



# UMW HOLDINGS BERHAD

198201010554 (90278-P)

INTEGRATED ANNUAL REPORT 2021

**REDEFINING  
SUSTAINABILITY**

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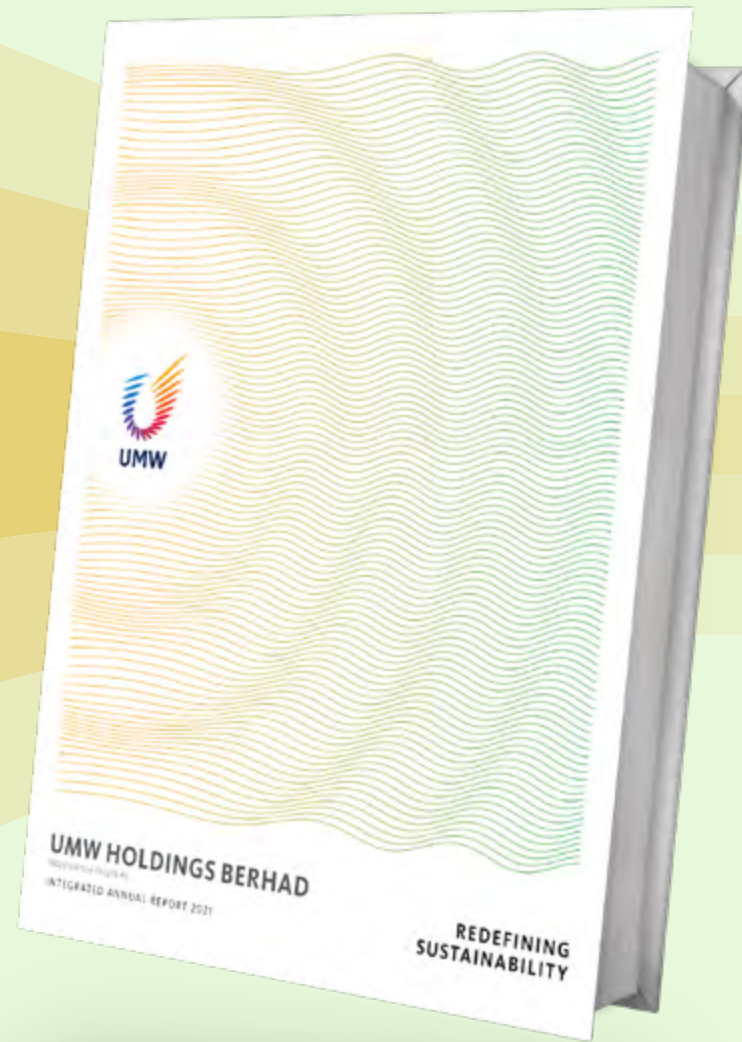
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Please scan this QR code for more information on our Milestones.

ABOUT THIS REPORT



For more information:

**Integrated Annual Report 2021**



Scan the QR code to view our **Integrated Annual Report online**

**Sustainability Report 2021**



Scan the QR code to view our **Sustainability Report online**

**Corporate Governance Report 2021**



Scan the QR code to view our **Corporate Governance Report online**

## COVER RATIONALE

At UMW, we continue to transform and progress the organisation along its value creation journey. Our strategy for growth and sustainability, encapsulated in CREST@2021 will drive our aspirations to fully unlock the potentials available in the Mobility space. UMW's strategies of moving the organisation forward across all areas of our business, pushes us to deliver excellence and create sustainable value in every step of the way. We are accelerating our own carbon neutrality journey and contributing to the reduction of the nation's carbon footprint, while constantly innovating in all our businesses.

We will continue to strengthen the ecosystem in which we operate by building new relationships to drive technological advancements and attract new investments to our shores. UMW will remain dedicated to meeting the needs of our customers while exploring future possibilities to deliver long-term sustainable value to our stakeholders and relentless business sustainable growth. This parametric design reflects a ripple effect, which suggests momentum and progress representing UMW Group's commitment to embracing sustainability and hence, Redefining Sustainability.

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

ABOUT THIS REPORT

## ABOUT THIS REPORT

**This is UMW Holdings Berhad's (UMW or the Group) Integrated Annual Report 2021 (Report). This Report describes the Group's performance in its efforts to create value for our stakeholders during the period from 1 January 2021 to 31 December 2021. The Report strives to provide a comprehensive account of our strategic progress in a balanced and transparent manner.**

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.

For a more comprehensive understanding of the Group, this Report should be read together with our Corporate Governance Report 2021 and Sustainability Report 2021.

**SCOPE AND BOUNDARIES**

This Report covers the Group's activities and operations for the financial year ended 31 December 2021 (FY2021) in Malaysia and in the countries we operate in, unless stated otherwise. This includes all our businesses within the Automotive, Equipment, Manufacturing & Engineering (M&E) and Aerospace 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 balanced, transparent and accurate reporting that will better enable our stakeholders to make informed decisions based on our financial and non-financial performance.

Throughout this Report, we have been guided by the principles prescribed in the International Integrated Reporting Council framework. We have also prepared our Report in accordance with the following guidelines and statutory, financial and regulatory requirements and frameworks:

- Companies Act 2016;
- International Financial Reporting Standards;

- Malaysian Financial Reporting Standards;
- Bursa Malaysia Securities Berhad's Main Market Listing Requirements (Bursa Securities' MMLR);
- Malaysian Code on Corporate Governance 2021;
- Malaysian Anti-Corruption Commission (Amendment) Act 2018;
- 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; and
- ASEAN Corporate Governance Scorecard.

For sustainability reporting, the report has been prepared accordance with the following reporting standards and guidelines:

- Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting
- Global Reporting Initiative (GRI) Standards: Core Option

**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 through the use of key words such as "believes", "intend", "will", "plans", "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.

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 to ensure 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 2021.

**FEEDBACK**

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

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

**Yogeswary Sithambaram**  
AVP 1, Integrated Reporting

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WHO WE ARE

# 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 ARE ONE**

- Respect and appreciate each other
- Support and make each other better
- Collaborate and unite



**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.

WHO WE ARE

# ABOUT UMW HOLDINGS BERHAD

**AUTOMOTIVE**



UMW Group's Automotive business is the largest component of the Group's business, delivering value through the excellence, quality and consistency of our automotive products. 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 domestic automotive industry in Malaysia. For the second consecutive year, the Group's market share of Malaysia's automotive sales 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.

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. This division enables the Group to be aligned with the latest global technological trends, such as IR 4.0 technologies, in realising its vision of being an innovative conglomerate.



The Aerospace Division is a Tier-1 engine component manufacturer for Rolls-Royce and an active contributor to the growth of Malaysia's aerospace industry. The Aerospace business was carved out of the Manufacturing & Engineering Division to be its own standalone Strategic Business Unit (**SBU**) in 2021. The Aerospace segment also contributes to the nation by helping to enhance its aerospace capabilities and capacity, in line with the Aerospace Blueprint 2030, which aims to make Malaysia the ASEAN aerospace hub and will be aided by the high-impact projects announced under the 12<sup>th</sup> Malaysia Plan.

The Manufacturing & Engineering (**M&E**) Division have businesses in lubricants and automotive parts, representing some of the world's most 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 IR 4.0-enabled smart blending plant. In recent times, the Division has also begun exploring green products such as biolubricants, battery revival services and membrane technology to meet the needs of a rapidly evolving market.



WHO WE ARE

# OUR REACH

**MALAYSIA**  
Automotive | Equipment | Manufacturing & Engineering | Aerospace

**SINGAPORE**  
Equipment

**CHINA**  
Equipment | Manufacturing & Engineering

**PAPUA NEW GUINEA**  
Equipment

**VIETNAM**  
Equipment

**MYANMAR**  
Equipment

**INDONESIA**  
Manufacturing & Engineering

**BRUNEI**  
Equipment



**ASSET VALUE** (RM MILLION) **12,172.7**

**NET PROFIT** (RM MILLION) **515.6**

**MARKET CAPITALISATION** (RM BILLION) **3.5**

**AUTOMOTIVE MARKET SHARE (TOYOTA, LEXUS & PERODUA)**  
**51.6%** in Malaysia

**EMPLOYEES**  
**6,405**

WHO WE ARE

# OUR APPROACH TO SUSTAINABILITY

Sustainability became more important than ever to our business management and operations in 2021 as we navigated through the challenges to generate positive Environmental, Social and Governance (ESG) impacts. It continued to drive the Group in creating value for its stakeholders and shareholders amid disruptions from the pandemic and the effects of climate change.

While the negative impact of the pandemic and climate change dominated most of the economic landscape in the year under review, they also presented us with the opportunity to do more for the health of our planet and its people. Thus, we embarked on a journey to redefine sustainability to strengthen our value creation and business resiliency through our commitment to delivering innovations and solutions that will contribute to resolving critical global issues.

We reaffirmed our commitment to sustainability by incorporating it as one of the five core pillars in our CREST@2021 strategic transformation framework. The strategic measure will help to ensure sustainability through business growth, profit generation and positive environmental impact, as well as underpin our commitment to the health and wellbeing of our people.

For more details, go to Sustainability Report 2021.

## SUSTAINABILITY ROADMAP

**Pledge 1:**  
100% Carbon Neutrality by 2050

**Pledge 2:**  
Build a Progressive and Innovative Workforce

**Pledge 3:**  
Achieve Excellence in Products and Services

**Pledge 4:**  
Create a Positive Impact and Well-Being of Local Communities

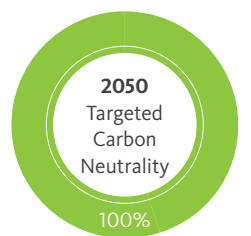
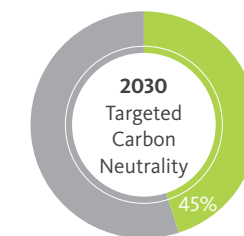
In 2021, we reviewed and refreshed our sustainability approach to bolster our journey of value creation and intensify our ESG impact. We introduced a Sustainability Roadmap that will be instrumental in guiding us to achieve 45% carbon neutrality by 2030 and 100% carbon neutrality by 2050, in line with the Malaysian government's climate change ambition.

Benchmarked against industry peers and local and international climate change goals, the Roadmap aims to reduce our carbon footprint to contribute to the Paris Agreement goal of limiting global warming to 1.5 degrees Celsius and meet stakeholder needs.

The Roadmap outlines four sustainability pledges, which are mapped against our four existing sustainability pillars and selected UN Sustainable Development Goals (UN SDGs).

## UMW'S PATHWAY TO CARBON NEUTRALITY

● 2030  
● 2050



## SUSTAINABILITY PILLARS

PILLAR 01	PILLAR 02	PILLAR 03	PILLAR 04
<b>Environmental Stewardship</b>	<b>Dynamic Workforce</b>	<b>Innovative &amp; High-performance Culture</b>	<b>Nurturing the Community &amp; Society</b>
<b>100% Carbon Neutrality by 2050</b>	<b>Build a Progressive and Innovative Workforce</b>	<b>Achieve Excellence in Products and Services</b>	<b>Create a Positive Impact and Well-Being of Local Communities</b>

WHO WE ARE

## OUR MILESTONES

### Progressing Beyond 100 Years

**1917**  
Nearly a hundred years ago, a young man set the wheels of history in motion. Chia Yee Soh is just fourteen when he begins working at a small bicycle repair shop in Singapore. Through the years, proving himself to be hardworking and dedicated, founder Chia Yee Soh set up a humble automotive repair shop in 1917 at the Orchard Road, Singapore, known as United Motor Works.  
  
This marked the beginning of UMW – a company that has since grown into a dynamic conglomerate.

