video calls</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Quarterly</li> <li>Annually</li> <li>Ad-hoc</li> </ul>	<ul style="list-style-type: none"> <li>Operational and business performance</li> <li>Quality and compliance</li> <li>Health, safety and environment</li> <li>Supply chain impacts due to COVID-19</li> <li>Climate Change and Environmental Sustainability Concerns</li> </ul>	<ul style="list-style-type: none"> <li>Highlighted UMW's business performance, strategy and challenges</li> <li>Ensured compliance with all quality and HSE requirements</li> <li>Engaged with Rolls-Royce/other principals to discuss issues related to climate change and environmental strategy</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Supplier briefings (virtual and physical)</li> <li>Vendor Development Programme</li> <li>Various activities, events, workshops etc</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Quarterly</li> <li>As and when</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships for growth</li> <li>Business opportunities</li> <li>Market insights and industry</li> </ul>	<ul style="list-style-type: none"> <li>Provided suppliers with personal protective equipment</li> <li>Discussed and shared industry trends and challenges</li> <li>Complied with all quality and HSE requirements</li> <li>Continued to provide training and business development opportunities to local industries through Vendor Development Programme</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Marketing events</li> <li>Customer Satisfaction Survey</li> <li>Digital and social media channels (Instagram, Whatsapp, Facebook, Youtube)</li> <li>Customer feedback/complaints (phone-ins, walk-ins, meetings, virtual events)</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Monthly</li> </ul>	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>The Group continued to deliver our products and services throughout the year in a safe manner for our customers</li> <li>Various initiatives were implemented via digital marketing such as online campaigns and rebates to reinforce sales and attract customers</li> </ul>



CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C

Key Stakeholder Groups	Channels of Engagement	Frequency of Engagement	Engagement Topics	Our Broad Management Response and Outcomes																																														
<b>Employees</b>	<ul style="list-style-type: none"> <li>Trade unions</li> <li>Newsletters</li> <li>Email blast</li> <li>Townhall</li> <li>Employee Engagement Survey</li> <li>Online training and workshops</li> <li>Virtual seminars/event</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Weekly</li> <li>Monthly</li> <li>Bi-Monthly</li> <li>Quarterly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Employment benefits and flexible work hours</li> <li>Employee rights</li> <li>Workplace health and safety</li> <li>Mental health and well-being</li> </ul>	<ul style="list-style-type: none"> <li>Embedded CREST@UMW culture in the workforce through various activities such as CREST@UMW Friday and CREST Awareness talks</li> <li>Continued with the implementation of Flexible Benefits Scheme and Flexible Work Arrangement</li> <li>Signing of Collective Agreement between UMW Group and Kesatuan Pekerja-Pekerja Perusahaan Kumpulan UMW (KPPPKUMW)</li> <li>Provided health and safety training and ensure employee participation in the management of workplace health and safety</li> <li>Rolled out EnergizeUMW to include a 24/7 remote therapy helpline for employees to cope with mental stress</li> </ul>																																														
<b>Shareholders/ Analysts</b>	<ul style="list-style-type: none"> <li>Virtual briefing to investors and analysts</li> <li>Virtual meetings</li> <li>Physical meetings</li> <li>Distribution of press releases</li> <li>Site visits</li> <li>Broker conferences</li> </ul> <p><b>Investor Relations Calendar</b></p> <table border="1"> <thead> <tr> <th>DATE</th> <th>ACTIVITIES</th> </tr> </thead> <tbody> <tr> <td colspan="2">2022</td> </tr> <tr> <td><b>25 February</b></td> <td> <ul style="list-style-type: none"> <li>Quarterly report on consolidated results for financial period ended 31 December 2021</li> <li>Declaration of final dividend of 5.8 sen per share for financial year ended 31 December 2021, paid on 29 April 2022</li> </ul> </td> </tr> <tr> <td><b>24 May</b></td> <td> <ul style="list-style-type: none"> <li>Quarterly report on consolidated results for financial period ended 31 March 2022</li> </ul> </td> </tr> <tr> <td><b>26 May</b></td> <td> <ul style="list-style-type: none"> 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<b>Regulators/ Authorities</b>	<ul style="list-style-type: none"> <li>Regular updates and communications (e-mails, phone-ins and one-on-one meetings)</li> <li>Virtual meetings</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Every 2 months</li> <li>Quarterly</li> <li>Annually</li> <li>As and when</li> </ul>	<ul style="list-style-type: none"> <li>Governance and regulatory compliance</li> <li>Climate change</li> </ul>	<ul style="list-style-type: none"> <li>We complied with all regulations especially with regards to COVID-19 and provided information on our COVID-safe protocols for the workplace</li> <li>We took a proactive approach to engaging with regulators on the impact of the pandemic and provided suggestions on how the industry can operate safely</li> <li>Engagement with MGTC on addressing climate change and possible mitigation strategy</li> </ul>																																														
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Volunteer programmes</li> <li>Events</li> </ul>	<ul style="list-style-type: none"> <li>Ad-hoc</li> </ul>	<ul style="list-style-type: none"> <li>Community development</li> <li>Long term positive impacts</li> </ul>	<ul style="list-style-type: none"> <li>Continued with reforestation efforts through UGS and Denai Sungai Kebangsaan</li> <li>UMW Community Volunteers logged 11,344 of voluntary hours in community outreach programmes</li> </ul>																																														
<b>Media</b>	<ul style="list-style-type: none"> <li>Press releases</li> <li>Interviews</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Quarterly</li> <li>Ad-hoc</li> </ul>	<ul style="list-style-type: none"> <li>Group's monthly automotive sales</li> <li>Quarterly financial results, business performance, strategy and direction</li> <li>CSR and community projects</li> <li>Product launches</li> <li>Corporate exercises</li> </ul>	<ul style="list-style-type: none"> <li>A total of 25 press releases were prepared and distributed in 2022</li> <li>Three (3) exclusive interviews were arranged with media and Bursa Malaysia</li> </ul>																																														

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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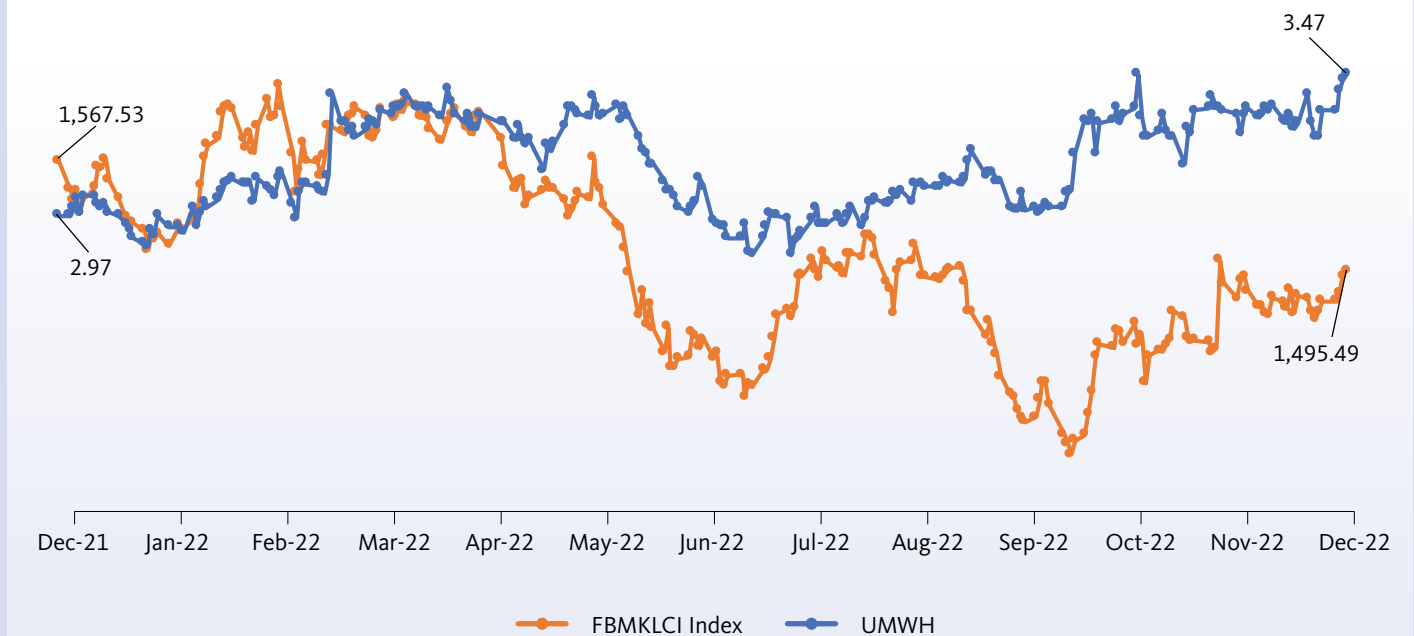
PRINCIPLE C

Research Coverage

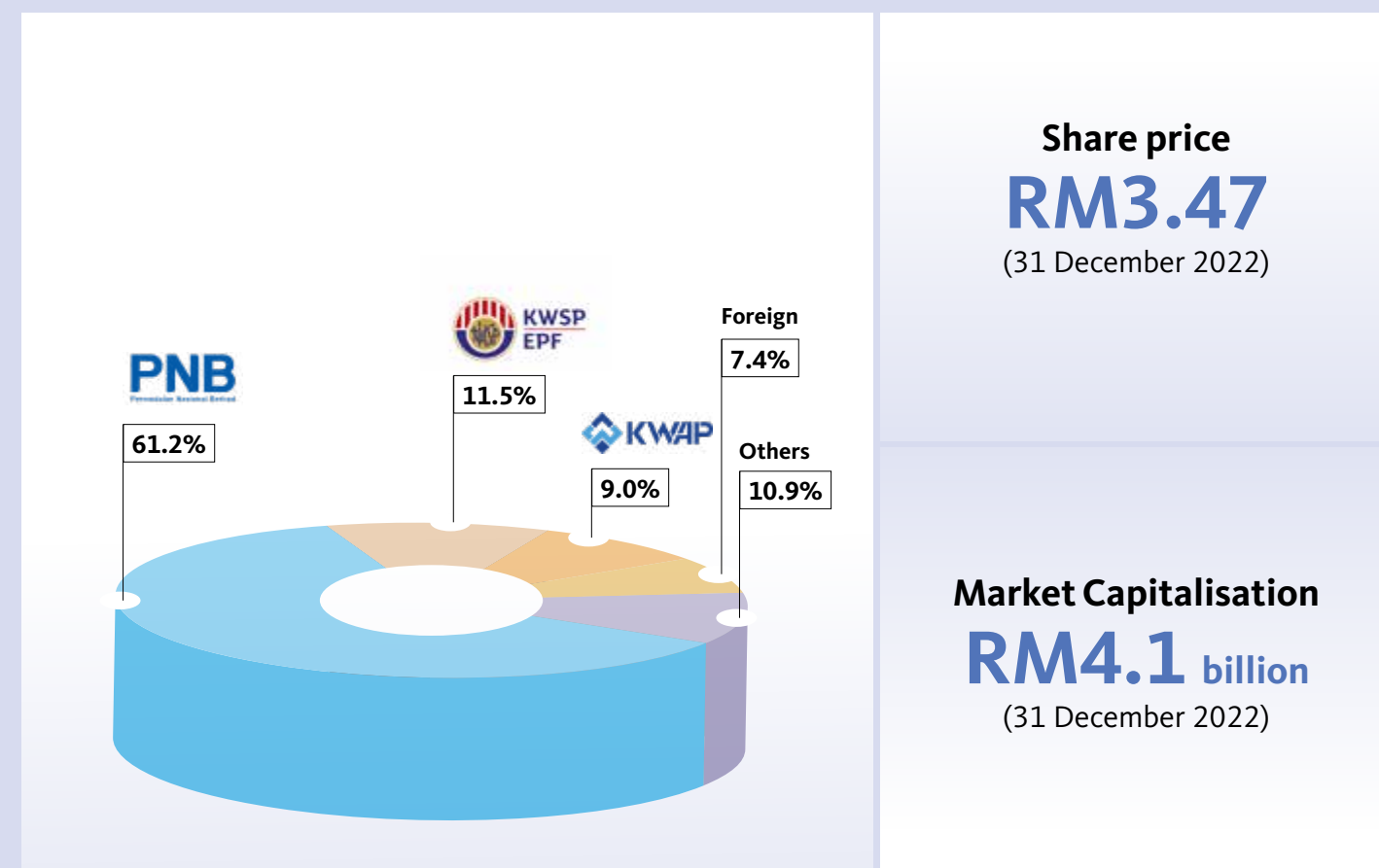
Affin Hwang Investment Bank Berhad	Kenanga Investment Bank Berhad
AmInvestment Bank Berhad	Macquarie Capital Securities (Malaysia) Sdn Bhd
Apex Securities Berhad	Maybank Investment Bank Berhad
CGS-CIMB Securities Sdn Bhd	MIDF Amanah Investment Bank Berhad
Citi Research	RHB Investment Bank Berhad
CLSA Securities Malaysia Sdn Bhd	TA Securities Holdings Berhad
Hong Leong Investment Bank Berhad	UOB Kay Hian (Malaysia) Holdings Sdn Bhd
KAF Equities Sdn Bhd	

2022 Share Price Movement

	31 December 2022	31 December 2021	Change	% Change
<b>KLCI Index</b>	1,495.49	1,567.53	(72.04)	(4.60)
<b>UMWH</b>	3.47	2.97	0.50	16.84



Shareholding Structure as at 31 December 2022



Statement on Compliance

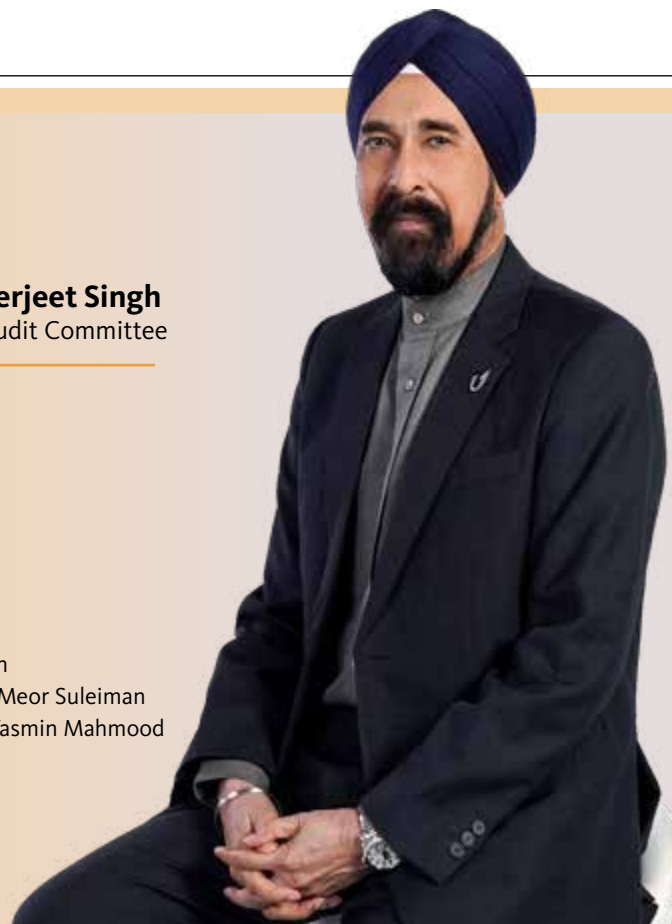
The Board is satisfied that the Group's governance framework complies with the principles and recommendations of MCCG and MMLR of Bursa Securities. Notwithstanding, my fellow Board members and I will endeavour to continuously raise the standards of governance in the Group and pledge to uphold our commitment and effort to enhance and promote the best practices of corporate governance throughout the Group and to achieve the highest standards of transparency, accountability and above all, integrity. This Corporate Governance Overview Statement is made in accordance with the resolution of the Board dated 30 March 2023.



# AUDIT COMMITTEE REPORT

# AUDIT COMMITTEE REPORT

## Dr. Veerinderjeet Singh Chairman of Audit Committee



### Members

- Razalee Amin
- Dato' Eshah Meor Suleiman
- Datuk (Dr.) Yasmin Mahmood

The Audit Committee (**AC**) comprises four (4) members, all of whom are Independent Non-Executive Directors, with Dr. Veerinderjeet Singh as the Chairman and Razalee Amin, Dato' Eshah Meor Suleiman and Datuk (Dr.) Yasmin Mahmood as members. The composition of the AC and the qualifications of its members comply with Paragraph 15.09 of the Main Market Listing Requirements (**MMLR**) of Bursa Malaysia Securities Berhad (**Bursa Securities**) and Practice 9.4 under Principle B of the revised Malaysian Code on Corporate Governance 2021 (**MCCG**).

Collectively, the AC members are qualified individuals having the required level of expertise to discharge the AC's functions and duties. The detailed profiles of the AC members and their qualifications are set out on pages 90, 91, 93 and 98 of this Integrated Annual Report.

### ROLES AND RESPONSIBILITIES

The AC is tasked with the primary objective of assisting the Board of UMW Holdings Berhad (**Board**) in fulfilling its statutory and fiduciary responsibilities in providing oversight on accounting practices (including taxation), financial reporting, effectiveness of the Group's internal controls as well as the external and internal audit functions of the Group.

The terms of reference (**TOR**) of the AC continues to remain aligned with the MMLR of Bursa Securities and the recommendations of the MCCG 2021 and other relevant Corporate Governance (**CG**) best practices. The AC's TOR is available on the Company's official website at [www.umw.com.my](http://www.umw.com.my).

### ANNUAL PERFORMANCE ASSESSMENT

In 2022, the AC members had undergone a comprehensive assessment as part of the Board & Directors Effectiveness Evaluation (**BDEE**) to assess the term of office, the performance and contribution of each AC member, taking into consideration among others, character, integrity, professionalism and competency, as well as the level of independence and professional development in accordance with the AC's TOR, as required under the MMLR of Bursa Securities and recommended under Principle B of the MCCG.

The Board and the Nomination & Remuneration Committee (**NRC**) were briefed on the outcome of the BDEE results pertaining to the performance of the AC and its members. The Board is satisfied that the AC and its members have discharged their functions, duties and responsibilities well, in accordance with the TOR of the AC. The AC has provided appropriate views and recommendations to assist the Board in making informed decisions that have contributed to the Board's discussions on the Group's business processes, quality of the accounting function, financial reporting, internal control and the external and internal audit functions.

### CONTINUOUS DEVELOPMENT

During the year under review, the AC members attended various conferences, seminars and training programmes to keep abreast with new developments pertaining to new financial reporting standards, legislation, regulations, current commercial issues and risks in order to effectively discharge their duties as the AC members.

The relevant programmes attended by the AC members in 2022 are set out under Practice 2.1 of the CG Report 2022.

### MEETINGS AND ATTENDANCE

The AC had six (6) meetings during the financial year ended 31 December 2022 (**FY2022**). The attendance of the AC members are as follows:

Members	Membership	Appointment	Attendance
<b>Dr. Veerinderjeet Singh</b>	Chairman/Senior Independent Non-Executive Director	15 June 2017 (Member) 1 September 2019 (redesignated as Chairman)	6/6 100%
<b>Tan Sri Hasmah Abdullah</b>	Member/Independent Non-Executive Director	24 September 2013 (retired on 2 September 2022)	4/4 100%
<b>Razalee Amin</b>	Member/Independent Non-Executive Director	1 September 2019	6/6 100%
<b>Dato' Eshah Meor Suleiman</b>	Member/Independent Non-Executive Director	12 October 2022	2/2 100%
<b>Datuk (Dr.) Yasmin Mahmood</b>	Member/Independent Non-Executive Director	12 October 2022	2/2 100%

The President & Group Chief Executive Officer (**PGCEO**), who is also the Chairman of the Management Audit Meeting (**MAM**), attended all the AC meetings to facilitate direct communication and to provide clarification on audit issues and the operations of the Group. The PGCEO, Dato' Ahmad Fuaad Kenali, attended all the six (6) AC meetings held in FY2022.

The Group Chief Financial Officer (**GCFO**) and the Head of Group Internal Audit Division (**GIAD**) also attended all AC meetings held during the year to brief the AC on pertinent issues relating to financial reporting, external and internal audit findings, internal controls and other related matters, in line with the mandate provided in the TOR of AC. Other senior management attendees from the relevant business units or divisions also attended the meetings at the invitation of the AC, to provide information and clarification required on specific issues arising from the internal audit reports or any matters of interest.

During the financial year, the AC had two (2) private sessions with the external auditors, Ernst & Young PLT (**EY**) without the presence of the Management in March and November 2022 to provide an opportunity to the external auditors to raise any matters or findings to be brought to the attention of the AC. These private sessions helped to reinforce the independence of the external auditors from the Management by providing a platform to the AC members to make enquiries on specific issues affecting the Group and for the external auditors to highlight any areas of concern in a timely manner.

For the purpose of the annual statutory audit, the external auditors' Lead Audit Engagement Partner also attended the relevant AC meetings to present the report on the audited financial statements of the Group, audit scope and plan, audit report and findings together with the Management's response thereto. The AC was also briefed on areas of audit emphasis and accounting treatment which they noted in the course of their audit. Other

observations and opportunities for improvement were also highlighted to the AC.

In accordance with the External Auditors Policy, the Lead Audit Engagement Partner in charge of the Company will be rotated every five (5) years and is required to observe a 5-year cooling-off period before being re-appointed.

As part of the AC's efforts to ensure the accuracy of the quarterly financial statements and their compliance with the applicable Financial Reporting Standards, EY was engaged to conduct a half yearly limited review on the Company's quarterly financial statements for the financial year under review, in accordance with the International Standard on Review 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The Chairman of the AC presented to the Board the AC's recommendations to approve the annual and quarterly financial statements. The AC Chairman also apprised the Board on the relevant/significant issues and areas of audit concern raised by the internal and external auditors during the year under review.

The Joint Group Secretary is the Secretary of the AC and played an important role in organising and providing assistance at the AC meetings. The Joint Group Secretary also presented to the AC on a quarterly basis, reports on recurrent related party transactions (**RRPT**) entered into by

## AUDIT COMMITTEE REPORT

## AUDIT COMMITTEE REPORT

the UMW Group with related parties in accordance with the shareholders' mandate obtained. Similarly, reports on other RRPT outside the shareholders' mandate were also tabled to the AC on a quarterly basis, where applicable.

The Joint Group Secretary also presented to the AC updates concerning corporate governance and/or regulatory requirements and guidelines. In addition, disclosures on dealings by Principal Officers in the Company's securities as well as Directors' interests in contracts were also presented to the AC during the year under review.

The minutes of each meeting of the AC were recorded and tabled for confirmation at the following AC meeting and are kept by the Joint Group Secretary and circulated to the Board at the next practicable Board meeting for notation.

#### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

In line with the TOR of the AC, the following activities were carried out by the AC during the FY2022:

##### FINANCIAL REPORTING

###### Reviewed and discussed:

- Impact to the Group with regard to changes to accounting policies and standards.
- The Group's financial and foreign currency exposure.

###### Reviewed and recommended to the Board:

- Quarterly financial results, announcements to Bursa Securities and press releases.
- Consolidated Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2021 (FY2021).
- Dividend payment for the financial year.
- Issuance of Letters of Financial Support to subsidiaries of the Company.

##### EXTERNAL AND INTERNAL AUDIT

###### EXTERNAL AUDIT

###### Reviewed and discussed:

- External Auditors' Audit Planning Memorandum outlining their scope of work for FY2022.
- External auditors' report on the status of FY2021 audit for the UMW Group.
- Status of the annual audit reports and the management letter on issues raised by the external auditors.
- Audit fees for the external auditors for FY2022.

##### EXTERNAL AND INTERNAL AUDIT (CONT'D)

###### Reviewed and highlighted to the Board:

- Areas of concern raised by the external auditors via private sessions between the AC members and external auditors without the presence of the Management.

###### Reviewed and recommended to the Board:

- Results on the external auditors' performance and independence evaluation for recommendation on their re-appointment in accordance with the External Auditors Policy.

###### INTERNAL AUDIT

###### Reviewed and discussed:

- GIAD's Audit Plan, Business Plan and Budget for the financial year 2023.
- Status of GIAD's Audit Plan and Management Action Plans.
- Audit, Special Review and Consultancy & Advisory Reports prepared by GIAD.
- GIAD's activities, which included, among others, audit fieldwork and report updates, manpower headcount and turnover rate, training, operating expenses and quality assurance improvement programmes.
- Recommendations made by GIAD and the adequacy of the Management's response to the audit findings and recommendations.
- 2021 performance review and 2022 Balanced Scorecard for GIAD.

##### RELATED PARTY TRANSACTIONS

###### Reviewed and discussed:

- RRPT entered into by the UMW Group with related parties in accordance with the shareholders' mandate obtained, including other RRPT outside the shareholders' mandate.

###### Reviewed and recommended to the Board:

- Circular to Shareholders relating to renewal of shareholders' mandate for existing RRPT of a revenue or trading nature and new mandate for additional RRPT.



## INTERNAL CONTROLS

**Reviewed and discussed:**

- Enhancement to the External Auditors Policy.
- Update on corporate governance, statutory and regulatory requirements, compliance with accounting standards and other business guidelines.
- Update on tax compliance status for the UMW Group.

**Reviewed and highlighted to the Board:**

- Update on corporate governance, statutory and regulatory requirements, compliance with accounting standards and other business guidelines.
- Update on the UMW Group's compliance with the direct/indirect tax and other statutory payment timelines as well as status of any Inland Revenue Board/Customs Department tax audits.

**Reviewed and recommended to the Board:**

- Enhancement to the External Auditor Policy.
- Corporate Governance Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Sustainability Report and the AC Report prior to inclusion in the Company's annual report.
- Enhancements to the UMW Group's practices in compliance with all laws, rules and regulations, directives and guidelines imposed by relevant regulatory bodies.

## OTHER ACTIVITIES

**Reviewed and discussed:**

- MAM reports.
- Action plan in relation to the special audit review on certain companies within the UMW Group.
- Proposals on write-off of receivables by companies within the UMW Group.
- Update on cybersecurity status within the UMW Group.

**Reviewed and recommended to the Board:**

- Results of the AC Evaluation and AC Members' Self and Peer Evaluation for FY2021.
- Zakat payment by the Company for FY2021.
- Ad-hoc and special assignments requested by the Board.

## INTERNAL AUDIT

The GIAD is an in-house internal audit function of the UMW Group, which is independent of the business operations and has a Group-wide mandate set out in its Audit Charter approved by the AC. It provides the Board, through the AC, with reasonable assurance on the adequacy and effectiveness of the risk management and internal control system, and governance processes within the UMW Group. The UMW Group is a corporate member of the Institute of Internal Auditors Malaysia (IIAM). The internal audit activities performed by the GIAD conforms with the International Standards for the Professional Practice of Internal Auditing.

For the financial year under review, the GIAD carried out audit activities in accordance with the 2022 Audit Plan approved by the AC on 25 November 2021. The audit plan was developed on a risk-based audit approach covering areas on governance, risk management, controls of high-risk business activities and information systems. The GIAD also carried out investigative and/or special review audits as and when required and reported directly to the AC on major findings and any significant control issues and concerns.

The GIAD conducts regular audits on all subsidiaries and principal areas of operations within the Group. It ensures that the Group's system of internal controls remain effective and efficient and are adequately monitored and enhanced when the need arises. The audit also covers the UMW Group's major information systems and applications.

The audit findings as well as outstanding audit issues, which require follow-up or corrective action by the Management, are highlighted to the MAM via a digital follow-up platform administered by the GIAD and accessible by the relevant stakeholders. All unresolved issues will be discussed further at the MAM for the purpose of assessing the adequacy and integrity of the system of internal controls of the UMW Group. Follow-up reports are subsequently prepared and presented to the AC on a quarterly basis. The AC, on a quarterly basis, reviewed and monitored the performance of the internal audit function to assess its effectiveness in discharging its duties and responsibilities.

The GIAD works collaboratively with the Group Risk Management unit to review and assess the adequacy and effectiveness of the risk governance framework and risk management processes of the Group.

A summary of activities of the GIAD in the year under review is as follows:

- Conducted scheduled and special internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements, where necessary.
- Reviewed the system of internal controls and key operating processes based on the approved annual plan by adopting strategic, thematic and risk-based approach by recommending improvements to the existing internal control system.
- Performed follow-up reviews to assess if appropriate actions have been taken to address issues highlighted in previous audit reports.
- Carried out investigative and/or special reviews requested by the AC or the Management.

For FY2022, the total cost incurred by the GIAD in discharging its internal audit function was RM3.121 million compared with RM4.369 million in FY2021. The Group's internal audit function was carried out solely by the GIAD and no areas of internal audit function were outsourced in FY2022.

For the period under review, Puan Wan Aishah Idris Muhamad Idris was the Group Head of Internal Audit who reported functionally to the AC and administratively to the PGCEO. The GIAD is currently manned by internal auditors, the majority of whom have the relevant qualifications and work experience with diverse background. The GIAD's 17 internal auditors are encouraged to continuously enhance their knowledge, skills and competencies through relevant professional audit certifications, seminars, courses and on-the-job trainings.

This AC Report is made in accordance with the resolution of the Board dated 30 March 2023.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In UMW, the Board of Directors (**Board**) is committed to maintaining a sound system of risk management and internal control whilst continuing to uphold and implementing a strong culture and environment for the proper conduct of the Group's business operations. Set out below is the Board's Statement on Risk Management and Internal Control (**Statement**) for the financial year ended 31 December 2022 which outlines the nature and scope of risk management and internal control of the Group.

### BOARD'S RESPONSIBILITY

The Board affirms its commitment and responsibility for the Group's Risk Management & Internal Control Systems covering not only financial controls but also strategic, operational, organisational and compliance controls, and for reviewing the adequacy, effectiveness, and integrity of these systems.

The implementation of these control systems is undertaken by the Management who regularly reports on risks identified and actions taken to mitigate and/or minimise such risks. During the year, the oversight of these critical areas is carried out by the Risk Management & Sustainability Committee (**RMSC**) (formerly known as Risk Management Committee) and the Audit Committee (**AC**).

The Group's Risk Management & Internal Control Systems are designed to meet the Group's particular needs, to efficiently and effectively manage the risks that may impede the achievement of the Group's business objectives, and to provide information for accurate reporting and ensure compliance with regulatory and statutory requirements.

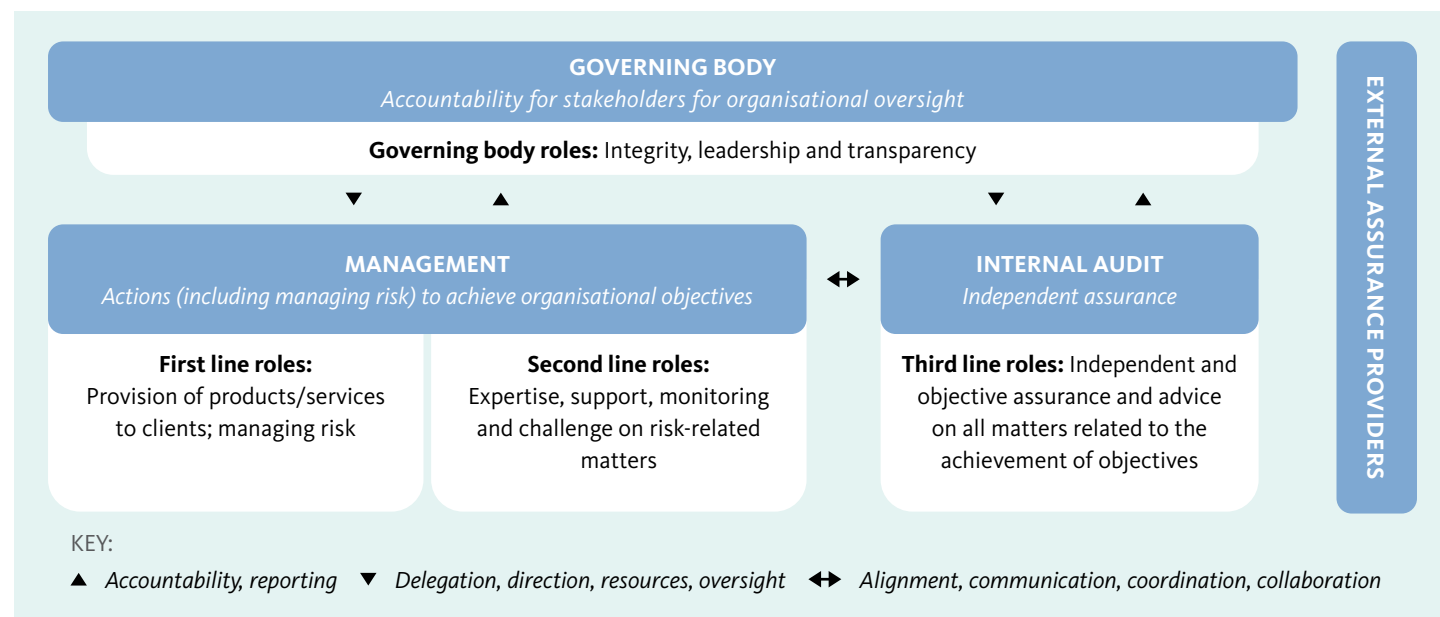
The process for the identification, evaluation, monitoring and managing of significant risks that may materially affect the Group's business objectives has been in place throughout the year under review and regularly appraised by the Board.

The Board recognises that these systems are designed to manage and mitigate, rather than eliminate the risk of failure to achieve the Group's business and corporate objectives within the risk appetite established by the Board and the Management. These systems can therefore provide only reasonable and not absolute assurance against material misstatement, loss or fraud. The Group's concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

### RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS

The Group has Risk Management & Internal Control Systems in place for managing risks and internal controls affecting its business operations. The maintenance of the Risk Management & Internal Control Systems is undertaken by the Management. Regular reports on risks identified and actions taken to mitigate and/or minimise such risks and gaps in the internal control systems, if any, are presented to the Management Risk Committee (**MRC**), the Management Audit Meeting (**MAM**), the RMSC and the AC and ultimately to the Board.

The key features of the Internal Control systems are the three lines of defence with established and clear functional responsibilities and accountability for the Management of risks and internal controls.



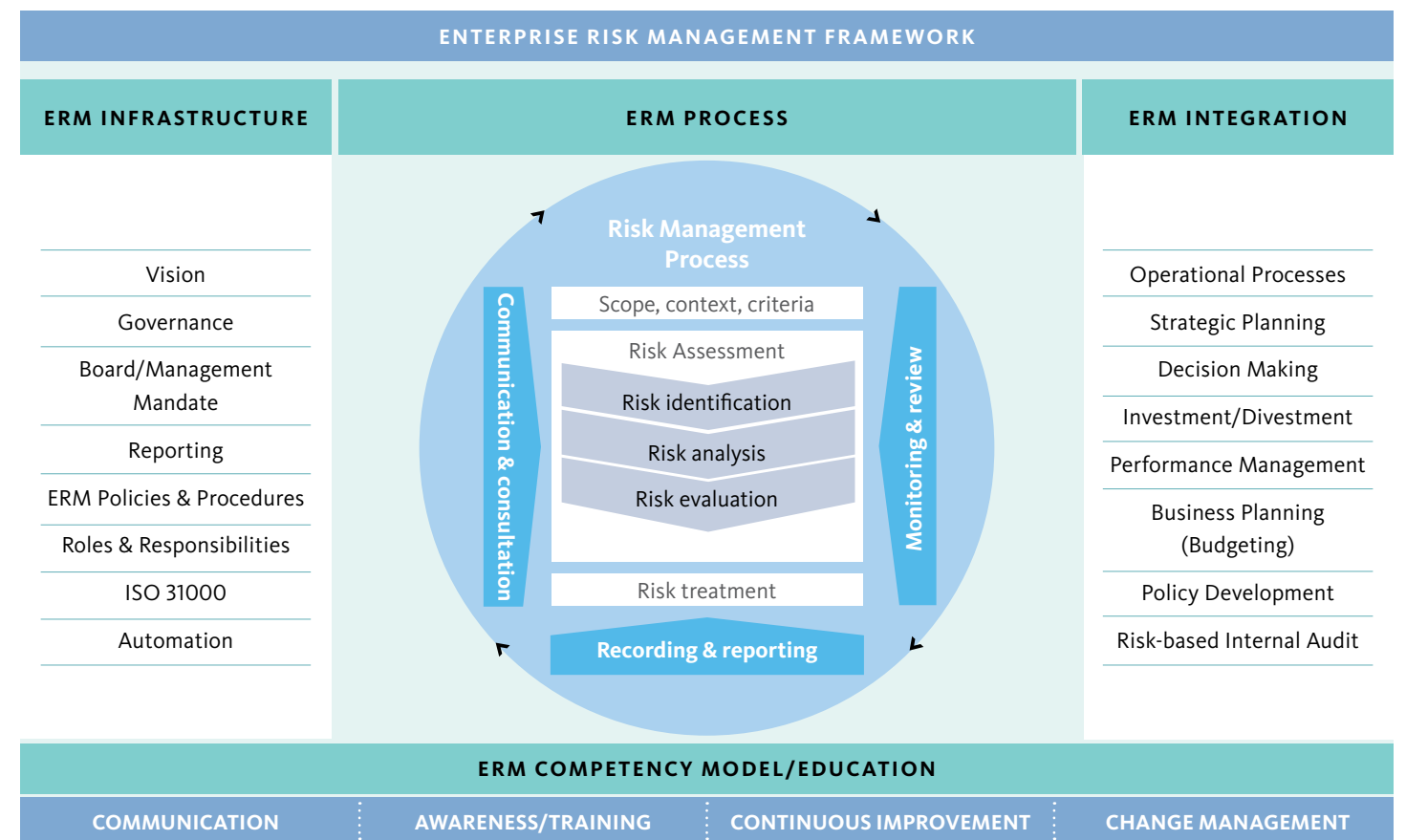
The Governing Body relates to the Board and AC, to which the internal audit function is accountable and reports to. The First Line role relates to the process owners at the operational and functional level, while the Second Line role relates to compliance and risk management functions. The Third Line relates to the internal audit function that evaluates the adequacy and effectiveness of the First and Second Lines and reports the same to the Board and AC.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MANAGEMENT

On 27 July 2022, the Enterprise Risk Management Policy & Framework (**ERM Framework**) has been revised and approved by the Board as part of continuous improvement initiatives in order to align with the latest international standards as well as the corporate governance practices. The ERM Framework provides the Group a structured approach to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, the ERM framework aims to provide an integrated and organised approach Group-wide.