**1927**  
United Motor Works Ltd, the forerunner of UMW Group, was established in Singapore.

**1936**  
The agency for Pennzoil lubricant products was secured from Pennzoil Products Company, USA.

**1940s**

**1949**  
United Motor Works (Penang) Sdn Bhd was established.

**1950**  
Chia Yee Soh's son, Eric Chia, joined United Motor Works (Malaya), Kuala Lumpur.

**1954**  
The operations in Kuala Lumpur and Penang were reorganised as Main Offices.

**1961**  
Industrial equipment was added to the Group's businesses.

**1962**  
An agreement was signed for the award of the first franchise from Mitsubishi Heavy Industries Ltd, Japan.

**1965**  
The Komatsu distributorship was awarded by Komatsu Ltd, Japan.

**1967**  
The agency for Toyota forklifts was secured for Peninsular Malaysia and Singapore.

WHO WE ARE

## OUR MILESTONES

### Progressing Beyond 100 Years

**1970**  
United Motor Works (Malaysia) Holdings Berhad was incorporated and became the Group's holding company. It was listed on the then Kuala Lumpur Stock Exchange (KLSE).

**1971**  
The Group moved into its new premises at the Batu Tiga Complex, Shah Alam, Malaysia.

**1980**  
As part of the new corporate identity, the Group's logo was changed to signify the planned integration of diverse activities in a multifaceted organisation to mark a new phase in the Group's history of dynamic growth.

**1982**  
Toyota Motor Corporation (TMC), Japan announced the appointment of Sejati Motor Sdn Bhd, a joint venture company between UMW and TMC, to take over the import, assembly and distribution of Toyota motor vehicles in Malaysia.  
  
The turnover of the UMW Group surpassed the RM1 billion mark for the first time.

**1985**  
United Motor Works (Malaysia) Holdings Berhad changed its name to UMW Corporation Berhad.

**1987**  
As part of a capital reconstruction exercise, UMW Holdings Berhad was created and its shares were listed on the KLSE and the Stock Exchange of Singapore, in place of the shares of UMW Corporation Berhad.  
  
Sejati Motor Sdn Bhd changed its name to UMW Toyota Motor Sdn Bhd.

**1988**  
The capital reconstruction exercise was completed, with Permodalan Nasional Berhad becoming the largest shareholder in UMW.

WHO WE ARE

OUR MILESTONES  
Progressing Beyond 100 Years

**1990**  
Toyota became the top seller in the non-national car segment of the Malaysian automotive industry.

**1993**  
UMW Corporation Sdn Bhd participated as the largest shareholder in the second national car company, Perusahaan Otomobil Kedua Sdn Bhd.

**1994**  
The Perodua Kancil was launched to such an overwhelming response that within just four months, it became the second-best-selling car in Malaysia.

**2001**  
The Group's diversified operations were rationalised into four main Strategic Business Units (SBUs), namely Automotive, Equipment, Manufacturing & Engineering and Oil & Gas.

**2007**  
UMW began its corporate rebranding exercise as part of the Group's global expansion plans and to transform itself into a world-class organisation.

**2008**  
UMW unveiled its new corporate identity. For the first time since it was listed, UMW Group achieved the RM1.2 billion mark in profit before tax.

**2012**  
UMW Group achieved the RM2 billion mark in profit before tax. The phenomenal achievement marked the 12<sup>th</sup> record performance for UMW.

**2013**  
UMW Oil & Gas Corporation Berhad was listed on Bursa Malaysia and became the biggest IPO in Malaysia for the year.

**2015**  
UMW was selected as Rolls-Royce Plc's Tier-1 partner through a 25+5-year contract to manufacture fan cases.

**2017**  
2017 marked UMW's 100<sup>th</sup> year in operations.  
UMW successfully delivered its first fan case, produced at its brand-new manufacturing plant in Serendah.  
Completed strategic divestiture of our listed Oil & Gas investments.

**2018**  
A Joint Venture Agreement with Komatsu Ltd was executed to establish a strategic partnership between UMW and Komatsu Ltd.

**2019**  
Disposal of Shah Alam land as part of the Group's efforts to fully unlock value of its long-held assets and facilitate relocation to the UMW High Value Manufacturing Park in Serendah, Selangor.

**2021**  
Launched CREST@2021; UMW's new growth strategy and transformation framework.  
Designated the Aerospace Division as a Strategic Business Unit to move business initiatives towards High-Value Manufacturing (HVM). The Aerospace Division was also inducted into Rolls-Royce's Top 5% High Performing Supplier Group during the Rolls-Royce Supplier Conference on 16 March 2021.  
Began construction of UMW Equipment Campus at the UMW High Value Manufacturing Park, Serendah and new lubricant plant in Pulau Indah.

WHO WE ARE

# OUR CORPORATE STRUCTURE



UMW CORPORATION SDN BHD



## AUTOMOTIVE

- UMW Toyota Motor Sdn Bhd
  - > Assembly Services Sdn Bhd
  - > Automotive Industries Sendirian Berhad
  - > Toyota Boshoku UMW Sdn Bhd
- Otomobil Sejahtera Sdn Bhd
- UMW Toyotsu Motors Sdn Bhd
- UMW Automotive Sdn Bhd
- Perusahaan Otomobil Kedua Sdn Bhd
  - > Perodua Sales Sdn Bhd
  - > Perodua Auto Corporation Sdn Bhd
  - > Perodua Manufacturing Sdn Bhd
  - > Perodua Engine Manufacturing Sdn Bhd
  - > Perodua Global Manufacturing Sdn Bhd

- UMW Equipment Division Sdn Bhd
- UMW Komatsu Heavy Equipment Sdn Bhd
  - > UMW Equipment Sdn Bhd
  - > UMW (East Malaysia) Sdn Bhd
  - > UMW Niugini Limited, Papua New Guinea
  - > UMW Engineering Services Limited, Myanmar
  - > UMW Heavy Equipment (S) Pte Ltd, Singapore
- UMW Industries (1985) Sdn Bhd
- UMW Industrial Power Services Sdn Bhd

## EQUIPMENT

- UMW Machinery Limited, Myanmar
- UMW Equipment & Engineering Pte Ltd, Singapore
- UMW Equipment Systems Pte Ltd, Singapore
  - > UMW Equipment Systems (Vietnam) Company Limited, Vietnam
- UMW Industrial Trading (Shanghai) Co Ltd, China
- UMW Industrial Equipment (Shanghai) Co Ltd, China
- Vision Fleet Equipment Leasing Zhejiang Co Ltd, China



## MANUFACTURING & ENGINEERING

- UMW M&E Sdn Bhd
  - > Lubetech Sdn Bhd
  - > UMW Pennzoil Distributors Sdn Bhd
  - > UMW Grantt International Sdn Bhd
  - > PT UMW International, Indonesia
  - > PT Pusaka Bersatu, Indonesia
- KYB-UMW Malaysia Sdn Bhd
- UMW Lubricant International Sdn Bhd
- Lubritech International Holdings Limited, Hong Kong
  - > Lubritech Limited, China
- UMW M&E Limited



## AEROSPACE

- UMW Aerospace Sdn Bhd
- UMW Aero Assets Sdn Bhd



## OTHERS

- UMW Development Sdn Bhd
- UMW Land Sdn Bhd
- UMW Innovation and R&D Centre Sdn Bhd
- U-TravelWide Sdn Bhd
- UMW IT Services Sdn Bhd
- Toyota Capital Malaysia Sdn Bhd
  - > Toyota Capital Acceptance Malaysia Sdn Bhd
  - > Toyota Lease Malaysia Sdn Bhd
- E-Lock Corporation Sdn Bhd
- UMW Petropipe (L) Ltd
  - UMW Linepipe (L) Ltd
  - UMW Oilfield International (L) Ltd
  - UMW ACE (BVI) Ltd, British Virgin Islands
  - UMW India Ventures (L) Ltd
    - > UMW Sher (L) Ltd
    - > Jaybee Drilling Private Limited, India

Notes:

- Companies in italics are associated or overseas jointly controlled companies of the Group.
- The corporate structure excludes subsidiaries/associated companies that are being wound up or divested.
- For a detailed and complete list, please refer to Notes 36 to 38 in the Notes to the Financial Statements.

WHO WE ARE

# OUR CORPORATE INFORMATION

As At 31 March 2022

## 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

### TAN SRI HASMAH ABDULLAH

Senior Independent Non-Executive Director

### DATO' ESHAH MEOR SULEIMAN

Independent Non-Executive Director

### DATIN PADUKA KARTINI HJ ABDUL MANAF

Non-Independent Non-Executive Director

### DR. VEERINDERJEET SINGH TEJWANT SINGH

Independent Non-Executive Director

### LIM TZE SEONG

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 (Appointed on 1 April 2022)

### SALWAH ABDUL SHUKOR

Non-Independent Non-Executive Director (Resigned on 31 March 2022)

## BOARD COMMITTEES

### AUDIT COMMITTEE

- Dr. Veerinderjeet Singh (Chairman)
- Tan Sri Hasmah Abdullah
- Razalee Amin

### NOMINATION & REMUNERATION COMMITTEE

- Tan Sri Hasmah Abdullah (Chairperson)
- Dato' Eshah Meor Suleiman
- Datin Paduka Kartini Hj Abdul Manaf
- Dato' Seri Prof. Dr. Ir. Zaini Ujang

### INVESTMENT COMMITTEE

- Datin Paduka Kartini Hj Abdul Manaf (Chairperson)
- Dato' Ahmad Fuaad Kenali
- Lim Tze Seong
- Dr. Veerinderjeet Singh
- Dato' Seri Prof. Dr. Ir. Zaini Ujang

### RISK MANAGEMENT COMMITTEE

- Dato' Eshah Meor Suleiman (Chairperson)
- Tan Sri Hasmah Abdullah
- Razalee Amin
- Dato' Azmi Mohd Ali (Appointed on 1 April 2022)
- Salwah Abdul Shukor (Resigned on 31 March 2022)

### INTEGRITY & WHISTLEBLOWING COMMITTEE

- Tan Sri Hasmah Abdullah (Chairperson)
- Dato' Eshah Meor Suleiman
- Razalee Amin
- Dato' Azmi Mohd Ali (Appointed on 1 April 2022)
- Salwah Abdul Shukor (Resigned on 31 March 2022)

### EMPLOYEE SHARE OPTION SCHEME COMMITTEE

- Tan Sri Hasmah Abdullah (Chairperson)
- Dato' Eshah Meor Suleiman
- Datin Paduka Kartini Hj Abdul Manaf
- Dato' Seri Prof. Dr. Ir. Zaini Ujang
- Dato' Ahmad Fuaad Kenali

### JOINT GROUP SECRETARY

Raja Norakmar Raja Mohd Ali  
SSM PC No. 201908002126 (LS 0005749)

## REGISTERED OFFICE

UMW Holdings Berhad  
198201010554 (90278-P)  
Level 6, Menara UMW  
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50250 Kuala Lumpur, Malaysia  
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## REGISTRAR

Securities Services (Holdings) Sdn Bhd  
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Pusat Bandar Damansara  
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Facsimile : (603) 2094 9940

## AUDITORS

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

## PRINCIPAL BANKERS

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



@UMWOfficial



@UMWOfficial



UMWOfficial



UMWOfficial



VIEWS FROM OUR LEADERS

## GROUP CHAIRMAN'S MESSAGE



Dear Valued Shareholders,

The Group demonstrated resilience during the unprecedented and eventful 2021, delivering a good set of results while successfully navigating through the challenges confronting the Group during the year.

VIEWS FROM OUR LEADERS

## GROUP CHAIRMAN'S MESSAGE

The events that unfolded in 2021 and the way they impacted our business were certainly a test of our resilience as an organisation.