The ERM methodology which is in line with the ISO31000:2018 Risk Management – Guidelines promotes the risk ownership and continuous monitoring of key risks identified. The Group's ERM Framework is summarised as follows:



#### (a) Risk Management Oversight

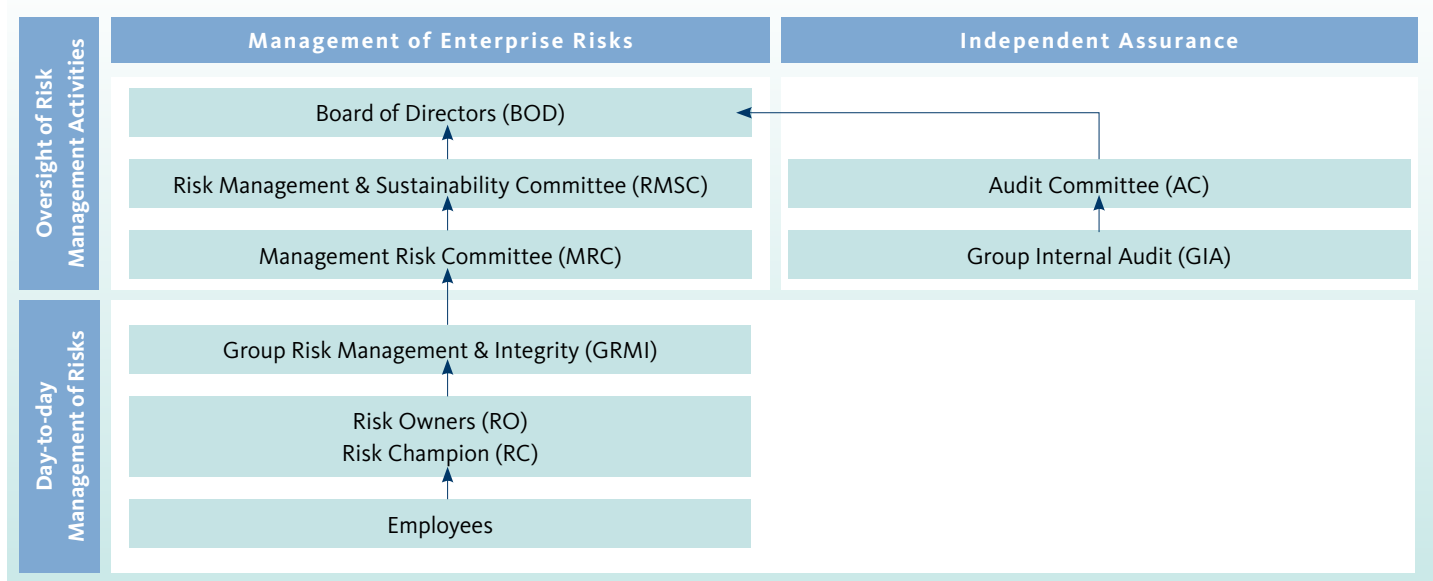
The oversight role of risk management is carried out by the RMSC and the Board. The mandate and commitment from the RMSC and the Board are the key drivers to the effective implementation of the ERM programmes. The RMSC and the Board set the strategic direction for risk roles, responsibilities, and risk reporting structures. The periodic reporting to both the RMSC and the Board on risk management activities undertaken by the Management via the MRC, keeps the RMSC and the Board apprised and advised of all aspects of the ERM, and significant individual risks and risk trends.

The MRC comprises members of the Management Committee. The MRC maintains the risk oversight within the Group at the Management level, as outlined in the Group's ERM Framework. At the Board level, the RMSC assumes the oversight and strategic role for the ERM. In addition to the reporting requirements to the RMSC and the Board, the MRC has specific responsibilities which include, amongst others, to formulate and implement the ERM mechanism to comply with the requirements of the ERM policy and to articulate and challenge risk ratings.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The level of the Board and the Management participation and reporting structure is as shown below:



The MRC is assisted by the Group Risk Management and Integrity Division (**GRMI**) whose primary role is to ensure effective implementation of the risk management and business continuity management framework, programmes and risk-related education across the Group, and the provision of independent and objective assessment of risks as well as timely reporting to the MRC, the RMSC and the Board.

**(b) Risk Management Policy**

The Board recognises that risk is an inherent part of the Group’s business, presenting both threats and opportunities. In order to achieve corporate goals and meet shareholders’ expectations, the Board would have to make decisions which will involve some degree of risk. The following risk policy provides guidance on the management of risks and applies across all Strategic Business Units (**SBU**s) and Corporate Divisions:

- To integrate risk management into the UMW culture, business activities and decision-making processes.
- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively.
- To manage risks pragmatically, to an acceptable level given the particular circumstances of each situation.
- To require that all proposals submitted to the Board by the Management relating to strategy, key projects, significant action or investment must include a detailed risk assessment report.
- To implement a robust and sustainable risk management framework that is aligned with the Group’s vision and mission and in accordance with best practices.

**(c) Risk Management Process**

The Group’s ERM Framework has a structured process for SBUs and Corporate Divisions to identify, analyse, evaluate, treat, communicate and monitor their risks. The risks are identified based on the Group’s goals and objectives and assessed against the Group’s risk parameters. Risks are reassessed and monitored on an ongoing basis to ensure appropriate actions are taken to manage such risks. A risk escalation procedure on significant changes to existing risks and emerging risks has also been established to escalate the risks for the Management’s action.

There is a clear categorisation of the risk appetite. Individual risks are measured against a set of tolerance levels. Consistent risk parameters have been defined on a 3-tier basis and risk profiles are consolidated and aggregated from these tiers to facilitate a consolidated view of the risk exposure at the Group level.

**(d) Management of Strategic and Operational Risks**

The contexts within which the Group manages the risks and key focus of accountability are as follows:

- **Strategic risks** are risks primarily caused by events that are internal and external to the Group but have a significant impact on its strategic decisions or activities. Accountability

for managing strategic risks therefore rests with the Board and President & Group CEO (**PGCEO**). The benefit of effectively managing strategic risks is that the Group can better analyse, forecast and quickly adapt to the changing demands that are placed upon the Group. It also means that the Group is less likely to be affected by internal and external events that call for significant change.

- **Operational risks** are inherent in the ongoing activities within the different SBUs of the Group. Typically, the risks are associated with day-to-day operational performance and activities which include financial, compliance and hazard risks whereby the Management needs ongoing assurance that the operational risks are identified and managed. Accountability for managing operational risks rests specifically with the Heads of SBUs and Corporate Divisions.

In this context, the ERM aligns UMW’s strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks that the Group faces as it creates value.

**(e) Risk Reporting**

The Group’s ERM Framework provides for regular review and reporting. The reports include the risk profiles and risk action plans (**RAP**s). During the year under review, these reports were presented to and deliberated by the MRC and RMSC four (4) times. The same reports were subsequently presented to the Board.

**(f) Risk Management Activities**

As part of the Group’s effort to instil a proactive risk management culture and ownership, the following activities were undertaken during the year under review:

- Held discussions with Heads of SBUs and Corporate Divisions to obtain endorsement of their key risks.
- Provided risk advisory and independent assessment as well as facilitated 43 assessments/workshops across the Group.
- Refine the risk depository system for purposes of risk tracking and monitoring.
- Rolled out a Business Continuity Management (**BCM**) programme for the SBUs.

In 2022, the Business Continuity Office (**BCO**) team continued to provide awareness and education programmes for both UMW Motor and Non-Motor employees.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

No.	BCM Programmes	No of Activities
1	BCM Awareness	9
2	BCM Workshop	57
3	BCM Audit	4
4	BCM Testing	
	- Crisis Simulation Exercise (Tabletop)	3
	- Call Tree Exercise	12
	<b>TOTAL</b>	<b>85</b>

To date, the BCO team has implemented BCM Programmes for 50 entities in both UMW Motor and UMW Non-Motor, culminating in the creation of a total of 142 Business Impact Analysis (BIA) and 142 Business Continuity Plans (BCP).

Two (2) UMW companies, namely UMW Corporation Sdn Bhd and KYB-UMW Malaysia Sdn Bhd have been successfully recertified to the BCMS ISO 22301:2019 Standard for a further three (3) years. Additionally, the BCO continued to be a Corporate Partner with the Business Continuity Institute of UK (**BCI**) for the third consecutive year to improve its competency by accessing the latest knowledge and research on business resilience. The BCO team will also continue its efforts in imparting knowledge of BCM across the UMW Group including overseas companies to ensure resilience in times of crisis and business disruption.

**MAIN FEATURES OF INTERNAL CONTROL**

The Board regularly appraises ongoing processes for identifying, evaluating, monitoring and managing significant risks of the Group throughout the year. The main features of the Group’s internal control systems are described below:

**(a) Board and Board Committees**

The Board, in discharging its duties, has established several committees, namely the AC, the Nomination & Remuneration Committee, the Investment Committee, the RMSC, the Integrity & Whistle-Blowing Committee (**IWBC**) and the Employees’ Share Option Scheme Committee. The Board Committees operate within clearly defined terms of reference, procedures and authority delegated and approved by the Board, which are reviewed from time to time to ensure that they are relevant and up to date.

The Board and the Board Committees meet on a scheduled basis and additional meetings may be called by the Chairman of the Committees when required.

Further information on the Board and the Board Committees is available in the Corporate Governance Report at [www.umw.com.my](http://www.umw.com.my).

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**(b) Organisation Structure and Reporting Lines**

The Group has a well-defined organisation structure that is aligned to the business requirements with clearly defined delegation of responsibilities to the Board, the Board Committees and the Management, which promotes accountability.

The Board and the Board Committees are supported operationally by the Management Committee which is headed by the PGCEO.

In 2022, the Management Committee met 15 times on a scheduled basis to discuss its strategic business agenda thus channelling appropriate inputs to the Board for its oversight of the Group's operations and maintenance of effective control. The organisation structure and delegation of responsibilities are communicated throughout the Group which set out, amongst others, authorisation levels, segregation of duties and other risk and control procedures.

**(c) Management Audit Meeting**

**MAM** was established as a substitute to the Management Audit Committee (**MAC**) effective from 10 August 2020 with the following primary objectives:

- To assess the adequacy and effectiveness of internal controls on operations and compliance with the established policies, procedures and legal requirements;
- To review and conclude action plans that should be taken by Auditee on audit findings raised through consensus and mutual agreement;
- To deliberate upon the corrective actions to be taken and its implementation; and
- To follow-up on status of implementation of agreed action plans.

The action plans and status of the matters highlighted in the Internal Audit Reports were updated in the Follow-Up System administered by GIAD and accessible by the stakeholders. Unresolved issues will be discussed during MAM for deliberation.

Follow-up reports were subsequently prepared and presented to the AC by GIAD.

**(d) Information Technology (IT) Policies**

The Group's IT System is governed by the IT Policies. These policies prescribed the use of all IT facilities within the Group which include but not limited to IT Security Policies, Information Security Policies, E-Mail Policies, Anti-Virus Policies, Software Usage Policies and Backup Policies.

IT Key Risks were identified through risk management process and managed by the UMW IT Services Sdn Bhd (except for Automotive Division) and the Information Technology Services Division for Automotive Division.

These key risks which cover the areas of IT services, Cyber Security and Disaster Recovery were reported to the Board through the MRC and the RMSC.

Key IT projects are monitored through the Project Management Office (**PMO**) of UMW IT Services Sdn Bhd (except for Automotive Division). The PMO is also tasked to highlight any governance, risk and control issues to the Project Steering Committee (**PSC**). PSC's primary function is to take responsibility for the feasibility, business case and the achievement of outcomes of the projects for the UMW Group.

In 2022, a Group Information Security Committee (**GISC**) was setup during the implementation of Information Security Policies, to monitor the effectiveness of controls implemented based on ISO27001:2012 to further improve our internal controls.

**(e) Group Internal Audit Division**

The Group has an adequately resourced the Group Internal Audit Division (**GIAD**) which is an integral part of the Group's internal controls system, risk management and governance processes.

The GIAD reports directly to the AC and provides independent, reasonable and objective assurance in addition to consulting services designed to add value and improve efficiency of the Group's operations.

The GIAD adopts a risk-based approach in developing its audit plan by taking into consideration key risk areas based on the Group's risks profile and conducts regular audits on all subsidiaries and principal areas of operations within the Group. It ensures that the Group's system of internal control remains effective and efficient, is adequately monitored and enhanced when the need arises. The audit also covers the Group's major information systems and applications.

The internal audit reports include reporting on components prescribed in the Committee of Sponsoring Organisation of the Treadway Commission (**COSO**) Internal Control Framework, recommendations to improve controls, the Management's response and agreed action plans and timelines are issued to the AC and the Management. The implementation of the agreed action plans is monitored by GIAD.

The MAMs are held four (4) times a year to deliberate on the audit reports, discuss and monitor the implementation of the Management action plans on the audit issues. The updated action plans and timelines as agreed at the MAM are tabled to the AC for their oversight review and where applicable, recommendations to strengthen controls.

**(f) Integrity & Governance Unit**

In 2022, the Integrity & Governance Unit (**IGU**) continued to implement the initiatives under the 3-Year IGU Blueprint (2021-2023) towards a "Sustainable Bribery and Corruption Free" organisation.

Various activities and initiatives were implemented throughout the Group with the strong support from 42 Integrity Governance Representatives (**IGR**). In May 2022, internal audit was conducted by the IGR in order to provide information on whether the anti-bribery management systems in UMW Corporation Sdn Bhd conform to the ABMS requirements and is effectively implemented and maintained. The results of the audit were presented to the MRC, IWBC and subsequently to the Board for notation.

In preparation for the external audit by the certification body – SIRIM, the IGU had conducted several activities such as walk-tour to all departments, distribution of Section 17A MACC Act info cards to all employees, as well as engagement with the IGRs. UMW Corporation Sdn Bhd was awarded with the ABMS ISO 37001:2016 Certificate on 21 October 2022.

IGU had communicated the anti-bribery related policies such as the UMW Group Anti-Bribery & Corruption policy, the UMW Group Whistleblowing policy, the UMW Group Raid Protocol and the Gifts and Entertainment policy to the employees via the Awareness and Integrity Clinic Programme. IGU had also successfully carried out the engagement programme in the central region, northern region as well as Sabah and Sarawak.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The IGU had also re-introduced e-learning and e-pledge on Anti-Bribery and Corruption which were implemented in March 2022. The e-learning and e-pledge was assigned to all employees as part of creating awareness and ensuring that all UMW employees observe and uphold high integrity in all their business dealings.

**(g) Policies, Guidelines and Procedures**

- **Written Policies and Guidelines**

Clearly defined and documented internal policies and guidelines have been established through the relevant charters, terms of reference, organisational structures and appropriate authority limits.

The Group's policies and guidelines have been communicated throughout the Group for implementation and compliance. These policies and guidelines are approved by the Board and regularly updated to reflect changing business requirements. Furthermore, these policies and guidelines are also used as a basis to develop standard operating procedures across the Group.

- **Limits of Authority and Responsibility**

Clearly defined and documented lines and limits of authority, responsibilities and accountability have been established by the Group in the form of the Financial Limits Authority Guidelines (**FLAG**).

The FLAG outlines the authority of the Board and its Committees and that of the Management for all transactions and in compliance with applicable laws and regulations that have significant financial implications. The FLAG is also regularly updated to reflect changing risks and/or to address operational deficiencies.

- **Standard Operating Procedures**

Procedures are also in place to ensure that assets are subject to proper physical controls and that the organisation remains structured to ensure appropriate segregation of duties. These procedures which are developed by the Management and compiled as the UMW Group Policies and Guidelines are used in governing the day-to-day business operations within the Group.

**(h) Comprehensive Budgeting and Forecasting System**

The Group performs a comprehensive annual budgeting and forecasting exercise including the development of business strategies and key performance indicators which are deliberated and approved by the Board each year.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

During the business planning session, companies within each SBU performs a critical self-assessment which involves analysis of strengths, weaknesses, opportunities, problems and threats together with action plans to address issues identified.

Budgets prepared by the SBUs are regularly updated and explanations on variances are incorporated in management reports which are prepared and reported on a quarterly basis to the Board. These management reports analyse and explain variances against plan and report on the achievement of the key performance indicators after taking into account the changes in market conditions and significant business risks.

The Group employs a reward and recognition framework which is based on the achievement of the key performance indicators that measure the goals and targets for each individual SBU in alignment with the Group's business objectives and strategies.

**(i) Monitoring, Reporting and Reviewing**

The effectiveness of the Group's systems of Risk Management & Internal Controls are monitored through a monthly management review of financial and operating results, business processes, the state of internal controls and business risk profile by the respective Heads of SBUs and reported to the Management Committee.

In addition to the monthly reporting, the PGCEO undertakes a mid-term business review on all SBUs and initiates corrective measures where needed. Apart from that, regular internal visits are also made to companies within each SBU by the Senior Management to monitor compliance with policies and to assess their performance. The Board is updated on the business performance on a quarterly basis.

These reviews are supplemented by a comprehensive review undertaken by the GIAD on controls implemented at each individual business unit. Reports on the reviews carried out by the GIAD are submitted on a regular basis to the AC and the Management. These reports assess the impact of control issues and recommend appropriate actions to be taken to strengthen controls. The 2022 Internal Audit Plan covered all key local and overseas businesses within the UMW Group. The areas reviewed include thematic reviews on adequate procedures for anti-corruption, manpower planning, IT project and identity access management, as well as operational reviews on key areas such as sales, procurement, inventory, property development and information technology.

Quarterly MAMs are held to discuss the progress of agreed management action plans on items reported in the audit reports, prior to presenting it to the AC. In 2022, the Management had resolved 97% of the agreed action plans while the remaining

outstanding items are still within the agreed timelines for implementation.

For associated companies and joint ventures, the Group's interests are served through representations on the Boards of the respective associated companies and joint ventures, receipt and review of respective management accounts, and enquiries thereon. Such representation also provides the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the associated companies and joint ventures.

**BOARD COMMENTARY AND OPINION**

The Board has received written assurance from the PGCEO and the Group Chief Financial Officer stating that the Group's Risk Management & Internal Control Systems operated adequately and effectively, in all material aspects, for the financial year ended 31 December 2022 up to the date of this Statement.

The Board is of the view that during the year under review, weaknesses noted in the Risk Management & Internal Control Systems which had resulted in material losses, contingencies or uncertainties were appropriately managed within the Group.

The Board is satisfied that the Risk Management & Internal Control Systems of the Group are sound and sufficient, and therefore remains committed in ensuring that appropriate initiatives and active measures are taken to improve and enhance/strengthen these systems so that stakeholders' interest and the Group's assets are effectively safeguarded.

**REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS**

The External Auditors, Ernst & Young PLT (**EY**), have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 (Revised 2018), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the integrated annual report.

EY have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control of the Group, in accordance with the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

This Statement is made in accordance with the resolution of the Board dated 30 March 2023.

**ADDITIONAL COMPLIANCE INFORMATION**

The following information is provided in compliance with Appendix 9C of the MMLR:

**Utilisation of Proceeds**

There were no proceeds raised from corporate proposals during the financial year.

**Non-Audit Fees**

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2022 by the Company's external auditors or their affiliates is disclosed in Note 30 of the Audited Financial Statements.

**Material Contracts Involving Interests of Directors and Major Shareholders**

The material contract entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interests, either subsisting as at 31 December 2022, or entered into since the end of the previous financial year ended 31 December 2021, is as follows:

1. Joint Venture Agreement (**JVA**) dated 2 February 1993 between UMW Corporation Sdn Bhd (**UMWC**), PNB Equity Resource Corporation Sdn Bhd (**PERC**), Med-Bumikar Mara Sdn Bhd, Daihatsu (Malaysia) Sdn Bhd (**DMSB**), Daihatsu Motor Co Ltd (**DMC**) and Mitsui & Co Ltd (**MBK**) in respect of a joint venture to set up Perusahaan Otomobil Kedua Sdn Bhd (**Perodua**) to undertake Malaysia's second national car project.

Supplement and Amendment Agreement dated 5 December 2001 between UMWC, DMC, MBM Resources Berhad (**MBM**), PERC, MBK and DMSB in respect of the setting up of Perodua Auto Corporation Sdn Bhd and the restructuring of the manufacturing subsidiaries of Perodua, i.e. Perodua Manufacturing Sdn Bhd (**PMSB**) and Perodua Engine Manufacturing Sdn Bhd (**PEMSB**) to enable the Perodua Group to acquire the ability to compete in the post-AFTA era with assistance from DMC, through DMC's management control in PMSB and PEMS, in improving production efficiencies, reducing cost and enhancing quality and increasing Perodua's competitiveness in the industry.

Supplemental Agreement dated 22 April 2013 between UMWC, PERC, MBM, DMSB, DMC, MBK and Mitsui Co (Asia Pacific) Pte Ltd in respect of the setting up of a new manufacturing company, i.e. Perodua Global Manufacturing Sdn Bhd (**PGMSB**) and the construction of a new plant, to enable the Perodua Group to achieve global competitiveness in a shorter time with assistance from DMC's management control in PGMSB, by reforming corporate culture, exercising structural transformation of systems, including but without limitation, to procurement system and/or personnel system.

PERC, a wholly-owned subsidiary of Permodalan Nasional Berhad (**PNB**), had on 20 December 2018, transferred all its shares in Perodua to AmanahRaya Trustee Berhad (**ART**) as a trustee to Amanah Saham Malaysia 3 (**ASM3**). The parties named in the JVA and ART had on 18 September 2020, entered into a supplemental agreement in this respect.

ASM3 is a unit trust managed by PNB. PNB and/or funds managed by it, is a major shareholder of UMW Holdings Berhad, the parent company of UMWC.

**Contracts Relating to Loans**

There were no contracts relating to loans by the Company involving Directors and Major Shareholders during the financial year ended 31 December 2022.

## ADDITIONAL COMPLIANCE INFORMATION

## Recurrent Related Party Transactions of a Revenue or Trading Nature

At the 40<sup>th</sup> AGM of the Company held on 26 May 2022, the Company had obtained a Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature (**RRPT**).

In accordance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR, details of the RRPT conducted during the financial year ended 31 December 2022 pursuant to the Shareholders' Mandate are as follows:

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
Toyota Motor Corporation, Japan ( <b>TMC</b> )	TMC has 39% direct shareholding in UMW Toyota Motor Sdn Bhd ( <b>UMW Toyota</b> ), a 51%-owned subsidiary of UMW Corporation Sdn Bhd ( <b>UMWC</b> ), which is in turn a wholly-owned subsidiary of UMW Holdings Berhad ( <b>UMW</b> ).  UMW Toyota has 100% equity interest in Assembly Services Sdn Bhd ( <b>ASSB</b> ).  Denso International Asia Pte Ltd, Singapore ( <b>DIA</b> ) has 72.73% equity interest in Denso (Malaysia) Sdn Bhd ( <b>Denso</b> ). DIA is a wholly-owned subsidiary of Denso Corporation, Japan, a company in which TMC has 24.38% equity interest.  TMC has indirect interest in Daihatsu Perodua Engine Manufacturing Sdn Bhd ( <b>DPEM</b> ), an 18.62%-owned associated company of UMW Automotive Sdn Bhd, via its wholly-owned subsidiary, Daihatsu Motor Co Ltd, Japan ( <b>DMC</b> ). DMC in turn, has 51% equity interest in DPEM.	• Purchase of vehicle parts by UMW Toyota from Denso.	511,170
		• Purchase of vehicle parts by ASSB from Denso.	216,440
		• Purchase of engines by ASSB from DPEM.	209,040
TMC	TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.  UMW Toyota has 100% equity interest in Automotive Industries Sendirian Berhad ( <b>AISB</b> ).  TMC has indirect interest in DPEM, an 18.62%-owned associated company of UMWC, via its wholly-owned subsidiary, DMC. DMC in turn, has 51% equity interest in DPEM.  TMC has indirect interest in Perodua Engine Manufacturing Sdn Bhd ( <b>PEMS</b> ) by virtue of its 100% shareholding in DMC. DMC has 20% and 41% equity interests in Perusahaan Otomobil Kedua Sdn Bhd ( <b>Perodua</b> ) and Perodua Auto Corporation Sdn Bhd ( <b>PCSB</b> ), respectively.  Perodua and PCSB in turn have 49% and 51% equity interests in PEMS, respectively.	• Sale of stamping parts and manifold assembly exhaust by AISB to DPEM.	115,172
		• Sale of stamping parts and manifold assembly exhaust by AISB to PEMS.	53,617

## ADDITIONAL COMPLIANCE INFORMATION

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
TMC	TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.  UMW Toyota has 100% equity interest in ASSB.  UMW Toyota has 10% equity interest in JTEKT Automotive (Malaysia) Sdn Bhd ( <b>JAMSB</b> ).  TMC has 22.5% equity interest in JTEKT Corporation, Japan, which in turn has 90% equity interest in JAMSB.	• Purchase of vehicle spare parts/local parts by UMW Toyota from JAMSB.	90,175
		• Purchase of vehicle parts by ASSB from JAMSB.	106,295
TMC	TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.  UMW Toyota has 100% equity interest in ASSB.  TMC has indirect interest in Toyota Boshoku UMW Sdn Bhd ( <b>TBU</b> ), via its 39% equity interest in UMW Toyota and 31% equity interest in Toyota Boshoku Corporation, Japan ( <b>TBC</b> ). UMW Toyota and TBC in turn have 65% and 35% equity interests in TBU, respectively.  TMC has 21.69% equity interest in Toyota Tsusho Corporation, Japan ( <b>TTC</b> ).  TTC has 70% equity interest in Toyota Tsusho (Malaysia) Sdn Bhd ( <b>TTM</b> ).  TMC has indirect interest in Perodua Manufacturing Sdn Bhd ( <b>PMSB</b> ) by virtue of its 100% shareholding in DMC. DMC has 20% and 41% equity interests in Perodua and PCSB, respectively.  Perodua and PCSB in turn have 49% and 51% equity interests in PMSB, respectively.	• Sale of completed vehicle seats, local vehicle original equipment ( <b>OE</b> ) parts by TBU to ASSB.	389,988
		• Purchase of fabric and CKD seat components by TBU from TTM.	233,807
		• Sale of completed vehicle seats, local vehicle OE parts by TBU to PMSB.	78,304



## ADDITIONAL COMPLIANCE INFORMATION

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
TTC	TMC and TTC have 39% and 10% direct shareholding, respectively, in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.  UMW Toyota has 100% equity interest in ASSB.  TMC has 21.69% equity interest in TTC.  TTC has 70% equity interest in TTM.  TTC and TTM have 51% and 19% equity interests in UMW Toyotsu Motors Sdn Bhd ( <b>UMW Toyotsu</b> ), respectively, which is in turn a 30%-owned associated company of UMWC.	<ul style="list-style-type: none"> <li>Sale of vehicles and parts by UMW Toyota to UMW Toyotsu.</li> </ul>	223,163
TMC	TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.  UMW Toyota has 100% equity interest in ASSB.  Toyota Daihatsu Engineering & Manufacturing Co Ltd ( <b>TDEM</b> ) is a wholly-owned subsidiary of TMC.	<ul style="list-style-type: none"> <li>Purchase of machineries, equipment, machine parts, sample parts, provision of technical support, system implementation and training by ASSB for the new model investment, from TDEM/TMC.</li> </ul>	49,106
TMC	TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.  TMC has indirect interest in PMSB by virtue of its 100% shareholding in DMC. DMC has 20% and 41% equity interests in Perodua and PCSB, respectively.  Perodua and PCSB in turn have 49% and 51% equity interests in PMSB, respectively.	<ul style="list-style-type: none"> <li>Purchase of assembled vehicles by UMW Toyota from PMSB.</li> <li>Purchase of tooling by UMW Toyota from PMSB.</li> </ul>	448,645 107,005
TTC	TTC has 10% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.  UMW Toyota has 100% equity interest in ASSB.  TTC has indirect interest in Total Logistic Services (M) Sdn Bhd ( <b>TLS</b> ) by virtue of its 70% direct shareholding in TTM. TTM in turn has 22.95% shareholding in TLS.	<ul style="list-style-type: none"> <li>Sale of vehicle parts by UMW Toyota to TLS for production of vehicle module component.</li> <li>Sale of local vehicle parts by ASSB to TLS for production of vehicle module component.</li> <li>Purchase of vehicle module component by ASSB from TLS for assembly of selected Toyota models.</li> </ul>	723,914 490,511 1,268,408

## ADDITIONAL COMPLIANCE INFORMATION

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
TMC	TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.  UMW Toyota has 100% equity interest in ASSB.  TMC has 100% equity interest in Toyota Auto Body Co Ltd, Japan, which in turn has 100% equity interest in Toyota Auto Body (Malaysia) Sdn Bhd ( <b>TABM</b> ).	<ul style="list-style-type: none"> <li>Purchase of vehicle parts by ASSB from TABM.</li> </ul>	393,163
Komatsu Ltd ( <b>Komatsu</b> )	Komatsu has direct and indirect interests in UMW Komatsu Heavy Equipment Sdn Bhd ( <b>UKHE</b> ) and its subsidiaries by virtue of its 26% direct shareholding in UKHE, a 74%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.  UMW Equipment Sdn Bhd ( <b>UESB</b> ) is a wholly-owned subsidiary of UKHE.  UMW Niugini Limited ( <b>UMW NL</b> ) is a 94.4%-owned subsidiary of UKHE.  UMW (East Malaysia) Sdn Bhd ( <b>UMW EM</b> ) is a wholly-owned subsidiary of UKHE.  UMW Heavy Equipment (S) Pte Ltd ( <b>UHES</b> ) is a wholly-owned subsidiary of UKHE.  UMW Engineering Services Limited ( <b>UESL</b> ) is a 99.9%-owned subsidiary of UKHE.  Bangkok Komatsu Co Ltd ( <b>BKC</b> ) is a 74.84%-owned subsidiary of Komatsu.  Komatsu Parts Asia Co Ltd ( <b>KPAC</b> ) is a wholly-owned subsidiary of Komatsu.	<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UESB from Komatsu.</li> <li>Purchase of industrial and heavy equipment and related spares by UMW NL from Komatsu.</li> <li>Purchase of industrial and heavy equipment and related spares by UMW EM from BKC.</li> <li>Purchase of industrial and heavy equipment and related spares by UESB from BKC.</li> <li>Purchase of industrial and heavy equipment and related spares by UESB from KPAC.</li> <li>Purchase of industrial and heavy equipment and related spares by UHES from KPAC.</li> <li>Purchase of industrial and heavy equipment and related spares by UMW NL from BKC.</li> <li>Purchase of industrial and heavy equipment and related spares by UMW NL from KPAC.</li> <li>Purchase of industrial and heavy equipment and related spares by UHES from Komatsu.</li> </ul>	11,417 24,875 41,817 59,104 18,896 33,560 37,120 29,607 5,032

Notwithstanding the related party disclosures already presented in the audited financial statements in accordance with Malaysian Financial Reporting Standard 124 (**MFRS 124**), the above disclosures are made in order to comply with Paragraph 10.09 and Paragraph 3.1.5 of Practice Note 12 of the MMLR with regard to the value of RRPT conducted in accordance with the Shareholders' Mandate during the financial year, as the scope of related party relationships and disclosures contemplated by the MMLR are, to a certain extent, different from those of MFRS 124.

The shareholdings of the respective interested major shareholders as shown above are based on information disclosed in the Circular to Shareholders dated 26 April 2022 in relation to the Proposed Renewal of Shareholders' Mandate for Existing RRPT and Proposed New Shareholders' Mandate for Additional RRPT of a Revenue or Trading Nature.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The Board of Directors (Board) is responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the provisions of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the applicable Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board.

The Board is also responsible for ensuring that the annual audited financial statements of the Group and of the Company present a true and fair view of the financial positions of the Group and of the Company as at the financial year end, and of their financial performances and cash flows for the financial year then ended.

In preparing the annual audited financial statements of the Group and of the Company for the financial year ended 31 December 2022, the Board has ensured that appropriate accounting policies are adopted and consistently applied, reasonable and prudent estimates have been made, and confirm that the financial statements have been prepared on a going concern basis.

The Board also has overall responsibility for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

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## DIRECTORS' REPORT

DIRECTORS' REPORT (CONT'D.)

### Directors' report

The directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

### Principal activities

The Company is an investment holding company. The principal activities of the subsidiaries, joint ventures and associates are disclosed in Notes 37 to 39 to the financial statements.

### Results

	Group RM'000	Company RM'000
Profit for the financial year	677,856	115,257
Attributable to:		
Equity holders of the Company	415,046	45,407
Holdings of perpetual sukuk	69,850	69,850
Non-controlling interests	192,960	-
	677,856	115,257

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, 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.

### Dividend

The amounts of dividend paid by the Company since 31 December 2021 were as follows:

	RM'000
In respect of the financial year ended 31 December 2021:	
Final dividend of 11.6% on 1,168,293,932 ordinary shares, declared on 25 February 2022 and paid on 29 April 2022.	67,761
In respect of the financial year ended 31 December 2022:	
Interim dividend of 6.0% on 1,168,293,932 ordinary shares, declared on 29 November 2022 and paid on 15 December 2022.	35,049

### Dividend (cont'd.)

A final dividend in respect of the current financial year of 22.4% or 11.2 sen per share amounting to a dividend payable of approximately RM130.8 million was declared on 27 February 2023. The dividend is proposed to be paid on 12 May 2023 to shareholders whose names appear in the Record of Depositors as at close of business on 18 April 2023. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

### Directors of the Company

The name of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman <sup>#</sup>	
Dato' Ahmad Fuaad bin Mohd Kenali <sup>#</sup>	
Dato' Eshah binti Meor Suleiman	
Datin Paduka Kartini binti Hj Abdul Manaf	
Dr. Veerinderjeet Singh a/l Tejwant Singh	
Razalee bin Amin	
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang	
Dato' Azmi bin Mohd Ali	(appointed on 1 April 2022)
Shahin Farouque bin Jammal Ahmad	(appointed on 1 July 2022)
Mohd Shahazwan bin Mohd Harris	(appointed on 1 July 2022)
Datuk (Dr.) Yasmin binti Mahmood	(appointed on 12 October 2022)
Tan Sri Hasmah binti Abdullah	(retired on 2 September 2022)
Lim Tze Seong	(resigned on 30 June 2022)
Salwah binti Abdul Shukor	(resigned on 31 March 2022)

<sup>#</sup> Directors of the Company and certain subsidiaries.

### Directors of the Company's subsidiaries

The name of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report excluding those who are already the directors of the Company, are:

Anas Nasrun bin Mohd Osman
Azmin bin Che Yusoff
Baishali Buragohain
Cheow Lip Heng
Darshan Singh Rayat
Dato' Muthukumar a/l Ayarpadde
Dato' Abdul Rashid bin Musa
Dato' Sri Zainal Abidin bin Ahmad
Datuk Ravindran a/l Kurusamy
Fairuz Elina binti Jamilus
Farnida binti Ngah
Gan Kim Teck
Kevin Lee Kok Heng
Khoo Kay Chock
Megat Shahrul Azmir bin Nordin

## DIRECTORS' REPORT (CONT'D.)

## DIRECTORS' REPORT (CONT'D.)

## Directors of the Company's subsidiaries (cont'd.)

Mohd Shamsor bin Mohd Zain	
Muzafar bin Munzir	
Ooi Koe Leong	
Roslan bin Yahaya	
Ryo Moriyama	
Sadatoshi Kashihara	
Sandeep Jogen Buragohain	
Shahril Mizani bin Ariffin	
Subramaniam a/l C Sundram	
Takashi Obata	
Tetsuya Ezumi	
U Thiha Shein	
Zailani bin Ali	
Zoelaney Abid	
Yuji Ito	(appointed on 1 January 2022)
Raja Norakmar binti Raja Mohd Ali	(appointed on 17 January 2022)
Hideyuki Kawada	(appointed on 1 February 2022)
Hideki Torii	(appointed on 1 April 2022)
Kenichi Shoji	(appointed on 1 April 2022)
Korekiyo Yanagisawa	(appointed on 1 April 2022)
Loo Kien Lee	(appointed on 1 April 2022)
Masaki Kuroyanagi	(appointed on 1 April 2022)
Ryuji Uda	(appointed on 1 April 2022)
Takahiro Ogawa	(appointed on 1 April 2022)
Masahiro Nishi	(appointed on 1 January 2023)
Hirofumi Haneda	(resigned on 1 January 2023)
Anuar bin Abd Ani	(resigned on 30 June 2022)
Hiroki Tsunoda	(resigned on 1 April 2022)
Ichiro Sadamoto	(resigned on 1 April 2022)
Ichio Nemoto	(resigned on 1 April 2022)
Tsuneo Sawada	(resigned on 1 April 2022)
Koji Yanagi	(resigned on 31 March 2022)
Kiyoshi Mizuhara	(resigned on 31 March 2022)
Yap Kok Khiang	(resigned on 31 March 2022)
Akio Takeyama	(resigned on 31 January 2022)
Noor Azwah binti Samsudin	(resigned on 17 January 2022)
Iwao Mizuno	(resigned on 1 January 2022)

## Directors' benefit

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
<b>Executive director:</b>		
Salary and emoluments	2,430	-
Defined contribution plan	390	-
Benefits-in-kind	125	-
Other emoluments	13	-
	2,958	-
<b>Non-executive directors:</b>		
Fees	1,788	1,768
Other emoluments	577	538
Benefits-in-kind	644	644
	3,009	2,950
<b>Total directors' benefits</b>	5,967	2,950

## Directors' and Officers' indemnity

The Company maintained a Directors' and Officers' Liability Insurance for the purpose of Section 289 of the Companies Act 2016, throughout the financial year, which provide appropriate insurance cover for the directors and officers of the Company. The amount of insurance premium effected for any director or officer of the Company during the financial year was RM510,579. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.