### REMAINING STEADFAST WITHIN A TURBULENT ENVIRONMENT

From a global perspective, the shortage of semiconductors and rising raw material prices affected our Automotive business, while the resurgence of the pandemic and the subsequent lockdowns halted production altogether for almost three months. Regionally, a portion of our business operations was impacted by the political unrest in Myanmar, while domestically, the unprecedented flooding in parts of Malaysia towards the end of the year disrupted our vehicles production.

Against this backdrop, we adapted, responded with agility and leveraged our past experience to deal with the pandemic and deliver a commendable set of results.

For the year under review, the Group recorded revenue of RM11.1 billion (FY2020: RM9.6 billion) and profit before tax of RM482.8 million (FY2020: RM400.7 million). The Board declared a final dividend of 5.8 sen (FY2020: 4.0 sen) per share.

The year also saw the Group fully setting in motion its CREST@2021 strategy and I am proud to say that our people have met most of the targets set to be achieved in its first year.

### PREPARING FOR A SUSTAINABILITY-CENTRED EVOLUTION

With the completion of the first year of the 10-year CREST@2021 strategy, the Group has essentially begun the important work of laying a strong foundation for future value creation. I believe that the Management has chosen a practical path with this strategy. It has set ambitious but achievable targets and is further bolstered by the strong integration of the elements of sustainability into our operations, elements that are crucial for our long-term viability.

The strategy also acknowledges the bigger picture of where our organisation currently stands and outlines a future orientation that will not only benefit our stakeholders and principals, but also the nation, as we strive to attract greater amounts of investment and transfers of technology. In the year under review, our business divisions have rolled out a number of green business initiatives that will serve as important building blocks for our ongoing evolution to add value to everything we do.

Beyond this, we are aware of the position of strength we are in, given the leading positions we occupy in the markets we operate in. We do not take these positions for granted, and this is why I consistently maintain that a portfolio approach to our businesses is critical to ensure we are always growing and obtaining the best returns on our investments. Whether or not we continue with a business must be viewed through this lens, as we exist to deliver sustainable returns to our shareholders. In tandem, we are cognisant that further diversification will need to take place to enable the Group to develop greater resilience in withstanding unexpected business conditions.

I am also pleased with the position the Group has taken in support of the transition to a low-carbon economy, with the development of a Sustainability Roadmap to achieve net-zero carbon emissions by 2050. While this

may appear ambitious, the Board is fully supportive of this action to get the ball rolling, especially with the increasingly urgent and growing calls for all corporate citizens to play their part in reducing emissions.

### SUPPORTING OUR COMMUNITIES

As the world continues to grapple with the impact of the COVID-19 pandemic, UMW stands with the global community to help limit the spread of the virus and ease the related hardships faced by the communities in which we live and work.

Collaborated with Yayasan Hasanah to contribute **RM4 million** to sponsor laptops and SIM cards under the government's CERDIK programme

Zakat contributions of **RM3.76 million** to the *asnaf* in Malaysia

Successfully trained a total of **416 trainees** in 2021 under SOCSO's Apprenticeship 2.0 programme, at a cost of **RM2.5 million**

Views from Our Leaders

GROUP CHAIRMAN'S MESSAGE



With economic recovery gaining stronger momentum compared with the previous year, the Group will be ready to **seize the opportunities** and continue **strengthening our businesses**, leveraging our **CREST@2021** strategic framework.

In 2021, we contributed a total of RM378,700 towards the purchase of medical equipment and supplies for hospitals, meals for volunteers at COVID-19 vaccination centres, special house-to-house vaccination services for cancer patients and virtual learning equipment for underprivileged youths, as well as food and daily necessities for those who had been adversely affected by the economic impact of COVID-19.

To help ease the plight of students in Malaysia during the lockdown, we collaborated with Yayasan Hasanah to contribute RM4 million to sponsor laptops and SIM cards under the Government's CERDIK programme. The programme aimed to support about 150,000 students from lower-income families across the country in coping with online learning during school closures amid lockdown periods. The Group also recognised that the most vulnerable segments of society continued to be affected by the lockdowns. To this end, in 2021, we contributed more

than RM8 million to approved zakat councils, of which RM3.76 million was channelled to the *asnaf* in Malaysia, as well as donations of approximately RM420,000 to various charitable organisations and non-governmental organisations. To support the career development of our youths, UMW successfully trained a total of 416 trainees in 2021 under SOCSO's Apprenticeship 2.0 programme, at a total cost of RM2.5 million.

Towards the end of 2021, many parts of Malaysia were hit by the massive flooding that damaged the homes and livelihoods of many communities, including our WoWrriors. As a Group, we disbursed financial assistance amounting to RM1.8 million and distributed almost 1,500 food boxes to employees while assisting with general post-flood clean-up efforts. Through UMW Toyota and Perodua, we extended a helping hand to the public by providing discounts for vehicle spare parts and free towing services and vehicle inspections. Volunteers were also deployed to help with clean-up operations in affected areas and in Perodua's case, to help its vendors with clean-up and recovery operations.

GOVERNANCE

The UMW Group has consistently endeavoured to be ahead of the curve in terms of good corporate governance practices as they are a crucial component of the value creation process. Thus, because of our sustained efforts over the years, many of the amendments introduced in the recently updated Malaysian Code on Corporate Governance in 2021 have already been adopted by the Group. For instance, the 30% requirement for female directors has long been met by the Group, whereby 40% of our Directors are female. We adopt the best-fit approach to our recruitment of Directors, where competency, experience and skill sets are the most important criteria.

With respect to sustainability, the Board continues to have an oversight on the Group's sustainability direction and related matters. In 2021, this was further bolstered with the

Views from Our Leaders

GROUP CHAIRMAN'S MESSAGE



establishment of a Management Sustainability Committee (MSC) that comprises Senior Management, with the guidance and support of a subject matter expert, Dato' Seri Prof. Dr. Ir. Zaini Ujang. The MSC will support the Board and be accountable for developing, implementing and monitoring the Group's Sustainability Roadmap.

OUTLOOK AND PROSPECTS

The road ahead for the eventual recovery of businesses and economies to the pre-pandemic levels remains uncertain given the persistence of the pandemic, which continues to menace with the emergence of new variants. However, as the greater number of the population has been fully vaccinated, business and consumer sentiments have also gained more confidence and returned to positive territory. With economic recovery gaining stronger momentum compared with the previous year, the Group will be ready to seize the opportunities and continue strengthening our businesses, leveraging on our CREST@2021 strategic framework.

As Group Chairman, I hold our people to high standards, benchmarking them against the top global brands they represent. It is therefore natural to expect higher productivity, customer excellence and constant innovation in our products and services to achieve

long-term sustainable growth. In addition, the period of softer economic growth that we have experienced in the past two years has given us the time to reflect on the new opportunities we should capitalise on to catalyse our growth when our business returns to normalcy. In this context, we see exciting potential in the hybrid and electric vehicles and the aerospace sectors, as well as in the various adjacencies related to our Manufacturing & Engineering and Equipment businesses.



ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to convey my heartfelt thanks and appreciation to all UMW employees for their dedication and diligence and, above all, perseverance. Your resilience in the face of unprecedented challenges has been most encouraging. I would like to also express my appreciation to the Management Team for taking charge in laying the foundation for the UMW Group to achieve our CREST@2021 aspirations. To my fellow members of the Board, thank you for your wise counsel as we journey together to steer the Group to greater heights.

In closing, I would like to commend the efforts of our President & Group Chief Executive Officer, Dato' Ahmad Fuaad Kenali, in navigating the Group through these challenging times, while also marking his first full year at the helm. It has indeed been an exciting journey, and we look forward to greater achievements for the Group in 2022 and beyond.

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

VIEWS FROM OUR LEADERS

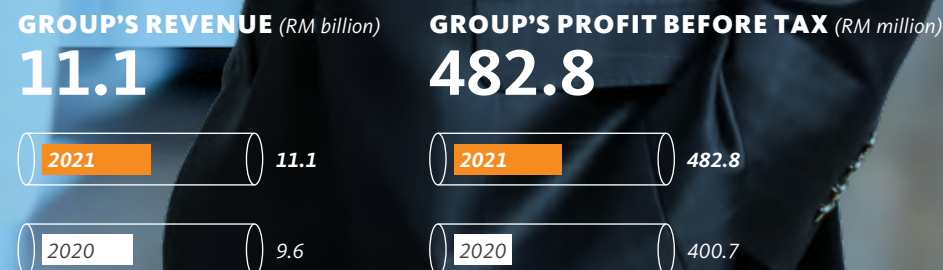
# PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Valued Shareholders,

The UMW Group navigated yet another unprecedented and challenging year in 2021, bolstered by the resilience of our diverse businesses as we set a firm path towards achieving sustainable growth through our **CREST@2021** strategic transformation framework.

Despite the challenges, the Group performed commendably and delivered better results compared with the previous year. Most importantly, we continued persistently to strengthen the resilience of our core businesses to achieve long-term sustainable growth in line with our CREST@2021 strategic transformation framework (CREST@2021 strategy).

The Group and its employees were unrelenting in this regard, executing the plans we had laid out in the CREST@2021 strategy and achieving many of the milestones we had set. This was an encouraging development as we look forward to further improvements in our operations and the expansion of our businesses on the journey ahead. Of particular importance is our very firm pivot to sustainability and Environmental, Social and Governance (ESG) principles as the driving force behind our business initiatives. I will detail our efforts in this regard on pages 38 and 39.



VIEWS FROM OUR LEADERS

# PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

FINANCIAL RESULTS

The Group recorded revenue of RM11.1 billion in the financial year ended 31 December 2021 (FY2021), a 15.6% increase from RM9.6 billion, primarily attributed to the higher revenue from the Automotive and Equipment segments following the longer sales tax exemption period and the easing of movement restrictions. Consequently, the Group's profit before tax (PBT) for FY2021 improved by 20.5% to RM482.8 million from RM400.7 million in FY2020.

The Automotive segment's revenue for FY2021 of RM9,030.3 million was 20.7% higher than the revenue of RM7,483.7 million recorded in FY2020, mainly due to the continued strong demand following the introduction of improved and new models as well as the sales tax exemption. The higher revenue, together with the higher share of profit from our associate company, resulted in the segment recording PBT of RM476.7 million, 42.5% higher than the RM334.6 million reported in the previous year. The extension of the vehicle sales tax holiday, first to the end of the year and then extended to June 2022, has also contributed to improve the Automotive segment's earnings.

The Equipment segment's revenue of RM1,313.4 million in FY2021 was 15.5% higher than the RM1,137.3 million in FY2020, mainly due to the improved demand for the segment's products and services in both its local and overseas operations, supported by the reopening of the economy. The PBT was RM107.0 million, higher than the RM102.9 million recorded in the previous year.

The M&E segment recorded revenue of RM578.7 million in FY2021 compared with RM606.0 million in FY2020, due to the lower contribution following the disposal of a subsidiary as well as lower demand for lubricant segment. The segment's PBT was RM59.9 million, higher than the RM56.0 million reported in FY2020.

The Aerospace segment's revenue of RM147.6 million in FY2021 was lower than the RM312.3 million following lower delivery of fan cases. The segment recorded LBT of RM33.8 million in FY2021 compared with PBT of RM1.7 million in FY2020.

During the year, the Group undertook a cost optimisation exercise that yielded a cost reduction of RM131 million.