## DIRECTORS' REPORT (CONT'D.)

**Directors' interest**

According to the register of directors' shareholdings, the directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations except for the following:

	Number of Ordinary Shares			
	1 January 2022	Bought	Sold	31 December 2022
<b>The Company</b>				
<b>Direct Interest</b>				
Dr Veerinderjeet Singh a/l Tejwant Singh	66	-	-	66

**Other statutory information**

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, 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 allowance for expected credit losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for expected credit loss on receivables had been made; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for expected credit losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

## DIRECTORS' REPORT (CONT'D.)

**Other statutory information (cont'd.)**

- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**Significant event**

Significant event during the financial year is disclosed in Note 40 to the financial statements.

**Auditors and auditors' remuneration**

The auditors, Ernst & Young PLT (LLP0022760-LCA & AF 0039), have expressed their willingness to continue in office.

Details of auditors' remuneration are set out in Note 30 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2023.



**Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman**  
Group Chairman



**Dato' Ahmad Fuaad bin Mohd Kenali**  
President & Group Chief Executive Officer

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman and Dato' Ahmad Fuaad bin Mohd Kenali, being two of the directors of UMW Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 161 to 277 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2023.

**Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman**  
Group Chairman

**Dato' Ahmad Fuaad bin Mohd Kenali**  
President & Group Chief Executive Officer

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Farnida binti Ngah, being the officer primarily responsible for the financial management of UMW Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 161 to 277 are in my opinion 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.

Subscribed and solemnly declared by the abovenamed **Farnida binti Ngah** at Kuala Lumpur on 30 March 2023

**Farnida binti Ngah**  
MIA membership no. 22495

Before me,



79-1, First Floor, Sri Bonus,  
Off Jalan Masjid India,  
50100 Kuala Lumpur

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UMW HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of UMW Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 161 to 277.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### 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 audit 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 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.

#### 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 year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

#### Provision for warranties

As at 31 December 2022, the provision for warranties amounted to RM290.1 million. The Group provides various types of warranties under which the performance of products delivered are generally guaranteed for a certain period or term. This is a key audit matter as the amount of the provision for warranties are material to the financial statements, with their determinations involving a high level of management judgement. Changes in the assumptions can materially affect the levels of provisions recorded in the financial statements.

The warranty provision represents the best estimate of commitments given by the Group for contractual obligations arising from the warranties given for a specified period of time beginning from the date of sale to the end customer. This estimate is principally based on assumptions regarding the warranty costs to either repair or replace any parts of the vehicles covered by the warranty and historical claims experience for vehicles. The Group establishes provision for warranty obligations when the related sale is recognised in accordance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets.



INDEPENDENT AUDITORS' REPORT (CONT'D.)  
TO THE MEMBERS OF UMW HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

*Key audit matters (cont'd.)*

Our procedures in reviewing the estimates include the following:

- (i) Obtained an understanding of the warranty estimation process through enquiry of representatives from the Warranty and Technical Operation team;
- (ii) Discussed the basis of provision and assumptions with the Warranty and Technical Operation team to obtain an understanding of the related data (such as failure rate and claims histories) used as inputs to the provision computation;
- (iii) Evaluated the validity of the actual data used in the provision computations; and
- (iv) Recalculated the mathematical accuracy of the provision workings.

The disclosure on warranty provisions are included in Note 22 of the financial statements.

Recoverability of deferred tax assets from investment tax allowance

As at 31 December 2022, a subsidiary of the Group recognised deferred tax assets of RM128.0 million (2021: RM139.8 million) arising from investment tax allowance on qualifying capital expenditures incurred for carrying out activities in relation to the assembly of energy efficient vehicles. In determining the amount of deferred tax assets to be recognised, management has performed an assessment, which involved significant judgement and estimates, to estimate the future taxable income. To the extent that future taxable income differs significantly from the estimates, the ability of the Group to realise the deferred tax assets recorded at the reporting date could be impacted.

This is a key audit matter as the amount of deferred tax asset recognised is material to the financial statements and the significant estimation uncertainty involved in estimating future taxable income.

Our procedures included, inter alia, the following:

- (i) Obtained and reviewed the relevant communications between the Group and the authorities regarding the investment tax allowance;
- (ii) Evaluated the reasonableness of management's assessment on the sufficiency of future taxable income in support of the recognition of the deferred tax assets by comparing management's forecast of future taxable income to the historical results;
- (iii) Discussed with management on the outlook of automotive industry;
- (iv) Performed sensitivity analysis on the key assumptions to determine whether it would affect the amount of deferred tax assets recognised; and
- (v) Assessed the adequacy of the disclosures made in the financial statements.

The disclosure on deferred tax assets are included in Note 12 of the financial statements.

*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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT (CONT'D.)  
TO THE MEMBERS OF UMW HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

*Information other than the financial statements and auditors' report thereon (cont'd.)*

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial statements*

The directors of the Company are responsible for the preparation of 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:

- 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.
- 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT (CONT'D.)  
TO THE MEMBERS OF UMW HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

*Auditors' responsibilities for the audit of the financial statements (cont'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 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.
- 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.
- 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 37 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.



Ernst & Young PLT  
20206000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants



Ng Yee Yee  
No. 03176/05/2023 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
30 March 2023

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,706,160	2,545,020
Investment properties	5	208,852	270,218
Intangible asset	6	801	-
Leased assets	7	389,830	373,457
Right-of-use assets	8	121,753	128,182
Investments in joint ventures	10	78,667	77,850
Investments in associates	11	2,362,313	2,170,600
Deferred tax assets	12	178,073	222,174
Other investments	13	5,261	5,220
		<b>6,051,710</b>	5,792,721
<b>Current assets</b>			
Other investments	13	196,223	603,198
Derivative assets	14	22,650	5,598
Inventories	15	2,045,729	1,752,160
Receivables	16	1,231,537	1,051,661
Tax recoverable		16,500	19,413
Deposits, cash and bank balances	17	2,808,126	2,941,385
		<b>6,320,765</b>	6,373,415
Assets held for sale	18	44,619	6,553
		<b>6,365,384</b>	6,379,968
<b>Total assets</b>		<b>12,417,094</b>	12,172,689



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D.)  
AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	19	584,147	584,147
Capital reserve		396	396
Fair value reserve	20(a)	6,330	5,130
Foreign currency translation reserve	20(b)	12,755	(19,135)
Retained earnings		3,746,388	3,434,152
		<b>4,350,016</b>	4,004,690
Perpetual sukuk	21	1,097,860	1,097,860
Non-controlling interests	9(c)	1,692,079	1,659,999
<b>Total equity</b>		<b>7,139,955</b>	6,762,549
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	60,823	48,396
Provision for warranties	22	234,957	208,786
Lease liabilities	8	39,345	38,180
Borrowings	23	1,339,932	2,094,993
		<b>1,675,057</b>	2,390,355
<b>Current liabilities</b>			
Derivative liabilities	14	1,174	3,094
Provision for warranties	22	55,149	84,981
Provision for taxation		27,984	7,699
Borrowings	23	212,335	638,082
Payables	24	3,292,817	2,248,790
Lease liabilities	8	12,623	16,608
		<b>3,602,082</b>	2,999,254
Liabilities associated with assets held for sale	18	-	20,531
		<b>3,602,082</b>	3,019,785
<b>Total liabilities</b>		<b>5,277,139</b>	5,410,140
<b>Total equity and liabilities</b>		<b>12,417,094</b>	12,172,689

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Revenue	25	15,814,431	11,060,803
Other operating income	26	144,620	114,843
Changes in inventories		(20,128)	222,756
Finished goods purchased		(12,920,329)	(9,131,202)
Raw materials and consumables used		(657,698)	(512,830)
Employee benefits	27	(831,971)	(652,230)
Depreciation and amortisation		(340,581)	(343,537)
Other operating expenses		(582,834)	(484,356)
Profit from operations		605,510	274,247
Finance costs	28	(114,128)	(108,162)
Investment income	29	70,161	48,697
Share of results of associates and joint ventures		334,915	267,968
Profit before zakat and taxation	30	896,458	482,750
Zakat		(6,396)	(8,588)
Taxation	31	(212,206)	41,486
Profit for the financial year		677,856	515,648
<b>Other comprehensive income</b>			
Other comprehensive income that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		34,966	22,575
Share of other comprehensive income of an associate		1,200	30
Fair value loss on cash flow hedge of an associate		-	71
<b>Other comprehensive income for the financial year</b>		<b>36,166</b>	22,676
<b>Total comprehensive income for the financial year</b>		<b>714,022</b>	538,324
<b>Profit for the financial year attributable to:</b>			
Equity holders of the company		415,046	268,230
Holders of perpetual sukuk		69,850	69,850
Non-controlling interests	9(c)	192,960	177,568
		<b>677,856</b>	515,648
<b>Total comprehensive income attributable to:</b>			
Equity holders of the company		448,342	295,065
Holders of perpetual sukuk		69,850	69,850
Non-controlling interests		195,830	173,409
		<b>714,022</b>	538,324
<b>Basic/diluted earnings per share attributable to equity holders of the Company (sen):</b>	32	<b>35.5</b>	23.0

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Non-distributable			Distributable			Total equity RM'000		
	Share capital RM'000	Capital reserve RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000		Perpetual sukuk RM'000	Non-controlling interests RM'000
<b>At 1 January 2022</b>	584,147	396	-	5,130	(19,135)	3,434,152	4,004,690	1,659,999	6,762,549
Profit for the financial year	-	-	-	-	-	415,046	415,046	192,960	677,856
Other comprehensive income for the financial year	-	-	-	1,200	32,096	-	33,296	-	36,166
Total comprehensive income for the financial year	-	-	-	1,200	32,096	415,046	448,342	195,830	714,022
<b>Transactions with owners:</b>									
Dividends distributed to equity holders (Notes 33 and 9(c))	-	-	-	-	-	(102,810)	(102,810)	(163,750)	(266,560)
Distribution to holders of perpetual sukuk	-	-	-	-	-	-	-	(69,850)	(69,850)
Liquidation of a subsidiary	-	-	-	-	(206)	-	(206)	-	(206)
Total transactions with owners	-	-	-	-	(206)	(102,810)	(103,016)	(163,750)	(336,616)
<b>At 31 December 2022</b>	584,147	396	-	6,330	12,755	3,746,388	4,350,016	1,692,079	7,139,955

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Non-distributable			Distributable			Total equity RM'000		
	Share capital RM'000	Capital reserve RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000		Perpetual sukuk RM'000	Non-controlling interests RM'000
<b>At 1 January 2021</b>	584,147	396	(71)	5,100	(47,635)	3,326,194	3,868,131	1,451,178	6,417,169
Profit for the financial year	-	-	-	-	-	268,230	268,230	177,568	515,648
Other comprehensive income/(loss) for the financial year	-	-	71	30	26,734	-	26,835	(4,159)	22,676
Total comprehensive income for the financial year	-	-	71	30	26,734	268,230	295,065	173,409	538,324
<b>Transactions with owners:</b>									
Dividends distributed to equity holders (Notes 33 and 9(c))	-	-	-	-	-	(46,732)	(46,732)	(76,362)	(123,094)
Distribution to holders of perpetual sukuk	-	-	-	-	-	-	-	(69,850)	(69,850)
Effect of change in shareholding in a subsidiary	-	-	-	-	1,766	(113,540)	(111,774)	111,774	-
Total transactions with owners	-	-	-	-	1,766	(160,272)	(158,506)	35,412	(192,944)
<b>At 31 December 2021</b>	584,147	396	-	5,130	(19,135)	3,434,152	4,004,690	1,659,999	6,762,549

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>			
Profit before zakat and taxation		<b>896,458</b>	482,750
Adjustments for:			
Property, plant and equipment:	4		
- depreciation		<b>186,785</b>	182,725
- gain on disposals		<b>(179)</b>	(19,571)
- impairment losses		<b>842</b>	-
- write offs		<b>168</b>	722
Investment properties:	5		
- depreciation		<b>6,619</b>	11,486
Intangible asset:	6		
- amortisation		<b>192</b>	-
Leased assets:	7		
- depreciation		<b>120,617</b>	116,385
- gain on disposals		<b>(29,520)</b>	(23,035)
Right-of-use assets:	8		
- depreciation		<b>26,368</b>	32,941
- gain on derecognition of lease		<b>(525)</b>	(598)
Investments in joint ventures:	10		
- share of results		<b>(7,077)</b>	(7,809)
- impairment loss		<b>904</b>	1,052
Investments in associates:	11		
- share of results		<b>(327,838)</b>	(260,159)
Other investments:			
- (reversal of impairment)/impairment loss		<b>(10,718)</b>	15,637
- gain on disposals		<b>(347)</b>	(149)
Net loss/(gain) on liquidation/disposal of investments in subsidiaries		<b>6,364</b>	(2,491)
Net (reversal of)/allowance for expected credit losses on receivables	16	<b>(2,129)</b>	2,198
Dividend income from investments		<b>(893)</b>	(459)
Interest expense		<b>114,128</b>	108,162
Bad debt written off		<b>30</b>	5,691
Interest and distribution income		<b>(71,051)</b>	(51,369)
Net provision for inventories written down		<b>4,281</b>	3,210
Net provision for warranties	22	<b>44,240</b>	59,648
		<b>957,719</b>	656,967

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities (cont'd.)</b>			
Subtotal brought forward		<b>957,719</b>	656,967
Net fair value gain on financial assets held for trading		<b>(2,248)</b>	(686)
Net fair value (gain)/loss on derivatives		<b>(18,990)</b>	9,416
Net unrealised foreign exchange (gain)/loss		<b>(4,773)</b>	10,277
Operating profit before working capital changes		<b>931,708</b>	675,974
Changes in receivables		<b>(163,837)</b>	72,811
Changes in inventories		<b>(297,899)</b>	(316,898)
Changes in payables		<b>1,026,445</b>	57,677
Warranties paid	22	<b>(48,071)</b>	(45,964)
Cash generated from operating activities		<b>1,448,346</b>	443,600
Interest paid		<b>(113,978)</b>	(108,174)
Zakat and taxes paid		<b>(139,104)</b>	(74,028)
Net cash generated from operating activities		<b>1,195,264</b>	261,398
<b>Cash flows from investing activities</b>			
Net cash inflow arising from disposal of subsidiaries		-	75,035
Property, plant and equipment:			
- additions		<b>(344,889)</b>	(247,624)
- proceeds from disposals		<b>6,870</b>	31,313
Investment properties:			
- additions		-	(1,490)
Intangible asset:			
- additions		<b>(153)</b>	-
Leased assets:			
- additions		<b>(154,765)</b>	(157,065)
- proceeds from disposals		<b>55,300</b>	44,272
Other investments:			
- additions		<b>(448,005)</b>	(601,916)
- proceeds from disposals		<b>856,992</b>	1,292,506
Interest received		<b>71,051</b>	51,369
Dividends received from associates, joint ventures and other investments		<b>142,561</b>	104,416
Movement in deposits placement with maturity of more than 3 months		<b>(140,996)</b>	(191,644)
Movement in deposit restricted by bank		<b>6,244</b>	(5,044)
Movement in assets held for sale		<b>9,370</b>	(9,370)
Net cash generated from investing activities		<b>59,580</b>	384,758

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D.)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Cash flows from financing activities</b>			
Drawdown of long term borrowings		-	650,412
Repayment of long term borrowings		(755,072)	(497,714)
Net movement in short term borrowings		(425,748)	114,307
Lease payment		(25,131)	(34,623)
Dividends paid to perpetual sukuk holders		(69,850)	(69,850)
Dividends paid to equity holders of the Company		(102,810)	(46,732)
Dividends paid to non-controlling interests		(155,954)	(76,362)
Net cash (used in)/generated from financing activities		(1,534,565)	39,438
<b>Net (decrease)/increase in cash and cash equivalents</b>		(279,721)	685,594
<b>Effects of exchange rate changes</b>		11,710	8,210
<b>Cash and cash equivalents as at 1 January</b>		2,700,280	2,006,476
<b>Cash and cash equivalents as at 31 December</b>		2,432,269	2,700,280
Cash and cash equivalents comprise:			
Cash and bank balances	17	334,641	380,532
Deposits with licensed banks - current	17	2,473,485	2,560,853
Deposits, cash and bank balances		2,808,126	2,941,385
Less: Deposits with maturity of more than 3 months	17	(375,857)	(234,861)
Less: Deposits restricted by bank	17	-	(6,244)
		2,432,269	2,700,280

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Equipment	4	75	218
Investments in subsidiaries	9	2,940,689	2,940,689
Investment in an associate	11	3,779	3,779
Due from subsidiaries	16	33,654	32,774
		2,978,197	2,977,460
<b>Current assets</b>			
Other investments	13	74,863	312,038
Receivables	16	2,400	45,726
Tax recoverable		7,102	9,266
Deposits, cash and bank balances	17	221,387	729,618
		305,752	1,096,648
<b>Total assets</b>		3,283,949	4,074,108
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	19	584,147	584,147
Retained earnings		320,334	377,737
Perpetual sukuk	21	1,097,860	1,097,860
<b>Total equity</b>		2,002,341	2,059,744
<b>Non-current liability</b>			
Borrowings	23	1,249,990	1,599,978
<b>Current liabilities</b>			
Borrowings	23	-	400,000
Payables	24	31,618	14,386
		31,618	414,386
<b>Total liabilities</b>		1,281,608	2,014,364
<b>Total equity and liabilities</b>		3,283,949	4,074,108

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Revenue	25	213,076	183,420
Depreciation		(169)	(193)
Other operating expenses		(28,731)	(21,218)
Profit from operations		184,176	162,009
Finance costs	28	(72,832)	(69,768)
Investment income	29	12,475	14,453
Profit before zakat and taxation	30	123,819	106,694
Zakat		(6,396)	(8,588)
Taxation	31	(2,166)	4,253
Profit for the financial year, representing total comprehensive income for the financial year		115,257	102,359
<b>Profit for the financial year attributable to:</b>			
Equity holders of the Company		45,407	32,509
Holders of perpetual sukuk		69,850	69,850
		115,257	102,359

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital RM'000	Distributable Retained earnings RM'000	Perpetual sukuk RM'000	Total equity RM'000
<b>At 1 January 2022</b>	584,147	377,737	1,097,860	2,059,744
<b>Total comprehensive income</b>	-	45,407	69,850	115,257
<b>Transactions with owners:</b>				
Dividends distributed to equity holders (Note 33)	-	(102,810)	-	(102,810)
Distribution to holders of perpetual sukuk	-	-	(69,850)	(69,850)
<b>At 31 December 2022</b>	584,147	320,334	1,097,860	2,002,341
<b>At 1 January 2021</b>	584,147	391,960	1,097,860	2,073,967
<b>Total comprehensive income</b>	-	32,509	69,850	102,359
<b>Transactions with owners:</b>				
Dividends distributed to equity holders (Note 33)	-	(46,732)	-	(46,732)
Distribution to holders of perpetual sukuk	-	-	(69,850)	(69,850)
<b>At 31 December 2021</b>	584,147	377,737	1,097,860	2,059,744

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>			
Profit before zakat and taxation		<b>123,819</b>	106,694
Adjustments for:			
Equipment:	4		
- depreciation		<b>169</b>	193
- loss on disposals		-	1
- write offs		<b>3</b>	-
Investments in subsidiaries:			
- dividend income		<b>(211,884)</b>	(183,363)
- (gain)/loss on liquidation/disposal		<b>(244)</b>	3,761
- (reversal of impairment)/impairment loss		<b>(3,938)</b>	1,247,582
Investment in an associate:			
- dividend income		<b>(1,192)</b>	(57)
Due from subsidiaries:	16		
- Net reversal of expected credit losses		<b>(6,563)</b>	(1,221,736)
Interest expense		<b>72,832</b>	69,768
Investment income		<b>(12,475)</b>	(14,453)
Net unrealised foreign exchange gain		<b>(634)</b>	(168)
Operating (loss)/profit before working capital changes		<b>(40,107)</b>	8,222
Changes in receivables		<b>19,388</b>	(43,780)
Changes in related companies balances		<b>66,353</b>	62,910
Changes in payables		<b>(1,445)</b>	(3,658)
Cash generated from operations		<b>44,189</b>	23,694
Interest paid		<b>(72,523)</b>	(68,797)
Zakat and taxes paid		<b>(8,560)</b>	(11,772)
Net cash used in operating activities		<b>(36,894)</b>	(56,875)

## STATEMENT OF CASH FLOWS (CONT'D.)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
<b>Cash flows from investing activities</b>			
Distribution upon liquidation of a subsidiary		<b>244</b>	-
Dividends received	25	<b>213,076</b>	183,420
Purchase of other investments		<b>(175,531)</b>	(276,466)
Purchase of plant and equipment		<b>(29)</b>	-
Proceeds from disposal of plant and equipment		-	2
Proceeds from disposal of other investments		<b>413,563</b>	738,610
Movement in deposits placement with maturity of more than 3 months		<b>(50,000)</b>	-
Net cash generated from investing activities		<b>401,323</b>	645,566
<b>Cash flows from financing activities</b>			
Net (repayment)/drawdown of borrowings		<b>(750,000)</b>	250,000
Dividends paid to perpetual sukuk holders		<b>(69,850)</b>	(69,850)
Dividends paid to equity holders of the Company		<b>(102,810)</b>	(46,732)
Net cash (used in)/generated from financing activities		<b>(922,660)</b>	133,418
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(558,231)</b>	722,109
<b>Cash and cash equivalents as at 1 January</b>		<b>729,618</b>	7,509
<b>Cash and cash equivalents as at 31 December</b>		<b>171,387</b>	729,618
Cash and cash equivalents comprise:			
Cash and bank balances	17	<b>12,749</b>	3,159
Deposits with licensed banks	17	<b>208,638</b>	726,459
Deposits, cash and bank balances		<b>221,387</b>	729,618
Less: Deposits with maturity of more than 3 months	17	<b>(50,000)</b>	-
		<b>171,387</b>	729,618

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

### 1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 6, Menara UMW, Jalan Puncak, Off Jalan P.Ramlee, 50250 Kuala Lumpur, Malaysia.

The Company is an investment holding company. The principal activities of the subsidiaries, joint ventures and associates are described in Note 37, Note 38 and Note 39 respectively. There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 March 2023.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

These financial statements also comply with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The financial statements have been prepared on the historical cost basis except as disclosed in the ensuing accounting policies. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000"), except when otherwise indicated.

The preparation of financial statements in conformity with the provisions of the Companies Act 2016, MFRS and IFRS in Malaysia requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported year. Actual results could differ from those estimates. Areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

### 2. Significant accounting policies (cont'd.)

#### 2.2 Changes in accounting policies

On 1 January 2022, the Group and the Company adopted the following mandatory amended MFRS:

Description	Effective for annual periods beginning on or after
· Amendments to MFRS 1, MFRS 9 and MFRS 141 (Annual Improvements to MFRS 2018 - 2020 Cycle)	1 January 2022
· Amendments to MFRS 3 Business Combinations (Reference to the Contractual Framework)	1 January 2022
· Amendments to MFRS 116 Property, Plant and Equipment (Proceeds Before Intended Use)	1 January 2022
· Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)	1 January 2022

The adoption of the above amended standards did not have any significant effect on the financial performance or position of the Group and of the Company.

#### 2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
· MFRS 17 Insurance Contracts	1 January 2023
· Amendments to MFRS 17 Insurance Contracts	1 January 2023
· Amendments to MFRS 101 Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023
· Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
· Amendments to MFRS 112 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.3 Standards issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
· Amendments to MFRS 16 Leases (Lease Liability in a Sale and Leaseback)	1 January 2024
· Amendments to MFRS 101 Presentation of Financial Statements (Non-current Liabilities with Covenants)	1 January 2024
· Amendments to MFRS 10 Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	To be announced
· Amendments to MFRS 128 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	To be announced

There are no other new or revised MFRS and amendments to MFRS not yet effective that would likely have a material impact on the Group and the Company in the current or future reporting periods.

### 2.4 Summary of significant accounting policies

#### (a) Subsidiaries, basis of consolidation, associates and joint arrangements

##### (i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

##### (i) Basis of consolidation (cont'd.)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if these results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies to be consistent with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

##### (ii) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing output and is considered unique, scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

##### (ii) Business combinations and goodwill (cont'd.)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

##### (iii) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

##### (iv) Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting.

##### (v) Joint arrangement

A joint arrangement is an arrangement of which the Group has joint control, established by contracts requiring unanimous consent on activities that significantly affect the arrangement's returns.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

##### (v) Joint arrangement (cont'd.)

Joint arrangements are classified as either joint operation or joint venture. A joint arrangement is classified as a joint operation when the Group or the Company has rights to the assets and obligations for the liabilities relating to the arrangement. A joint arrangement is classified as a joint venture when the Group or the Company has rights only to the net assets of the joint arrangement. The Group has classified its joint arrangements as joint ventures and accounted for its interest in joint ventures using the equity method, as described in Note 2.4(a)(vi) below.

##### (vi) Equity method of accounting

Under the equity method, the investments in associates and joint ventures are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associates and joint ventures. The Group's share of the net profit or loss in an associate or a joint venture is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The associate is equity accounted for from the date the Group exercises significant influence over the financial and operating policies of the associate until the date the Group ceases to have significant influence over the associate, while for joint venture it is accounted for when both parties has contractually agreed in the joint control arrangement, which exist only when decisions about the relevant activities require unanimous consent.

Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's or joint venture's identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss in the year in which the investment is acquired.

The most recent available audited financial statements of the associate or joint venture is used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the financial year. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On the disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

##### (vi) Equity method of accounting (cont'd.)

In the separate financial statements of the Company, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

#### (b) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are either included in the asset's carrying amount or recognised as a separate asset, provided costs can be measured reliably and it is probable that future economic benefits associated with these costs will flow to the Group.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the profit or loss in the financial year when incurred.

Freehold land and assets-in-progress are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following periods:

Leasehold land - finance lease	Over lease period of 30 to 999 years
Buildings	The shorter of 50 years or lease period
Plant and machinery	3 to 25 years
Office equipment, furniture and fittings	3 to 10 years
Motor vehicles	3 to 10 years
Renovation and improvements	3 to 10 years

The Group reviews the estimated residual values and expected useful lives of assets at least annually.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (b) Property, plant and equipment (cont'd.)

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(x).

#### (c) Leased assets

Leased assets represent machinery and equipment leased by the Group to third parties under operating leases. Depreciation of leased assets is provided for on a straight-line basis calculated to write off the cost of each asset to its residual value over the estimated useful life at the following periods:

Machinery and equipment	1 to 6 years
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The accounting policies for leased assets are the same as that for property, plant and equipment in all respects.

#### (d) Investment properties

Investment properties are land or buildings held by the Group or held under finance leases, to earn rental income or for capital appreciation, or both. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Depreciation of other investment properties is provided for on a straight-line basis to write off the cost to its residual value over its estimated useful life at the following periods:

Leasehold land - finance lease	Over lease period of 50 - 99 years
Buildings	The shorter of 50 years or lease period

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(x).



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (e) Financial assets

##### (i) Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model in managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, its transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15 (Note 2.4(q)).

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will be generated from collecting contractual cash flows and/or selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### (ii) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### 1. Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (e) Financial assets (cont'd.)

##### (ii) Subsequent measurement (cont'd.)

#### 1. Financial assets at amortised cost (debt instruments) (cont'd.)

The Group's financial assets at amortised cost includes trade and other receivables (other than prepayments), deposits, cash and bank balances.

#### 2. Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group did not have or designated any financial assets at fair value through OCI (debt instruments).

#### 3. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to irrevocably classify its non-listed equity investments under this category.

#### 4. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (e) Financial assets (cont'd.)

##### (ii) Subsequent measurement (cont'd.)

#### 4. Financial assets at fair value through profit or loss (cont'd.)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group's financial assets at fair value through profit or loss includes investment in money market fund, investment in quoted shares and derivative financial instruments.

##### (iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (f) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECL are based on 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.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-month (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).

For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment (if any).

The Group considers a financial asset 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 when there is no reasonable expectation of recovering the contractual cash flows.

#### (g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value or within three months of maturity at acquisition.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

#### (h) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In arriving at net realisable value, due allowance has been made for obsolete and slow-moving items.

Cost is determined principally by the following methods:

- |  |                           |
|--|---------------------------|
| (i) Equipment, unassembled and completed vehicles and attachments            | - specific identification |
| (ii) Finished goods, work-in-progress, raw materials, spares and consumables | - weighted average        |

Cost includes the invoiced value of inventories purchased plus incidental expenses. For manufactured goods, completed vehicles, attachments and work-in-progress, cost includes cost of raw materials, direct labour and the appropriate production overheads.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (i) Intangible asset

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible asset with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible asset with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

#### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- i) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability and intention to use or sell the asset
- iii) How the asset will generate future economic benefits
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit of 5 years. During the period of development, the asset is tested for impairment annually.

#### (j) Foreign currencies

##### (i) Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency of primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

##### (ii) Foreign currency transactions

Transactions in currencies other than the entity's functional currency (foreign currencies) are initially converted into functional currency at rates of exchange ruling at the transaction dates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (j) Foreign currencies (cont'd.)

##### (ii) Foreign currency transactions (cont'd.)

###### Non-monetary items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

###### Monetary items

At each reporting date, monetary foreign currency items are translated into functional currency at exchange rates ruling at that date.

###### - Entity's financial statements

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statement or the individual financial statements of the foreign operation, as appropriate.

###### - Consolidated financial statements

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are taken directly to the foreign currency translation reserve, within other comprehensive income, until the disposal of the foreign operations, at which time they are recognised in profit or loss.

##### (iii) Foreign operations

Financial statements of consolidated foreign subsidiaries are translated at year end exchange rates with respect to the assets and liabilities, and at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions with respect to the profit or loss. All resulting translation differences are included in the foreign currency translation reserve within other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are recorded in the functional currency of the foreign operation and translated at the closing rate of the reporting date.

**2. Significant accounting policies (cont'd.)****2.4 Summary of significant accounting policies (cont'd.)****(k) Financial liabilities****(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include lease liabilities, trade and other payables (excluding provisions and sales and services tax ("SST") payable), borrowings including bank overdrafts, and derivative financial instruments.

**(ii) Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification, as described below:

**1. Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

The Group's financial liabilities at fair value through profit or loss include derivative financial instruments.

**2. Financial liabilities at amortised costs**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to lease liabilities, borrowings and trade and other payables (excluding provisions and SST payable).

**2. Significant accounting policies (cont'd.)****2.4 Summary of significant accounting policies (cont'd.)****(k) Financial liabilities (cont'd.)****(iii) Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

**(l) Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the President and Group Chief Executive Officer, who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

**(m) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**(n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

**(o) Zakat**

This represents business tithe payable by the Group and the Company. Zakat, a form of contribution, is calculated based on a certain percentage of the net current assets, according to Syariah principles.

**(p) Income tax**

Income tax on the profit or loss for the period comprises current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (p) Income tax (cont'd.)

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- (i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- (i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (q) Revenue

The Group is in the business of providing vehicles, equipment, parts, lubricants and related products, exports, property development, services, rental and dividend income. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

#### (i) Revenue from contracts with customers

##### 1. Sales of goods

The Group's revenue mainly derived from the sales of the following:

- Vehicles
- Equipment
- Parts
- Lubricants and related products
- Exports
- Property development

Revenue from sale of vehicles, equipment, parts, lubricants and related products, exports and property development are recognised when control of asset is transferred to customer and it is probable that the entitled consideration can be collected in exchange for the transferred asset.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

#### Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

#### - Right of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (q) Revenue (cont'd.)

##### (i) Revenue from contracts with customers (cont'd.)

###### 1. Sales of goods (cont'd.)

###### Variable consideration (cont'd.)

###### - Right of return (cont'd.)

The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

For goods that are expected to be returned, instead of netted off against revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

###### - Volume rebates

The Group provides volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

###### 2. Rendering of services

The Group provides services that are either sold separately or bundled together with the sale of products to a customer. The services can be obtained from other providers and do not significantly customise or modify the equipment.

Contracts for bundled sales of products and services comprise two performance obligations because the promises to transfer equipment and provide services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the vehicles and services.

The Group recognises revenue from the services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (q) Revenue (cont'd.)

##### (i) Revenue from contracts with customers (cont'd.)

###### 3. Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. Refer to Note 2.4(u)(ii).

The Group also provides an extended warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of vehicles and parts. Contracts for bundled sales of equipment and a service-type warranty comprise two performance obligations, because the promises to transfer the equipment and to provide the service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

###### 4. Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for bundled sales. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

###### 5. Contract balances

###### - Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). The trade receivables are disclosed in Note 16(a).

##### (ii) Rental income

Rental income on operating lease transactions is accounted for on a straight-line basis over the lease term.

##### (iii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (r) Interest income

Interest income is recognised using the effective interest method.

#### (s) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### (i) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (not more than 12 months) and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date of the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and building	The shorter of 60 years or lease period
Motor vehicles	3 to 5 years
Plant and machinery	2 to 5 years
Other equipment	3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as disclosed in Note 2.4(x).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (s) Leases (cont'd.)

#### (i) As lessee (cont'd.)

#### (b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the implicit interest rate to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of premises, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### (ii) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Due to its operating nature, rental income arising from an operating lease is accounted for on a straight-line basis over the lease term, and is included in revenue in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**2. Significant accounting policies (cont'd.)****2.4 Summary of significant accounting policies (cont'd.)****(t) Employee benefits****(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined contribution plans**

Defined contribution plans are post-employment benefit plans, under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Some of the Group's foreign subsidiaries also make contribution to their respective countries' statutory pension schemes. The contributions are recognised as an expense in the profit or loss as incurred.

**(u) Provisions****(i) General**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. The provision is reversed if it is no longer probable that an outflow of economic resources will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract is lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

**(ii) Warranty provisions**

Provision for warranties is made for the estimated liability on all products under warranty in addition to claims already received. The provision is based on experienced levels of claims arising during the period of warranty. Provision for warranties are reviewed at each reporting date and adjusted to reflect the current best estimate.

**2. Significant accounting policies (cont'd.)****2.4 Summary of significant accounting policies (cont'd.)****(u) Provisions (cont'd.)****(ii) Warranty provisions (cont'd.)**

Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

**(v) Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Dividends proposed or declared after the reporting date were not recognised as a liability at the reporting date.

**(w) Assets held for sale**

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and investment property are not depreciated once classified as held for sale. In addition, equity accounting of equity accounted investees ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

**(x) Impairment of non-financial assets**

The Group assesses the carrying amounts of the non-financial assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group shall estimate the recoverable amount of cash-generating unit ("CGU") or groups of CGU. The recoverable amount is measured at the higher of fair value less cost of disposal ("FVLCD") and value in use ("VIU").

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (x) Impairment of non-financial assets (cont'd.)

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment is determined for intangible asset by assessing the recoverable amount of each CGU to which the intangible asset relate. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

#### (y) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

##### (i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

##### (ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

#### (z) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 2. Significant accounting policies (cont'd.)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (z) Current versus non-current classification (cont'd.)

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments are irrelevant to determination of its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 3. Significant accounting judgements and estimates

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, the management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### (i) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility including interest and foreign currency risk. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 42 for further disclosures.

#### (ii) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

**3. Significant accounting judgements and estimates (cont'd.)****3.1 Judgements made in applying accounting policies (cont'd.)****(ii) Determining the lease term of contracts with renewal and termination options – Group as lessee (cont'd.)**

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised.

In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

**3.2 Significant accounting estimates****Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(i) Provision for warranties**

The Group recognises provision for liabilities associated with the warranties provided on certain products. This requires an estimation of the expenditure required to settle the present obligation at the reporting date. In determining the provision, the Group has made assumptions in relation to the expected cost to repair and/or replace the products and the expected timing of those costs. The carrying amount of provision for warranties at the end of the reporting period is disclosed in Note 22.

**(ii) Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of recognised and unrecognised deferred tax assets is disclosed in Note 12.

**(iii) Impairment of non-financial assets**

The Group reviews the carrying amounts of the non-financial assets at each reporting date to determine whether there is any indication of impairment. If such indication exists, the Group shall estimate the recoverable amount of CGU or groups of CGU. The recoverable amount is measured at the higher of FVLCD or VIU.

**3. Significant accounting judgements and estimates (cont'd.)****3.2 Significant accounting estimates (cont'd.)****Key sources of estimation uncertainty (cont'd.)****(iii) Impairment of non-financial assets (cont'd.)**

Where assessment of the recoverable amount of CGU or groups of CGU is determined on the basis of FVLCD, the Group had amongst others, based the FVLCD on valuations by independent professional valuers which were derived from comparisons with recent transactions involving other similar assets and where applicable, the age, size and title tenure.

Determining the VIU of CGU or group of CGU require the estimation of future cash flows expected to be derived from continuing use of the assets and from the ultimate disposal of such assets. In estimating the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The estimation of the recoverable amounts involves significant judgement and estimations. While the Group believes the assumptions are appropriate and reasonable, changes in assumptions may materially affect the assessment of recoverable amounts.

**(iv) Allowance for ECL of trade receivables**

The Group uses simplified approach to calculate ECL for trade receivables, contract assets and other investments. The provision rates are based on various customer's historical observed default rates.

The Group considers and assesses the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the specific economic sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 16.

**(v) Estimating the incremental borrowing rate**

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay for borrowing, under similar terms, to fund the purchase of a similar right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

4. Property, plant and equipment

	*Land and buildings RM'000	Plant and machinery RM'000	Assets-in-progress RM'000	**Other assets RM'000	Total RM'000
<b>Group</b>					
<b>Cost</b>					
At 1 January 2021	1,937,379	1,412,680	173,409	374,179	3,897,647
Exchange differences	1,439	(6,842)	-	1,915	(3,488)
Additions	30,733	73,674	114,831	28,386	247,624
Write offs	(16,021)	(33,103)	-	(6,161)	(55,285)
Disposals	(13,392)	(5,270)	-	(13,677)	(32,339)
Transferred from inventories	30,215	-	-	1,130	31,345
Reclassification	18,543	133,836	(202,247)	49,868	-
Reclassified from/(to):					
- Investment properties (Note 5)	3,983	-	(33)	-	3,950
- Leased assets (Note 7)	-	260	-	-	260
Reversal of cost	(682)	-	-	-	(682)
Disposal of a subsidiary (Note 9(d))	-	(13,941)	(650)	(17,657)	(32,248)
At 31 December 2021/1 January 2022	<b>1,992,197</b>	<b>1,561,294</b>	<b>85,310</b>	<b>417,983</b>	<b>4,056,784</b>
Exchange differences	<b>2,748</b>	<b>256</b>	-	<b>3,280</b>	<b>6,284</b>
Additions	<b>25,081</b>	<b>147,223</b>	<b>146,885</b>	<b>25,700</b>	<b>344,889</b>
Write offs	-	<b>(2,458)</b>	<b>(3,293)</b>	<b>(14,638)</b>	<b>(20,389)</b>
Disposals	-	<b>(9,830)</b>	-	<b>(24,156)</b>	<b>(33,986)</b>
Reclassification	<b>63,820</b>	<b>(475)</b>	<b>(66,045)</b>	<b>2,700</b>	-
Reclassified from/(to):					
- Investment properties (Note 5)	<b>10,582</b>	-	-	-	<b>10,582</b>
- Intangible asset (Note 6)	-	-	<b>(840)</b>	-	<b>(840)</b>
- Leased assets (Note 7)	-	<b>61</b>	-	-	<b>61</b>
- Right-of-use assets (Note 8)	-	-	-	<b>58</b>	<b>58</b>
Reversal of cost	-	-	<b>(3,273)</b>	<b>(13)</b>	<b>(3,286)</b>
At 31 December 2022	<b>2,094,428</b>	<b>1,696,071</b>	<b>158,744</b>	<b>410,914</b>	<b>4,360,157</b>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

4. Property, plant and equipment (cont'd.)

	*Land and buildings RM'000	Plant and machinery RM'000	Assets-in-progress RM'000	**Other assets RM'000	Total RM'000
<b>Group (cont'd.)</b>					
<b>Accumulated depreciation and impairment losses***</b>					
At 1 January 2021	286,784	865,076	8,763	274,004	1,434,627
Exchange differences	430	(3,119)	-	1,347	(1,342)
Charge for the year	34,367	105,604	-	42,754	182,725
Write offs	(16,021)	(32,593)	-	(5,949)	(54,563)
Disposals	(6,902)	(5,165)	-	(8,530)	(20,597)
Reclassified from leased assets (Note 7)	-	225	-	-	225
Disposal of a subsidiary (Note 9(d))	-	(12,327)	-	(16,984)	(29,311)
At 31 December 2021/1 January 2022	<b>298,658</b>	<b>917,701</b>	<b>8,763</b>	<b>286,642</b>	<b>1,511,764</b>
Exchange differences	<b>1,191</b>	<b>(2,079)</b>	-	<b>2,501</b>	<b>1,613</b>
Charge for the year	<b>33,627</b>	<b>116,133</b>	-	<b>37,025</b>	<b>186,785</b>
Write offs	-	<b>(2,362)</b>	<b>(3,293)</b>	<b>(14,566)</b>	<b>(20,221)</b>
Disposals	-	<b>(9,523)</b>	-	<b>(17,772)</b>	<b>(27,295)</b>
Impairment losses	-	<b>13</b>	-	<b>829</b>	<b>842</b>
Reclassified from:					
- Investment properties (Note 5)	<b>454</b>	-	-	-	<b>454</b>
- Leased assets (Note 7)	-	<b>55</b>	-	-	<b>55</b>
At 31 December 2022	<b>333,930</b>	<b>1,019,938</b>	<b>5,470</b>	<b>294,659</b>	<b>1,653,997</b>
<b>Carrying amount</b>					
At 31 December 2022	<b>1,760,498</b>	<b>676,133</b>	<b>153,274</b>	<b>116,255</b>	<b>2,706,160</b>
At 31 December 2021	1,693,539	643,593	76,547	131,341	2,545,020

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

4. Property, plant and equipment (cont'd.)

\* Land and buildings

	Freehold land RM'000	Buildings on freehold land RM'000	# Long term leasehold land RM'000	# Short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Buildings on short term leasehold land RM'000	Total RM'000
<b>Group</b>							
<b>Cost</b>							
At 1 January 2021	539,119	233,503	56,369	14,654	1,030,601	63,133	1,937,379
Exchange differences	-	-	46	416	167	810	1,439
Additions	12,491	6,361	5,260	1,247	2,871	2,503	30,733
Write offs	-	-	-	-	(16,021)	-	(16,021)
Disposal	-	-	(1,554)	-	(11,838)	-	(13,392)
Transferred from inventories	-	-	30,215	-	-	-	30,215
Reclassification	-	-	-	-	18,543	-	18,543
Reclassified from investment properties	-	-	-	-	3,983	-	3,983
Reversal of cost	-	(682)	-	-	-	-	(682)
At 31 December 2021/ 1 January 2022	<b>551,610</b>	<b>239,182</b>	<b>90,336</b>	<b>16,317</b>	<b>1,028,306</b>	<b>66,446</b>	<b>1,992,197</b>
Exchange differences	-	-	72	219	261	2,196	2,748
Additions	-	558	4,409	1,518	18,124	472	25,081
Reclassification	-	-	-	-	63,820	-	63,820
Reclassified from investment properties	-	-	10,582	-	-	-	10,582
At 31 December 2022	<b>551,610</b>	<b>239,740</b>	<b>105,399</b>	<b>18,054</b>	<b>1,110,511</b>	<b>69,114</b>	<b>2,094,428</b>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

4. Property, plant and equipment (cont'd.)

\* Land and buildings (cont'd.)

	Freehold land RM'000	Buildings on freehold land RM'000	# Long term leasehold land RM'000	# Short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Buildings on short term leasehold land RM'000	Total RM'000
<b>Group (cont'd.)</b>							
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2021	-	35,896	4,611	5,631	202,982	37,664	286,784
Exchange differences	-	-	(8)	45	140	253	430
Charge for the year	-	4,331	338	494	27,796	1,408	34,367
Write offs	-	-	-	-	(16,021)	-	(16,021)
Disposal	-	-	(564)	-	(6,338)	-	(6,902)
At 31 December 2021/ 1 January 2022	-	<b>40,227</b>	<b>4,377</b>	<b>6,170</b>	<b>208,559</b>	<b>39,325</b>	<b>298,658</b>
Exchange differences	-	-	-	25	228	938	1,191
Charge for the year	-	<b>4,399</b>	<b>674</b>	<b>509</b>	<b>26,609</b>	<b>1,436</b>	<b>33,627</b>
Reclassified from investment properties	-	-	454	-	-	-	454
At 31 December 2022	-	<b>44,626</b>	<b>5,505</b>	<b>6,704</b>	<b>235,396</b>	<b>41,699</b>	<b>333,930</b>
<b>Carrying amount</b>							
At 31 December 2022	<b>551,610</b>	<b>195,114</b>	<b>99,894</b>	<b>11,350</b>	<b>875,115</b>	<b>27,415</b>	<b>1,760,498</b>
At 31 December 2021	551,610	198,955	85,959	10,147	819,747	27,121	1,693,539

# Relates to right-of-use assets. Long term leasehold land refers to lease term more than 50 years, whereas short term leasehold land refers to lease term not more than 50 years.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

4. Property, plant and equipment (cont'd.)

\*\* Included in the other assets are office equipment, furniture and fittings, motor vehicles, renovation and improvements.

\*\*\* Accumulated depreciation and impairment losses:

	Land and buildings RM'000	Plant and machinery RM'000	Assets-in-progress RM'000	**Other assets RM'000	Total RM'000
<b>Group</b>					
<b>Accumulated impairment losses</b>					
At 31 December 2022	34,561	5,011	5,470	1,132	46,174
At 31 December 2021	34,561	4,998	8,763	303	48,625
<b>Accumulated depreciation</b>					
At 31 December 2022	299,369	1,014,927	-	293,527	1,607,823
At 31 December 2021	264,097	912,703	-	286,339	1,463,139

	Motor vehicles RM'000	Computer equipment RM'000	Assets-in-progress RM'000	Other assets RM'000	Total RM'000
<b>Company</b>					
<b>Cost</b>					
At 1 January 2021	827	88	-	12	927
Write offs	-	(9)	-	-	(9)
Disposals	-	(7)	-	-	(7)
At 31 December 2021/ 1 January 2022	827	72	-	12	911
Additions	-	8	21	-	29
Write offs	-	(23)	-	-	(23)
At 31 December 2022	827	57	21	12	917

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

4. Property, plant and equipment (cont'd.)

	Motor vehicles RM'000	Computer equipment RM'000	Assets-in-progress RM'000	Other assets RM'000	Total RM'000
<b>Company (cont'd.)</b>					
<b>Accumulated depreciation</b>					
At 1 January 2021	473	38	-	2	513
Charge for the year	165	26	-	2	193
Write offs	-	(9)	-	-	(9)
Disposals	-	(4)	-	-	(4)
At 31 December 2021/1 January 2022	638	51	-	4	693
Charge for the year	147	20	-	2	169
Write offs	-	(20)	-	-	(20)
At 31 December 2022	785	51	-	6	842
<b>Carrying amount</b>					
At 31 December 2022	42	6	21	6	75
At 31 December 2021	189	21	-	8	218

Included in the property, plant and equipment of the Group are fully depreciated assets which are still in use with their carrying costs as follows:

	Group	
	2022 RM'000	2021 RM'000
Buildings	88,156	79,937
Plant and machinery	530,226	430,095
Office equipment, furniture and fittings, motor vehicles, renovation and improvements	156,036	101,303

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

5. Investment properties

	Freehold land RM'000	Building on freehold land RM'000	Long term leasehold land RM'000	Building on long term leasehold land RM'000	Total RM'000
<b>Group</b>					
<b>Cost</b>					
At 1 January 2021	93,040	151,623	40,877	140,963	426,503
Additions	-	-	1,490	-	1,490
Reclassification	-	2,093	-	(2,093)	-
Reclassified to property, plant and equipment (Note 4)	-	-	-	(3,950)	(3,950)
Reversal of cost	-	(219)	-	-	(219)
At 31 December 2021/1 January 2022	<b>93,040</b>	<b>153,497</b>	<b>42,367</b>	<b>134,920</b>	<b>423,824</b>
Reclassified to property, plant and equipment (Note 4)	-	-	(10,582)	-	(10,582)
Reclassified to assets held for sale (Note 18)	(9,419)	(10,756)	(15,927)	(37,376)	(73,478)
At 31 December 2022	<b>83,621</b>	<b>142,741</b>	<b>15,858</b>	<b>97,544</b>	<b>339,764</b>
<b>Accumulated depreciation</b>					
At 1 January 2021	-	35,613	21,737	84,770	142,120
Charge for the year	-	5,820	1,740	3,926	11,486
At 31 December 2021/1 January 2022	-	<b>41,433</b>	<b>23,477</b>	<b>88,696</b>	<b>153,606</b>
Charge for the year	-	<b>3,178</b>	<b>1,655</b>	<b>1,786</b>	<b>6,619</b>
Reclassified to property, plant and equipment (Note 4)	-	-	(454)	-	(454)
Reclassified to assets held for sale (Note 18)	-	(3,212)	(9,241)	(16,406)	(28,859)
At 31 December 2022	-	<b>41,399</b>	<b>15,437</b>	<b>74,076</b>	<b>130,912</b>
<b>Carrying amount</b>					
At 31 December 2022	<b>83,621</b>	<b>101,342</b>	<b>421</b>	<b>23,468</b>	<b>208,852</b>
At 31 December 2021	93,040	112,064	18,890	46,224	270,218

The Group entered into operating leases on its investment property portfolio consisting of certain office and manufacturing buildings. These leases have terms of between 5 and 20 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income generated and direct operating expenses (excluding depreciation) incurred by the Group during the financial year are RM14.2 million (2021: RM11.5 million) and RM1.6 million (2021: RM1.6 million) respectively.

Fair value of investment properties as at 31 December 2022 was estimated by the directors to be approximately RM466.5 million (2021: RM556.0 million).

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6. Intangible asset

	Development costs RM'000
<b>Group</b>	
<b>Cost</b>	
At 1 January 2022	-
Additions	153
Reclassified from property, plant and equipment (Note 4)	840
At 31 December 2022	<b>993</b>
<b>Accumulated amortisation</b>	
At 1 January 2022	-
Charge for the year	192
At 31 December 2022	<b>192</b>
<b>Carrying amount</b>	
At 31 December 2022	<b>801</b>

The development costs are amortised on a straight-line basis over the expected future benefit of 5 years.

7. Leased assets

	Machinery and equipment RM'000
<b>Group</b>	
<b>Cost</b>	
At 1 January 2021	777,263
Exchange differences	8,516
Additions	157,065
Disposals	(94,626)
Transferred to inventories	(268)
Reclassified to property, plant and equipment (Note 4)	(260)
At 31 December 2021/1 January 2022	<b>847,690</b>
Exchange differences	18,427
Additions	154,765
Disposals	(110,796)
Reclassified to property, plant and equipment (Note 4)	(61)
At 31 December 2022	<b>910,025</b>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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7. Leased assets (cont'd.)

	Machinery and equipment RM'000
<b>Group (cont'd.)</b>	
<b>Accumulated depreciation and impairment losses</b>	
At 1 January 2021	426,825
Exchange differences	4,878
Charge for the year	116,385
Disposals	(73,389)
Transferred to inventories	(241)
Reclassified to property, plant and equipment (Note 4)	(225)
At 31 December 2021/1 January 2022	<b>474,233</b>
Exchange differences	<b>10,416</b>
Charge for the year	<b>120,617</b>
Disposals	<b>(85,016)</b>
Reclassified to property, plant and equipment (Note 4)	<b>(55)</b>
At 31 December 2022	<b>520,195</b>
<b>Carrying amount</b>	
At 31 December 2022	<b>389,830</b>
At 31 December 2021	373,457

The future minimum lease receivable by the Group in relation to those assets that have been leased as at financial year end are as follows:

	2022 RM'000	2021 RM'000
Due within one year	<b>154,436</b>	149,261
Due between one to two years	<b>97,075</b>	96,481
Due between two to five years	<b>85,613</b>	74,198
Due after five years	<b>89</b>	331
	<b>337,213</b>	320,271

Included in leased assets of the Group are fully depreciated assets which are still in use with their carrying costs of RM241.0 million (2021: RM177.0 million).

The leased assets are heavy equipment and industrial equipment being rented out under leasing arrangement to the customers over specified leasing period.

8. Leases

As lessee

The Group has lease contracts for various items of land and buildings, plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between 2 and 5 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

	Land and buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Other equipment RM'000	Total RM'000
<b>Group</b>					
<b>Cost</b>					
At 1 January 2021	195,909	17,056	4,072	6,778	223,815
Exchange differences	311	(39)	-	-	272
Additions	22,041	2,183	860	30	25,114
Derecognition	(18,827)	(1,351)	-	(1,475)	(21,653)
Disposal of a subsidiary (Note 9(d))	(17,989)	-	-	-	(17,989)
At 31 December 2021/1 January 2022	<b>181,445</b>	<b>17,849</b>	<b>4,932</b>	<b>5,333</b>	<b>209,559</b>
Exchange differences	<b>1,825</b>	<b>27</b>	<b>40</b>	-	<b>1,892</b>
Additions	<b>16,727</b>	<b>2,509</b>	<b>3,670</b>	<b>66</b>	<b>22,972</b>
Derecognition	<b>(30,576)</b>	<b>(15,286)</b>	<b>(4,555)</b>	<b>(119)</b>	<b>(50,536)</b>
Reclassification	-	-	(27)	27	-
Reclassified to property, plant and equipment (Note 4)	-	(58)	-	-	(58)
At 31 December 2022	<b>169,421</b>	<b>5,041</b>	<b>4,060</b>	<b>5,307</b>	<b>183,829</b>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

8. Leases (cont'd.)

As lessee (cont'd.)

	Land and buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Other equipment RM'000	Total RM'000
<b>Group (cont'd.)</b>					
<b>Accumulated depreciation</b>					
At 1 January 2021	55,514	7,824	3,399	5,019	71,756
Exchange differences	34	-	-	-	34
Charge for the year	25,135	5,801	1,069	936	32,941
Derecognition	(8,893)	(1,114)	-	(854)	(10,861)
Disposal of a subsidiary (Note 9(d))	(12,493)	-	-	-	(12,493)
At 31 December 2021/1 January 2022	<b>59,297</b>	<b>12,511</b>	<b>4,468</b>	<b>5,101</b>	<b>81,377</b>
Exchange differences	191	6	23	-	220
Charge for the year	20,859	3,856	1,476	177	26,368
Derecognition	(26,580)	(14,663)	(4,546)	(100)	(45,889)
Reclassification	-	(19)	(27)	46	-
At 31 December 2022	<b>53,767</b>	<b>1,691</b>	<b>1,394</b>	<b>5,224</b>	<b>62,076</b>
<b>Carrying amount</b>					
At 31 December 2022	<b>115,654</b>	<b>3,350</b>	<b>2,666</b>	<b>83</b>	<b>121,753</b>
At 31 December 2021	122,148	5,338	464	232	128,182

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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8. Leases (cont'd.)

As lessee (cont'd.)

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the financial year:

	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Other equipment RM'000	Total RM'000
<b>Group</b>					
At 1 January 2021	60,384	9,674	745	1,532	72,335
Additions	22,041	2,183	860	30	25,114
Derecognition	(6,523)	(241)	-	(621)	(7,385)
Reclassification	6	-	-	(6)	-
Accretion of interest	2,465	545	29	45	3,084
Payments	(26,072)	(6,660)	(1,166)	(725)	(34,623)
Disposal of a subsidiary (Note 9(d))	(4,005)	-	-	-	(4,005)
Exchange differences	286	(18)	-	-	268
At 31 December 2021/1 January 2022	<b>48,582</b>	<b>5,483</b>	<b>468</b>	<b>255</b>	<b>54,788</b>
Additions	16,727	2,509	3,670	66	22,972
Derecognition	(4,611)	(533)	-	(28)	(5,172)
Reclassification	6	-	-	(6)	-
Accretion of interest	2,356	269	140	9	2,774
Payments	(18,895)	(4,439)	(1,568)	(229)	(25,131)
Exchange differences	1,699	21	17	-	1,737
At 31 December 2022	<b>45,864</b>	<b>3,310</b>	<b>2,727</b>	<b>67</b>	<b>51,968</b>

	Group	
	2022 RM'000	2021 RM'000
Current	<b>12,623</b>	16,608
Non-current	<b>39,345</b>	38,180
	<b>51,968</b>	54,788



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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8. Leases (cont'd.)

As lessee (cont'd.)

The following are the amounts recognised in profit or loss:

	Group	
	2022 RM'000	2021 RM'000
Depreciation expense of right-of-use assets	26,368	32,941
Interest expense on lease liabilities	2,774	3,084
Expense relating to short-term leases	14,661	14,982
Expense relating to leases of low-value assets	266	282
Total amount recognised in profit or loss	44,069	51,289

The Group had total cash outflows for leases (including expense relating to short-term leases and leases of low-value-assets) of RM40.1 million (2021: RM49.9 million). The Group also had non-cash additions to right-of-use assets of RM23.0 million (2021: RM25.1 million).

9. Investments in subsidiaries

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	4,599,215	4,603,153
Less: Accumulated impairment losses	(1,658,526)	(1,662,464)
	2,940,689	2,940,689

Details of subsidiaries of the Company are disclosed in Note 37 to the financial statements.

(a) Redeemable convertible preference shares ("RCPS") in subsidiaries

(i) Subscriptions

In the previous financial year, the Company subscribed to 175,000,000 RCPS of USD1.00 each in UMW Petropipe (L) Ltd ("UPP"), 58,000,000 RCPS of USD1.00 each in UMW India Ventures (L) Ltd ("UIVL") and 71,000,000 RCPS of USD1.00 each in UMW Oilfield International (L) Ltd ("UOIL") via capitalisation of the amounts due from the subsidiaries, equivalent to RM725.4 million, RM240.4 million and RM294.3 million respectively.

(ii) Redemption

On 30 November 2022, 950,000 RCPS in UOIL have been redeemed for USD1.00 each, equivalent to RM3.9 million.

In the previous financial year, 2,560,000 RCPS in UOIL and 270,000 RCPS in UIVL had been redeemed for USD1.00 each, equivalent to RM10.6 million and RM1.1 million respectively.

9. Investments in subsidiaries (cont'd.)

(b) Acquisition of non-controlling interest ("NCI") in UOIL

In the previous financial year, UPP, a 100% owned subsidiary of the Company acquired the remaining 40% of the equity interest in UOIL for a total purchase consideration of USD1.00, resulting in UOIL becoming a 100% owned subsidiary of UPP.

(c) Material non-controlling interest of a subsidiary

Financial information of a subsidiary that has material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

Subsidiary	Effective interest held by non-controlling interests	
	2022	2021
UMW Toyota Motor Sdn. Bhd.	49%	49%
	2022 RM'000	2021 RM'000
<b>Accumulated balances of material non-controlling interests:</b>		
UMW Toyota Motor Sdn. Bhd.	1,601,986	1,574,311
Other individually immaterial subsidiaries	90,093	85,688
	1,692,079	1,659,999
<b>Profit for the financial year attributable to material non-controlling interests:</b>		
UMW Toyota Motor Sdn. Bhd.	166,683	159,709
Other individually immaterial subsidiaries	26,277	17,859
	192,960	177,568
<b>Dividends paid to non-controlling interests:</b>		
UMW Toyota Motor Sdn. Bhd.	139,710	54,947
Other individually immaterial subsidiaries	24,040	21,415
	163,750	76,362

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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9. Investments in subsidiaries (cont'd.)

(c) Material non-controlling interest of a subsidiary (cont'd.)

The summarised financial information of the material subsidiary are provided as follow. This information is based on amounts before intercompany eliminations.

Summarised consolidated statement of comprehensive income for the financial year ended:

	2022 RM'000	2021 RM'000
<b>UMW Toyota Motor Sdn. Bhd.</b>		
Revenue	13,367,113	9,034,944
Profit for the financial year	340,169	325,937
Total comprehensive income	339,117	327,261

Summarised consolidated statement of financial position as at 31 December:

	2022 RM'000	2021 RM'000
<b>UMW Toyota Motor Sdn. Bhd.</b>		
Non-current assets	2,527,744	2,527,184
Current assets	3,435,563	3,184,531
Non-current liabilities	(251,071)	(601,725)
Current liabilities	(2,442,876)	(1,897,110)
<b>Total equity</b>	<b>3,269,360</b>	<b>3,212,880</b>
Attributable to:		
Equity holders of parent	1,667,374	1,638,569
Non-controlling interests	1,601,986	1,574,311
	3,269,360	3,212,880

Summarised consolidated cash flow information as at 31 December:

	2022 RM'000	2021 RM'000
<b>UMW Toyota Motor Sdn. Bhd.</b>		
Cash inflows from operating activities	1,056,443	266,204
Cash outflows from investing activities	(221,764)	(128,868)
Cash outflows from financing activities	(757,238)	(198,178)
Net increase/(decrease) in cash and cash equivalents	77,441	(60,842)

9. Investments in subsidiaries (cont'd.)

(d) Disposal of interest in a subsidiary that resulted in loss of control

In the previous financial year, UMW Corporation Sdn Bhd ("UMWC"), a wholly owned subsidiary of the Company, completed the disposal of its entire equity interest in UMW Advantech Sdn Bhd ("UASB"), for a net proceed of RM75.0 million. This gave rise to a gain on disposal amounting to RM2.5 million. The details are as follows:

	2021 RM'000
Property, plant and equipment (Note 4)	2,937
Right-of-use assets (Note 8)	5,496
Inventories	20,844
Receivables	56,172
Deposits, cash and bank balances	2,054
<b>Total assets</b>	<b>87,503</b>
Lease liabilities (Note 8)	(4,005)
Payables	(10,954)
<b>Total liabilities</b>	<b>(14,959)</b>
Net assets disposed	72,544
Less: Net proceeds on disposal	(75,035)
<b>Net gain on disposal</b>	<b>(2,491)</b>

(e) Winding up/members voluntary liquidation/deregistration of subsidiaries

Certain subsidiaries have been wound up during the financial year as disclosed in Note 37(ii).

10. Investments in joint ventures

	Group	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	55,042	55,042
Share of post-acquisition reserves	27,361	25,640
Less: Accumulated impairment losses	(3,736)	(2,832)
<b>Carrying amount of investments</b>	<b>78,667</b>	<b>77,850</b>

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group.

No quoted market prices are available for the shares of the Group's joint ventures as these companies are private companies.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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#### 10. Investments in joint ventures (cont'd.)

The summarised financial information for the aggregated assets, liabilities and results of the material joint venture is as follows:

##### Summarised statement of financial position:

	2022 RM'000	2021 RM'000
<b>Lubritech International Holdings Limited</b>		
Cash and cash equivalents	52,119	48,253
Other current assets	77,316	90,400
Non-current assets	37,685	43,328
Current liabilities	(34,470)	(51,363)
Non-current liabilities	(1,538)	(2,374)
	<b>131,112</b>	<b>128,244</b>
<b>Reconciliation of net assets to carrying amount as at 31 December:</b>		
Group's share of net assets	<b>78,667</b>	77,850

##### Summarised statement of comprehensive income:

	2022 RM'000	2021 RM'000
<b>Lubritech International Holdings Limited</b>		
Profit for the financial year	11,795	13,015
Other comprehensive (loss)/income	(4,482)	6,900
Total comprehensive income	<b>7,313</b>	19,915
Group's share of profit for the financial year	<b>7,077</b>	7,809
Group's share of other comprehensive (loss)/income	<b>(2,689)</b>	4,140
Group's share of total comprehensive income	<b>4,388</b>	11,949
Dividend received	<b>2,667</b>	-

##### Proportion of material ownership interest held by the Group:

	Effective interest	
	2022	2021
Lubritech International Holdings Limited	<b>60%</b>	60%

Details of the joint ventures are disclosed in Note 38.

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#### 11. Investments in associates

	2022 RM'000	2021 RM'000
<b>Group</b>		
Unquoted shares, at cost	<b>146,018</b>	146,018
Share of post-acquisition reserves	<b>2,232,252</b>	2,041,727
Share of other comprehensive income	<b>6,288</b>	5,100
Less: Accumulated impairment losses	<b>(22,245)</b>	(22,245)
Carrying amount of investment	<b>2,362,313</b>	2,170,600
<b>Company</b>		
Unquoted shares, at cost	<b>26,024</b>	26,024
Less: Accumulated impairment losses	<b>(22,245)</b>	(22,245)
Carrying amount of investment	<b>3,779</b>	3,779

##### Proportion of material ownership interest held by the Group:

	Effective interest	
	2022	2021
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	<b>38%</b>	38%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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11. Investments in associates (cont'd.)

Summarised financial information in respect of the Group's material associates is set out below:

	2022			2021		
	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>Summarised statements of financial position:</b>						
<b>Assets and liabilities</b>						
Current assets	2,152,222	381,536	2,533,758	1,929,044	359,842	2,288,886
Non-current assets	4,276,409	7,298,314	11,574,723	3,902,556	6,186,672	10,089,228
Total assets	6,428,631	7,679,850	14,108,481	5,831,600	6,546,514	12,378,114
Current liabilities	668,616	430,458	1,099,074	477,151	500,131	977,282
Non-current liabilities	41,705	6,624,780	6,666,485	55,834	5,527,548	5,583,382
Total liabilities	710,321	7,055,238	7,765,559	532,985	6,027,679	6,560,664
Net assets	5,718,310	624,612	6,342,922	5,298,615	518,835	5,817,450
<b>Reconciliation of net assets to carrying amount as at 31 December:</b>						
Goodwill	-	20,389	20,389	-	20,389	20,389
Group's share of net assets	2,172,958	191,211	2,364,169	2,013,474	158,982	2,172,456
Less: Accumulated impairment losses	-	(22,245)	(22,245)	-	(22,245)	(22,245)
Group's carrying amount of interest in associates	2,172,958	189,355	2,362,313	2,013,474	157,126	2,170,600
<b>Summarised statements of comprehensive income:</b>						
<b>Results</b>						
Revenue	15,180,419	883,112	16,063,531	9,992,978	685,979	10,678,957
Profit for the financial year	759,148	131,206	890,354	598,918	108,566	707,484
Other comprehensive income	3,127	-	3,127	256	-	256
Total comprehensive income	762,275	131,206	893,481	599,174	108,566	707,740
Dividends received	130,180	8,821	139,001	103,900	57	103,957
Group's share of profit for the financial year	288,476	39,362	327,838	227,589	32,570	260,159

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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11. Investments in associates (cont'd.)

The Group's interest in capital commitments of the associates are as follows:

	2022 RM'000	2021 RM'000
- Approved and contracted for	4,726	14,009
- Approved but not contracted for	27,745	38

For the purpose of applying the equity method of accounting, the audited financial statements and management accounts for the 12-month period ended 31 December 2022 of these associates have been used. Details of the associates are disclosed in Note 39.

12. Deferred taxation

	Group	
	2022 RM'000	2021 RM'000
At 1 January	(173,778)	(71,566)
Recognised in profit or loss (Note 31)	55,796	(103,145)
Exchange differences	732	933
At 31 December	(117,250)	(173,778)
Presented after appropriate offsetting as follows:		
Deferred tax assets	(178,073)	(222,174)
Deferred tax liabilities	60,823	48,396
	(117,250)	(173,778)

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000
At 1 January 2021	65,660
Recognised in profit or loss	21,661
Exchange differences	171
At 31 December 2021/1 January 2022	87,492
Recognised in profit or loss	46,932
Exchange differences	(298)
At 31 December 2022	134,126



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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12. Deferred taxation (cont'd.)

Deferred tax assets of the Group:

	Unutilised capital/ reinvestment allowance RM'000	Unutilised investment tax allowance RM'000 (Note a)	Provision for liabilities RM'000	Unabsorbed tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2021	(12,651)	-	(73,795)	(11,577)	(39,203)	(137,226)
Recognised in profit or loss	2,334	(139,833)	(4,380)	9,782	7,291	(124,806)
Exchange differences	1,222	-	-	(348)	(112)	762
At 31 December 2021/1 January 2022	<b>(9,095)</b>	<b>(139,833)</b>	<b>(78,175)</b>	<b>(2,143)</b>	<b>(32,024)</b>	<b>(261,270)</b>
Recognised in profit or loss	<b>2,072</b>	<b>11,833</b>	<b>552</b>	<b>643</b>	<b>(6,236)</b>	<b>8,864</b>
Exchange differences	<b>(784)</b>	-	-	<b>(566)</b>	<b>2,380</b>	<b>1,030</b>
At 31 December 2022	<b>(7,807)</b>	<b>(128,000)</b>	<b>(77,623)</b>	<b>(2,066)</b>	<b>(35,880)</b>	<b>(251,376)</b>

- (a) In the previous financial year, a subsidiary of the Group was awarded investment tax allowances on 100% of qualifying capital expenditures for carrying out activities in relation to the assembly of Energy Efficient Vehicle.

The deferred tax asset has been recognised in respect of this item to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised in the foreseeable future.

In determining the extent of the deferred tax asset to be recognised, the Group has applied the following judgements in estimating the likely timing and level of taxable profits available against utilisation of the investment tax allowances:

- (i) future outlook on the volumes to be assembled
- (ii) product lifecycle of existing and approved future models

Based on management's assessment, deferred tax asset of RM128.0 million (2021: RM139.8 million) has been recognised as at 31 December 2022 in respect of the unutilised investment tax allowance.

The availability of the unutilised capital, reinvestment and investment tax allowances, unabsorbed tax losses and other deductible temporary differences for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective companies in which the subsidiaries operate.

Effective from year of assessment 2019, the unabsorbed tax losses of the Group will only be available for carry forward for a period of ten consecutive years. Upon expiry of the ten years, the unabsorbed tax losses will be disregarded.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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12. Deferred taxation (cont'd.)

Deferred tax assets of the Group (cont'd.):

Deferred tax assets have not been recognised in respect of these items:

	Group	
	2022 RM'000	2021 RM'000
Unutilised capital and reinvestment allowances	<b>105,823</b>	101,457
Unutilised investment tax allowances	<b>518,236</b>	520,283
Unabsorbed tax losses	<b>577,370</b>	591,301
	<b>1,201,429</b>	1,213,041
Year of expiry of unabsorbed tax losses is analysed as follows:		
Expired by 2028	<b>391,619</b>	413,382
Expired by 2029	<b>73,478</b>	73,478
Expired by 2030	<b>65,655</b>	65,655
Expired by 2031	<b>38,786</b>	38,786
Expired by 2032	<b>7,832</b>	-
	<b>577,370</b>	591,301

Deferred tax assets have not been recognised in respect of these items as there is no probable expectation that future taxable income of the applicable group of companies will be sufficient to allow the benefit to be realised.

13. Other investments

	2022 RM'000	2021 RM'000
<b>Group</b>		
<b>Current:</b>		
<b>Financial assets at fair value through profit or loss</b>		
Investment in money market fund	<b>196,223</b>	603,198
<b>Non-current:</b>		
<b>Equity instruments designated at fair value through OCI</b>		
Unquoted shares	<b>4,302</b>	4,302
<b>Financial assets at fair value through profit or loss</b>		
Quoted shares outside Malaysia	<b>959</b>	918
Total non-current other investments	<b>5,261</b>	5,220

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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13. Other investments (cont'd.)

	2022 RM'000	2021 RM'000
<b>Company</b>		
<b>Current:</b>		
<b>Financial assets at fair value through profit or loss</b>		
Investment in money market fund	74,863	312,038

14. Derivatives

	Note	2022		2021	
		Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Group</b>					
<b>Derivatives not designated as hedging instruments</b>					
Forward currency contracts	(a)	6,404	1,174	463	3,094
Embedded derivatives	(b)	16,246	-	5,135	-
		22,650	1,174	5,598	3,094

The Group uses forward currency contracts and embedded derivatives to manage some of the transactions' exposure.

These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure to foreign currencies.

(a) Forward currency contracts

Forward currency contracts are used to hedge the Group's current and future sales and purchases denominated in foreign currencies for which firm commitments existed at the reporting date.

	2022 RM'000	2021 RM'000
<b>Notional amounts</b>		
United States Dollar	643,405	218,240
Japanese Yen	192,589	125,228
Euro	42,806	22,794
Great Britain Pound	31,491	-
Chinese Yuan	4,798	-
Thai Baht	1,640	3,163

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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14. Derivatives (cont'd.)

(b) Embedded derivatives

The Group entered into purchase contracts with suppliers in Asia Pacific and Japan. The purchase price in these contracts are denominated in USD and subject to periodic price review. These contracts contain embedded foreign exchange derivatives with notional amounts of RM729.7 million (2021: RM573.6 million) which have been separated and carried at fair value through profit or loss.