KEY OPERATIONAL HIGHLIGHTS



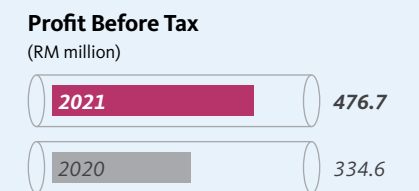
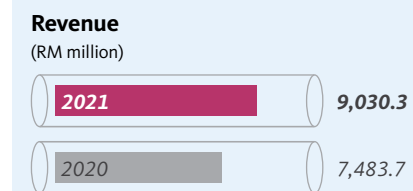
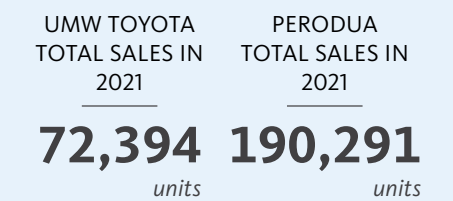
- It was a challenging year for the Automotive sector due to the 11-week shutdown during the Full Movement Control Order (FMCO), the global shortage of semiconductors and the disruptions to supply chains brought about by the COVID-19 pandemic as well as the flooding in December 2021. Nevertheless, UMW Toyota managed to exceed its sales target and reclaimed its position as the number one non-national automotive brand in Malaysia.
- Perodua maintained its position as the number one national brand in 2021, but was not able to meet its sales target due to the FMCO and the shortage of semiconductors, as well as the shutdown caused by the flooding in December 2021. We are confident that Perodua will bounce back stronger as it continues to register a strong order book going into 2022.

UMW GROUP'S MARKET SHARE OF 2021 TIV: 51.6%

MODELS LAUNCHED IN 2021

Toyota: Innova and Fortuner facelifts, New Harrier model, Hilux facelift, Corolla Cross, Corolla Cross Hybrid

Perodua: Ativa, new Myvi, Aruz facelift



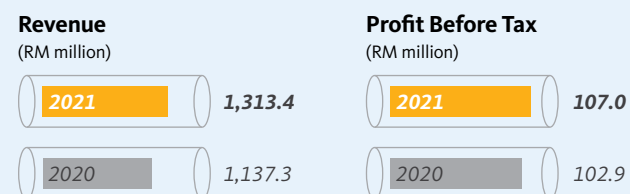
VIEWS FROM OUR LEADERS

PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

EQUIPMENT



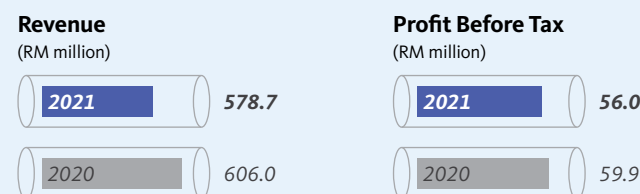
- The Equipment Division delivered a significant milestone for the Group with the completion of its first combined heat and power plant in 2021. It also continued to introduce new products into the market and strengthened its relationships with its existing principals.
- The Industrial Equipment segment promoted more automation solutions, such as collaborative robots, automated guided vehicles and automated storage & retrieval systems, to help customers remain resilient and efficient. It also introduced forklift refurbishment services and flexible rental arrangements. Our Industrial Equipment regional operations in Singapore, Vietnam and China all performed well with increased number of units and market share.
- The Heavy Equipment segment saw strong acceptance from the forestry, palm oil and construction sectors for new Komatsu models, special financing scheme to ease cash flow constraints for customers. The segment performed well in Papua New Guinea as we met the needs of customers alongside the increased activity in construction, fisheries, agriculture and mining. The situation in Myanmar has, however, become more challenging for us due to the ongoing political uncertainty.



MANUFACTURING & ENGINEERING



- The M&E Division strengthened its position as a “one-stop centre” for automotive parts and lubricants, launching 15 new products ranging from shock absorbers and automatic transmission fluids to coolants and green products.
- KYB-UMW is focusing on expanding the number of countries it exports to while working closely with KYB Japan to tap into new opportunities and capability.
- The Lubricants business will be expanding its capacity by about 70% with the construction of a smart plant equipped with IR 4.0 capability, while expanding our industrial product range to include bio-hydraulic lubricants.
- The division has also completed the disposal of UMW-Advantech as it seeks to move away from the commoditised automotive parts business and instead, to focus on developing more green products such as bio-lubricants, battery revival services and membrane filtration technology.



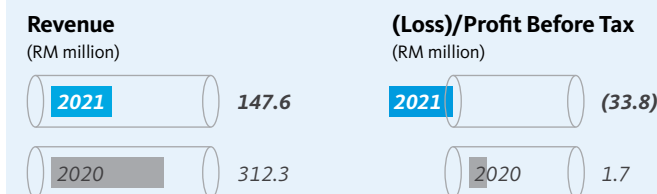
VIEWS FROM OUR LEADERS

PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

AEROSPACE



- In 2021, the Aerospace Division experienced the delayed effects of the slowdown in orders for aircraft engines, impacting its revenue and profitability. The lower delivery of fan cases was a direct result of the global travel restrictions affecting the aerospace industry.
- The Aerospace Division was inducted into Rolls-Royce's Top 5% High Performing Supplier Group. By being in the top 5%, we will be accorded more opportunities to engage with the top management of Rolls-Royce and prioritised for new projects.



THE PROGRESS OF CREST@2021

I am pleased to report that we have made good progress in rolling out our CREST@2021 strategic initiatives. This first year has been particularly important as it was the foundation year of the implementation of the CREST@2021 strategy. In this context, I believe the Group has progressed well, despite the challenges brought about by the COVID-19 pandemic and the global semiconductor supply disruption, in strengthening our fundamentals as well as resilience to achieve the aspirations under our CREST@2021 strategy.

To summarise, the CREST@2021 strategy encompasses the five strategic pillars of Customer, Relationship, Excellence, Sustainability and Teamwork that aim to transform the UMW Group. Our strategic initiatives are aligned to the five pillars and cascaded down to the respective business divisions for execution. Essentially, when CREST@2021 is completed in 2030, the UMW Group will not only be creating more value for our stakeholders, but also doing so more efficiently, effectively and sustainably.

In the year under review, the CREST@2021 strategy enabled us to achieve many significant milestones, which included the following:

- The launch of the Corolla Cross Hybrid by UMW Toyota, signifying our intention to grow our market share in hybrid vehicles;
- UMW Toyota reclaiming its position as the No. 1 non-national automotive brand;
- Committing to achieving net-zero carbon by 2050 based on our Sustainability Roadmap;
- Establishing our green credentials through the commissioning of our first combined heat and power plant, and forklift refurbishment, as well as initiatives driven by our Group Mobility & Innovation Division.
- Continuing aggressively to improve cost efficiency through cost savings of about RM161.4 million in 2021;
- Introducing more automation and digitalisation into our businesses to increase efficiency;
- Establishing new partnerships with a range of organisations to drive green innovation, nurture technological advancement and attract foreign investments; and
- Organising a lecture series for our employees on technology, leadership and spirituality as a means to further align knowledge and experience with our WoWrriors to achieve the aspirations under our CREST@2021 strategy.

Please refer to our Strategic Review for further details about the outcomes of the CREST@2021 strategy.

VIEWES FROM OUR LEADERS

PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

REDEFINING SUSTAINABILITY

In line with the CREST@2021 strategic framework, the Group is aligning its growth strategy with sustainability and is therefore seeking to redefine sustainability as a key theme in achieving resilience, competitiveness and growth. While embedding sustainability in the value creation process is nothing new to UMW, we believe that the approach we will take from now on will outline our deep commitment to being a responsible and sustainable organisation.

In Redefining Sustainability, we take a strategic approach to sustainability that balances between investment returns and the impact on the environment and the communities. We can no longer afford to be passive in this regard, considering the urgency required to address the climate change that threatens our very existence and sustainability. As a business, we must play our role in ensuring that we are taking the necessary measures to prevent the potentially catastrophic rise in average global temperatures.

In this context, the UMW Group is committed to achieving net-zero carbon by 2050, and in doing so, we have chosen to truly integrate sustainability into our entire business strategy and approach. We fully support our principals' initiatives in rolling out energy-efficient and sustainable products to be distributed in our markets and promoting more sustainable business approaches, such as optimising the use of renewable energy as well as encouraging Reducing, Reusing and Recycling (3Rs) whenever practicable in our operations through innovative and practical solutions.

The more interesting part about this approach to sustainability is its relevance to our existing businesses, especially in driving sustainable growth to meet the needs of our customers. This is likely to be the way forward for UMW as it accomplishes two important goals. Firstly, it improves the resilience and value of the Group and secondly, it helps us to further



strengthen our relationships with our partners and principals, which is critical in charting the future growth of our businesses.

Thus, we are changing the narrative of a typical distributor as we go beyond by collaborating closely with our partners and principals in promoting greener products and services to our customers. We are therefore playing a more active role in utilising the ESG principles to add value, grow the market and make our partners or principals more relevant.

A key enabler of our sustainability approach has been the establishment of the Group Mobility & Innovation Division (GMID) which serves to boost the Mobility and Innovation capabilities of the Group. In the area of Mobility, we aim to better understand market dynamics in the context of mobility solutions within the Automotive sector for a start, which is underpinned by our desire to help the country progress towards a low-carbon economy. We believe that there are

many pathways to achieve this, and we are particularly interested in further exploring the hydrogen economy, as demonstrated by our recent agreement to collaborate with Mitsui & Co, Ltd. and the Malaysian Green Technology and Climate Change Centre.

With Innovation, the GMID houses UMW's Innovation and Research & Development Centre (UIRDC) that develops sustainable innovations and technologies to power our future growth. In the year under review, the UIRDC established four labs, or areas of focus, which included green innovations such as IR4.0, a battery revival system, biolubricants and membrane technology. We cooperate with local universities, as well as government agencies, to advance technology and innovation in these areas to find practical applications that can be commercialised.

We have been able to accelerate the time taken to commercialise these innovations by using the various business ecosystems in UMW as

VIEWES FROM OUR LEADERS

PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



our testbeds. For instance, the membrane technology is being tested via a water reclamation plant that we have commissioned at our KYB-UMW factory. Similarly, the battery revival system is being tested in our own industrial vehicles and our biolubricants, which we intend to launch in 2022, have been graded against international standards and tested on our hydraulic industrial equipment.

We hope to continue to build on our capabilities with the support and trust of our partners and principals to bring in more advanced and sustainable products to meet the requirements of our increasingly discerning customers.

OUTLOOK AND PROSPECTS

Looking ahead, the uncertainties caused by the Omicron variant of the COVID-19 pandemic will continue to weigh on overall sentiment. However, both consumer and business sentiments are far more positive

now when compared with the same period last year, which is encouraging for all our businesses. Barring any major lockdowns, the Group is expected to improve its performance in 2022.

We will remain focused on implementing the CREST@2021 strategy. Our WoWrriors will continue to dedicate their efforts to ensure that the CREST@2021 strategy will be on the right path, as we continue strengthening our fundamentals in order to achieve sustainable growth.

The UMW Group will continue to protect its leading positions in its key businesses and markets through collaboration with its partners and principals. With their strong support and trust, there are many more avenues for potential growth and expansion that can be explored going forward, in products and services as well as markets.

The Group will continue to intensify its cost management through effective cost-saving and optimisation initiatives as well as by improving our process efficiency to strengthen our resilience in an increasingly volatile, complex and challenging business environment.

ACKNOWLEDGEMENTS

Reflecting on 2021, it was certainly a very challenging year for the Group and we are truly grateful for the unwavering support of our partners and principals in ensuring that we were able to minimise the impact of the global challenges affecting our businesses. A heartfelt thank you for standing by us as we navigated through the many obstacles together.

We would also like to extend our appreciation and thanks to all our WoWrriors, as well as the Management Team, for fully embracing our CREST@2021 strategy and their tireless efforts in going above and beyond what was expected to meet our customers' expectations and delivering a commendable performance in 2021. We look forward to our WoWrriors' stronger commitment in 2022.