Derivatives are neither past due nor impaired and are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

During the financial year, the Group recognised a net gain of RM19.0 million (2021: net loss of RM9.4 million) arising from fair value changes of derivative assets/liabilities.

15. Inventories

	Group	
	2022 RM'000	2021 RM'000
Equipment, unassembled and completed vehicles, attachments and spares	1,399,877	1,273,197
Other finished goods	96,493	65,762
Work-in-progress	225,910	220,344
Raw materials and consumables	323,449	192,857
	2,045,729	1,752,160

The cost of inventories recognised as an expense by the Group during the financial year amounted to RM13,598.2 million (2021: RM9,421.3 million).



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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## 16. Receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current:</b>				
Trade receivables (Note a)	1,124,329	904,185	-	-
Other receivables (Note b)	107,208	147,476	2,003	2,287
Due from subsidiaries (Note c)	-	-	397	43,439
	<b>1,231,537</b>	1,051,661	<b>2,400</b>	45,726
<b>Non-current:</b>				
Due from subsidiaries (Note c)	-	-	33,654	32,774
Total trade, other receivables and due from subsidiaries	<b>1,231,537</b>	1,051,661	<b>36,054</b>	78,500
Less: Included within other receivables:				
Prepayments (Note b)	(19,078)	(23,021)	(1,998)	(1,948)
Add: Deposits, cash and bank balances (Note 17)	2,808,126	2,941,385	221,387	729,618
<b>Total financial assets carried at amortised cost</b>	<b>4,020,585</b>	3,970,025	<b>255,443</b>	806,170

## (a) Trade receivables

	Group	
	2022 RM'000	2021 RM'000
Third parties	867,815	685,265
Allowance for expected credit losses	(16,884)	(21,990)
	<b>850,931</b>	663,275
Due from associates and joint ventures	20,078	16,537
Due from a corporate shareholder and its related parties of a subsidiary	253,320	224,373
	<b>1,124,329</b>	904,185

The Group's normal trade credit terms range from 1 day to 120 days (2021: 1 day to 120 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

The amounts due from joint ventures, associates and a corporate shareholder and its related parties of a subsidiary are unsecured, non-interest bearing and have repayment terms of 30 days to 60 days (2021: 30 days to 60 days).

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to a single group of debtors.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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## 16. Receivables

## (a) Trade receivables (cont'd.)

## (i) Aging analysis of trade receivables

	Group	
	2022 RM'000	2021 RM'000
(a) Neither past due nor impaired	1,054,658	725,572
(b) Overdue but not impaired:		
1 - 30 days	41,576	120,991
31 - 60 days	11,308	28,044
61 - 90 days	5,359	7,962
91 - 180 days	8,751	4,817
More than 180 days	2,677	16,799
Total trade receivables (net)	<b>1,124,329</b>	904,185
(c) Impaired	16,884	21,990
Total trade receivables (gross)	<b>1,141,213</b>	926,175

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

## (ii) Receivables that are impaired for expected credit losses:

	Group		
	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
Movement in allowance for expected credit losses:			
At 1 January 2022	10,946	11,044	21,990
Write offs	(2,834)	(229)	(3,063)
Allowance for/(reversal of) expected credit losses for the financial year, net (Note 30)	459	(2,628)	(2,169)
Exchange differences	11	115	126
At 31 December 2022	<b>8,582</b>	<b>8,302</b>	<b>16,884</b>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

16. Receivables

(a) Trade receivables (cont'd.)

(ii) Receivables that are impaired for expected credit losses (cont'd.):

	Group		Total RM'000
	Individually impaired RM'000	Collectively impaired RM'000	
Movement in allowance for expected credit losses (cont'd.):			
At 1 January 2021	9,204	11,788	20,992
Write offs	(1,332)	-	(1,332)
Allowance for/(reversal of) expected credit losses for the financial year, net (Note 30)	3,099	(755)	2,344
Exchange differences	(25)	11	(14)
At 31 December 2021	10,946	11,044	21,990

Trade receivables that have been individually determined to be impaired at the reporting date relates to debtors that are in significant financial difficulties and have defaulted on payments. These receivables were not secured by any collateral or bank guarantees.

(b) Other receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current:</b>				
Deposits	34,743	22,159	5	339
Prepayments	19,078	23,021	1,998	1,948
Sundry receivables	67,798	102,999	-	-
	121,619	148,179	2,003	2,287
Allowance for expected credit losses	(14,411)	(703)	-	-
	107,208	147,476	2,003	2,287

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

16. Receivables

(b) Other receivables (cont'd.)

	2022 RM'000	2021 RM'000
<b>Group</b>		
Movement in allowance for expected credit losses:		
At 1 January	703	12,990
Reclassified from/(to) assets held for sale	12,929	(12,138)
Allowance for/(reversal of) expected credit losses for the financial year, net (Note 30)	40	(146)
Write offs	-	(3)
Exchange differences	739	-
At 31 December	14,411	703

(c) Due from subsidiaries

	Company	
	2022 RM'000	2021 RM'000
Amounts due from subsidiaries	39,270	87,995
Allowance for expected credit losses	(5,219)	(11,782)
	34,051	76,213
Non-current	33,654	32,774
Current	397	43,439
	34,051	76,213
Movement in allowance for expected credit losses:		
At 1 January	11,782	1,572,240
Reversal of expected credit losses for the financial year, net (Note 30)	(6,563)	(1,221,736)
Write off	-	(338,722)
At 31 December	5,219	11,782

The amounts due from subsidiaries are unsecured, non-trade in nature, interest free except for loans of RM33.6 million (2021: RM75.2 million) that bear interest ranging from 2.65% to 5.50% (2021: 2.65% to 5.50%) per annum and are repayable within 1 to 4 years (2021: 1 to 5 years).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

17. Deposits, cash and bank balances

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current:</b>				
Cash and bank balances	334,641	380,532	12,749	3,159
Deposits with licensed banks	2,473,485	2,560,853	208,638	726,459
Deposits, cash and bank balances	2,808,126	2,941,385	221,387	729,618

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits, cash and bank balances	2,808,126	2,941,385	221,387	729,618
Less: Deposits with maturity of more than 3 months	(375,857)	(234,861)	(50,000)	-
Less: Deposits restricted by the banks	-	(6,244)	-	-
Cash and cash equivalents	2,432,269	2,700,280	171,387	729,618

The range of interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2022 % per annum	2021 % per annum	2022 % per annum	2021 % per annum
Deposits with licensed banks	0.04 - 6.00	0.02 - 3.40	0.11 - 4.80	0.11 - 2.15

The range of maturities of deposits at the reporting date were as follows:

	Group		Company	
	2022 Days	2021 Days	2022 Days	2021 Days
Deposits with licensed banks	1 - 365	1 - 426	1 - 249	1 - 60

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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18. Assets held for sale and liabilities associated with assets held for sale

		2022		2021	
		Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Group</b>					
UMW Toyota Motor Sdn. Bhd. ("UMWT")	(a)	44,619	-	-	-
Other segment	(b)	-	-	6,553	20,531
		44,619	-	6,553	20,531

(a) UMW Toyota Motor Sdn. Bhd. ("UMWT")

During the financial year, UMWT had entered into sale and purchase agreements to dispose several buildings to existing Toyota dealers who are currently leasing and operating the buildings.

As at 31 December 2022, the corresponding assets related to the disposal of buildings have been reclassified as "Assets held for sale" from investment properties.

	2022 RM'000
<b>Investment properties (Note 5)</b>	
Cost	73,478
Less: Accumulated depreciation	(28,859)
	44,619

(b) Other segment

In the previous financial year, the Group approved the plan to dispose a group of companies under other segment as part of its effort to continuously streamline the Group's businesses.

The assets and liabilities of the disposal group in the previous financial year were as follows:

	2021 RM'000
Receivables	515
Tax recoverable	2,848
Deposits, cash and bank balances	3,190
Total assets held for sale	6,553
Payables	18,934
Taxation	1,597
Total liabilities associated with assets held for sale	20,531



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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19. Share capital

	Number of ordinary shares of RM0.50 each		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
<b>Group and Company</b>				
<b>Issued and fully paid</b>				
At 1 January/31 December	<b>1,168,294</b>	1,168,294	<b>584,147</b>	584,147

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

20. Reserves

(a) Fair value reserve

The fair value reserve represents the differences arising from the conversion of investment in unquoted shares to fair value through OCI.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

21. Perpetual sukuk

	Group/Company	
	2022 RM'000	2021 RM'000
Issuance nominal value	<b>1,100,000</b>	1,100,000
Less: Transaction cost	<b>(2,140)</b>	(2,140)
Net nominal value	<b>1,097,860</b>	1,097,860

The perpetual sukuk relates to the Company's perpetual sukuk program of up to RM2,000,000,000 in nominal value, which was approved on 22 March 2018.

The Company had on 20 April 2018 made an issuance of RM1,100,000,000 nominal value of perpetual sukuk musharakah. The perpetual sukuk musharakah is structured as a perpetual sukuk and therefore accounted as equity.

The perpetual sukuk holders are conferred the right to receive distribution on a semi-annual basis from their issue date at the rate of 6.35% per annum. The perpetual sukuk has no fixed redemption date but the Company has the option to redeem at the end of the tenth year from the date of issue and on each subsequent semi-annual periodic distribution date. If the perpetual sukuk is not redeemed at the tenth year, the periodic distribution rate will be reset to the then prevailing 10-year Malaysian Government Securities benchmark rate plus initial spread of 2.362% and step-up margin of 1.00%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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21. Perpetual sukuk (cont'd.)

While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

The proceeds raised from the perpetual sukuk programme shall be utilised by UMW Holdings Berhad and/or its subsidiaries, associated companies and/or jointly controlled entities to refinance its existing financing/debt obligations (whether in whole or in part), and/or to refinance working capital requirements, investments, capital expenditure and/or for general corporate purposes. In any case, all utilisation of proceeds raised under the perpetual sukuk programme must be Shariah-compliant.

22. Provision for warranties

	Group	
	2022 RM'000	2021 RM'000
At 1 January	<b>293,767</b>	280,033
Charged to profit or loss (Note 30)	<b>44,252</b>	59,717
Reversed during the financial year (Note 30)	<b>(12)</b>	(69)
Utilised during the financial year	<b>(48,071)</b>	(45,964)
Exchange differences	<b>170</b>	50
At 31 December	<b>290,106</b>	293,767
Presented as follows:		
<b>Current</b>	<b>55,149</b>	84,981
<b>Non-current</b>		
Later than 1 year but not later than 2 years	<b>61,408</b>	77,080
Later than 2 years but not later than 8 years	<b>173,549</b>	131,706
	<b>234,957</b>	208,786
	<b>290,106</b>	293,767

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised for expected warranty claims on products sold, based on past experience of the level of repairs, returns claims and recent trend analysis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

23. Borrowings

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current:</b>				
<b>Secured</b>				
Term loan	7,358	-	-	-
<b>Unsecured</b>				
Term loans	12,000	97,715	-	-
Bankers' acceptances and revolving credits	110,633	70,571	-	-
Sukuk	-	400,000	-	400,000
Trust receipts	82,344	69,796	-	-
	204,977	638,082	-	400,000
Total current borrowings	212,335	638,082	-	400,000
<b>Non-current:</b>				
<b>Secured</b>				
Term loan	80,942	88,300	-	-
<b>Unsecured</b>				
Sukuk	1,249,990	1,599,978	1,249,990	1,599,978
Term loans	9,000	406,715	-	-
	1,258,990	2,006,693	1,249,990	1,599,978
Total non-current borrowings	1,339,932	2,094,993	1,249,990	1,599,978
<b>Total borrowings</b>	<b>1,552,267</b>	<b>2,733,075</b>	<b>1,249,990</b>	<b>1,999,978</b>

The range of weighted average effective interest rates ("WAEIR") for borrowings at the reporting date were as follows:

	Group	
	2022 % per annum	2021 % per annum
Term loans	3.4 - 4.4	3.4 - 4.8
Trust receipts	1.5 - 6.2	1.0 - 1.4
Bankers' acceptances	2.2 - 4.1	2.2 - 2.5
Revolving credits	2.9 - 5.1	2.9 - 3.1
Sukuk	3.0 - 5.2	3.0 - 5.2

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

23. Borrowings (cont'd.)

The maturity and exposure to interest rate risk of the total borrowings are as follows:

	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Total RM'000
<b>Group</b>					
<b>31 December 2022</b>					
<b>Secured</b>					
- Fixed rate	3.4	7,358	29,432	51,510	88,300
<b>Unsecured</b>					
- Floating rate	1.5 - 6.2	192,977	-	-	192,977
- Fixed rate	3.0 - 5.2	12,000	9,000	1,249,990	1,270,990
		204,977	9,000	1,249,990	1,463,967
		212,335	38,432	1,301,500	1,552,267
<b>31 December 2021</b>					
<b>Secured</b>					
- Fixed rate	3.4	-	7,358	80,942	88,300
<b>Unsecured</b>					
- Floating rate	1.0 - 3.1	140,368	-	-	140,368
- Fixed rate	3.0 - 5.2	497,714	542,420	1,464,273	2,504,407
		638,082	542,420	1,464,273	2,644,775
		638,082	549,778	1,545,215	2,733,075
<b>Company</b>					
<b>31 December 2022</b>					
<b>Unsecured</b>					
- Fixed rate	3.0 - 5.2	-	-	1,249,990	1,249,990
<b>31 December 2021</b>					
<b>Unsecured</b>					
- Fixed rate	3.0 - 5.2	400,000	-	1,599,978	1,999,978

The secured term loan of the Group was secured by legal charge over certain assets of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

23. Borrowings (cont'd.)

Change in liabilities arising from financing activities

2022:

	At 1 January 2022 RM'000	Net (repayment)/ addition RM'000	Others* RM'000	At 31 December 2022 RM'000
<b>Group</b>				
Sukuk	1,999,978	(750,000)	12	1,249,990
Other term loans	592,729	(483,429)	-	109,300
Trust receipts	69,797	12,547	-	82,344
Bankers' acceptances	38,214	52,419	-	90,633
Revolving credits	32,357	(12,357)	-	20,000
	2,733,075	(1,180,820)	12	1,552,267
<b>Company</b>				
Sukuk	1,999,978	(750,000)	12	1,249,990

2021:

	At 1 January 2021 RM'000	Net addition/ (repayment) RM'000	Others* RM'000	At 31 December 2021 RM'000
<b>Group</b>				
Sukuk	1,749,956	250,000	22	1,999,978
Other term loans	690,030	(97,302)	1	592,729
Trust receipts	9,790	60,007	-	69,797
Bankers' acceptances	8,271	29,943	-	38,214
Revolving credits	8,000	24,357	-	32,357
	2,466,047	267,005	23	2,733,075
<b>Company</b>				
Sukuk	1,749,956	250,000	22	1,999,978

\* Others comprise of unamortised transaction cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

24. Payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current:</b>				
Trade payables:				
Trade payables	846,005	648,064	-	-
Bill payables	14,474	12,376	-	-
Customer deposits	68,393	56,412	-	-
Related parties	813,097	499,570	-	-
Other payables:				
Accruals	916,281	591,171	7,452	12,421
Provision for unutilised leave	7,016	6,614	-	-
Sundry payables	627,551	434,583	5,311	1,965
Due to a subsidiary	-	-	18,855	-
Total trade and other payables	3,292,817	2,248,790	31,618	14,386
Add:				
Lease liabilities (Note 8)	51,968	54,788	-	-
Borrowings (Note 23)	1,552,267	2,733,075	1,249,990	1,999,978
Less:				
Provision for unutilised leave	(7,016)	(6,614)	-	-
SST payable	(4,649)	(3,672)	-	-
Total financial liabilities carried at amortised cost	4,885,387	5,026,367	1,281,608	2,014,364

The related party balances comprise amounts due to corporate shareholders of subsidiaries and/or their subsidiaries for purchase of inventories. The corporate shareholders are Toyota Motor Corporation, Japan and Toyota Tsusho Corporation, Japan and/or their subsidiaries and associated companies.

Trade creditors are non-interest bearing and normally settled within 1 day to 90 days (2021: 1 day to 90 days) terms.

Sundry payables are non-interest bearing and normally settled on an average term of six months (2021: average term of six months).

The amount due to a subsidiary is unsecured, non-trade in nature and repayable on demand.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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## 25. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue from contracts with customers:</b>				
Type of goods or services:				
- Vehicles	10,526,595	7,188,178	-	-
- Equipment	835,394	730,152	-	-
- Parts	2,552,691	1,704,174	-	-
- Lubricants and related products	213,641	156,737	-	-
- Exports	1,299,829	971,766	-	-
- Services	63,240	46,308	-	-
- Property development	63,352	17,123	-	-
- Others	16,167	22,194	-	-
	<b>15,570,909</b>	10,836,632	-	-
<b>Rental income:</b>				
- Leasing of equipment	243,522	224,171	-	-
<b>Dividend income:</b>				
Gross dividend income from				
- subsidiaries	-	-	211,884	183,363
- associate	-	-	1,192	57
	-	-	<b>213,076</b>	183,420
Total revenue	<b>15,814,431</b>	11,060,803	<b>213,076</b>	183,420
<b>Timing of revenue recognition from contract with customers:</b>				
At a point in time	15,568,466	10,836,291	-	-
Over time	2,443	341	-	-
	<b>15,570,909</b>	10,836,632	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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## 25. Revenue (cont'd.)

**Performance obligations**

Information about the Group's core performance obligations are summarised below:

Vehicles, Parts and Exports

The performance obligation is satisfied upon delivery of the vehicles, parts and exports. Payment is generally due within 30 to 60 days from delivery.

Equipment, Parts and Other Related Spares

The performance obligation is satisfied upon delivery of the equipment, parts and other related spares. Payment is generally due within 1 to 120 days from delivery.

In some contracts, warranty beyond fixing the defects that existed at the time of sale is provided to customers. The service warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the service warranty is satisfied over one year based on time elapsed.

Lubricants and Related Products

The performance obligation is satisfied upon delivery of the lubricants, greases and specialty products, net of sale discount which is recognised at a point in time. Payment is generally due within 60 to 90 days from delivery.

Services

Revenue associated with free services performed on vehicles are separated from the gross revenue of the goods and recognised over-time when services fall due. For paid services relating to vehicles, the performance obligation is satisfied over-time and payment is generally due upon completion and acceptance by the customer.

Whereas, the performance obligation performed on other services are satisfied at a point in time when the service is rendered and payment is generally due upon completion and acceptance by the customer. In some contracts, short-term advances are required before the service is provided.

Property Development

The performance obligation is satisfied at a point in time when the control of properties has been transferred to purchasers and considerations can be collected in exchange for the assets sold.

## 26. Other operating income

Included in other operating income are:

	Group	
	2022 RM'000	2021 RM'000
Net gain on disposal of property, plant, equipment and leased assets	29,699	42,606
Net gain on derecognition of lease	525	598
Bad debts recovered	-	11,000
Rental income	40,723	24,465
Interest income	1,783	3,131
Commissions	2,566	2,310

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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27. Employee benefits

	Group	
	2022 RM'000	2021 RM'000
<b>Staff costs</b>		
Wages and salaries	<b>628,138</b>	480,157
Social security costs	<b>5,279</b>	5,219
Defined contribution plan	<b>80,453</b>	62,136
Other staff related expenses	<b>118,101</b>	104,718
	<b>831,971</b>	652,230

Included in the above are remuneration of directors and key management personnels which are disclosed in Notes 30 and 41(f) respectively.

28. Finance costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense:				
- Sukuk	<b>72,832</b>	69,768	<b>72,832</b>	69,768
- Bank borrowings	<b>37,099</b>	33,895	-	-
- Lease liabilities	<b>2,774</b>	3,084	-	-
- Others	<b>1,423</b>	1,415	-	-
	<b>114,128</b>	108,162	<b>72,832</b>	69,768

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

29. Investment income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Investment income comprises:				
<b>Gross dividend income from:</b>				
Financial assets at fair value through other comprehensive income				
- Unquoted investments	<b>893</b>	459	-	-
<b>Interest income from:</b>				
Financial assets				
- Due from subsidiaries	-	-	<b>2,173</b>	5,726
- Deposit with licensed banks	<b>66,856</b>	28,130	<b>9,991</b>	152
Others	<b>22</b>	30	<b>22</b>	30
<b>Distribution income from:</b>				
Quoted investments in money market funds	<b>2,390</b>	20,078	<b>289</b>	8,545
	<b>70,161</b>	48,697	<b>12,475</b>	14,453

30. Profit before zakat and taxation

Profit before zakat and taxation are derived after charging/(crediting):

	2022 RM'000	2021 RM'000
<b>Group</b>		
Executive directors:		
- salaries and emoluments	<b>2,430</b>	1,560
- defined contribution plan	<b>390</b>	250
- benefits-in-kind	<b>125</b>	34
- other emoluments	<b>13</b>	11
Non-executive directors:		
- fees	<b>1,788</b>	1,670
- benefits-in-kind	<b>644</b>	272
- other emoluments	<b>577</b>	528
Rental of short-term leases	<b>14,661</b>	14,982
Rental of leases of low-value-assets	<b>266</b>	282

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

30. Profit before zakat and taxation (cont'd.)

Profit before zakat and taxation are derived after charging/(crediting) (cont'd.):

	2022 RM'000	2021 RM'000
<b>Group (cont'd.)</b>		
Auditors' remuneration:		
Statutory audit:		
- auditors' of the Company	1,566	1,432
- other auditors	695	642
Other assurance services:		
- auditors' of the Company	220	410
Non-audit services:		
- member firms of the auditors' of the Company	667	1,290
Net provision for inventories written down	4,281	3,210
Net impairment losses/(reversal of impairment) on:		
- property, plant and equipment	842	-
- investments in joint ventures	904	1,052
- other investments	(10,718)	15,637
Net loss/(gain) on liquidation/disposal of investments in subsidiaries	6,364	(2,491)
Net (reversal of)/allowance for expected credit losses on receivables (Note 16)	(2,129)	2,198
Net foreign exchange (gain)/loss:		
- realised	(4)	(6,488)
- unrealised	(4,773)	10,277
Net provision for warranties (Note 22)	44,240	59,648
Net fair value gain on financial assets held for trading	(2,248)	(686)
Net fair value (gain)/loss on derivatives	(18,990)	9,416
Bad debt written off	30	5,691
Net gain on disposals of:		
- property, plant and equipment	(179)	(19,571)
- leased assets	(29,520)	(23,035)
- other investments	(347)	(149)
Gain on derecognition of lease	(525)	(598)
Depreciation:		
- property, plant and equipment (Note 4)	186,785	182,725
- investment properties (Note 5)	6,619	11,486

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

30. Profit before zakat and taxation (cont'd.)

Profit before zakat and taxation are derived after charging/(crediting) (cont'd.):

	2022 RM'000	2021 RM'000
<b>Group (cont'd.)</b>		
- leased assets (Note 7)	120,617	116,385
- right-of-use assets (Note 8)	26,368	32,941
Amortisation on intangible asset (Note 6)	192	-
Property, plant and equipment written off (Note 4)	168	722
<b>Company</b>		
Non-executive directors:		
- fees	1,768	1,650
- other emoluments	538	475
- benefits-in-kind	644	272
Auditors' remuneration:		
- statutory audit	204	191
- other assurance services	204	395
Non-audit services:		
- member firms of the auditors' of the Company	-	140
Net (reversal of)/impairment losses on investments in subsidiaries	(3,938)	1,247,582
Due from subsidiaries (Note 16(c))		
- Net reversal of expected credit losses	(6,563)	(1,221,736)
Depreciation of equipment	169	193
Loss on disposal of equipment	-	1
Equipment written off	3	-
Net (gain)/loss on liquidation/disposal of investments in subsidiaries	(244)	3,761
Net foreign exchange gain:		
- realised	(1,523)	(37,829)
- unrealised	(634)	(168)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 30. Profit before zakat and taxation (cont'd.)

## Directors Remuneration 2022

Group	Salary and emoluments RM'000	Defined contribution plan RM'000	Directors' fee RM'000	Benefits-in-kind RM'000	Other emoluments RM'000	Total RM'000
<b>Executive director:</b>						
Dato' Ahmad Fuaad bin Mohd Kenali	2,430	390	-	125	13	2,958
<b>Non-executive directors:</b>						
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	-	-	360	161	82	603
Dato' Eshah binti Meor Suleiman	-	-	170	21	59	250
Datin Paduka Kartini binti Hj Abdul Manaf	-	-	170	21	54	245
Dr. Veerinderjeet Singh a/l Tejwant Singh	-	-	170	15	49	234
Razalee bin Amin	-	-	170	34	47	251
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang	-	-	170	21	47	238
Dato' Azmi bin Mohd Ali (appointed on 1 April 2022)	-	-	129	10	31	170
Shahin Farouque bin Jammal Ahmad <sup>^</sup> (appointed on 1 July 2022)	-	-	87	-	11	98
Mohd Shahazwan bin Mohd Harris* (appointed on 1 July 2022)	-	-	87	5	16	108
Datuk (Dr.) Yasmin binti Mahmood (appointed on 12 October 2022)	-	-	38	-	10	48
Tan Sri Hasmah binti Abdullah (retired on 2 September 2022)	-	-	113	110	96	319
Lim Tze Seong* (resigned on 30 June 2022)	-	-	83	127	36	246
Salwah binti Abdul Shukor (resigned on 31 March 2022)	-	-	41	119	39	199
Subtotal	-	-	1,788	644	577	3,009
<b>Total</b>	<b>2,430</b>	<b>390</b>	<b>1,788</b>	<b>769</b>	<b>590</b>	<b>5,967</b>

<sup>^</sup> Director's fee was paid to Permodalan Nasional Berhad ("PNB")

\* 50% of the director's fee was paid to Employee Provident Fund ("EPF")

## 30. Profit before zakat and taxation (cont'd.)

## Directors Remuneration 2022 (cont'd.)

Company	Directors' fee RM'000	Benefits-in-kind RM'000	Other emoluments RM'000	Total RM'000
<b>Non-executive directors:</b>				
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	340	161	43	544
Dato' Eshah binti Meor Suleiman	170	21	59	250
Datin Paduka Kartini binti Hj Abdul Manaf	170	21	54	245
Dr. Veerinderjeet Singh a/l Tejwant Singh	170	15	49	234
Razalee bin Amin	170	34	47	251
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang	170	21	47	238
Dato' Azmi bin Mohd Ali (appointed on 1 April 2022)	129	10	31	170
Shahin Farouque bin Jammal Ahmad <sup>^</sup> (appointed on 1 July 2022)	87	-	11	98
Mohd Shahazwan bin Mohd Harris* (appointed on 1 July 2022)	87	5	16	108
Datuk (Dr.) Yasmin binti Mahmood (appointed on 12 October 2022)	38	-	10	48
Tan Sri Hasmah binti Abdullah (retired on 2 September 2022)	113	110	96	319
Lim Tze Seong* (resigned on 30 June 2022)	83	127	36	246
Salwah binti Abdul Shukor (resigned on 31 March 2022)	41	119	39	199
<b>Total</b>	<b>1,768</b>	<b>644</b>	<b>538</b>	<b>2,950</b>

<sup>^</sup> Director's fee was paid to Permodalan Nasional Berhad ("PNB")

\* 50% of the director's fee was paid to Employee Provident Fund ("EPF")

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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### 30. Profit before zakat and taxation (cont'd.)

#### Directors Remuneration 2021

Group	Salary and emoluments RM'000	Defined contribution plan RM'000	Directors' fee RM'000	Benefits-in-kind RM'000	Other emoluments RM'000	Total RM'000
<b>Executive director:</b>						
Dato' Ahmad Fuaad bin Mohd Kenali	1,560	250	-	34	11	1,855
<b>Non-executive directors:</b>						
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	-	-	350	57	94	501
Tan Sri Hasmah binti Abdullah	-	-	165	23	69	257
Dato' Eshah binti Meor Suleiman	-	-	165	46	56	267
Datin Paduka Kartini binti Hj Abdul Manaf	-	-	165	24	62	251
Dr Veerinderjeet Singh a/l Tejwant Singh	-	-	165	28	53	246
Salwah binti Abdul Shukor	-	-	165	18	48	231
Lim Tze Seong*	-	-	165	17	41	223
Razalee bin Amin	-	-	165	35	50	250
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang	-	-	165	24	55	244
Subtotal	-	-	1,670	272	528	2,470
Total	1,560	250	1,670	306	539	4,325

\* 50% of the director's fee was paid to Employee Provident Fund ("EPF")

### 30. Profit before zakat and taxation (cont'd.)

#### Directors Remuneration 2021 (cont'd.)

Company	Directors' fee RM'000	Benefits-in-kind RM'000	Other emoluments RM'000	Total RM'000
<b>Non-executive directors:</b>				
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	330	57	41	428
Tan Sri Hasmah binti Abdullah	165	23	69	257
Dato' Eshah binti Meor Suleiman	165	46	56	267
Datin Paduka Kartini binti Hj Abdul Manaf	165	24	62	251
Dr Veerinderjeet Singh a/l Tejwant Singh	165	28	53	246
Salwah binti Abdul Shukor	165	18	48	231
Lim Tze Seong*	165	17	41	223
Razalee bin Amin	165	35	50	250
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang	165	24	55	244
Total	1,650	272	475	2,397

\* 50% of the director's fee was paid to Employee Provident Fund ("EPF")

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 31. Taxation

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax:				
Malaysian taxes	143,661	70,655	2,164	105
Overseas taxes	5,011	4,023	-	-
RPGT/WHT*	2,550	3,287	-	-
	<b>151,222</b>	77,965	<b>2,164</b>	105
Under/(over) provision in prior financial years:				
Malaysian taxes	5,193	(16,325)	2	(4,358)
Overseas taxes	(5)	19	-	-
	<b>5,188</b>	(16,306)	<b>2</b>	(4,358)
	<b>156,410</b>	61,659	<b>2,166</b>	(4,253)
Deferred taxation (Note 12):				
Relating to origination and reversal of temporary differences	38,862	(111,201)	-	-
Underprovision in prior financial years	16,934	8,056	-	-
	<b>55,796</b>	(103,145)	-	-
	<b>212,206</b>	(41,486)	<b>2,166</b>	(4,253)

\* Real property gains tax/Withholding tax

Domestic current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year. Included in the current year provision was a one-off special windfall tax known as "Cukai Makmur" or prosperity tax which was introduced in the Malaysian Budget 2022, whereby companies with chargeable income above RM100 million will be taxed at a rate of 33% for the year of assessment 2022. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

## 31. Taxation (cont'd.)

Reconciliations of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	2022 RM'000	2021 RM'000
<b>Group</b>		
Profit before zakat and taxation	<b>896,458</b>	482,750
Taxation at Malaysian statutory rate of 24% (2021: 24%)	<b>215,150</b>	115,860
Effect of prosperity tax	<b>18,442</b>	-
Tax incentives	<b>(56)</b>	(139)
Income not subject to tax	<b>(50,154)</b>	(50,104)
Expenses not deductible for tax purposes	<b>91,404</b>	119,666
Under provision of deferred tax in prior financial years	<b>16,934</b>	8,056
Under/(over) provision of income tax expense in prior financial years	<b>5,188</b>	(16,306)
Effect of share of profits of associates and joint ventures	<b>(80,380)</b>	(64,312)
Deferred tax assets recognised on unutilised capital allowances, unabsorbed tax losses, investment tax allowance and other temporary differences	<b>(2,787)</b>	(152,146)
Zakat	<b>(1,535)</b>	(2,061)
Taxation	<b>212,206</b>	(41,486)
<b>Company</b>		
Profit before zakat and taxation	<b>123,819</b>	106,694
Taxation at Malaysian statutory rate of 24% (2021: 24%)	<b>29,717</b>	25,607
Income not subject to tax	<b>(51,204)</b>	(45,872)
Expenses not deductible for tax purposes	<b>25,186</b>	22,431
Under/(over) provision of income tax expense in prior financial years	<b>2</b>	(4,358)
Zakat	<b>(1,535)</b>	(2,061)
Taxation	<b>2,166</b>	(4,253)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

### 32. Earnings per share

#### Basic/diluted

Basic and diluted earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022	2021
Net profit attributable to equity holders (RM'000)	<b>415,046</b>	268,230
Weighted average number of ordinary shares in issue ('000)	<b>1,168,294</b>	1,168,294
Basic/diluted earnings per share (sen)	<b>35.5</b>	23.0

Diluted earnings per ordinary share is identical to basic earnings per share as the Company has no potential dilutive ordinary shares as at the end of the financial year.

### 33. Dividends

	Amount		Net dividend per share	
	2022 RM'000	2021 RM'000	2022 Sen	2021 Sen
<b>In respect of the financial year ended 31 December 2020:</b>				
- Final dividend of 8.0%	-	46,732	-	4.0
<b>In respect of the financial year ended 31 December 2021:</b>				
- Final dividend of 11.6%	<b>67,761</b>	-	<b>5.8</b>	-
<b>In respect of the financial year ended 31 December 2022:</b>				
- Interim dividend of 6.0%	<b>35,049</b>	-	<b>3.0</b>	-
	<b>102,810</b>	46,732	<b>8.8</b>	4.0

A final dividend in respect of the current financial year of 22.4% or 11.2 sen per share amounting to a dividend payable of approximately RM130.8 million was declared on 27 February 2023. The dividend is proposed to be paid on 12 May 2023 to shareholders whose names appear in the Record of Depositors as at close of business on 18 April 2023. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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### 34. Commitments

	Group	
	2022 RM'000	2021 RM'000
<b>Capital commitments</b>		
Approved and contracted for:		
- land and buildings	<b>36,085</b>	10,626
- equipment, plant and machinery	<b>93,836</b>	32,633
- others	<b>17,991</b>	20,056
	<b>147,912</b>	63,315
Approved but not contracted for:		
- land and buildings	<b>21,388</b>	41,937
- equipment, plant and machinery	<b>590,698</b>	413,629
- others	<b>86,712</b>	58,335
	<b>698,798</b>	513,901
Total capital commitments	<b>846,710</b>	577,216

### 35. Contingent liabilities

As at the reporting date, the Group has the following contingent liabilities for which no liability is expected to arise:

	Group	
	2022 RM'000	2021 RM'000
<b>Unsecured</b>		
Performance bonds in favour of third parties	<b>10,550</b>	11,580

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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### 36. Segment reporting

For management purposes, the Group is organised into business segments based on products and services, and has four reportable operating segments as follows:

- (i) The automotive segment is principally engaged in the import, assembly and marketing of passenger and commercial vehicles and related spares.
- (ii) The equipment segment is involved in the trading and leasing of a wide range of light and heavy equipment including related spares for use in the industrial, construction and agricultural sectors.
- (iii) The manufacturing and engineering segment is involved in the manufacturing, assembly and trading of automotive parts, blending, packaging, marketing and distribution of lubricants, manufacturing of aerospace engine component and other established agency lines in the automotive field.
- (iv) The other segments which do not generate significant external revenue are mainly involved in the following activities:
  - (a) information technology;
  - (b) property development and management;
  - (c) management and corporate services and various professional services; and
  - (d) research and development.

Transfer prices between operating segments are at terms agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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### 36. Segment reporting (cont'd.)

#### (a) Business segments

	Automotive RM'000	Equipment RM'000	Manufacturing and engineering RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Consolidated financial statements RM'000
<b>2022</b>							
<b>Revenue:</b>							
External customers	13,309,945	1,516,984	907,110	80,392	-		15,814,431
Intersegment	5	11,027	77,089	44,314	(132,435)	I	-
Total revenue	13,309,950	1,528,011	984,199	124,706	(132,435)		15,814,431
<b>Results:</b>							
Depreciation and amortisation	(142,566)	(141,449)	(28,281)	(28,285)	-		(340,581)
Share of results of associates and joint ventures	289,939	-	7,077	37,899	-		334,915
Segment profit/(loss) before zakat and taxation	774,914	152,837	66,307	(97,600)	-		896,458
Zakat	-	-	-	(6,396)	-		(6,396)
Income tax expense	(157,721)	(40,241)	(11,139)	(3,105)	-		(212,206)
Segment profit/(loss) after zakat and taxation	617,193	112,596	55,168	(107,101)	-		677,856
<b>Assets:</b>							
Investments in associates and joint ventures	2,187,432	-	77,450	176,098	-		2,440,980
Additions to non-current assets	240,535	205,343	83,912	8,563	(15,574)	II	522,779
Segment assets	8,066,605	1,790,471	1,097,831	1,462,187	-		12,417,094
<b>Liabilities:</b>							
Segment liabilities	2,628,534	692,460	631,844	1,324,301	-		5,277,139

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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36. Segment reporting (cont'd.)

(a) Business segments (cont'd.)