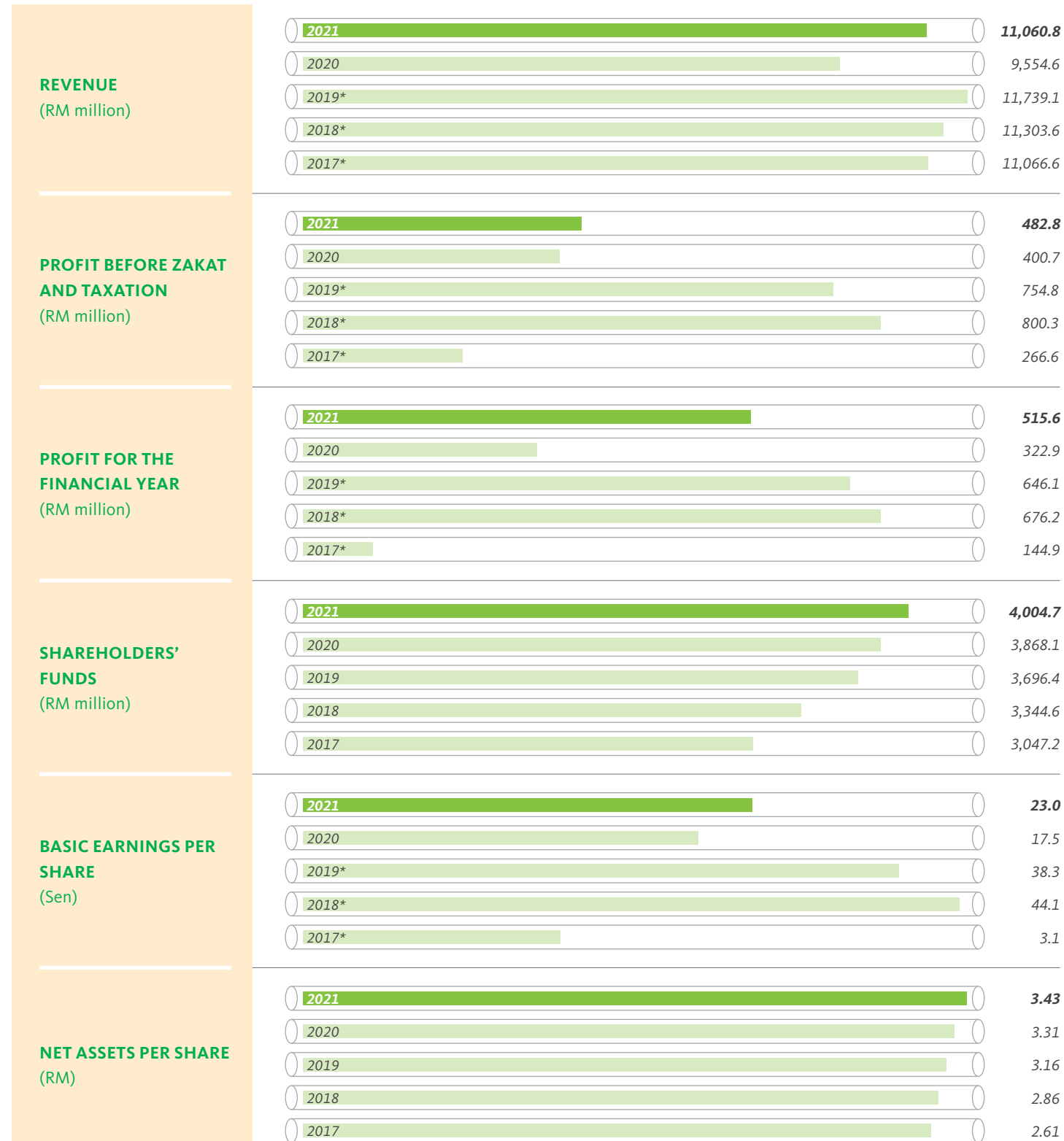
To our shareholders, business partners, vendors and suppliers, thank you for the loyalty, support and trust in us and we believe that, together, we can achieve more going forward. To the Chairman and members of the Board of Directors, our utmost appreciation and gratitude for the wisdom and guidance as well as support to ensure we are moving in the right direction. With your full support and faith in us, our WoWrriors and I look forward to transforming the UMW Group into a stronger and more sustainable Group to achieve the aspirations under our CREST@2021 strategy.

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

## VIEWS FROM OUR LEADERS

# FINANCIAL HIGHLIGHTS

## FIVE-YEAR GROUP SUMMARY RESULTS



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

## VIEWS FROM OUR LEADERS

# FINANCIAL HIGHLIGHTS

## FIVE-YEAR GROUP SUMMARY RESULTS

Year Ended 31 December	2017* (RM million)	2018* (RM million)	2019* (RM million)	2020 (RM million)	2021 (RM million)
<b>OPERATING RESULTS</b>					
Revenue	11,066.6	11,303.6	11,739.1	9,554.6	<b>11,060.8</b>
Profit Before Zakat and Taxation	266.6	800.3	754.8	400.7	<b>482.8</b>
Profit for the Financial Year	144.9	676.2	646.1	322.9	<b>515.6</b>
Profit Attributable to Equity Holders of the Company	35.3	515.4	447.2	204.6	<b>268.2</b>
<b>OTHER KEY FINANCIAL POSITIONS</b>					
Shareholders' Funds	3,047.2	3,344.6	3,696.4	3,868.1	<b>4,004.7</b>
Total Assets	10,095.7	10,758.0	11,134.7	11,447.1	<b>12,172.7</b>
Total Liabilities	5,917.3	5,043.6	5,036.6	5,029.9	<b>5,410.1</b>
<b>SHARE INFORMATION</b>					
Per Share					
- Basic Earnings (Sen)	3.1	44.1	38.3	17.5	<b>23.0</b>
- Gross Dividend (Sen)	-	7.5	6.0	4.0	<b>5.8</b>
- Net Assets Per Share (RM)	2.61	2.86	3.16	3.31	<b>3.43</b>
Share Price Information					
- Share Price at Year-End (RM)	5.20	5.47	4.49	3.40	<b>2.97</b>
- Market Capitalisation as at Year-End	6,075.2	6,390.6	5,245.6	3,972.2	<b>3,469.8</b>
<b>FINANCIAL RATIOS</b>					
Return On Shareholders' Funds (%)	0.9	16.1	12.7	5.4	<b>7.0</b>
Return On Total Assets (%)	2.6	7.4	6.8	3.5	<b>4.0</b>
Debt Equity Ratio (%)	66.1	49.6	41.2	38.4	<b>40.4</b>
Dividend Rate - Gross (%)	-	15.0	12.0	8.0	<b>11.6</b>
Dividend Yield (%)	-	1.3	1.1	1.4	<b>1.8</b>
Dividend Payout Ratio* (%)	-	17.0	15.7	22.8	<b>25.3</b>

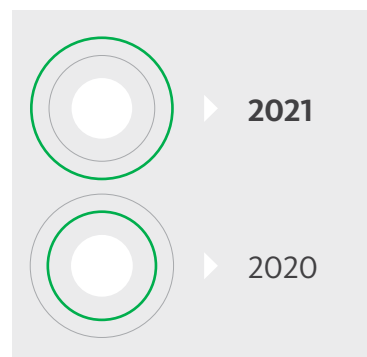
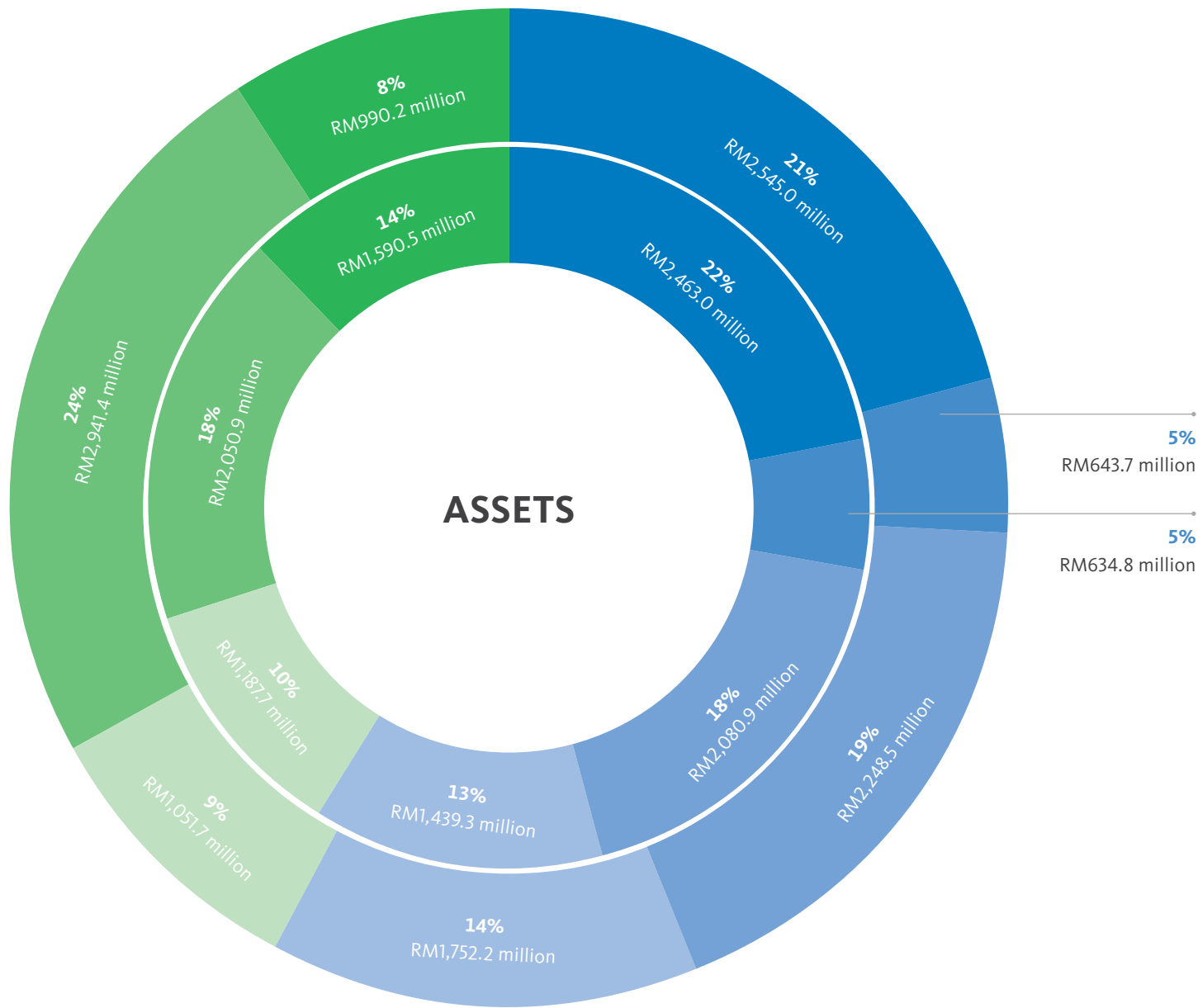
Notes:

\* 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.

Views from Our Leaders

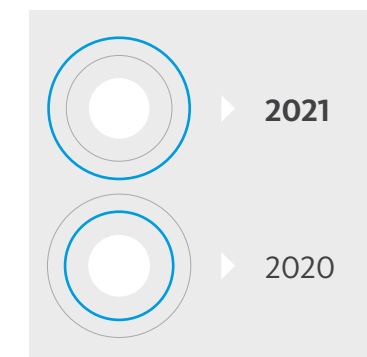
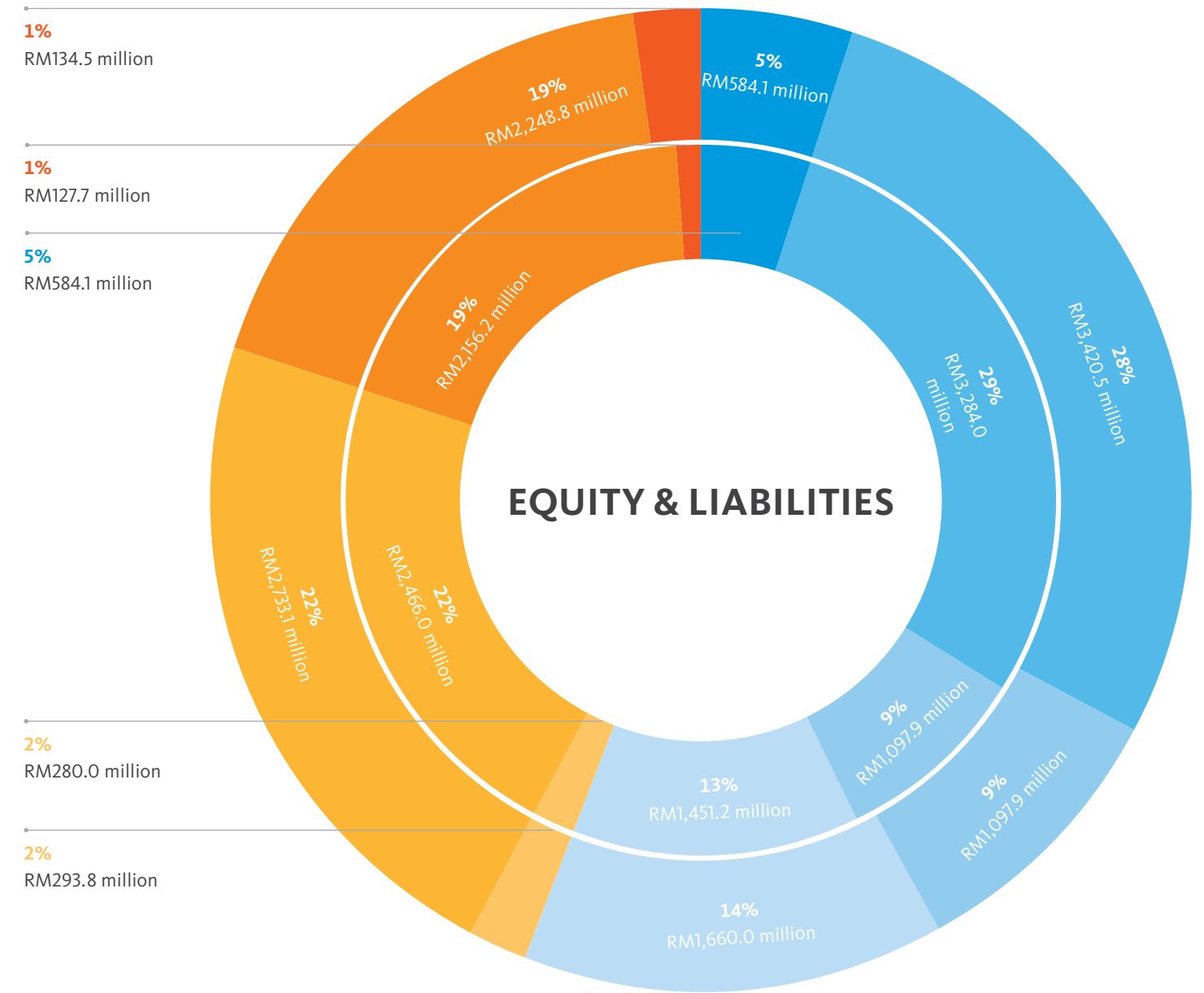
FINANCIAL HIGHLIGHTS



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

Views from Our Leaders

FINANCIAL HIGHLIGHTS

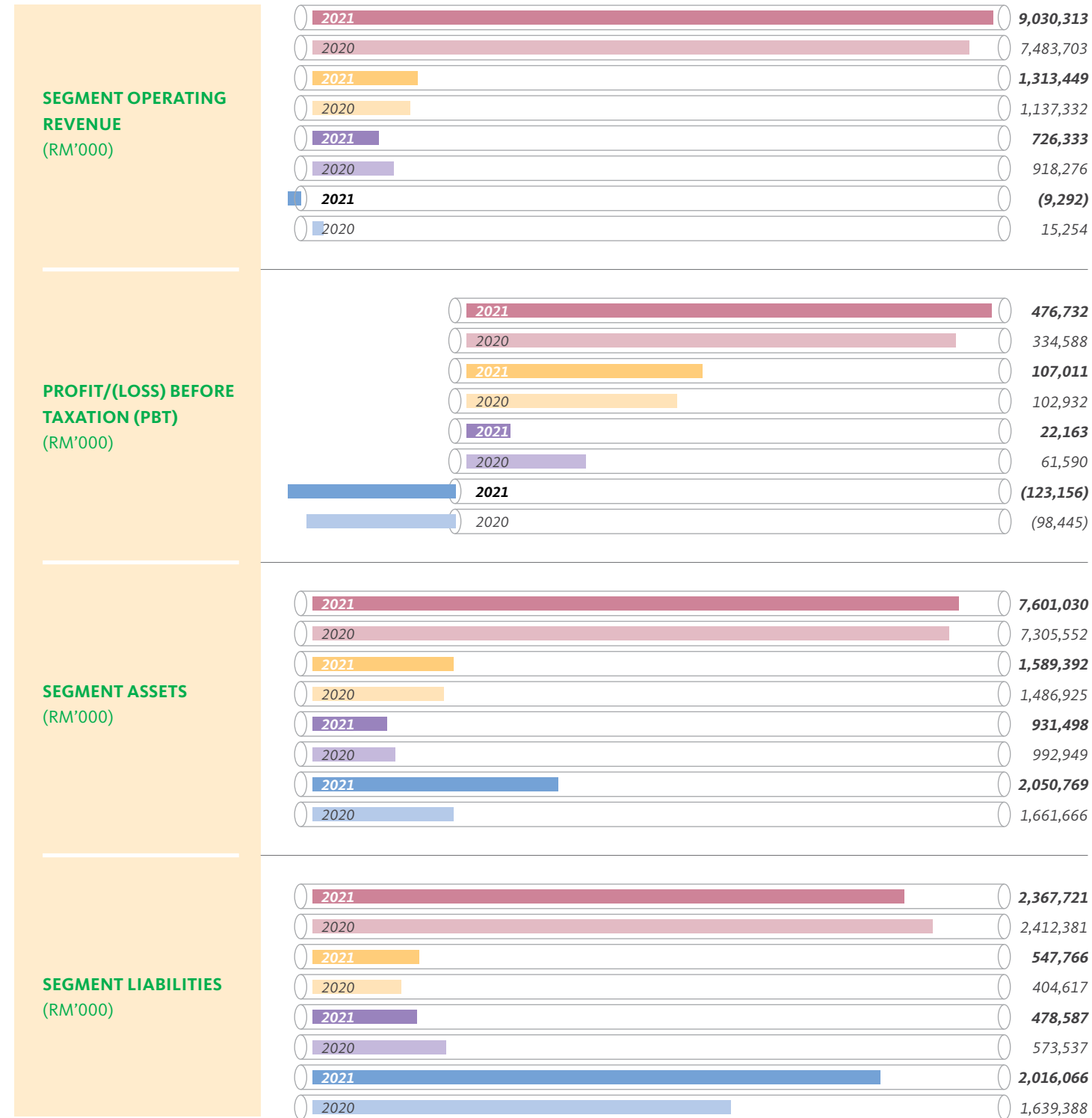


- Share capital
- Retained earnings and reserves
- Perpetual Sukuk
- Non-controlling interests
- Provision for warranties
- Borrowings
- Payables
- Other liabilities

VIEWS FROM OUR LEADERS

FINANCIAL HIGHLIGHTS

SEGMENTAL ANALYSIS



Automotive Equipment Manufacturing & Engineering Others\*

Notes:  
\* Including group elimination.

VIEWS FROM OUR LEADERS

FINANCIAL HIGHLIGHTS

STATEMENT OF VALUE ADDED	2021 (RM million)	2020 (RM million)
<b>VALUE ADDED</b>		
Revenue	11,060.8	9,554.6
Purchase of goods and services	(9,421.2)	(8,054.8)
Value added by the Group	1,639.6	1,499.8
Other operating income	114.8	92.3
Other operating expenses	(484.4)	(380.5)
Finance costs	(108.2)	(115.5)
Investment income	48.7	54.4
Share of results of associates and joint ventures	268.0	204.1
<b>VALUE ADDED AVAILABLE FOR DISTRIBUTION</b>	<b>1,478.5</b>	<b>1,354.6</b>
<b>DISTRIBUTION OF VALUE ADDED</b>		
<b>To Employees</b>		
Employee benefits	652.2	579.9
<b>To Government</b>		
Taxation & Zakat	(32.9)	77.7
<b>To Shareholders</b>		
Dividend paid to equity holders of the Company	46.7	23.4
Dividend paid to holders of Perpetual Sukuk	69.9	69.9
Non-controlling interest	177.6	48.5
<b>Retained for reinvestment and future growth</b>		
Depreciation and amortisation	343.5	374.1
Retained earnings	221.5	181.1
<b>VALUE DISTRIBUTION</b>	<b>1,478.5</b>	<b>1,354.6</b>



THE WAY WE CREATE VALUE

# MARKET LANDSCAPE AND OUTLOOK

## THE YEAR IN REVIEW

The year 2021 was expected to be a year of strong recovery, but the emergence of the COVID-19 Delta variant proved to be a major roadblock to the anticipated economic recovery. Countries were once again forced to implement lockdowns to reduce the strain on their health systems and to protect lives. The circularity of on-off tightening and easing of movement restrictions disrupted economic growth, supply chains, livelihoods and overall mobility.

Although mass vaccinations were well underway, the Delta variant demonstrated high transmissibility and severity, with most countries undergoing a period of rapid escalation before tapering off to more manageable numbers. Global growth did rebound, however, to a forecasted 5.9% year-on-year in 2021 according to the International Monetary Fund (IMF), largely a reflection of the low base following the 2020 contraction of 3.1% (IMF, WEO Jan 2022) and the moderate recoveries posted by more advanced economies.

According to Bank Negara Malaysia (BNM), the domestic economy posted growth of 3.1% in 2021, following the 5.6% contraction in 2020. The 3.1% growth was also lower than the 5% to 6% growth projected at the beginning of 2021, reflecting the massive impact that the 11-week Full Movement Control Order (FMCO), implemented between June and August 2021, had on the economy.

In 2021, the Malaysian Government injected an additional RM225 billion in economic stimulus, bringing the total value of all stimulus to RM530 billion since the first package was announced in February 2020. The Government's Budget 2022 was also expansionary in nature, following the record Budget 2021, as it sought to hasten the country's post-pandemic recovery.



According to Bank Negara Malaysia (BNM), the domestic economy posted growth of 3.1% in 2021, following the 5.6% contraction in 2020.