	Automotive RM'000	Equipment RM'000	Manufacturing and engineering RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Consolidated financial statements RM'000
<b>2021</b>							
<b>Revenue:</b>							
External customers	9,030,308	1,302,783	688,165	39,547	-		11,060,803
Intersegment	5	10,666	38,168	78,894	(127,733)	I	-
<b>Total revenue</b>	<b>9,030,313</b>	<b>1,313,449</b>	<b>726,333</b>	<b>118,441</b>	<b>(127,733)</b>		<b>11,060,803</b>
<b>Results:</b>							
Depreciation and amortisation	(138,635)	(136,862)	(31,321)	(36,719)	-		(343,537)
Share of results of associates and joint ventures	227,770	-	7,809	32,389	-		267,968
Segment profit/(loss) before zakat and taxation	476,732	107,011	22,163	(123,156)	-		482,750
Zakat	-	-	-	(8,588)	-		(8,588)
Income tax expense	76,386	(28,798)	(11,240)	5,138	-		41,486
<b>Segment profit/(loss) after zakat and taxation</b>	<b>553,118</b>	<b>78,213</b>	<b>10,923</b>	<b>(126,606)</b>	<b>-</b>		<b>515,648</b>
<b>Assets:</b>							
Investments in associates and joint ventures	2,027,664	-	76,633	144,153	-		2,248,450
Additions to non-current assets	147,189	261,866	27,349	18,317	(23,428)	II	431,293
<b>Segment assets</b>	<b>7,601,030</b>	<b>1,589,392</b>	<b>931,498</b>	<b>2,050,769</b>	<b>-</b>		<b>12,172,689</b>
<b>Liabilities:</b>							
Segment liabilities	2,367,721	547,766	478,587	2,016,066	-		5,410,140

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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36. Segment reporting (cont'd.)

(a) Business segments (cont'd.)

The following are nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- I. Intersegment revenues are eliminated on consolidation.
- II. Additions to non-current assets consist of:

	Note	2022 RM'000	2021 RM'000
Property, plant and equipment	4	<b>344,889</b>	247,624
Investment properties	5	-	1,490
Intangible asset	6	<b>153</b>	-
Leased assets	7	<b>154,765</b>	157,065
Right-of-use assets	8	<b>22,972</b>	25,114
		<b>522,779</b>	431,293

(b) Geographical segments

	Malaysia RM'000	Overseas RM'000	Consolidated RM'000
<b>2022</b>			
Revenue from external customers	15,022,968	791,463	15,814,431
Non-current assets*	3,170,529	256,867	3,427,396
<b>2021</b>			
Revenue from external customers	10,367,863	692,940	11,060,803
Non-current assets*	3,075,253	241,624	3,316,877

\*Non-current assets stated above consist of the following items as presented in the consolidated statement of financial position:

	2022 RM'000	2021 RM'000
Property, plant and equipment	<b>2,706,160</b>	2,545,020
Investment properties	<b>208,852</b>	270,218
Intangible asset	<b>801</b>	-
Leased assets	<b>389,830</b>	373,457
Right-of-use assets	<b>121,753</b>	128,182
	<b>3,427,396</b>	3,316,877



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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### 37. Subsidiaries

(i) The following are the subsidiaries of the Group:

Company	Group Effective interest		Principal activities
	2022 %	2021 %	
<b>(a) Subsidiaries incorporated in Malaysia</b>			
<b>Direct subsidiaries of the Company:</b>			
UMW Corporation Sdn. Bhd.	100	100	Provision of corporate, administrative, professional, security services and financial support to its subsidiaries and associated companies. In addition, the Company also trades in a range of light and heavy equipment.
UMW Petropipe (L) Ltd.	100	100	Investment holding.
UMW Automotive Sdn. Bhd.	100	100	Investment holding.
<b>Indirect subsidiaries of the Company:</b>			
UMW Industries (1985) Sdn. Bhd.	100	100	Trading and hiring of industrial and material handling equipment and related spares.
UMW Equipment Division Sdn. Bhd.	100	100	Provision of management support to the companies in equipment division.
UMW Lubricant International Sdn. Bhd.	100	100	Manufacturing and trading of lubricants and specialty products.
U-TravelWide Sdn. Bhd.	100	100	Provision of travel agency services. It had ceased its operations with effect from 16 December 2020 and remained dormant.
Otomobil Sejahtera Sdn. Bhd.	100	100	Importing and retailing of passenger and commercial vehicles.
Lubetech Sdn. Bhd.	100	100	Blending and packaging of lubricants.
UMW Pennzoil Distributors Sdn. Bhd.	100	100	Marketing, selling and distribution of "Pennzoil" branded lubricants.
UMW Development Sdn. Bhd.	100	100	Engaged in the businesses of property investment and development, project management consultancy services and facilities management services.
UMW Grantt International Sdn. Bhd.	100	100	Manufacturing, distributing, selling and trading of lubricants, greases and specialty products.

### 37. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2022 %	2021 %	
<b>(a) Subsidiaries incorporated in Malaysia (cont'd.)</b>			
<b>Indirect subsidiaries of the Company (cont'd.):</b>			
UMW IT Services Sdn. Bhd.	100	100	Providing internal information technology support and services for all technology related assets and business.
UMW Aerospace Sdn. Bhd.	100	100	Manufacturing of aerospace engine component products.
UMW Aero Assets Sdn. Bhd.	100	100	Ownership and leasing of equipment and tools.
UMW Land Sdn. Bhd.	100	100	Investment holding and property development.
UMW Innovation and R&D Centre Sdn. Bhd.	100	100	Conduct innovation and Research and Development ("R&D") activities with a focus on business and environmental sustainability, related to automation, emerging technologies and integrated green technology, pre-commercialisation and related activities for the completed R&D prototypes and all other things as are incidental or conducive to the attainment of the above businesses.
UMW Industrial Power Services Sdn. Bhd.	100	100	Total power solution provider.
UMW M&E Sdn. Bhd.	100	100	Manufacturing and trading of filtration products and auto-components.
UMW M&E Limited	100	100	Investment holding.
UMW Linepipe (L) Ltd.	100	100	Investment holding.
UMW India Ventures (L) Ltd.	75	75	Investment holding.
UMW (East Malaysia) Sdn. Bhd.	74	74	Distribution of industrial and heavy equipment and related spares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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### 37. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2022 %	2021 %	
<b>(a) Subsidiaries incorporated in Malaysia (cont'd.)</b>			
<b>Indirect subsidiaries of the Company (cont'd.):</b>			
UMW Equipment Sdn. Bhd.	74	74	Trading and hiring of industrial, heavy and material handling equipment and related spares.
UMW Komatsu Heavy Equipment Sdn. Bhd.	74	74	Provision of management support and provides consultancy services to its subsidiaries.
UMW Oilfield International (L) Ltd.	100	100	Supply of oil and gas products.
KYB-UMW Malaysia Sdn. Bhd.	52.1	52.1	Manufacture and assembly of vehicle shock absorbers.
UMW Toyota Motor Sdn. Bhd.	51	51	Importation, distribution and retailing of motor vehicles, distribution and sale of spare parts, servicing of vehicles and export of vehicles and related parts. In addition, UMWT provides administrative, professional and financial services support to the subsidiaries within the UMWT group.
Assembly Services Sdn. Bhd.	51	51	Assembly of passenger and commercial vehicles.
Automotive Industries Sendirian Berhad	51	51	Manufacturing and selling of vehicle exhaust systems and other automotive components.
UMW Sher (L) Ltd.	50.82	50.82	Provide contract drilling and engineering services for the oil and gas industry and leasing of drilling rigs and vessels.
Toyota Boshoku UMW Sdn. Bhd.	33.15	33.15	Manufacturing of seats and other automotive components.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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### 37. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2022 %	2021 %	
<b>(b) Subsidiary incorporated in Papua New Guinea</b>			
<b>Indirect subsidiary of the Company:</b>			
UMW Niugini Limited *	75.46	75.46	Trading and hiring of industrial and material handling equipment and related service and spare parts.
<b>(c) Subsidiaries incorporated in the Republic of Singapore</b>			
<b>Indirect subsidiaries of the Company:</b>			
UMW Equipment & Engineering Pte. Ltd. *	100	100	Import, distribute, rent and service all types of industrial equipment and related parts.
UMW Equipment Systems Pte. Ltd. *	100	100	Investment holding.
UMW Heavy Equipment (S) Pte. Ltd. *	74	74	Import, distribute, rent and service all types of heavy equipment and related spares.
<b>(d) Subsidiaries incorporated in People's Republic of China</b>			
<b>Indirect subsidiaries of the Company:</b>			
UMW Industrial Equipment (Shanghai) Co., Ltd. *	100	100	Marketing of industrial equipment and provision of after-sales and repair services for equipment rental and industrial equipment.
UMW Industrial Trading (Shanghai) Co., Ltd. *	100	100	Marketing of Toyota industrial equipment, Aerex and other airport ground support equipment and environmental products.
Vision Fleet Equipment Leasing (Zhejiang) Co., Ltd. *	100	100	Rental and fleet management services mainly for products distributed by the UMW Group in China.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

### 37. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2022 %	2021 %	
<b>(e) Subsidiary incorporated in the Republic of Vietnam</b>			
<b>Indirect subsidiary of the Company:</b>			
UMW Equipment Systems (Vietnam) Company Limited *	100	100	Provide spare parts and equipment, repair and maintenance service, and lease out equipment such as forklifts and material handling, industrial and heavy equipment.
<b>(f) Subsidiaries incorporated in the Republic of the Union of Myanmar</b>			
<b>Indirect subsidiaries of the Company:</b>			
UMW Machinery Limited *^	100	100	Importation and distribution of industrial and heavy equipment and related parts.
UMW Engineering Services Limited *^	74	74	Provision of after-sales services for equipment and maintenance and repair of equipment.
<b>(g) Subsidiary incorporated in British Virgin Islands</b>			
<b>Indirect subsidiary of the Company:</b>			
UMW ACE (BVI) Ltd.	70	70	Investment holding.
<b>(h) Subsidiary incorporated in India</b>			
<b>Indirect subsidiary of the Company:</b>			
Jaybee Drilling Private Limited *^	45	45	Onshore drilling activities in India.
<b>(i) Subsidiary incorporated in the Republic of Indonesia</b>			
<b>Indirect subsidiary of the Company:</b>			
PT UMW International *	100	100	Engaged in lubricants supply and equipment.

### 37. Subsidiaries (cont'd.)

(ii) The following companies are under members' voluntary liquidation/deregistration:

Company	Group Effective interest		Principal activities
	2022 %	2021 %	
<b>(a) Subsidiaries incorporated in Malaysia</b>			
<b>Direct subsidiary of the Company:</b>			
UMW Oil & Gas Berhad	100	100	Investment holding. The Company was dissolved on 18 January 2023.
<b>Indirect subsidiaries of the Company:</b>			
UMW SG Power Systems Sdn. Bhd. ∞	-	100	General trader and the provision of engineering works.
UMW Autocorp Sdn. Bhd. ∞	-	100	Investment holding.
UMW Oilfield International (M) Sdn. Bhd.	100	100	Marketing, importing, exportation, distribution of equipment and component parts, provision of technical support, consultancy services and general services related to oil and gas industry.
UMW Technology Sdn. Bhd.	100	100	Investment holding.
<b>(b) Subsidiary incorporated in Bahrain</b>			
<b>Indirect subsidiary of the Company:</b>			
UMW Middle East Ventures Holding W.L.L. * ∞	-	100	Investment holding.

\* Subsidiaries audited by firms of auditors other than Ernst & Young PLT.

^ The financial year end of these subsidiaries are 31 March.

∞ Winding up of these companies were completed during the financial year.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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38. Joint ventures

Company	Group Effective interest		Principal activities
	2022 %	2021 %	
<b>(a) Joint venture incorporated in Hong Kong</b>			
Lubritech International Holdings Limited	60	60	Investment holding.
<b>(b) Joint venture incorporated in People's Republic of China</b>			
Lubritech Limited	60	60	Produce and distribute lubricants, import, export and wholesale of lubricants and grease as well as warehousing and provision of logistic services.
<b>(c) Joint venture incorporated in the Republic of Indonesia</b>			
PT Pusaka Bersatu	49	49	Import and major distributor of related auto parts merchandise and lubricants as well as providing after sales service in Indonesia. The company had on 30 September 2022 ceased its operation.

39. Associates

(i) The following are the associates of the Group:

Company	Group Effective interest		Principal activities
	2022 %	2021 %	
<b>(a) Associates incorporated in Malaysia</b>			
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	38	38	Investment holding and provision of management and administrative services.
Held through Perodua:			
Perodua Sales Sdn. Bhd.	38	38	Marketing and distributionw of motor vehicles, spare parts and other related activities.
Strategic Auto Sdn. Bhd.	38	38	Importer and distributor of motor vehicles.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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39. Associates (cont'd.)

(i) The following are the associates of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2022 %	2021 %	
<b>(a) Associates incorporated in Malaysia (cont'd.)</b>			
Held through Perodua (cont'd):			
Perodua Manufacturing Sdn. Bhd.	28.12	28.12	Manufacture and assembly of motor vehicles and other related activities.
Perodua Global Manufacturing Sdn. Bhd.	28.12	28.12	Manufacture and assembly of motor vehicles and other related activities.
Perodua Engine Manufacturing Sdn. Bhd.	28.12	28.12	Manufacturer and dealer in component parts including engines, coupling and transmission components.
UMW Toyotsu Motors Sdn. Bhd. ^	30	30	An authorised dealer of UMW Toyota Motor Sdn. Bhd., wholesale and retail of new and used motor vehicles and maintenance and repair of motor vehicles.
Toyota Capital Malaysia Sdn. Bhd. ^	30	30	Provision of lease and hire purchase financing for both conventional and Islamic.
Held through Toyota Capital Malaysia Sdn. Bhd.:			
Toyota Capital Acceptance Malaysia Sdn. Bhd. ^	30	30	Licensed money lender under Money Lenders Act, 1951.
Toyota Lease Malaysia Sdn. Bhd. ^	30	30	Provision of leasing services.
E-Lock Corporation Sdn. Bhd. #	20.1	20.1	Investment holding and research, development and distribution of computer's software, solutions and services.
<b>(b) Associates incorporated in People's Republic of China</b>			
Shanghai BSW Petro-pipe Co., Ltd.	32.4	32.4	Manufacture of spiral welded pipes for the oil and gas industry.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

### 39. Associates (cont'd.)

#### (ii) The following company is under members' voluntary liquidation/deregistration:

Company	Group Effective interest		Principal activities
	2022 %	2021 %	
<b>(a) Associates incorporated in Malaysia</b>			
Held through Toyota Capital Malaysia Sdn. Bhd.:			
Seabanc Kredit Sdn. Bhd. ∞	-	30	Hire purchase financing, leasing and debt factoring.

^ The financial year end of the above associates are 31 March.

# The financial year end of the above associate is 31 January.

∞ Winding up of this company was completed during the financial year.

### 40. Significant event

On 30 August 2022, UMW Development Sdn. Bhd, a wholly owned subsidiary signed a Sale and Purchase Agreement ("SPA") for the sale of 140 acres of land at the UMW High Value Manufacturing Park ("UMW HVM Park") in Serendah to LONGI (Kuching) Sdn. Bhd. for RM304.9 million. The completion of the sale is subject to the satisfaction of certain conditions precedent, including obtaining regulatory approval from the relevant authorities.

The strategically located and green-rated UMW HVM Park is both a managed, gated and guarded high value manufacturing park equipped with infrastructure and services for manufacturing excellence. The 861-acre site offers a secured and integrated Industry 4.0 infrastructure and connectivity. The park also integrates sustainability into its design, embedding environment-friendly and energy-efficient technologies and solutions.

### 41. Significant related party disclosures

The directors are of the opinion that all the transactions below have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

- (a) In addition to the related party transaction information disclosed elsewhere, transactions by the Group with the associates and corporate shareholder of the subsidiaries are as follows:

Group companies	Transacting parties	Nature of transactions	2022 RM'000	2021 RM'000
UMW Industries (1985) Sdn. Bhd.	)	Lease rental revenue	<b>10,093</b>	9,134
KYB-UMW Malaysia Sdn. Bhd.	)	Sale of shock absorbers	<b>65,558</b>	43,383
UMW Toyota Motor Sdn. Bhd.	) Perusahaan	Sale of goods and services	<b>338,879</b>	184,808
and subsidiaries	) Otomobil	Purchase of goods and services	<b>767,427</b>	379,071
	) Kedua			
	) Sdn. Bhd.,			
	) its			
	) subsidiaries			
	) and			
UMW Industrial Power Services Sdn. Bhd.	) associates.	Sale of goods and services	<b>14,496</b>	12,793
Lubetech Sdn. Bhd.	)	Sale of goods and services	<b>38,709</b>	23,466
UMW Corporation Sdn. Bhd.	Toyota Capital Malaysia Sdn. Bhd. and its subsidiaries	Purchase of goods and services	<b>6,276</b>	4,188
UMW Corporation Sdn. Bhd.	E-lock Corporation Sdn. Bhd	Purchase of services	<b>2,339</b>	2,322

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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41. Significant related party disclosures (cont'd.)

- (b) Transactions by the Group with Toyota Motor Corporation, Japan (the corporate shareholder of UMW Toyota Motor Sdn. Bhd.) and its subsidiaries and associates are as follows:

Group companies	Transacting parties	Nature of transactions	2022 RM'000	2021 RM'000
UMW Toyota Motor Sdn. Bhd.	) Toyota Motors	Sale of goods and services	<b>970,674</b>	740,531
and its subsidiaries	) Corporation, ) Japan and its ) subsidiaries	Purchase of goods and services	<b>6,213,172</b>	3,540,392
	) UMW Toyotsu	Sale of goods	<b>223,163</b>	152,498
	) Motors ) Sdn. Bhd.	Purchase of goods and services	<b>7,618</b>	6,018

- (c) Transactions by the Group with Komatsu Ltd., Japan (the corporate shareholder of UMW Komatsu Heavy Equipment Sdn. Bhd.) and its subsidiaries and associates are as follows:

Group companies	Transacting parties	Nature of transactions	2022 RM'000	2021 RM'000
UMW Equipment Sdn. Bhd.	)	Purchase of goods and services	<b>96,776</b>	86,981
UMW East Malaysia Sdn. Bhd.	)	Purchase of goods and services	<b>93,316</b>	101,925
UMW Heavy Equipment (S) Pte. Ltd.	) Komatsu Ltd., ) Japan and its ) subsidiaries	Purchase of goods and services	<b>56,332</b>	39,990
UMW Niugini Limited	)	Purchase of goods and services	<b>104,741</b>	77,501
UMW Engineering Services Limited	)	Purchase of goods and services	<b>2,650</b>	3,914

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

41. Significant related party disclosures (cont'd.)

- (d) Transactions by the Group with Kayaba Industry Co. Ltd., Japan (the corporate shareholder of KYB-UMW Malaysia Sdn. Bhd.) and its subsidiaries and associates are as follows:

Group companies	Transacting parties	Nature of transactions	2022 RM'000	2021 RM'000
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	) Kayaba Industry ) Co. Ltd., Japan ) and its subsidiaries	Sale of goods and services Purchase of goods and services	<b>91,925</b> <b>19,584</b>	74,766 10,947
	) Toyota Tsusho ) Corporation, ) Japan and its ) affiliated ) company	Sale of goods and services Purchase of goods and services	<b>376</b> <b>53,563</b>	757 45,087

- (e) Transactions by the Group with a related company of the corporate shareholder of UMW Sher (L) Ltd. and Jaybee Drilling Pvt. Ltd. are as follows:

Group companies	Transacting parties	Nature of transactions	2022 RM'000	2021 RM'000
UMW Sher (L) Ltd.	) Jaybee Energy	Bareboat chartering services	<b>6,432</b>	6,413
Jaybee Drilling Pvt. Ltd.	) Pte. Ltd.	Purchase of goods and services	<b>16,167</b>	15,780

- (f) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

	2022 RM'000	2021 RM'000
Salaries and wages	<b>16,089</b>	12,397
Defined contribution plan	<b>2,299</b>	1,634
Others	<b>1,055</b>	1,624
	<b>19,443</b>	15,655



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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42. Fair value disclosures

The financial instruments of the Group and of the Company consist of cash and cash equivalents, trade and other receivables, borrowings, trade and other payables (excluding provisions and SST payable) and derivatives.

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

**Determination of fair value**

Quoted investment in money market funds

Fair value is determined directly by reference to their published market price at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market price at the reporting date.

Unquoted equity instruments

Fair value is determined by calculating the future expected dividend to be received.

Derivatives

Forward exchange contracts and embedded derivatives are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Borrowings

Fair values of the Group's interest-bearing borrowings are determined by using the discounted cash flow method using discount rates that reflect the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2022 was assessed to be insignificant.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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42. Fair value disclosures (cont'd.)

**Determination of fair value (cont'd.)**

(i) Financial instruments not carried at fair value

	Note	2022		2021	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Group</b>					
<b>Financial liabilities</b>					
Long term borrowings					
- Fixed rate borrowings		89,942	92,323	495,015	681,642
- Fixed rate sukuk		1,249,990	1,277,232	1,599,978	2,211,673
	23	1,339,932	1,369,555	2,094,993	2,893,315
<b>Company</b>					
<b>Financial liabilities</b>					
Long term borrowings					
- Fixed rate sukuk	23	1,249,990	1,277,372	1,599,978	2,211,673

(ii) Financial instruments carried at fair value

	Note	2022 RM'000	2021 RM'000
<b>Financial assets:</b>			
<b>Group</b>			
Investment in money market fund	13	196,223	603,198
Quoted shares	13	959	918
Unquoted shares	13	4,302	4,302
Forward currency contracts	14	6,404	463
Embedded derivatives	14	16,246	5,135
<b>Company</b>			
Investment in money market fund	13	74,863	312,038

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

42. Fair value disclosures (cont'd.)

Determination of fair value (cont'd.)

(ii) Financial instruments carried at fair value (cont'd.)

	Note	2022 RM'000	2021 RM'000
<b>Financial liabilities:</b>			
<b>Group</b>			
Forward currency contracts	14	1,174	3,094

Fair value hierarchy

The following provides the fair value measurement hierarchy of the Group's assets and liabilities.

The different levels have been defined as follows:

- (a) Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	Level	Note	Fair value	
			2022 RM'000	2021 RM'000
<b>Assets measured at fair value:</b>				
<b>Group</b>				
Quoted investment in money market fund	1	13	196,223	603,198
Quoted shares outside Malaysia	1	13	959	918
Unquoted shares	3	13	4,302	4,302
Forward currency contracts	2	14	6,404	463
Embedded derivatives	2	14	16,246	5,135
<b>Company</b>				
Investment in money market fund	1	13	74,863	312,038

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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42. Fair value disclosures (cont'd.)

Fair value hierarchy (cont'd.)

	Level	Note	Fair value	
			2022 RM'000	2021 RM'000
<b>Assets for which fair values are disclosed:</b>				
<b>Group</b>				
Investment properties	3	5	466,482	555,931
<b>Liabilities measured at fair value:</b>				
<b>Group</b>				
Forward currency contracts	2	14	1,174	3,094
<b>Liabilities for which fair values are disclosed:</b>				
<b>Group</b>				
Long term borrowings				
- Fixed rate borrowings	2	23	92,323	681,642
- Fixed rate sukuk	2	23	1,277,232	2,211,673
<b>Company</b>				
Long term borrowings				
- Fixed rate sukuk	2	23	1,277,232	2,211,673

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There has been no transfers between Level 1 and Level 2 fair values during the financial year (2021: No transfer in either direction).

Valuation process applied by the Group for Level 3 fair value

Investment properties of the Group, which were categorised as Level 3 fair value, have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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#### 43. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating to enjoy the best terms of borrowing and healthy capital ratios in its subsidiaries to support business and maximise shareholders' value.

The Group's dividend policy is for all its subsidiaries to declare and pay at least 50% of the subsidiary's net profit as dividends, unless funds are required for capital expenditure or investment purposes. Similarly, the Company has a dividend policy of paying at least 50% of its net profit attributable to shareholders after excluding unrealised profits and after taking into account any significant capital expenditure on Group's expansion plans among others.

	Group	
	2022 RM'000	2021 RM'000
Short term borrowings	212,335	638,082
Long term borrowings	1,339,932	2,094,993
<b>Total borrowings</b>	<b>1,552,267</b>	2,733,075
Total equity	7,139,955	6,762,549
Gearing ratio	22%	40%

#### 44. Financial risk management

The Group's activities expose it to a variety of financial risks. The financial risk management practices of the Group seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The principal aim of the Group's financial risk management practices is to identify, evaluate and manage financial risks with an objective to minimise potential adverse effects on the financial performance of the Group. The financial risk management practices are part of the Group's Enterprise Risk Management ("ERM") Policy & Framework.

The Group's risk governance structure comprises the following:

- (i) The Risk Management & Sustainability Committee ("RMSC") at the Board level that provides independent oversight to the effectiveness of the risk management process;
- (ii) The Management Risk Committee ("MRC") at corporate management level that formulates, implements, articulates, challenges, and makes recommendations on risk management to the RMSC;
- (iii) Group Risk Management & Integrity Division at corporate management level that is responsible to lead, direct, coordinate and ensure application of ERM processes in the Group by working with the MRC and the respective Risk Owners; and
- (iv) The Risk Owner and Risk Champion at the respective operating units who are involved closely in managing and controlling the risk.

Responsibilities of the RMSC include:

- (i) to monitor the role, effectiveness and efficiency of the MRC, Group Risk Management & Integrity Division and risk management functions at operating units;
- (ii) to review the risk profile of the UMW Group and risk mitigation action plans; and
- (iii) to review the risk management policies, procedures and measurement methodologies of the UMW Group and to effect changes thereto, if deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

#### 44. Financial risk management (cont'd.)

The MRC comprises members of the Management Committee. The MRC identifies and assesses risks, and makes recommendations on risk management to the RMSC at the Board level.

Financial risk management objectives of UMW Group are as follows:

- (i) to minimise exposure to all financial risks including foreign currency exchange, interest rate, credit, liquidity, and market price risks;
- (ii) to accept certain level of financial risks including price risk and credit risk that commensurate with the expected returns on the underlying operations and activities; and
- (iii) to minimise liquidity risk by proper cash flow planning, management and control.

The Group's financial risk management strategies include using:

- (i) derivatives to hedge its exposure to currency and cash flow risks. However, use of derivatives for speculation is specifically prohibited;
- (ii) credit controls that include evaluation, acceptance, monitoring and feedback to ensure that only reasonably credit-worthy customers are accepted; and
- (iii) money market instruments, short term deposits and bank borrowings to manage liquidity risks.

The Group's strategies and practices in dealing with its major financial risks are set out below:

##### (a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. These foreign exchange risk exposures are mainly in United States ("US") Dollar, Great British Pound, Japanese Yen and Euro.

The Group uses forward currency contracts to manage some of the foreign exchange transaction exposures. The forward currency contracts are used mainly for payments in foreign currency for the purchase of imported components and parts. Material foreign currency exposures are hedged via forward exchange contracts and/or cross currency swaps by using foreign exchange facilities maintained with well established banks in Malaysia and overseas. The forward exchange contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

The table below demonstrates the sensitivity of the Group's profit after tax as at financial year end to a possible reasonable change in the US Dollar, Great British Pound, Japanese Yen and Euro exchange rates against Ringgit Malaysia with all other variables held constant. The impact on the Group's profit after tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives and embedded derivatives:



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

#### 44. Financial risk management (cont'd.)

##### (a) Foreign currency risk (cont'd.)

		2022	2021
		RM'000	RM'000
		Effect on profit after tax	
US Dollar	+ 10%	<b>(8,397)</b>	(6,040)
	- 10%	<b>8,397</b>	6,040
Great Britain Pound	+ 10%	<b>(806)</b>	230
	- 10%	<b>806</b>	(230)
Japanese Yen	+ 10%	<b>6,197</b>	3,298
	- 10%	<b>(6,197)</b>	(3,298)
Euro	+ 10%	<b>734</b>	4,033
	- 10%	<b>(734)</b>	(4,033)

##### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk in respect of their placements with financial institutions, investments in money market funds, bank borrowings at floating rates and loans at floating rates given to related parties. Its policy is to:

- (i) have an optimal mixture of short term deposits or placements; and
- (ii) manage its interest cost using a combination of fixed and floating rate debts. Material interest rate exposures are hedged via interest rate swaps.

##### Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity of the Group's profit after tax, to possible reasonable changes in interest rates with all other variables held constant, through impact on interest income from placement of surplus funds and interest expense on floating rate borrowings:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

#### 44. Financial risk management (cont'd.)

##### (b) Interest rate risk (cont'd.)

##### Sensitivity analysis for interest rate risk (cont'd.)

	Basis points	2022	2021
		RM'000	RM'000
		Effect on profit after tax	
Ringgit Malaysia interest rates	+ 50	<b>5</b>	(2)
	- 50	<b>(5)</b>	2
Singapore Dollar interest rates	+ 50	<b>160</b>	111
	- 50	<b>(160)</b>	(111)
US Dollar interest rates	+ 50	<b>4</b>	5
	- 50	<b>(4)</b>	(5)

##### (c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterpart default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade receivables. For deposits, cash and bank balances, the Company minimised credit risk by dealing exclusively with reputable financial institutions.

Credit risk is managed through the application of the UMW Group Credit Control Guidelines. These guidelines outline the credit control policies and procedures for the Group. The Group Risk Management & Integrity Division performs on-going monitoring on compliance and ensures that the respective policies and procedures adopted by each company is consistent with their business requirements.

Due to its diverse customer base, the Group does not have significant exposure to any individual customer nor does it have any major concentration of credit risk related to any financial institution.

The total exposure to credit risk comprises total receivables as disclosed in Note 16, corporate guarantees and financial indemnity granted by the Group of RM84.0 million (2021: RM74.9 million).

##### (d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet financial obligations when due, as a result of shortage of funds arising from mismatch of maturities of financial assets and liabilities.

To ensure a healthy liquidity position, it is the Group's policy to:

- (i) have the right mixture of liquid assets in its portfolio;
- (ii) maintain a healthy gearing ratio;
- (iii) finance long term assets with long term loans; and
- (iv) maintain a balance between flexible and structured financing options to finance its operations and investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

#### 44. Financial risk management (cont'd.)

##### (d) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment financial obligations.

	← 2022 →					Total RM'000
	On demand or within one year RM'000	Between one and two years RM'000	Between two and five years RM'000	Over five years RM'000		
<b>Group</b>						
<b>Financial liabilities:</b>						
Trade and other payables (excluding provisions and SST payables)	3,281,152	-	-	-		3,281,152
Lease liabilities	14,643	14,863	3,929	26,847		60,282
Derivatives:						
- Forward contracts (gross payments)	1,174	-	-	-		1,174
Borrowings	266,231	88,612	1,379,276	-		1,734,119
<b>Total undiscounted financial liabilities</b>	<b>3,563,200</b>	<b>103,475</b>	<b>1,383,205</b>	<b>26,847</b>		<b>5,076,727</b>
<b>Company</b>						
<b>Financial liabilities:</b>						
Trade and other payables	31,618	-	-	-		31,618
Borrowings	47,780	47,780	1,326,307	-		1,421,867
<b>Total undiscounted financial liabilities</b>	<b>79,398</b>	<b>47,780</b>	<b>1,326,307</b>	<b>-</b>		<b>1,453,485</b>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 DECEMBER 2022

#### 44. Financial risk management (cont'd.)

##### (d) Liquidity risk (cont'd.)

	← 2021 →				Total RM'000
	On demand or within one year RM'000	Between one and two years RM'000	Between two and five years RM'000	Over five years RM'000	
<b>Group</b>					
<b>Financial liabilities:</b>					
Trade and other payables (excluding provisions and SST payables)	2,238,504	-	-	-	2,238,504
Lease liabilities	19,265	10,810	3,733	28,098	61,906
Derivatives:					
- Forward contracts (gross payments)	3,094	-	-	-	3,094
Borrowings	715,161	535,578	1,751,063	43,829	3,045,631
<b>Total undiscounted financial liabilities</b>	<b>2,976,024</b>	<b>546,388</b>	<b>1,754,796</b>	<b>71,927</b>	<b>5,349,135</b>
<b>Company</b>					
<b>Financial liabilities:</b>					
Trade and other payables	14,386	-	-	-	14,386
Borrowings	473,864	410,085	1,374,087	-	2,258,036
<b>Total undiscounted financial liabilities</b>	<b>488,250</b>	<b>410,085</b>	<b>1,374,087</b>	<b>-</b>	<b>2,272,422</b>

There have been no material changes to the Group's and the Company's exposure to the above financial risks or the manner in which it manages and measures the risks for the financial year ended 31 December 2022.

##### (e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price (other than interest or exchange rates).

The Group is exposed to market price risk arising from its investment in money market funds and quoted securities outside Malaysia.

##### Sensitivity analysis for market price risk

At the reporting date, if the market price of money market fund had been 1% higher/lower, with all other variables held constant, the Group's and Company's profit after tax would have been RM1.5 million (2021: RM4.6 million) and RM0.6 million (2021: RM2.4 million) higher/lower respectively, arising as a result of higher/lower fair value gains on trading investments. The impact of fluctuation of the quoted securities outside Malaysia would be insignificant.

## SHAREHOLDINGS STATISTICS AS AT 15 MARCH 2023

Number of Issued Shares : 1,168,293,932 ordinary shares  
Voting Rights : One (1) vote per one (1) ordinary share held

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders		Total No. of Shareholders		No. of Issued Shares		Total No. of Issued Shares	
	Malaysian	Foreigner	No.	%	Malaysian	Foreigner	No.	%
Less than 100	655	22	677	9.73	9,827	727	10,554	0.00
100 to 1,000	2,113	75	2,188	31.44	1,402,073	45,489	1,447,562	0.12
1,001 to 10,000	2,938	153	3,091	44.42	11,955,634	656,920	12,612,554	1.08
10,001 to 100,000	680	145	825	11.86	19,274,644	5,140,312	24,414,956	2.09
100,001 to less than 5% of issued share	104	71	175	2.51	294,714,275	100,248,524	394,962,799	33.81
5% and above of issued share	3	0	3	0.04	734,845,507	0	734,845,507	62.90
<b>Total</b>	<b>6,493</b>	<b>466</b>	<b>6,959</b>	<b>100</b>	<b>1,062,201,960</b>	<b>106,091,972</b>	<b>1,168,293,932</b>	<b>100.00</b>

### ANALYSIS OF EQUITY STRUCTURE

Category of Shareholders	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1) Individual	5,173	177	28,531,880	1,263,059	2.44	0.11
2) Body Corporate						
a) Banks/Finance Companies	27	0	827,197,041	0	70.80	0.00
b) Investment trusts/foundation/charities	2	0	14,278	0	0.00	0.00
c) Industrial and commercial companies	98	5	5,041,120	1,112,044	0.43	0.10
3) Government agencies/institutions	3	0	2,199,084	0	0.19	0.00
4) Nominees	1,188	284	199,211,889	103,716,869	17.05	8.88
5) Others	2	0	6,668	0	0.00	0.00
<b>Total</b>	<b>6,493</b>	<b>466</b>	<b>1,062,201,960</b>	<b>106,091,972</b>	<b>90.91</b>	<b>9.09</b>

## SHAREHOLDINGS STATISTICS AS AT 15 MARCH 2023

### TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Shares	Percentage
1	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	525,262,600	44.96
2	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	107,494,874	9.20
3	Kumpulan Wang Persaraan (Diperbadankan)	102,088,033	8.74
4	Permodalan Nasional Berhad	47,657,500	4.08
5	AmanahRaya Trustees Berhad – Amanah Saham Malaysia 3	36,136,200	3.09
6	AmanahRaya Trustees Berhad – Amanah Saham Malaysia 2 - Wawasan	35,520,500	3.04
7	AmanahRaya Trustees Berhad – Amanah Saham Malaysia	30,443,900	2.61
8	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 22)	27,348,900	2.34
9	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	24,571,200	2.10
10	HSBC Nominees (Asing) Sdn Bhd – HSBC BK PLC For Kuwait Investment Office (KIO)	19,629,500	1.68
11	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera 2	17,898,700	1.53
12	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera 3 - Didik	14,600,400	1.25
13	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)	6,161,600	0.53
14	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA For Vanguard Total International Stock Index Fund	5,624,000	0.48
15	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB For PRULink Equity Fund	5,429,400	0.46
16	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)	5,000,000	0.43
17	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA For Vanguard Emerging Markets Stock Index Fund	4,642,472	0.40
18	AmanahRaya Trustees Berhad – Public Ittikal Sequel Fund	4,282,500	0.37
19	Cartaban Nominees (Asing) Sdn Bhd – Exempt An For State Street Bank & Trust Company (WEST CLT OD67)	4,137,300	0.35
20	HSBC Nominees (Asing) Sdn Bhd – J.P. Morgan Securities PLC	3,508,248	0.30



SHAREHOLDINGS STATISTICS  
AS AT 15 MARCH 2023

## TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Shares	Percentage
21	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (PAR 1 ACB FUND)	3,438,800	0.29
22	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	3,306,600	0.28
23	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (CGS CIMB)	2,900,735	0.25
24	Citigroup Nominees (Tempatan) Sdn Bhd – Kumpulan Wang Persaraan (Diperbadankan) (Principal Eqits)	2,882,900	0.25
25	AmanahRaya Trustees Berhad – Public Dividend Select Fund	2,817,800	0.24
26	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (LSF)	2,739,200	0.23
27	Citigroup Nominees (Asing) Sdn Bhd – UBS AG	2,566,014	0.22
28	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA For Vanguard Fiduciary Trust Company Institutional	2,532,500	0.22
29	Maybank Nominees (Tempatan) Sdn Bhd – MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	2,324,000	0.20
30	Cartaban Nominees (Tempatan) Sdn Bhd – Prudential Assurance Malaysia Berhad for PRULink Strategic Fund	2,317,300	0.20
<b>TOTAL</b>		<b>1,055,263,676</b>	<b>90.32</b>

## SUBSTANTIAL SHAREHOLDERS

No.	Shareholders	No. of Shares	Percentage
1	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	525,262,600	44.96
2	Employees Provident Fund Board <sup>1</sup>	115,252,309	9.87
3	Kumpulan Wang Persaraan (Diperbadankan) <sup>2</sup>	105,766,633	9.05

## Notes:

<sup>1</sup> Held under multiple securities accounts of its nominees.