## OVERVIEW OF THE INDUSTRIES WE OPERATE IN

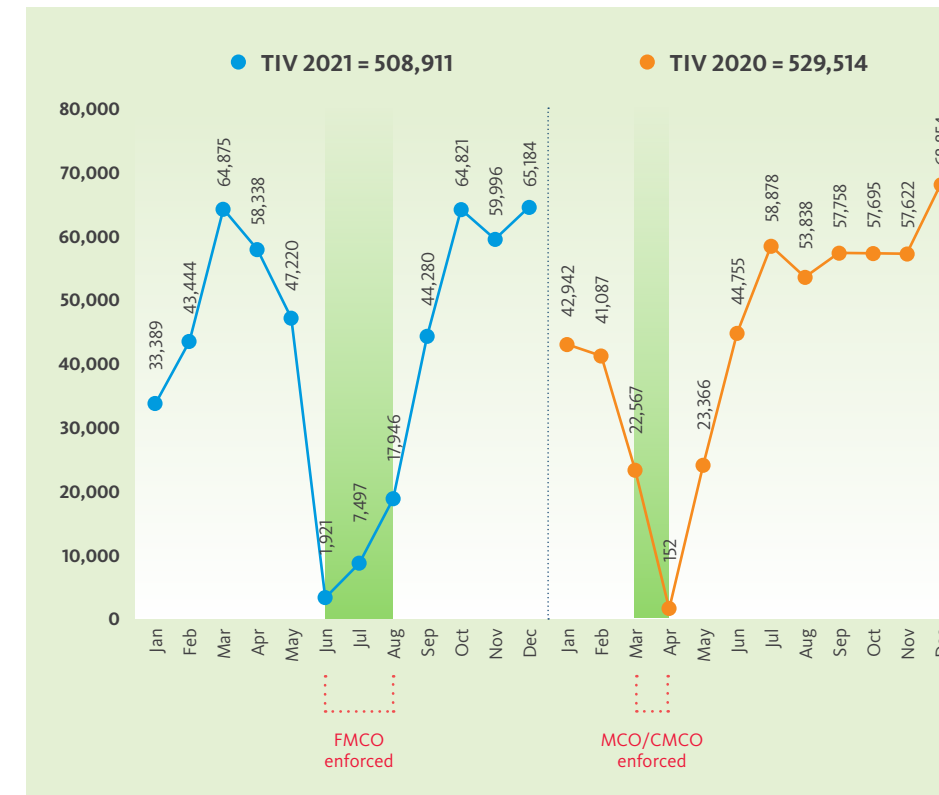
The automotive sector was adversely affected by the lockdown in 2021, which was three weeks longer than the two-month lockdown in 2020. With the manufacturing and sales operations completely halted for 11 weeks, the entire ecosystem, including the vendors who provide parts and components to the industry, was impacted. Consequently, total industry volume (TIV) also fell for the second consecutive year, shrinking further by 3.9% to 508,911 units in 2021, in addition to the 12.4% decline recorded in 2020 (MAA Market Review 2021).

Against this backdrop, the Government further extended the 100% sales tax exemption for locally assembled cars, as well as the 50% exemption for imported cars, to help support the industry. Initially introduced in June 2020, the exemption had helped to drive sustained demand for new vehicles and had since been extended three times. It is scheduled to expire in June 2022. The global semiconductor chip shortage, on the other hand, had hampered carmakers' ability to ramp up production during the period when the industry was allowed to operate. This had led to a backlog on deliveries at a time of brisk sales driven by the sales tax exemption.

Towards the end of 2021, the industry suffered another setback as the massive flooding inundated the industrial area of Shah Alam, home to a majority of suppliers of automotive parts and components, as well as employees. With these suppliers temporarily forced out of action, the manufacturers' production was disrupted yet again.

THE WAY WE CREATE VALUE

# MARKET LANDSCAPE AND OUTLOOK



The FMCO, as well as lockdowns in the economies within the ASEAN region, also impacted the Equipment Division, with lower demand seen until the third quarter of 2021 when restrictions were gradually lifted. The political unrest that developed in Myanmar during the year had a swift and significant impact on the country's overall business environment and affected the performance of the Group's heavy equipment subsegment.

The M&E Division, which is mainly involved in lubricants and automotive parts, was also disrupted by the FMCO, in tandem with the lower usage of vehicles during the period. Supply chain disruptions as a result of the pandemic also led to higher prices of raw materials, which further impacted the Division's margin. The Aerospace Division experienced the lagging effect of the deferment of aircraft delivery as a result of the decline in air travel due to the restrictions caused by the pandemic, which in turn affected the demand for our fan cases.

## MARKET OUTLOOK

The global economy is expected to sustain its recovery, albeit at a more moderate pace, due to headwinds such as inflation and the unwinding of fiscal stimulus, as well as the wearing off of low base effects. The IMF expects growth to moderate to 4.4% in 2022, although it will generally be a much more favourable external environment compared with 2021, premised on the relatively wide COVID-19 vaccination coverage that has been achieved.

In Malaysia, the Ministry of Finance has projected the GDP growth to be in the range of 5.3% to 6.3% in 2022 due to the global economic recovery and the growth momentum seen in the fourth quarter of 2021, which registered GDP growth of 3.6%. Malaysia has since vaccinated more than

78% of its population as of end-2021 and has already rolled out booster shots to more than 50% of its population to fortify immunity against the Omicron variant.

For the automotive sector, the MAA has projected recovery in 2022, with TIV rising to 600,000 units, driven by the extension of the sales tax exemption and the production ramp-up by automotive manufacturers to fulfil the backlog from 2021, as well as new orders. The low interest rate environment, together with improved consumer confidence and spending, is also expected to bolster sales.

Business activities in the Equipment segment are expected to improve in tandem with projected economic recovery. The performance of the Industrial Equipment subsegment in 2022 is expected to be strong, underpinned by the projected continued expansion in local demand and higher private sector expenditure. The Heavy Equipment subsegment could benefit from the expected increase in construction activities as part of pump-priming initiatives being undertaken throughout the operating economies. In Malaysia, for example, RM75.6 billion of the 2022 Budget of RM332.1 billion was allocated for development expenditure, including large-scale road infrastructure projects.

For the M&E Division, the ramping up of production, the extension of the sales tax exemption and the fulfilment of backlog orders are expected to have a favourable impact on the automotive parts and lubricants subsegments in 2022. The Aerospace Division is expected to recover as more international borders reopen, which will hasten the delivery of new aircrafts.

Overall, barring any further lockdowns, 2022 is expected to be a year of recovery for the Group. The Group expects to deliver better performance in line with the projected higher GDP growth and recovery in all its business sectors, as well as improving consumer confidence.

THE WAY WE CREATE VALUE

# MANAGING OUR MATERIAL MATTERS

Material matters are integral to our value creation journey as they enable us to identify the issues that are most significant to our organisation and to our stakeholders. Assessing our material matters will allow us to identify the risks and opportunities of the key environmental, social and governance issues that will impact us and our stakeholders.

**Material Matters**

- Climate Change**
- Customer, Product and Innovation Excellence**
- Employee Engagement**
- Training and Education**
- Energy, Waste and Water Management**

**Risks**

- Damage to property and assets due to extreme weather events.
- Financial loss due to disrupted supply chains caused by effects of climate change, which will affect production.
- Transition risk related to the shifting of strategies, regulations or investments as society and industry attempt to lessen their dependency on carbon and its impact on the environment.

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- Dissatisfied customers can negatively impact revenue and reputation.
- In-house engineering capabilities are required for the innovation process.

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- Disengaged employees may lead to suboptimal work performance and productivity levels.

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- Lack of relevant training reduces the capability of employees to meet evolving business and market needs.
- Inadequate professional development programmes decrease employee performance and productivity.

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- Without responsible management of natural resources, the business may face resource availability issues and regulatory penalties.

**Opportunities**

- Strengthen climate action and invest in nature-based solutions for carbon sequestration to achieve 45% carbon neutrality by 2030 and 100% carbon neutrality by 2050.

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- Gain business advantage by understanding evolving customer needs and expectations and strengthen product/service quality and speed of delivery.
- Innovative developments and ownership of intellectual property (IP) and proprietary technologies.

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- Employees speak positively about the organisation to their colleagues, potential employers and co-workers.
- Employees demonstrate extra effort and engage in behaviours that contribute to business success.

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- Good development and upskilling opportunities increase talent attraction and retention.
- Well-trained employees build the Group's resilience against future challenges and market changes.

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- Systematic management of energy and resources help improve operating expenses and reduce direct environmental impacts from the Group's operations and business activities.

THE WAY WE CREATE VALUE

# MANAGING OUR MATERIAL MATTERS

In 2021, we reviewed our material issues internally and added Climate Change as a new material matter to align with our CREST@2021 business strategy and the Group's newly approved Sustainability Roadmap. The internal review also showed that all our existing material issues were still relevant. To further align with our sustainability goals, we enhanced the existing Product Quality, Safety & Innovation material issue by renaming it to Customer, Products and Innovation Excellence.

In this section, we have aligned our material matters with the identified risks and opportunities, as well as our mid-term approach and the value we created for our stakeholders.

**Short-to Mid-term Approach**

- Investing in renewable energy by installing solar panels at two of our operational sites, namely our KYB-UMW and Aerospace plants.
- Investing in nature-based solutions for CO2 sequestration and collaborating with key stakeholders in reforestation initiative.
- Environmental stewardship via sustainable operational excellence.

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- Enhancing competitiveness and future-proofing business by using customer insights to develop innovative products and solutions.
- Developing in-house capabilities by nurturing innovation and high-performance culture.
- Leveraging digitalisation and technology to improve efficiency.

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- Enhancing employee engagement initiatives through structured and tailored programmes.
- Providing platforms to increase employee engagement (i.e. Teams, Webex, e-Learning platforms).
- Implementing employee wellness programmes to improve overall physical and mental well-being.

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- Developing a dynamic and agile workforce trained in adequate and future-relevant skills to drive the Group's growth.
- Regularising skills as well as training needs assessment across divisions and business functions.
- Identifying and designing internal training and education programmes to improve productivity.
- Developing and enhancing technical and leadership competencies through a targeted development programme.

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- Regularly implementing energy and waste management initiatives to mitigate risks.
- Complying with applicable laws and regulations, as well as conducting community engagement on environmental stewardship.

**Value Created**

- Widened scope of reporting to disclose GHG emissions according to Scope 1 and Scope 2.
- GHG emissions intensity decreased by 21% in 2021.
- Planted about 10,000 mangrove trees in 2021 in various states across Malaysia.

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- UMW Toyota reclaimed No. 1 non-national car position in terms of sales.
- 620 units of forklifts refurbished for extended life usage.
- Inducted into the 2021 Cohort of Rolls-Royce's High Performing Supplier Group.

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- Employees demonstrated an intense desire to be part of and stay in the organisation.
- Maintained high employee engagement scores with 83% achieved in 2021.

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- Employees received 45,767 hours of training.
- Upskilled employees and expanded capabilities to achieve maximum productivity.

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- Commissioned a water reclamation plant at the KYB-UMW factory using our membrane technology that was developed in-house.

THE WAY WE CREATE VALUE

MANAGING OUR MATERIAL MATTERS

**Material Matters**

- Diversity and Inclusivity**
- Labour/Management Relations**
- Business Ethics and Governance**
- Sustainable Supply Chain**
- Occupational Health and Safety (OHS)**
- Community Investment**

**Risks**

- A lack of diversity may impede the Group's ability to facilitate an exchange of ideas, perspectives, culture, creativity, etc.
- Inconsistent labour engagement creates communication gaps, affects morale and impacts employee performance.
- Weak or ineffective anti-corruption governance can lead to regulatory pressures, increased costs of non-compliance and unfavourable reputation.
- Irresponsible processes and practices along the supply chain can cause reputational damage and incur additional operational costs.
- Poor OHS standards and practices can lead to health threats, workforce inefficiencies and financial losses.
- Negative social and economic impacts from our operations on local communities can potentially give rise to reputational repercussions.

**Opportunities**

- Improve workplace dynamics with the help of various skill sets, different ethnic and cultural viewpoints, gender diversity, etc.
- Create a culture of learning and growth, tolerance, patience and perseverance across all levels of the organisation.
- Tap into the power of labour networks to improve the quality of the workforce, work environment and productivity.
- Principles of good governance can future-proof the organisation by strengthening resilience against extraneous factors.
- Strengthen supply chain management by instilling sustainability practices in vendors and suppliers to ensure sustainable business growth.
- Improve health and well-being of employees, which in turn can improve productivity and performance.
- Increase our commitment to the community and as a result enhancing our market reputation.