<sup>2</sup> Includes all shares held under multiple securities accounts of its nominees.

The above information was extracted from the Record of Depositors received from Bursa Malaysian Depository Sdn Bhd on 16 March 2023.

TOP 10 PROPERTIES  
HELD BY THE UMW GROUP  
AS AT 31 DECEMBER 2022

No.	Location	Description	Existing Use	Tenure	Approximate Area of Land/ Built-up (Sq. Metres)	Approximate Age of Building (Years)	Revaluation (Date)	Acquisition (Date)	Net Book Value (RM)
1	No. 1, Jalan Keluli 2/KU 2, Kawasan Perindustrian Bukit Raja, Klang, Selangor.	Industrial Land	Factory Building, Integrated Quality Hub, Test Track, Plant and Logistic	Freehold	Land - 674,300 Built-up - 27,753.34	11	-	28.12.2008	654,710,215
2	No. 1, Jalan Keluli 2/KU 2, Kawasan Perindustrian Bukit Raja, Klang, Selangor.	Industrial Land	Office and Factory Building	Freehold	Built-up - 135,051.3	5	-	02.03.2018	587,450,085
3	Part of Lot 29138 Mukim Serendah, Ulu Selangor, Selangor.	Industrial Land	Office, Training Facilities and Workshop	Leasehold 99 years expiring 05.06.2094	Land - 95,263 Built-up - 24,661.5	6	-	01.08.2016	99,350,622
4	Lot 40020 to Lot 40021, Lot 40025 to Lot 40027 and Lot 40029 to Lot 40033 Mukim Serendah, Ulu Selangor, Selangor.	Industrial Land	Vacant	Leasehold 99 years expiring 07.07.2109	Land - 2,963,851.22 Built-up - Nil	-	-	17.04.1995	74,380,680
	Lot 15001 to 15009 and Lot 15019 to 15024 Mukim Serendah, Ulu Selangor, Selangor.	Industrial Land	Vacant	Leasehold 99 years expiring 25.10.2098 (formerly known as PT 4445)					
5	No. 3, Jalan Titanium 2, Presint 1, Bandar Industri Bernilai Tinggi, 48200 Serendah, Selangor.	Industrial Land	Vacant	Leasehold 72 years expiring 05.06.2094	Land - 544,500	1	-	11.05.2021	57,118,267
6	Lot 43, SMI Phase 1 IZ3, Jalan 1D KKIP, District of Kota Kinabalu, Sabah.	Industrial Land	Stockyard (Sabah IQH)	Leasehold 60 years expiring 31.12.2066	Land - 34,669.42	9	-	27.07.2015	34,178,061
7	Part of Lot 61716 H.S (D) 58036, Bandar Subang Jaya, Daerah Petaling, Selangor.	Commercial Land	Showroom, Parts and Service Centre	Freehold	Land - 10,967.1 Built-up - 10,219.3	15	-	28.03.2006	33,072,539
8	No. 2, Persiaran Raja Muda, Section 15, Shah Alam, Selangor.	Commercial Land	UMW Toyota Motor Head Office	Leasehold 99 years expiring 22.07.2067	Land - 24,283.2 Built-up - 19,840.5	18	-	06.08.1985	32,873,289
9	No. 8, Jalan Jelutong, Section 9W, Bandar Georgetown, North-East District, Pulau Pinang.	Industrial Land	Showroom, Parts and Service Centre	Freehold	Land - 12,137.8 Built-up - 2,653.78	15	-	29.12.2003	31,540,414
10	Lot 44580, Mukim Sungai Buloh, Daerah Petaling, Selangor.	Commercial Land	Showroom, Parts and Service Centre	Freehold	Land - 4,228.5 Built-up - 11,375.5	17	-	13.08.2004	26,831,214

## GROUP DIRECTORY

AS AT 15 MARCH 2023

GROUP  
DIRECTORY  
AS AT 15 MARCH 2023

### CORPORATE OFFICE



**UMW HOLDINGS BERHAD**  
**UMW Corporation Sdn Bhd**  
Menara UMW  
Jalan Puncak, Off Jalan P. Ramlee  
50250 Kuala Lumpur, Malaysia  
Tel : +603 2025 2025 (Main)  
Fax : +603 2025 2026 (General)

### AUTOMOTIVE

**UMW Toyota Motor Sdn Bhd**  
**(UMW Toyota)**  
**Head Office**  
Level 31 & 32, Menara Southpoint  
Mid Valley City  
Medan Syed Putra Selatan  
59200 Kuala Lumpur  
W.P. Kuala Lumpur, Malaysia  
Tel : +603 2708 1000

**Perusahaan Otomobil Kedua**  
**Sdn Bhd**  
**(Perodua)**  
**Head Office**  
Perodua Corporate Building  
Sg. Choh, 48009 Rawang  
Selangor Darul Ehsan, Malaysia  
Tel : +603 6733 8888  
Fax : +603 6099 2402

### MANUFACTURING/ASSEMBLY PLANTS

#### UMW Toyota

#### Assembly Services Sdn Bhd

**Bukit Raja Plant**  
No. 1, Jalan Keluli 2/KU2  
Kawasan Perindustrian  
Bukit Raja, 41050 Klang  
Selangor Darul Ehsan, Malaysia  
Tel : +603 3348 2000

**Shah Alam Plant**  
Persiaran Selangor  
40000 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5123 2000

#### Automotive Industries

**Sendirian Berhad**  
Lot 9, Jalan Puchong  
Section 22  
Lion Industrial Park  
40300 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5191 8487  
Fax : +603 5191 1604

#### Perodua

- **Perodua Auto Corporation Sdn Bhd**
- **Perodua Manufacturing Sdn Bhd**
- **Perodua Engine Manufacturing Sdn Bhd**
- **Perodua Global Manufacturing Sdn Bhd**

**Perodua Complex**  
Sg. Choh, 48009 Rawang  
Selangor Darul Ehsan, Malaysia  
Tel : +603 6733 8888  
Fax : +603 6099 2402

### MANUFACTURING & ENGINEERING

**UMW M&E Sdn Bhd**  
Lot 29138, Mukim Bandar Serendah  
48200 Serendah, Hulu Selangor  
Selangor Darul Ehsan, Malaysia  
Tel : +603 6028 7170

### MANUFACTURING & ENGINEERING - LUBRICANTS

**UMW Grantt International Sdn Bhd**  
No. 8, Jalan Utas 15/7  
Seksyen 15, 40200 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5163 5316  
Fax : +603 5519 0132

**UMW Lubricant International Sdn Bhd**  
No. 8, Jalan Utas 15/7  
Seksyen 15, 40200 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5163 5316  
Fax : +603 5519 0132

**UMW Pennzoil Distributors Sdn Bhd**  
No. 8, Jalan Utas 15/7  
Seksyen 15, 40200 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5163 5316  
Fax : +603 5519 0132

**Lubetech Sdn Bhd**  
No. 8, Jalan Utas 15/7  
Seksyen 15, 40200 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5163 5316  
Fax : +603 5519 0132

**Lubritech Limited**  
No. 169, Qi Chao Avenue  
Xinhui District  
Jiangmen 529100  
Guangdong, P.R. China  
Tel : +86 750 639 6026  
Fax : +86 750 639 6027

### MANUFACTURING & ENGINEERING - AUTOMOTIVE COMPONENTS

**KYB-UMW Malaysia Sdn Bhd**  
Lot 8, Jalan Waja 16  
42500 Telok Panglima Garang  
Kuala Langat  
Selangor Darul Ehsan, Malaysia  
Tel : +603 3322 0800  
Fax : +603 3122 6677

### AEROSPACE

**UMW Aerospace Sdn Bhd**  
Lot 29138  
Mukim Bandar Serendah  
48200 Serendah, Hulu Selangor  
Selangor Darul Ehsan, Malaysia  
Tel : +603 6028 7000  
Fax : +603 5519 7204

**UMW Aero Assets Sdn Bhd**  
Lot 29138  
Mukim Bandar Serendah  
48200 Serendah, Hulu Selangor  
Selangor Darul Ehsan, Malaysia  
Tel : +603 6028 7000  
Fax : +603 5519 7204

### DEVELOPMENT

**UMW Development Sdn Bhd**  
Aras Mezanin,  
No. 1, Jalan Rhenium 1, Presint 3, Bandar Industri Bernilai Tinggi  
Serendah, 48200 Serendah, Selangor Darul Ehsan, Malaysia  
Tel : +603 6420 8300  
Fax : +603 6420 8301

### EQUIPMENT - CORPORATE OFFICE

**UMW Equipment Division Sdn Bhd**  
**Head Office**  
Level 3A, No. 1, Jalan Rhenium 1  
Presint 3, Bandar Industri Bernilai Tinggi Serendah  
48200 Bandar Serendah  
Selangor Darul Ehsan  
Malaysia  
Tel : +603 6421 8900  
Fax : +603 6421 8905

### BRANCHES - HEAVY EQUIPMENT

#### UMW Equipment Sdn Bhd

**Head Office**  
Level 2B, No. 1, Jalan Rhenium 1, Presint 3  
Bandar Industri Bernilai Tinggi Serendah  
48200 Bandar Serendah  
Selangor Darul Ehsan  
Malaysia  
Tel : +603 6421 5800

**Factory**  
No. 6, Jalan Titanium 2, Presint 1  
Bandar Industri Bernilai Tinggi Serendah  
48200 Bandar Serendah  
Selangor Darul Ehsan  
Malaysia

**Equipment Division Customer Centre ("EDCC")**  
No. 20, Jalan Anggerik Mokara 31/44  
Kawasan Industri Kota Kemuning  
40460 Shah Alam  
Selangor Darul Ehsan  
Malaysia  
Tel : +603 50308500

#### BRANCHES

##### NORTH REGION

**Butterworth**  
Plot 57  
Jalan Perindustrian Bukit Minyak  
Taman Perindustrian Bukit Minyak  
14100 Bukit Minyak  
Seberang Perai Tengah  
Pulau Pinang, Malaysia  
Tel : +604 508 3378  
Fax : +604 508 3372

**Ipoh**  
No. 8, Persiaran Tun Perak  
30200 Ipoh  
Perak Darul Ridzuan, Malaysia  
Tel : +605 241 2777  
Fax : +605 253 5862

##### SOUTH REGION

**Johor Bahru**  
No. 64, Jalan Langkasuka  
Larkin Industrial Estate  
80350 Johor Bahru  
Johor Darul Takzim, Malaysia  
Tel : +607 237 1109  
Fax : +607 236 5503

##### EAST COAST

**Kuantan**  
Lot 140  
Semambu Industrial Estate  
25350 Kuantan  
Pahang Darul Makmur  
Malaysia  
Tel : +609 566 1162/1622  
+609 566 2855

#### UMW (East Malaysia) Sdn Bhd

**Head Office**  
Lot 2478, Section 66, KTLD  
Jalan Belian  
Pending Industrial Estate  
93450 Kuching  
Sarawak, Malaysia  
Tel : +608 248 9911  
Fax : +608 248 2537

##### SARAWAK

**Kuching**  
Lot 2478, Section 66, KTLD  
Jalan Belian  
Pending Industrial Estate  
93450 Kuching  
Sarawak, Malaysia  
Tel : +608 248 9911  
Fax : +608 234 2476

### HEAVY EQUIPMENT

**UMW Komatsu Heavy Equipment Sdn Bhd**  
**Head Office**  
Level 3B, No. 1, Jalan Rhenium 1, Presint 3  
Bandar Industri Bernilai Tinggi Serendah  
48200 Bandar Serendah  
Selangor Darul Ehsan  
Malaysia  
Tel : +603 6421 8800  
Fax : +603 6421 8899

**Sibu**  
No. 6, Lot 55, Block 9  
Jalan Upper Lanang  
96000 Sibu  
Sarawak, Malaysia  
Tel : +608 421 4200  
Fax : +608 421 3191  
+608 421 1541

**Bintulu**  
Lot 3155, Block 26  
Kemena Land District  
Kidurong Road  
97008 Bintulu  
Sarawak, Malaysia  
Tel : +608 625 5351  
Fax : +608 625 5350

**Miri**  
Mile 3, Jalan Krokop  
98007 Miri  
Sarawak, Malaysia  
Tel : +608 565 4744  
Fax : +608 565 4843

##### SABAH

**Kota Kinabalu**  
Mile 5½, Jalan Tuaran  
88450 Kota Kinabalu  
Sabah, Malaysia  
Tel : +608 842 7044  
Fax : +608 842 0727

**Sandakan**  
Mile 4½, Jalan Batu Sapi  
Karamunting Estate  
90000 Sandakan  
Sabah, Malaysia  
Tel : +608 961 2604  
Fax : +608 961 2432

**Tawau**  
Mile 4½, Jalan Apas  
91000 Tawau  
Sabah, Malaysia  
Tel : +608 991 2137  
Fax : +608 991 3140

GROUP  
DIRECTORY  
AS AT 15 MARCH 2023

GROUP  
DIRECTORY  
AS AT 15 MARCH 2023

## REGIONAL - HEAVY EQUIPMENT

## MYANMAR

**UMW Engineering Services Limited, Myanmar****Head Office**

No. 1944/B, Block (6)  
Bogyoke Street  
A Sint Myint Quarter  
Yangon-Pathein Highway Road  
Hlaing Thar Yar Township Yangon, Myanmar  
Tel : +959 863 4714  
+959 863 4715

**Nay Pyi Taw**

No. 3345/3346  
Corner of 18th Street  
& Padomar Street  
Bawgawaddi Quarter  
Pyinmana, Naypyitaw  
Myanmar  
Tel : +956 7802 5563  
+956 7802 5564  
Fax : +956 7802 5564

**Mawlamyine Service Support Station**

No. 133, Ngan Tae Road  
Zay Yar Myine – Ngan Tae Ward  
Mawlamyine Township  
Mon State, Myanmar  
Tel : +959 449 009 951  
+959 964 490 995

## PAPUA NEW GUINEA

**UMW Niugini Limited****Head Office****Port Moresby**

Section: 57, Allotment: 463  
Morea Tobo Road, 6 Mile  
Port Moresby  
National Capital District  
Papua New Guinea  
Tel : +675 325 5766  
+675 7501 0384  
Fax : +675 325 0805  
+675 323 2084

## BRANCHES

**Lae**

Section: 70, Allotment: 01  
Butibum Road, Voco Point  
Lae 411 Morobe Province  
Papua New Guinea  
Tel : +675 472 2444  
+675 7501 0416  
Fax : +675 472 5094  
+675 472 7056  
+675 472 3342

**Kokopo**

UMW Niugini Limited  
PO Box 1234  
CNR Tokua/Gelegele Road, Kokopo  
East New Britain Province  
Papua New Guinea  
Tel : +675 982 9799  
+675 7200 8743  
Fax : +675 982 8979

## SINGAPORE

**UMW Heavy Equipment (S) Pte Ltd**

108 International Road  
Singapore 629173  
Tel : +65 6265 3155  
Fax : +65 6265 8494

## BRANCHES

**Mandalay**

No. Ma-9/3  
Corner of 64th Street  
& Theik Pan Road  
Chan Mya Thar Si Township  
Mandalay, Myanmar  
Tel : +959 752 480 664

**Hpakant**

No. (Ma Hta/133)  
Block-6  
Gyan Guard Street  
Mashikahtaung Quarter-D  
Hpakant, Myanmar  
Tel : +957 470 096  
+957 470 097  
+959 432 021 91



## INDUSTRIAL EQUIPMENT

**UMW Industries (1985) Sdn Bhd****Head Quarter (Office)**

Level 2A, No. 1, Jalan Rhenium 1, Presint 3  
Bandar Industri Bernilai Tinggi Serendah  
48200 Bandar Serendah  
Selangor Darul Ehsan  
Malaysia  
Tel : +603 6420 8200

**Factory**

No. 3, Jalan Titanium 2, Presint 1  
Bandar Industri Bernilai Tinggi Serendah  
48200 Bandar Serendah  
Selangor Darul Ehsan  
Malaysia

**Equipment Division Customer Centre (EDCC)**

No. 20, Jalan Anggerik Mokara 31/44  
Kawasan Industri Kota Kemuning  
40460 Shah Alam  
Selangor Darul Ehsan  
Malaysia  
Tel : +603 50308500

## BRANCHES - INDUSTRIAL EQUIPMENT

## NORTH REGION

**Butterworth**

Plot 57  
Jalan Perindustrian Bukit  
Minyak  
Taman Perindustrian Bukit  
Minyak  
14000 Bukit Mertajam  
Pulau Pinang, Malaysia  
Tel : +604 508 3368  
Fax : +604 508 3370

**Ipoh**

93, Persiaran Klebang 1  
Kawasan Perindustrian IGB  
Off Jalan Kuala Kangsar  
31200 Ipoh  
Perak Darul Ridzuan  
Malaysia  
Tel : +605 291 1460  
Fax : +605 291 4460

## SOUTH REGION

**Johor Bahru**

No. 64  
Jalan Langkasuka  
Larkin Industrial Estate  
80350 Johor Bahru  
Johor Darul Takzim  
Malaysia  
Tel : +607 237 3068  
+607 237 7012  
Fax : +607 236 5197

**Nilai**

Lot 4961, Jalan TS 2/1  
Taman Semarak  
Fasa 2, 71800 Nilai  
Negeri Sembilan  
Malaysia  
Tel : +606 799 3315  
Fax : +606 799 3343

**Melaka**

No. 2, Jalan Jasa Merdeka 4  
Kawasan Perindustrian Ringan  
Taman Datuk Tamby Chik Karim  
75350 Batu Berendam  
Melaka, Malaysia  
Tel : +606 317 2948  
Fax : +606 317 1952

**Kluang**

No. 1, Jalan Padang Tembak  
Taman Padang Tembak  
86000 Kluang  
Johor Darul Takzim, Malaysia  
Tel : +607 773 2216  
Fax : +607 772 3976

## EAST COAST

**Kuantan**

Lot 140, Semambu Industrial  
Estate  
25710 Kuantan  
Pahang Darul Makmur  
Malaysia  
Tel : +609 566 1986  
Fax : +609 566 2502

## SARAWAK

**Kuching**

Lot 2478, Section 66, KTLD  
Jalan Belian  
Pending Industrial Estate  
93738 Kuching  
Sarawak, Malaysia  
Tel : +608 233 6462  
Fax : +608 233 6159

**Sibu**

No. 6A, Lorong Nyatoh  
Jalan Lanang  
96000 Sibu  
Sarawak, Malaysia  
Tel : +608 431 1315  
Fax : +608 432 0309

**Bintulu**

Lot 3155, Block 26  
Kemena Land District  
Kidurong Road  
97000 Bintulu  
Sarawak, Malaysia  
Tel : +608 625 5328  
Fax : +608 625 2106

**Miri**

Mile 3, Jalan Krokop  
98007 Miri  
Sarawak, Malaysia  
Tel : +608 565 4798  
Fax : +608 565 7825

## SABAH

**Kota Kinabalu**

Mile 5½, Tuaran Road  
88450 Kota Kinabalu  
Sabah, Malaysia  
Tel : +608 843 0007  
Fax : +608 842 4488

**Sandakan**

Mile 4½, Karamunting Estate  
Jalan Batu Sapi  
90000 Sandakan  
Sabah, Malaysia  
Tel : +608 961 2051  
Fax : +608 961 1071

**Tawau**

Mile 4½, Apas Road  
91000 Tawau  
Sabah, Malaysia  
Tel : +608 991 2261  
Fax : +608 991 4610

**Keningau**

Lot 31, Ground Floor Block B  
1 KM Tenom Road  
Keningau Wood Light Industrial  
89008 Keningau  
Sabah, Malaysia  
Tel : +608 733 4388  
Fax : +608 733 4928



## REGIONAL - INDUSTRIAL EQUIPMENT

## SINGAPORE

**UMW Equipment & Engineering Pte Ltd**

**Head Office**  
108 International Road  
Singapore 629173  
Tel : +65 6265 3155  
Fax : +65 6265 8494

## VIETNAM

**UMW Equipment Systems (Vietnam) Company Limited, Vietnam**

**Head Office**  
12A, Doc Lap Avenue  
Vietnam-Singapore Industrial Park  
Binh Hoa Ward  
Thuan An City  
Binh Duong Province  
Vietnam  
Tel : +84 274 374 3333

## BRANCHES

**UMW Equipment Systems (Vietnam) Co Ltd (Bac Ninh Branch)**

Lot B1-3  
Dai Dong-Hoan Son Industrial Park  
Hoan Son Commune  
Tien Du District  
Bac Ninh Province  
Vietnam  
Tel : +84 2223 848 899

**UMW Equipment Systems (Vietnam) Co Ltd (Quang Ngai Branch)**

No. 1, Road 6A  
Vietnam-Singapore Industrial Park  
Tinh Phong Commune  
Son Tinh District  
Quang Ngai Province, Vietnam  
Tel : +84 2553 900 188

**UMW Equipment Systems (Vietnam) Co Ltd (Nghe An Branch)**  
No. 2B, Street 1  
VSIP Nghe An Industrial Park  
Hung Tay Commune  
Hung Nguyen District  
Nghe An Province, Vietnam  
Tel : +84 238 320 6696

## Representative Offices

**UMW Equipment Systems (Vietnam) Co Ltd (Can Tho Office)**  
No. 8, 7A5 Street  
Resettlement Area of Urban  
Upgrading Project  
Area 4, An Khanh Ward  
Ninh Kieu District  
Can Tho City, Vietnam  
Tel : +84 2923 737 331

**UMW Equipment Systems (Vietnam) Co Ltd (Dong Nai Office)**  
No. 64, Hamlet 5  
An Phuoc Commune  
Long Thanh District  
Dong Nai Province, Vietnam  
Tel : +84 2513 682 108

**UMW Equipment Systems (Vietnam) Co Ltd (Long An Office)**  
Area 5, Duc Hoa Town  
Duc Hoa District  
Long An Province, Vietnam  
Tel : +84 272 376 6862

**UMW Equipment Systems (Vietnam) Co Ltd (Da Nang Office 1)**  
32, Dong Loi 4, An Khe Ward  
Thanh Khe District  
Da Nang City, Vietnam  
Tel : +84 2363 731 731

## (Da Nang Office 2)

16th Floor - Thanh Loi Building  
249 Nguyen Van Linh, Vinh Trung  
Ward, Thanh Khe District  
Da Nang City, Vietnam  
Tel : +84 2363 731 733

**UMW Equipment Systems (Vietnam) Co Ltd (Binh Dinh Office)**

No. 728, Hung Vuong Street  
Nhon Phu Ward  
Quy Nhon City  
Binh Dinh Province, Vietnam  
Tel : +84 256 354 8268

**UMW Equipment Systems (Vietnam) Co Ltd (Hai Phong Office)**

No.241, An Phong Hamlet  
An Hung Ward  
An Duong District  
Hai Phong City, Vietnam  
Tel : +84 225 374 3897

**UMW Equipment Systems (Vietnam) Company Showroom Warehouse**

17B, 4 Street  
Vietnam-Singapore Industrial Park  
Binh Hoa Ward  
Thuan An City  
Binh Duong Province, Vietnam  
Tel : +84 2743 991 668

## CHINA

**UMW Material Handling Shanghai Group, China**

**Head Office**  
Room 118, Building A  
No. 118 East Huguang Road  
Minhang District  
Shanghai 201108  
P.R. China  
Tel : +862 154 300 338

## BRANCHES

**UMW Industrial Equipment (Shanghai) Co Ltd (Hangzhou Branch)**

No. 14 & 1 Avenue  
Qiantang District  
Hangzhou 310018  
Zhejiang Province, P.R. China  
Tel : +86 571 868 375 88  
Fax : +86 571 868 375 87

**UMW Industrial Equipment Vision Fleet Equipment Leasing (Shanghai) Co Ltd**

South side of building A of  
Mike Co.  
Wangdian Town  
Xiuzhou District  
Jiaxing 31400  
Zhejiang Province, P.R. China  
Tel : +86 573 822 090 48  
Fax : +86 573 822 090 49

**UMW Industrial Equipment (Shanghai) Co Ltd (Ningbo Branch)**

No. 825  
North Jiangcheng Road  
Yinzhou District  
Ningbo 315042  
Zhejiang Province, P.R. China  
Tel : +86 574 877 397 08  
Fax : +86 574 877 397 10

**UMW Industrial Equipment (Shanghai) Co Ltd (Jinhua Office)**

No. 1332  
Dongshi Beijie  
Wucheng District  
Jinhua 321000  
Zhejiang Province, P.R. China  
Tel : +86 579 824 239 80  
Fax : +86 579 824 239 60



## MARINE &amp; POWER EQUIPMENT

**UMW Industrial Power Services Sdn Bhd Head Office**

Level 1B, No. 1, Jalan Rhenium 1, Presint 3  
Bandar Industri Bernilai Tinggi Serendah  
48200 Bandar Serendah  
Selangor Darul Ehsan  
Malaysia  
Tel : +603 6421 8600

**Factory**

No. 8, Jalan Titanium2, Presint 1  
Bandar Industri Bernilai Tinggi Serendah  
48200 Bandar Serendah  
Selangor Darul Ehsan, Malaysia

**Equipment Division Customer Centre (EDCC)**

No. 20, Jalan Anggerik Mokara 31/44  
Kawasan Industri Kota Kemuning  
40460 Shah Alam  
Selangor Darul Ehsan  
Malaysia  
Tel : +603 50308500

## BRANCHES - MARINE &amp; POWER EQUIPMENT

## NORTH REGION

Plot 57, Jalan Perindustrian Bukit Minyak  
Perindustrian Bukit Minyak  
Mukim 13, 14100 Simpang Ampat  
Pulau Pinang, Malaysia  
Tel : +604 508 3375/3376  
Fax : +604 508 3373

No. 93, Persiaran Klebang 1  
Kawasan Perindustrian IGB  
Off Jalan Kuala Kangsar  
31200 Ipoh  
Perak Darul Ridzuan, Malaysia  
Tel : +605 291 5460  
Fax : +605 291 7460

## SOUTH REGION

No. 64, Jalan Langkasuka  
Kawasan Perindustrian Larkin  
80350 Johor Bahru  
Johor Darul Takzim, Malaysia  
Tel : +607 235 0268  
Fax : +607 236 9268

## EAST COAST

Lot 140  
Kawasan Perindustrian Semambu  
25710 Kuantan  
Pahang Darul Makmur  
Malaysia  
Tel : +609 566 5924  
Fax : +609 566 2976

## SARAWAK

Lot 2478, Section 66, KTLD  
Jalan Belian  
Pending Industrial Estate  
93738 Kuching  
Sarawak, Malaysia  
Tel : +608 248 5102  
Fax : +608 233 4867

Lot 55,  
Upper Lanang Road  
96008 Sibul  
Sarawak, Malaysia  
Tel : +608 421 2934  
Fax : +608 421 0019

Mile 3, Jalan Krokop  
PO Box 345  
98007 Miri  
Sarawak, Malaysia  
Tel : +608 566 1820  
Fax : +608 565 5889

## NOTICE OF ANNUAL GENERAL MEETING

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 41<sup>st</sup> Annual General Meeting (**AGM**) of the Company will be held virtually via live streaming from the broadcast venue at Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia on Wednesday, 17 May 2023 at 10.00 a.m. to transact the following businesses:

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 112 of the Company's Constitution and being eligible, offer themselves for re-election:
  - (a) Shahin Farouque bin Jammal Ahmad
  - (b) Mohd Shahazwan bin Mohd Harris
  - (c) Datuk (Dr.) Yasmin binti Mahmood
3. To re-elect Datin Paduka Kartini binti Hj Abdul Manaf who retires pursuant to Article 126 of the Company's Constitution and being eligible, offers herself for re-election.
4. To re-elect the following Directors who retire pursuant to Articles 126 and 128 of the Company's Constitution and being eligible, offer themselves for re-election:
  - (a) Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman
  - (b) Dr. Veerinderjeet Singh a/l Tejwant Singh
5. To approve the payment of the following Directors' fees for the period from 18 May 2023 until the next AGM of the Company:
  - (a) RM28,900 per month for the Non-Executive Chairman and RM14,500 per month for each of the Non-Executive Director of the Company; and
  - (b) RM10,500 per annum for each of the Non-Executive Director who is the Chairman on the board of subsidiaries and RM8,400 per annum for each of the Non-Executive Director who is a director on the board of subsidiaries.
6. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM1,980,000 for the period from 18 May 2023 until the next AGM of the Company.
7. To re-appoint Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration.

### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution:

8. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature (**Proposed Shareholders' Mandate**).

"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 (**CA 2016**), 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 given to the Company and/or its subsidiaries (**UMW Group**) to enter into any of the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(b) of the Circular to Shareholders dated 17 April 2023 (**Circular**), which are necessary for the day-to-day operations in the ordinary course of business of the UMW Group, on normal commercial terms, which are not more favourable to the related parties than those generally available to the public, undertaken on an arm's length basis, and are not detrimental to the minority shareholders of the Company.

THAT the Shareholders' Mandate shall continue to be in force and effect until:

- (a) the conclusion of the next AGM of the Company, at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (b) the expiration of the period within which the Company's next AGM is required to be held, pursuant to Section 340(1) and (2) of the CA 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or
- (c) the Shareholders' Mandate is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is the earliest;

AND THAT the Directors of the Company be authorised to complete and do all acts and things as they may consider expedient or necessary (including executing all such documents as may be required) to give effect to the Shareholders' Mandate."

9. To transact any other business for which due notice has been given.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend the 41<sup>st</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd pursuant to Article 76(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors (**ROD**) as at 10 May 2023. Only a depositor whose name appears on the ROD as at 10 May 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

### By Order of the Board

**RAJA NORAKMAR BINTI RAJA MOHD ALI**  
(LS0005749) (SSM PC No. 201908002126)  
Joint Group Secretary

Kuala Lumpur, Malaysia.  
17 April 2023

**Resolution 1**

**Resolution 2**

**Resolution 3**

**Resolution 4**

**Resolution 5**

**Resolution 6**

**Resolution 7**

**Resolution 8**

**Resolution 9**

**Resolution 10**

## NOTICE OF ANNUAL GENERAL MEETING

**NOTES:****1. Mode of Meeting**

The 41<sup>st</sup> Annual General Meeting (**AGM**) will be held virtually via live streaming and online remote voting from the broadcast venue using the Remote Participation and Voting (**RPV**) facilities provided by SS E Solutions Sdn Bhd (**SSESB**) via the Securities Services e-Portal platform (**SS e-Portal**) at <https://sshsb.net.my/>. Members/proxies are advised to follow the procedures provided in the Administrative Guide for this AGM in order to register, participate and vote remotely via the RPV facilities.

The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 (**CA 2016**) and Article 84(2) of the Company's Constitution which require the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to be physically present at the broadcast venue on the day of the AGM.

**2. Proxy and/or Authorised Representatives**

- i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person as proxy to attend, participate, speak and vote in his/her stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- ii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, is allowed to appoint at least one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member is an exempt authorised nominee, who holds ordinary shares of the Company for multiple beneficial owners in one (1) security 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.
- iii) 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 seal or signed by an officer or attorney duly authorised.
- iv) The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be deposited not less than 24 hours before the time appointed for the taking of the poll or at any adjournment thereof:

Lodgement in hardcopy form

To be deposited at the SSESB's office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

Lodgement via electronic means

To be lodged electronically via the SS e-Portal, by fax to +603-2094 9940 or by email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my).

- v) A member who has appointed a proxy/proxies to participate in this AGM must request his/her proxy/proxies to register himself/herself for the RPV facilities at the SS e-Portal.
- vi) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in the Notice will be put to a vote by poll.

**3. Audited Financial Statements for the financial year ended 31 December 2022**

The Audited Financial Statements are laid out for discussion only in accordance to Section 340(1)(a) of the CA 2016. They do not require shareholders' approval and hence, will not be put forward for voting.

**4. Ordinary Resolutions 1 to 6: Re-election of Directors who retire pursuant to Articles 112, 126 and 128 of the Company's Constitution**

- i) Article 112 provides that Directors appointed by the Board shall hold office until the conclusion of the next AGM following their appointment and shall be eligible for re-election. Accordingly, Encik Shahin Farouque bin Jammal Ahmad and Encik Mohd Shahazwan bin Mohd Harris who were appointed as Directors on 1 July 2022, whereas Datuk (Dr.) Yasmin binti Mahmood who was appointed as Director on 12 October 2022, will retire and being eligible, have offered themselves for re-election at this AGM.
- ii) Article 126 provides that at least one-third (1/3) of the Directors are subject to retirement by rotation at each AGM. Accordingly, Datin Paduka Kartini binti Hj Abdul Manaf being eligible, has offered herself for re-election at this AGM.
- iii) As stated above, Article 126 of the Company's Constitution provides that at least one-third (1/3) of the Directors are subject to retirement by rotation at each AGM. On the other hand, Article 128 of the Company's Constitution provides that all Directors (including without limitation the Chief Executive) shall retire from office once at least in each three (3) years but a retiring Director shall be eligible for re-election. Accordingly, Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman and Dr. Veerinderjeet Singh a/l Tejwant Singh, being eligible, have offered themselves for re-election at this AGM.

## NOTICE OF ANNUAL GENERAL MEETING

For the purpose of determining the eligibility of Directors standing for re-election at this AGM, all Directors with the exception of Encik Shahin Farouque, Encik Mohd Shahazwan and Datuk (Dr.) Yasmin, had undergone a comprehensive Board and Directors Effectiveness Evaluation (**BDEE**), carried out by the Institute of Corporate Directors Malaysia (**ICDM**), an independent consultant, to assess the performance and contribution of each individual Director, taking into consideration among others, character, integrity, professionalism and competency, as well as the level of independence and effectiveness demonstrated by the Independent Directors.

Based on the overall results of the BDEE, the individual Directors met the performance criteria required of an effective and high-performance Board. Given the relative recency of tenure as Director for Encik Shahin Farouque, Encik Mohd Shahazwan and Datuk (Dr.) Yasmin, a comprehensive performance evaluation on them as Directors will only be carried out for 2023.

The Board recommends the re-election of all retiring Directors.

**5. Ordinary Resolution 7: Payment of Directors' Fees to the Non-Executive Directors**

Section 230(1) of the CA 2016 provides amongst others, 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. Accordingly, shareholders' approval shall be sought at the 41<sup>st</sup> AGM for the payment of Directors' fees to the Non-Executive Directors (**NEDs**) of the Company for the period from 18 May 2023 until the next AGM of the Company, as follows:

Board of the Company:

	Monthly (RM)
Chairman	28,900
Member	14,500

Board of subsidiaries:

	Annually (RM)
Chairman	10,500
Member	8,400

**6. Ordinary Resolution 8: Payment of benefits payable to the Non-Executive Directors**

The benefits payable to NEDs, comprising meeting allowance, benefits and other emoluments, are as follows:

Meeting Allowance

Meeting allowance (per meeting) as follows:

Description	Chairman	Member
Board of the Company	2,400	1,600
Board Committees of the Company	2,100	1,600
Board of subsidiaries/ Board Committees of Subsidiaries	2,100	1,600



## NOTICE OF ANNUAL GENERAL MEETING

Other benefits and emoluments

Customary benefits and other emoluments payable to NEDs comprising the following:

Non-Executive Chairman	Non-Executive Directors
<ul style="list-style-type: none"> <li>• Leave passage;</li> <li>• Medical and insurance coverage;</li> <li>• Car, petrol/toll charges and driver;</li> <li>• Club memberships;</li> <li>• Telecommunication/electronic devices;</li> <li>• Per diem allowance;</li> <li>• Security services;</li> <li>• Claimable benefits; and</li> <li>• Others</li> </ul>	<ul style="list-style-type: none"> <li>• Medical and insurance coverage;</li> <li>• Car and petrol;</li> <li>• Electronic devices;</li> <li>• Per diem allowance;</li> <li>• Claimable benefits; and</li> <li>• Others</li> </ul>

Payment of fees and benefits will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred.

The estimated amount of benefits payable to NEDs for the period from 18 May 2023 until the next AGM of the Company is up to RM1,980,000. In determining the estimated amount of benefits payable, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees and Board of subsidiaries, as well as the number of NEDs involved in these meetings.

The Board is of the view that it is equitable and fair for the NEDs to be paid such payment upon them discharging their responsibilities and rendering their services to the Company and its subsidiaries.

**7. Ordinary Resolution 9: Re-appointment of Ernst & Young PLT as Auditors of the Company**

The Audit Committee (AC) at its meeting held on 21 February 2023 carried out an annual assessment and independence of the external auditors, Ernst & Young PLT (EY) in accordance with the revised External Auditor Policy which was approved by the AC and the Board on 25 November 2022 and 28 November 2022, respectively, and as recommended under Principle B of the Malaysian Code on Corporate Governance 2021. The annual evaluation provides the AC with a disciplined approach for maintaining effective oversight of the external auditors' overall performance, covering among others, the adequacy of the audit team, degree of independence, performance level and audit scope. Based on the evaluation conducted, the AC is satisfied with the quality of EY's performance, technical competency and audit independence.

**8. Ordinary Resolution 10: Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature (Proposed Shareholders' Mandate)**

The Board proposes to seek a mandate for recurrent related party transactions (RRPT) of a revenue or trading nature. The Proposed Shareholders' Mandate, if passed, will enable the UMW Group to enter into RRPT of a revenue or trading nature, which are necessary for the day-to-day operations in the ordinary course of business of the UMW Group, on normal commercial terms, which are not more favourable to the related parties than those generally available to the public, undertaken on an arm's length basis, and are not detrimental to the minority shareholders of the Company.

Details of the Proposed Shareholders' Mandate are set out in Section 2.3 of the Circular to Shareholders dated 17 April 2023. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

**ABSTENTION FROM VOTING**

1. All Directors standing for re-election, who may also be the shareholders of the Company (direct or indirect), will abstain from voting on Resolutions 1 to 6 in respect of their re-elections at this AGM.
2. All NEDs, who are also the shareholders of the Company (direct or indirect), will abstain from voting on Resolutions 7 and 8 in respect of the approval of Directors' fees and benefits payable to NEDs at this AGM.

## 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 profiles of Directors who are standing for re-election at this AGM and details of any interest held in the securities of the Company and its related corporations are set out in the Directors' Profile on pages 88, 90, 92, 96, 97 and 98 of the Integrated Annual Report 2022.

## ADMINISTRATIVE GUIDE FOR THE 41<sup>ST</sup> ANNUAL GENERAL MEETING

<b>Date</b>	: Wednesday, 17 May 2023
<b>Time</b>	: 10.00 a.m.
<b>Broadcast Venue</b>	: Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
<b>Online Platform</b>	: Securities Services e-Portal at <a href="https://sshb.net.my/">https://sshb.net.my/</a>

**1. Mode of Meeting**

The 41<sup>st</sup> Annual General Meeting (AGM) will be held virtually via live streaming and online remote voting from the broadcast venue using the Remote Participation and Voting (RPV) facilities provided by SS E Solutions Sdn Bhd (SSESB) via the Securities Services e-Portal platform (SS e-Portal) at <https://sshb.net.my/>

The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Article 84(2) of the Company's Constitution which requires the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to be physically present at the broadcast venue on the day of the AGM.

**2. RPV Facilities**

All members, proxies and/or corporate representatives are able to attend and participate using the real-time submission of typed texts and vote remotely at the 41<sup>st</sup> AGM via the SS e-Portal provided during the live streaming of the AGM.

Please follow the procedures set out in the SS e-Portal User Guide provided in the enclosed Appendix to register, participate and vote remotely via the RPV facilities.

**3. General Meeting Record of Depositors**

Only depositors/members whose names appear on the Record of Depositors and/or Register of Members as at 10 May 2023 shall be entitled to participate at the 41<sup>st</sup> AGM or appoint a proxy/proxies to attend and/or vote on their behalf. Alternatively, members may also appoint the Chairman of the meeting as their proxy to vote on their behalf at the 41<sup>st</sup> AGM.

**4. Appointment of Proxy**

The instrument appointing a proxy/proxies may be made via hardcopy or by electronic means in the following manner:

Lodgement in hardcopy form

To be deposited at the SSESB's office, at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

Lodgement via electronic means

To be lodged electronically via the SS e-Portal or by fax to +603-2094 9940 or by email to [eservices@sshb.com.my](mailto:eservices@sshb.com.my).

Members who appoint proxy/proxies must ensure that the duly executed Proxy Forms are deposited in accordance with the notes and instructions printed therein no later than Tuesday, 16 May 2023 at 10.00 a.m. If members wish to submit the Proxy Form electronically via SS e-Portal, please follow the procedures set out in the enclosed Appendix.

Corporate members through corporate/authorised representatives or attorneys who wish to appoint proxy/proxies are required to submit their original certificates of appointment of a corporate representative or power of attorney to SSESB no later than Tuesday, 16 May 2023 at 10.00 a.m.

Members who have appointed proxy/proxies or corporate/authorised representatives to participate in the 41<sup>st</sup> AGM must request their proxy/proxies or corporate/authorised representatives to register for the RPV facilities at SS e-Portal.

Please refer to the Personal Data Protection Notice issued pursuant to the Personal Data Protection Act 2010, which is available on the Company's website at [www.umw.com.my](http://www.umw.com.my) concerning the Company's collection of your personal data,

ADMINISTRATIVE GUIDE FOR THE 41<sup>ST</sup> ANNUAL GENERAL MEETING

whether personally or through an appointed proxy/proxies and/or representative for the purpose of facilitating your participation at this AGM.

**5. Poll Voting**

The voting at the 41<sup>st</sup> AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed SSESB as the Poll Administrator to conduct the poll voting via SS e-Portal and Commercial Quest Sdn Bhd as the Scrutineers to verify the poll results.

Voting for each resolution set out in the AGM notice will commence from **10.00 a.m.** on **Wednesday, 17 May 2023** until such time when the Chairman announces the completion of the online voting session.

**6. Submissions of Questions**

Members, proxies or corporate representatives may submit questions before the 41<sup>st</sup> AGM to the Company electronically by email to [agm.enquiries@umw.com.my](mailto:agm.enquiries@umw.com.my) no later than **Tuesday, 16 May 2023 at 10.00 a.m.** or via real time submission of typed texts through a text box facility in the SS e-Portal during the live streaming of the 41<sup>st</sup> AGM.

**7. Integrated Annual Report 2022 and Other Documents**

The following documents are available at our website:

- Integrated Annual Report 2022
- Sustainability Report 2022
- Corporate Governance Report 2022

- Circular to Shareholders on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
- Notice of 41<sup>st</sup> AGM and Proxy Form
- Administrative Guide

If you wish to obtain a printed copy of the documents above, please submit an online request at [info@sshbs.com.my](mailto:info@sshbs.com.my) or via the website at <https://www.sshbs.com.my/new/requestarep.aspx>. The printed copy of the documents will be sent to you by ordinary post upon receipt of your request.

**8. Enquiry**

If you have any general queries relating to the SS e-Portal, proxy appointment or encounter any technical issue to participate in the virtually 41<sup>st</sup> AGM, please contact the following officers below during office hours from 9:00 am to 5:00 pm (Monday to Friday):

**SS E Solutions Sdn Bhd**

General Line : +603-2084 9000  
 Contact Persons : Wong Piang Yoong (DID: +03 2084 9168)  
 Lee Pei Yeng (DID: +03 2084 9169)  
 Norhaslilwati Abdullah Hashim (DID: +03 2084 9163)  
 Email : [eservices@sshbs.com.my](mailto:eservices@sshbs.com.my)  
 Fax : +603-2094 9940

ADMINISTRATIVE GUIDE FOR THE 41<sup>ST</sup> ANNUAL GENERAL MEETING**APPENDIX****Securities Services e-Portal (SS e-Portal) User Guide****BEFORE THE 41<sup>ST</sup> ANNUAL GENERAL MEETING (41<sup>ST</sup> AGM)****(A) Sign up for a user account at SS e-Portal (PLEASE SIGN-UP BY MONDAY, 15 MAY 2023)**

- Step 1: Visit <https://sshbs.net.my/>  
 Step 2: Sign up for a user account.  
 Step 3: A notification email will be sent to you within one (1) working day.  
 Step 4: Please verify your user account by logging into the SS e-Portal within seven (7) days of the notification email.

**Notes:**

- SSESB requires one (1) working day to process all user sign-ups. If you do not have a user account with the SS e-Portal, you will need to sign up for a user account by the deadlines stipulated above.
- This is a **ONE-TIME** registration. If you are already a registered user of SS e-Portal, you need not register again.
- Your email address is your User ID.
- Please proceed to either (B) or (C) below once you are a registered user.

**(B) Register for Remote Participation at the 41<sup>ST</sup> AGM (PLEASE REGISTER BY WEDNESDAY, 17 May 2023 AT 10.00 A.M.)**

- Step 1: Log in to <https://sshbs.net.my/> with your registered email and password.  
 Step 2: Look for **UMW Holdings Berhad** under Company Name and **41<sup>st</sup> AGM on 17 May 2023 at 10:00 a.m. – Registration for Remote Participation** under Corporate Exercise/Event and click ">" to register for remote participation at the 41<sup>st</sup> AGM.  
 Step 3: Select whether you are participating as:  
 • Individual shareholder; or  
 • Corporate or authorised representative of a body corporate\*.  
 Step 4: Submit your registration.

**Notes:**

- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to all the **CDS account(s)** of each individual shareholder/body corporate shareholder that you represent. If you are both an individual shareholder and representative of the body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- Upon verification by the Poll Administrator against the Record of Depositors as at 10 May 2023, you will receive an email on your eligibility to participate at the 41<sup>st</sup> AGM.

**(C) Submit e-Proxy Form (PLEASE SUBMIT BY TUESDAY, 16 MAY 2023 AT 10.00 A.M.)**

- Step 1: Log in to <https://sshbs.net.my/> with your registered User ID (email address) and password.  
 Step 2: Look for **UMW Holdings Berhad** under Company Name and **41<sup>st</sup> AGM on 17 May 2023 at 10:00 a.m. – Submission of Proxy Form** under Corporate Exercise/Event and click ">" to submit your e-proxy forms online for the 41<sup>st</sup> AGM.  
 Step 3: Select whether you are submitting the e-Proxy Form as:  
 • Individual shareholder; or  
 • Corporate or authorised representative of a body corporate\*.  
 Step 4: Enter your CDS account number or the body corporate's CDS account number and a corresponding number of securities. Then enter the information of your proxy/proxies and the proportion of your securities to be represented by your proxy/proxies.  
 Step 5: Proceed to indicate how your votes are to be cast against each resolution.  
 Step 6: Review and confirm your e-Proxy Form details before submission.

**Notes:**

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (please refer to the left navigation panel).
- You need to submit your e-Proxy Form for every CDS account(s) you have or represent.
- **All appointed proxy/proxies need not register for remote participation under (B) above but if they are not registered users of the SS e-Portal under (A) above by 14 May 2023. PLEASE NOTIFY YOUR PROXY/PROXIES ACCORDINGLY.**
- Upon processing the e-Proxy Forms, remote participation access for the 41<sup>st</sup> AGM will be granted to the proxy/proxies instead of the shareholder(s) provided the proxy/proxies are the registered users of the SS e-Portal, failing which, the proxy/proxies will not be able to participate at the 41<sup>st</sup> AGM.
- Upon verification by the Poll Administrator, your proxy will receive an email of his/her eligibility to participate at the 41<sup>st</sup> AGM.

\* For body corporates, the appointed corporate/authorised representative must upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia must be accompanied by a certified translation in English in one (1) file.

ADMINISTRATIVE GUIDE FOR THE 41<sup>ST</sup> ANNUAL GENERAL MEETING

## PERSONAL DATA PROTECTION NOTICE

ON THE DAY OF THE 41<sup>ST</sup> AGM

<b>(A) Joining the Live Stream Meeting (e-Live)</b>	
<b>e-Live Access Date and Time</b> Wednesday, 17 May 2023 at 9:30 a.m.	<b>Commencement of the 41<sup>st</sup> AGM</b> Wednesday, 17 May 2023 at 10:00 a.m.
Step 1: Log in to <a href="https://sshb.net.my/">https://sshb.net.my/</a> with your registered User ID (email address) and password. Step 2: Look for <b>UMW Holdings Berhad</b> under Company Name and <b>41<sup>st</sup> AGM on 17 May 2023 at 10:00 a.m. - Live Stream Meeting</b> under Corporate Exercise/Event and click ">" to join the 41 <sup>st</sup> AGM.	Notes: <ul style="list-style-type: none"> <li>You can start to log in 30 minutes before the commencement of the 41<sup>st</sup> AGM as mentioned above.</li> <li>If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/Management team will endeavor to respond to your questions during the 41<sup>st</sup> AGM.</li> </ul>
<b>(B) Remote Online Voting during the Meeting (e-Voting)</b>	
<b>e-Voting Access Date and Time</b> Wednesday, 17 May 2023 at 10:00 a.m.	<b>e-Voting Closing Date and Time</b> As directed by the Chairman of the 41 <sup>st</sup> AGM
Step 1: (i) If you are logged in to the SS e-Portal and already accessing the Live Stream Meeting, click <b>Proceed to Vote</b> under the live stream player.  OR  (ii) If you are not logged in yet, please log in to the SS e-Portal, at <a href="https://sshb.net.my/">https://sshb.net.my/</a> with your registered User ID (email address) and password. Look for <b>UMW Holdings Berhad</b> under Company Name and <b>41<sup>st</sup> AGM on 17 May 2023 at 10:00 a.m. - Remote Voting</b> under Corporate Exercise/Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the 41 <sup>st</sup> AGM.  Step 2: Cast your votes by clicking on the radio buttons against each resolution. Step 3: Review your casted votes and submit the votes.	Notes: <ul style="list-style-type: none"> <li>The access to e-Voting will be opened from <b>10.00 a.m. on Wednesday, 17 May 2023</b> and will end when the Chairman announces the completion of the online voting session.</li> <li>Your casted votes will apply throughout <b>all</b> the CDS accounts you represent as an individual shareholder, corporate/authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.</li> <li>A copy of your submitted e-Voting can be accessed via <b>My Records</b> (please refer to the left navigation panel).</li> </ul>
<b>(C) End of the Live Stream Meeting (e-Live)</b>	
The live streaming will end upon the announcement by the Chairman on the closure of the 41 <sup>st</sup> AGM.	

This Personal Data Protection Notice is issued pursuant to the Personal Data Protection Act, 2010 for the parties set out therein.

This Personal Data Protection Notice (**Notice**) is issued by **UMW HOLDINGS BERHAD** and its subsidiaries, associates, affiliates and related companies (collectively referred to as ("**UMW Group**" or "**we**" or "**us**") and is applicable to all existing and prospective shareholders and/or investors. This Notice explains how we collect and handle your personal data in accordance with the Personal Data Protection Act, 2010 (**Act**). For the avoidance of doubt, all existing and prospective shareholders and/or investors shall be referred to collectively as "**shareholders and/or investors**" or "**you**". Please note that the UMW Group reserves the right to make any variations and/or modification to this Notice at any time. Any variations and/or modification to this Notice shall be communicated through modes of communications deemed suitable by the UMW Group.

**1. Personal Data**

As shareholders and/or investors of UMW Group, we may process (to the extent applicable) the following personal data as provided by you and/or a service provider engaged by the UMW Group and/or obtained from the public domains, regulatory authorities, administrative authorities and/or supervisory authorities which may include, but is not limited to:

- i. your identity including photo, signature, name, contact numbers, email address(es), address(es), identification card/passport number, age, gender, race, nationality and marital status;
- ii. your bank account number, CDS account number and such other information that you provide as shareholders and/or investors of the UMW Group;
- iii. video and voice recordings (including CCTV recordings and security recordings, images, testimonials, photograph and/or any other recordings of you as obtained when you are in UMW Group's premises, facilities and offices and/or when you attend any of UMW Group related events, functions, activities and/or meetings);
- iv. information relating to your shareholding interest in the UMW Group or any other companies;
- v. any other personal data that you provide/declare to the UMW Group and/or that are collected from you as shareholders and/or investors of the UMW Group;
- vi. any other information that you provide or are required to be given to become shareholders and/or investors; and
- vii. information which you provide to us in any forms and documents as shareholders and/or investors of the UMW Group.

**2. Purposes for collecting and further processing (including disclosing) your personal data**

Where applicable, we will process your personal data for the following purposes:

- i. to give effect and process your status as shareholders and/or investors of the UMW Group;
- ii. to process your request to become shareholders and/or investors;
- iii. issuance of share certificates or securities, if applicable;

- iv. to deliver, communicate and transmit UMW Group's integrated annual reports, newsletters, latest information and other shareholders and/or investors relation information and materials through modes of communication and delivery we deem appropriate (including without limitation verbally, in hard print, electronically or online);
- v. payment of dividends and other benefits to shareholders and/or investors, if applicable;
- vi. to maintain, upkeep and update our records regarding our shareholders and/or investors;
- vii. statistical analysis and historical data;
- viii. execution of the relevant legal documents and instruments to give effect to your status as shareholders and/or investors of the UMW Group;
- ix. as part of the UMW Group's internal records management, internal compliance and corporate governance (including auditing, internal investigations, compliance, risk management, conflict of interest reporting, management reporting and security processes);
- x. verification and identification purposes;
- xi. compliance with laws, regulations, guidelines, codes and statutory requirements;
- xii. to provide you with the services or information requested;
- xiii. for contact purposes;
- xiv. to defend and/or enforce UMW Group's rights under law and/or obtain legal advice;
- xv. to attend to your enquiries and generally to enable resolution of a concern or complaint;
- xvi. to facilitate your participation in any of the UMW Group functions, activities, meetings and/or events;
- xvii. administrative and operational purposes;
- xviii. security and access within the UMW Group premises and facilities;
- xix. inclusion in media engagement and/or any relevant or related events;
- xx. publication in any printed materials, website, electronic media and/or social media platform arising from your participation in any UMW Group related functions, activities, meetings and/or events;
- xxi. to better understand your needs as shareholders and/or investors;
- xxii. for internal investigations, compliance, security and/or audit purposes;



## PERSONAL DATA PROTECTION NOTICE

- xxiii. to prosecute, prevent, investigate and/or detect any illegal and/or prohibited activities conduct and/or transactions; and
- xxiv. for any purpose that is incidental, ancillary or in furtherance to the above purposes.

The information you provide is necessary to the UMW Group. If you do not provide all the information as requested, we will not be able to keep your complete record of information, thus affecting the UMW Group's ability to accomplish the above stated purposes.

### 3. Disclosure of information

We may disclose your personal data to the following parties (including those outside of Malaysia):

- i. entities within the UMW Group;
- ii. potential or actual purchasers, successors-in-title of the business or share (wholly or in part) of the UMW Group (including their advisers and representatives) as a result of a potential, proposed or actual sale of business, sale of shares, disposal, acquisition, merger or re-organisation;
- iii. government departments and agencies, law enforcement agencies, regulatory authorities, statutory authorities and/or industry regulators and to whom we are compelled or required to do so under any law;
- iv. third parties appointed by the UMW Group to provide services to the UMW Group or on behalf of the UMW Group (including the UMW Group's auditors, solicitors, financiers, agents, professional advisors, share registrars and other such service providers);
- v. any person, who is under a duty of confidentiality and/or who has undertaken the responsibility to keep such data confidential;
- vi. any actual or proposed assignee, participant, sub-participant or transferee of any of our rights or obligations;
- vii. other parties, in respect of whom you have consented to the disclosure of your personal data; and
- viii. any other persons to carry out any of the purposes described above.

### 4. Websites

#### 4.1 Information technology

When visiting UMW Group's websites, we may be able to identify you through collection of the following information during your visit to UMW Group's websites and/or the fully qualified domain name from which you accessed the UMW Group website, or alternatively, through your internet protocol (IP) address:

- i. the date and time in which you accessed UMW Group's website;
- ii. the URL of any webpage from which you accessed UMW Group's website; and
- iii. the web browser which you are using and the pages which you have accessed.

UMW Group's website may require you to provide a limited amount of information in order to obtain the services you requested and to enable the UMW Group to respond to your messages and requests. Any personal data provided will be used for its intended purpose only, i.e., to respond to your request for services, your messages and requests.

#### 4.2 Links to other sites

Links to other sites may be provided on the UMW Group's website for your convenience and information. These sites may have their own privacy statement and the UMW Group does not control, recommend or endorse these sites and the UMW Group will not be held responsible for these sites and their contents. As such, the UMW Group encourages you to read the privacy policies and terms of usage of these sites prior to accessing these sites.

### 5. Access, corrections and complaints

If you would like to make any inquiries or complaints or requests to access, correct or limit processing of your personal data, you may contact our officer below:

#### Group Secretary

Tel : +603-2025 2025 (from 9 a.m. to 5 p.m. on business days excluding public holidays)  
Email : gssect.pdpa@umw.com.my

Where you elect to contact our officer via telephone, please also send an email for verification and record purposes. UMW Group shall proceed to address your concerns as soon as practicable upon receipt of your request. Any request for access or correction of personal data may be subject to a fee and will be subjected to the prevailing data protection laws in Malaysia.

### 6. Conflict

In the event of any conflict between this English language version and the Bahasa Malaysia version of this Notice, the terms in this English language Notice shall prevail.

## NOTIS PERLINDUNGAN DATA PERIBADI

Notis Perlindungan Data Peribadi ini dikeluarkan menurut Akta Perlindungan Data Peribadi, 2010 untuk pihak-pihak yang dinyatakan di dalamnya.

Notis Perlindungan Data Peribadi (**Notis**) ini dikeluarkan oleh **UMW HOLDINGS BERHAD** dan anak-anak syarikatnya, syarikat-syarikat bersekutunya, syarikat-syarikat berkenaan dan syarikat-syarikat berkaitannya ("**Kumpulan UMW**" atau "**kami**") untuk pemegang saham dan/atau pelabur yang sedia ada dan bakal pemegang saham dan/atau pelabur. Notis ini menerangkan bagaimana kami mengumpul dan mengendalikan data peribadi anda mengikut Akta Perlindungan Data Peribadi, 2010 (**Akta**). Bagi mengelakkan keraguan, semua pemegang saham dan/atau pelabur yang sedia ada dan bakal pemegang saham dan/atau pelabur akan dirujuk secara kolektif sebagai "**pemegang saham dan/atau pelabur**" atau "**anda**". Sila maklum bahawa Kumpulan UMW berhak untuk membuat apa-apa perubahan dan/atau pengubahsuaian kepada Notis ini pada bila-bila masa. Apa-apa perubahan dan/atau pengubahsuaian kepada Notis ini akan disampaikan melalui mod komunikasi yang dianggap sesuai oleh Kumpulan UMW.

### 1. Data Peribadi

Sebagai pemegang saham dan/atau pelabur Kumpulan UMW, kami mungkin memproses (setakat mana berkenaan) data peribadi yang berikut, sepertimana yang diberikan oleh anda dan/atau pembekal perkhidmatan yang dilantik oleh Kumpulan UMW dan/atau yang diperolehi daripada domain awam, pihak berkuasa, pihak berkuasa pentadbiran dan/atau pihak berkuasa penyeliaan, yang mungkin termasuk tetapi tidak terhad kepada:

- i. identiti anda termasuk gambar, tandatangan, nama, nombor telefon, alamat-alamat emel, alamat-alamat, kad pengenalan/nombor pasport, umur, jantina, kaum, kewarganegaraan dan status perkahwinan;
- ii. akaun bank anda, nombor akaun CDS anda dan maklumat lain yang anda berikan sebagai pemegang saham dan/atau pelabur Kumpulan UMW;
- iii. rakaman video dan suara (termasuk rakaman CCTV dan rakaman sekuriti, imej, testimoni, gambar dan/atau rakaman anda yang diperolehi apabila anda berada di premis, kemudahan dan pejabat Kumpulan UMW dan/atau di mana anda menghadiri mana-mana acara berkaitan, "function", aktiviti dan/atau mesyuarat Kumpulan UMW berkaitan);
- iv. maklumat berkenaan pegangan saham anda dalam Kumpulan UMW atau syarikat lain;
- v. data peribadi lain yang anda berikan/isyiharkan kepada Kumpulan UMW dan/atau dikumpulkan dari anda sebagai pemegang saham dan/atau pelabur Kumpulan UMW; dan
- vi. maklumat lain yang anda berikan atau yang perlu diberikan untuk menjadi pemegang saham dan/atau pelabur; dan
- vii. maklumat yang anda berikan kepada kami dalam sebarang borang dan dokumen sebagai pemegang saham dan/atau pelabur Kumpulan UMW.

### 2. Tujuan pengumpulan dan seterusnya pemprosesan selanjutnya (termasuk penzahiran) data peribadi anda

Setakat mana bersesuaian, kami akan memproses data peribadi anda untuk tujuan-tujuan berikut:

- i. untuk memberi kesan dan memproses status anda sebagai pemegang saham dan/atau pelabur untuk Kumpulan UMW;
- ii. untuk memproses permintaan anda untuk menjadi pemegang saham dan/atau pelabur;
- iii. penerbitan sijil saham atau sekuriti, jika berkenaan;
- iv. untuk menyampaikan, menghubungi dan menghantar "integrated" laporan tahunan, surat berita, maklumat terkini

- v. Kumpulan UMW dan lain-lain maklumat dan bahan-bahan berkaitan dengan pemegang saham dan/atau pelabur melalui mod komunikasi dan penyampaian yang kami anggap sesuai (termasuk tetapi tidak terhad kepada secara lisan, bahan bercetak, secara elektronik atau dalam talian);
- vi. pembayaran dividen dan manfaat lain kepada pemegang saham dan/atau pelabur, jika berkenaan;
- vii. pemeliharaan, penjagaan dan mengemaskini rekod kami mengenai pemegang saham dan/atau pelabur;
- viii. analisis statistik dan penyimpanan rekod sejarah;
- ix. pelaksanaan dokumentasi perundangan dan instrumen untuk memberi kesan kepada status anda sebagai pemegang saham dan/atau pelabur Kumpulan UMW;
- x. bagi pengurusan rekod dalaman, pematuhan dalaman dan tadbir urus korporat Kumpulan UMW (termasuk audit, penyiasatan dalaman, pematuhan, pengurusan risiko, laporan konflik kepentingan, laporan pengurusan dan proses-proses sekuriti);
- xi. pematuhan undang-undang dan peraturan-peraturan, garis panduan, kod dan keperluan statut;
- xii. memberikan anda perkhidmatan atau informasi yang diminta;
- xiii. tujuan perhubungan;
- xiv. mempertahankan dan/atau menguatkuasakan hak Kumpulan UMW di bawah undang-undang dan/atau mendapatkan nasihat guaman;
- xv. untuk melayani pertanyaan anda dan secara amnya untuk menangani kebimbangan atau aduan anda;
- xvi. untuk memudahkan penyertaan anda dalam mana-mana "function", aktiviti, mesyuarat dan/atau acara Kumpulan UMW;
- xvii. untuk tujuan pentadbiran dan operasi;
- xviii. untuk tujuan sekuriti dan akses dalam premis dan kemudahan Kumpulan UMW;
- xix. penyertaan dalam penglibatan media dan/atau apa-apa acara relevan atau berkaitan;
- xx. penerbitan dalam bahan bercetak, laman sesawang, media elektronik dan/atau laman media sosial berikutan penyertaan anda dalam "function", aktiviti, mesyuarat dan/atau acara berkaitan dengan Kumpulan UMW;
- xxi. untuk lebih memahami keperluan anda sebagai pemegang saham dan/atau pelabur;
- xxii. bagi tujuan penyiasatan dalaman, pematuhan, sekuriti dan/atau tujuan audit;
- xxiii. untuk mendakwa, mencegah, menyiasat dan/atau mengesan sebarang aktiviti, tingkahlaku dan/atau transaksi haram dan/atau dilarang; dan

## NOTIS PERLINDUNGAN DATA PERIBADI

xxiv. bagi apa-apa tujuan lain yang bersampingan, berdampingan atau lanjutan dengan tujuan di atas.

Maklumat ini perlu untuk Kumpulan UMW. Sekiranya anda gagal untuk memberikan semua maklumat data peribadi seperti yang diminta, kami tidak dapat menyimpan rekod yang lengkap mengenai anda, dan ini akan menjejaskan keupayaan kami untuk mencapai tujuan-tujuan yang dinyatakan di atas.

### 3. Penzahiran maklumat

Kami mungkin menzahirkan data peribadi anda kepada pihak-pihak berikut (termasuk yang berada di luar Malaysia):

- i. entiti di dalam Kumpulan UMW;
- ii. pembeli berpotensi atau sebenar, pengganti dalam hakmilik perniagaan atau saham (keseluruhannya atau sebahagian) Kumpulan UMW (termasuk penasihat dan wakil-wakil mereka) berikutan daripada jualan perniagaan, jualan saham, pelupusan, pemerolehan, penggabungan atau pengorganisasian semula yang berpotensi, dicadangkan atau sebenar;
- iii. jabatan dan agensi kerajaan, agensi-agensi penguatkuasaan undang-undang, pihak berkuasa, pihak berkuasa berkanun dan/atau pengawal selia industri dan kepada pihak di mana kami dikehendaki berbuat demikian di bawah mana-mana undang-undang;
- iv. pihak ketiga yang dilantik oleh Kumpulan UMW untuk menyediakan perkhidmatan kepada Kumpulan UMW atau bagi pihak Kumpulan UMW (termasuk juruaudit, peguam, ahli kewangan, ejen, penasihat profesional, pendaftar saham dan lain-lain jenis pembekal perkhidmatan);
- v. mana-mana individu di bawah kewajipan kerahsiaan dan/atau telah mengaku janji untuk memastikan data tersebut dirahsiakan;
- vi. mana-mana pemegang hak, peserta, sub-peserta atau penerima pindahan bagi mana-mana hak atau obligasi kami; dan
- vii. mana-mana pihak lain untuk melaksanakan tujuan yang diterangkan di atas.

## 4. Laman Sesawang

### 4.1 Teknologi maklumat

Sekiranya anda melawat laman sesawang Kumpulan UMW, kami mungkin boleh mengenalpasti anda melalui pengumpulan maklumat berikut semasa anda melawat laman sesawang Kumpulan UMW dan/atau nama domain yang layak sepenuhnya (fully qualified domain name) dari mana anda melayari laman sesawang Kumpulan UMW, atau sebaliknya, melalui alamat protokol internet anda (IP):

- i. tarikh dan masa di mana anda melayari laman sesawang Kumpulan UMW;
- ii. mana-mana URL laman sesawang dari mana anda melayari laman sesawang Kumpulan UMW; dan

iii. pelayar sesawang yang anda gunakan dan halaman yang telah anda akses.

Laman sesawang Kumpulan UMW mungkin memerlukan anda untuk memberikan sejumlah maklumat yang terhad untuk mendapatkan perkhidmatan yang anda minta dan membolehkan Kumpulan UMW memberikan maklum balas kepada pesanan dan permintaan anda. Apa-apa data peribadi yang diberikan akan digunakan untuk tujuan yang dimaksudkan sahaja, iaitu untuk memberikan maklum balas kepada permintaan anda untuk perkhidmatan-perkhidmatan, pesanan dan permintaan anda.

### 4.2 Pautan ke laman sesawang lain

Pautan ke laman sesawang lain mungkin disediakan di laman sesawang Kumpulan UMW untuk kemudahan dan maklumat anda. Laman-laman ini mungkin mempunyai pernyataan privasi tersendiri dan Kumpulan UMW tidak mengawal, mengesyorkan atau menyokong laman-laman ini dan Kumpulan UMW tidak akan bertanggungjawab bagi laman-laman ini serta kandungannya. Oleh itu, Kumpulan UMW menggalakkan anda untuk membaca polisi privasi dan terma terma penggunaan laman-laman ini sebelum mengakses laman sesawang tersebut.

## 5. Akses, pembedaan dan aduan

Jika anda ingin membuat sebarang pertanyaan, aduan atau permohonan untuk mengakses atau membetulkan atau menghadkan pemprosesan data peribadi anda, anda boleh menghubungi pegawai kami di bawah:

### Setiausaha Kumpulan

Tel : +603-2025 2025 (dari 9 pagi ke 5 petang pada hari bekerja tidak termasuk cuti umum)  
Emel : gsect.pdpa@umw.com.my

Sekiranya anda memilih untuk menghubungi pegawai kami melalui telefon, anda juga diminta menghantar emel untuk pengesahan dan tujuan penyimpanan rekod. Kumpulan UMW akan berusaha menangani isu anda secepat mungkin selepas menerima permintaan anda. Sebarang permintaan untuk akses atau pembedaan data peribadi mungkin tertakluk kepada bayaran dan akan tertakluk kepada undang-undang perlindungan data yang berkuatkuasa di Malaysia.

## 6. Konflik

Sekiranya terdapat sebarang percanggahan di antara Notis versi Bahasa Inggeris dan Notis versi Bahasa Malaysia ini, versi Bahasa Inggeris akan diguna pakai.

I/We, \_\_\_\_\_ Email: \_\_\_\_\_  
 NRIC/Passport/Registration No.: \_\_\_\_\_ Contact No.: \_\_\_\_\_  
 Address: \_\_\_\_\_

being a member of UMW Holdings Berhad hereby appoint:

- 1) Name of Proxy: \_\_\_\_\_ NRIC/Passport No.: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Email: \_\_\_\_\_ Contact No.: \_\_\_\_\_
- 2) Name of Proxy: \_\_\_\_\_ NRIC/Passport No.: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Email: \_\_\_\_\_ Contact No.: \_\_\_\_\_

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the 41<sup>st</sup> Annual General Meeting (**AGM**) of the Company to be held virtually via live streaming from the broadcast venue at Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia on Wednesday, 17 May 2023 at 10.00 a.m. and at any adjournment thereof.

My/our proxy/proxies shall vote as follows:

*(Please indicate with an "X" in the appropriate spaces provided below on how you wish to cast your votes. If you do not do so, your proxy will vote or abstain from voting at his/her discretion)*

NO.	AGENDA	RESOLUTION	FOR	AGAINST
1	To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon			
	<b>ORDINARY BUSINESS</b>			
2	Re-election of the following Directors who retire pursuant to Article 112 of the Company's Constitution:			
	(a) Shahin Farouque bin Jammal Ahmad	1		
	(b) Mohd Shahazwan bin Mohd Harris	2		
	(c) Datuk (Dr.) Yasmin binti Mahmood	3		
3	Re-election of Datin Paduka Kartini binti Hj Abdul Manaf who retires pursuant to Article 126 of the Company's Constitution	4		
4	Re-election of the following Directors who retire pursuant to Articles 126 and 128 of the Company's Constitution:			
	(a) Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	5		
	(b) Dr. Veerinderjeet Singh a/l Tejwant Singh	6		
5	Approval of the payment of Directors' fees from 18 May 2023 to the next AGM of the Company	7		
6	Approval of the payment of benefits payable to the Non-Executive Directors from 18 May 2023 to the next AGM of the Company	8		
7	Re-appointment of Ernst & Young PLT as Auditors for the financial year ending 31 December 2023 and authorising the Directors to fix their remuneration	9		
	<b>SPECIAL BUSINESS</b>			
8	Proposed Shareholders' Mandate for recurrent related party transactions	10		

Number of Shares Held	CDS Account No.	Contact No.

For appointment of two (2) proxies, please state the number of shares and percentage of shareholding to be represented by each proxy		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		
<b>Total</b>		

**IMPORTANT -**

Please refer to the Personal Data Protection Notice issued pursuant to the Personal Data Protection Act, 2010 (**PDPA Notice**) which is available on the Company's website at [www.umw.com.my](http://www.umw.com.my) concerning the Company's collection of your personal data, whether personally or through an appointed proxy/proxies and/or representatives. You, as a member, 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 member, warrant that the proxy/proxies has/have given his/her/their consent for his/her/their personal data to be disclosed and processed in accordance with the PDPA Notice.

Signed this \_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
Signature of Member(s)/Common Seal



## NOTES

1. The 41<sup>st</sup> Annual General Meeting (**AGM**) will be held virtually via live streaming and online remote voting from the broadcast venue using the Remote Participation and Voting (**RPV**) facilities provided by SS E Solutions Sdn Bhd (**SSESB**) via the Securities Services e-Portal platform (**SS e-Portal**) at <https://sshsb.net.my/>. Members/proxies are advised to follow the procedures provided in the Administrative Guide for this AGM in order to register, participate and vote remotely via the RPV facilities.
2. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Article 84(2) of the Company's Constitution which require the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to be physically present at the broadcast venue on the day of the AGM.
3. A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person as a proxy to attend, participate, speak and vote in his/her stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
4. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, is allowed to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member is an exempt authorised nominee which holds ordinary shares of the Company for multiple beneficial owners in one (1) security 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.
5. The instrument appointing a proxy shall be in writing signed by the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or signed by an officer or attorney duly authorised.
6. The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be deposited not less than 24 hours before the time appointed for the taking of the poll or at any adjournment thereof:  
Lodgement in hardcopy form  
To be deposited at the SSESB's office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.  
Lodgement via electronic means  
To be lodged electronically via the SS e-Portal, by fax to +603-2094 9940 or by email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my).
7. A member who has appointed a proxy/proxies to participate in this AGM must request his/her proxy/proxies to register himself/herself for the RPV facilities at the SS e-Portal.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice will be put to vote by poll.
9. For the purpose of determining a member who shall be entitled to attend the 41<sup>st</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd pursuant to Article 76(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors (**ROD**) as at 10 May 2023. Only a depositor whose name appears on the ROD as at 10 May 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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**UMW Holdings Berhad**  
41<sup>st</sup> Annual General Meeting

Affix  
Stamp

### **SS E SOLUTIONS SDN BHD**

Registration No. 202001010461 (1366781-T)  
Level 7, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

2<sup>nd</sup> fold here



**UMW HOLDINGS BERHAD**  
198201010554 (90278-P)

**UMW Holdings Berhad**  
**198201010554 (90278-P)**  
**Menara UMW Jalan Puncak, Off Jalan P. Ramlee**  
**50250 Kuala Lumpur**  
**Malaysia**