THE WAY WE CREATE VALUE

MANAGING OUR MATERIAL MATTERS

**Short-to Mid-term Approach**

- Designing and launching programmes to improve diversity across all critical dimensions.
- Strengthening labour management guidelines and governance to ensure effective and efficient resolution of all labour concerns and matters.
- Strengthening governance of enterprise risk management framework and various policies and processes for efficient implementation of EES programmes and initiatives.
- Setting standards for sustainable practices in the supply chain to raise the collective capacity of the industry and support local suppliers.
- Increasing ESG awareness among suppliers.
- Creating a culture of "health and safety" across the organisation through education and awareness.
- Implementing community development initiatives that nurture future generations and equip youths with industry-ready skills, such as the PROTÉGÉ programme.
- Creating a positive environmental impact on the country through nature-based initiatives such as reforestation.

**Value Created**

- Exceeded the minimum requirement of 30% women's representation on the Board.
- 62.47% of employees were unionised.
- All feedback received through the grievance mechanism was resolved or is in the process of resolution.
- Maintained industrial harmony with union during the pandemic.
- Maintained zero corruption convicted case.
- Established the three-year Integrity and Governance Unit (IGU) Blueprint 2021-2023.
- Embarked on ISO 37001 Anti-Bribery Management Systems certification.
- 53.88% of the Group's procurement budget went to local suppliers, who made up 45.10% of the Group's suppliers.
- Established UMW Sustainable Supply Chain Policy.
- Maintained zero cases of fatalities.
- 27 UMW operational sites or 68%, including branches, in Malaysia achieved the ISO 45001:2018 certification while seven operating companies or 16% achieved the ISO 14001:2015 certification.
- UMW Community Champions dedicated 1,840 volunteer hours.
- Contributed about RM10.8 million in cash and in kind to communities.
- Contributed towards WWF Study on Net Zero Pathway for Malaysia by 2050.

THE WAY WE CREATE VALUE

# OUR VALUE CREATION BUSINESS MODEL

KEY INPUTS

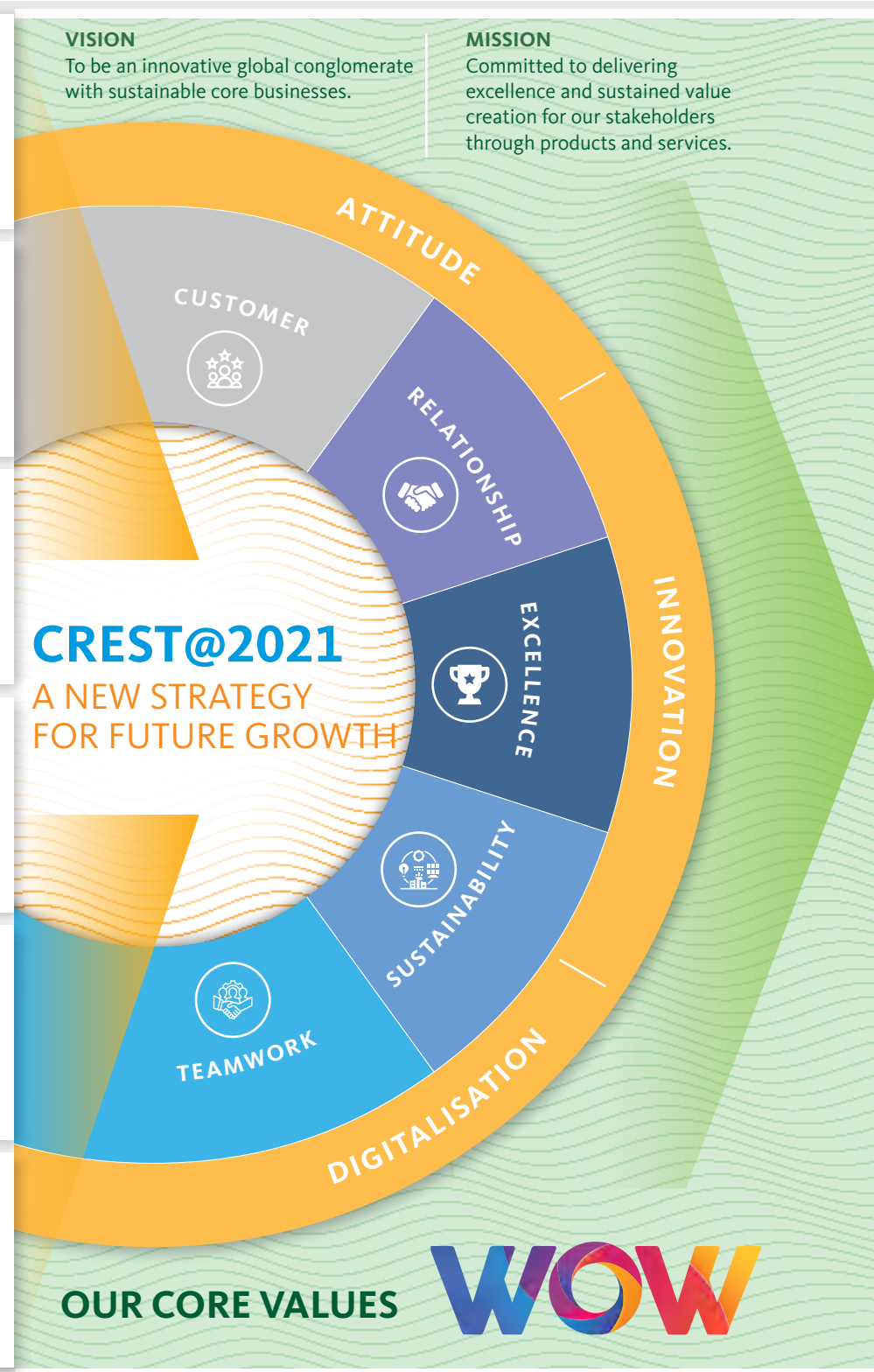
VALUE CREATION PROCESS

INITIATIVES

OUTCOMES

TRADE-OFFS

<b>FINANCIAL</b>	<p>Financial capital is defined as the pool of funds available to UMW. We maintain an optimal capital structure, good access to capital and conduct regular and prudent investment reviews.</p> <ul style="list-style-type: none"> <li>Revenue: <b>RM11.1 billion</b></li> <li>Market Capitalisation: <b>RM3.5 billion</b></li> <li>Total Shareholders' Fund: <b>RM4.0 billion</b></li> <li>Gearing Ratio: <b>40.4%</b></li> </ul>
<b>MANUFACTURED</b>	<p>Manufactured capital includes the Group's assets and infrastructure, i.e. the machinery, equipment and technology that facilitate the Group's services to customers.</p> <ul style="list-style-type: none"> <li><b>Advanced automotive assembly plant</b> in Bukit Raja</li> <li><b>Wide distribution/after-sales network</b></li> <li><b>Modernised KYB plant</b> with greater capacity and efficiency</li> <li><b>High-Value Manufacturing (HVM) Park</b> in Serendah</li> </ul>
<b>HUMAN</b>	<p>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.</p> <ul style="list-style-type: none"> <li>Total employees: <b>6,405</b></li> <li><b>Reward structures</b> linked to performance</li> <li><b>RM652.2 million</b> invested in employees' salaries and benefits</li> <li><b>Experienced and diverse</b> Management team and Board of Directors</li> </ul>
<b>INTELLECTUAL</b>	<p>This capital encompasses organisational and knowledge-based intangibles that can include intellectual property such as licences or proprietary knowledge, systems or procedures.</p> <ul style="list-style-type: none"> <li>Corporate policies that uphold integrity such as the <b>UMW Integrity Framework and Integrity Plan</b></li> <li><b>Strong research and development capabilities</b>, innovation capacity, knowledge and expertise</li> </ul>
<b>SOCIAL AND RELATIONSHIP</b>	<p>This capital describes the relationships built between communities, stakeholders and other relevant groups. This also includes the Group's brand and reputation management.</p> <ul style="list-style-type: none"> <li><b>RM11 million</b> invested in community engagement/CSR activities</li> <li>More than <b>1,840 volunteer hours</b> recorded</li> <li><b>Active engagement</b> with various stakeholders</li> </ul>
<b>NATURAL</b>	<p>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.</p> <ul style="list-style-type: none"> <li>Energy Usage: <b>329,385.09 GJ</b></li> <li>Water Usage: <b>467,126.99 m<sup>3</sup></b></li> </ul>



# OUR VALUE CREATION BUSINESS MODEL

THE WAY WE CREATE VALUE

- Cost optimisation efforts led to savings of **RM161.4 million** in FY2021
  - Built **strong relationships** with our principals
- Refer to President & Group Chief Executive Officer's Review on pages 18 to 23 and Financial Highlights on pages 24 to 29 for more details*
- Automotive: **New model** launches, including the Corolla Cross hybrid electric model from Toyota
  - M&E: **Cost reduction initiatives**
  - Equipment: Commissioned our **first prime combined heat and power (CHP) plant** for the manufacturing sector
  - Equipment: Refurbished forklifts **to reduce cost** for customers and **to reduce impact on environment**
  - Aerospace: Strong commitment to **quality and product excellence**
- Refer to Our Performance on pages 46 to 69 for more details*
- Organised a **series of lectures for employees** on technology, leadership and spirituality to help achieve CREST@2021's objectives
  - Organised the **EnergizeUMW employee well-being programme**, a 24/7 helpline to assist employees manage mental stress during the lockdowns and working from home
- Refer to Our Performance on pages 70 to 71 and our Sustainability Report 2021 for more details*
- Equipment: Expanded the use of **Robotic Process Automation** to improve productivity
  - Progressed **new research and innovation initiatives** through the UMW Innovation and Research & Development Centre
  - Commercialised the **Battery Revival Unique Strategy System** to extend the battery life of vehicles
  - Developed a range of **strategic partnerships with various institutions** to expand R&D collaborations
- Refer to our Sustainability Report 2021 for more details*
- Responded to community and frontline needs** with various contributions of equipment and personal protective equipment
  - Provided **excellent customer service** and met customer needs during the pandemic
  - Established **new partnerships** with a range of organisations to drive green innovation, nurture technological advancement and attract foreign investment
  - Automotive: **Supported our customers in their time of need with discounts and rebates** following devastating floods in December 2021
- Refer to our Sustainability Report 2021 for more details*
- Launched a new **Sustainability Roadmap, Redefining Sustainability**, with the long-term goal of achieving net-zero carbon by 2050
  - Various **environmental conservation initiatives**
- Refer to our Sustainability Report 2021 for more details*

- Return on Equity: **7.6%**
  - Dividend payout: **5.8 sen**
  - Earnings per share: **23.0 sen**
- Automotive: UMWWT reclaimed **No. 1 non-national car position** in terms of sales
  - Automotive: Perodua maintained its **No. 1 national car position** in terms of sales
  - M&E: Will be **launching IR4.0 enabled plant in 2023**
  - Equipment: **620 units** of refurbished forklifts sold/rented
  - Aerospace: Inducted into the **2021 Cohort of Rolls-Royce's High Performing Supplier Group**
- 40% women's representation** on the Board of Directors
  - Diversity: **80.20%** male, **19.80%** female
  - Employee Engagement Survey** recorded a satisfaction level of **83%**
  - Zero fatality cases**
  - Employees received **45,767 hours of training**, with an average of **7.96 hours of training per employee**.
  - 342 employees benefited from the EnergizeUMW programme**
- Enhanced the CARA app** for forklift services and solutions to enable the purchase of equipment
  - Commissioned a water reclamation plant** at the KYB factory using our membrane technology that was developed in-house
  - Development of **biolubricant products has reached an advanced stage** and will be launched as an M&E product in 2022
- Contributed to COVID-19 relief efforts through partnerships with various stakeholder groups that benefited **healthcare frontliners, the B40 segment and other vulnerable groups**
  - RM4 million** to provide laptops and SIM cards to underprivileged students under the **CERDIK programme**
  - In support of our local vendors, the Group spent **54%** of the **Group's procurement budget on local suppliers**
  - Equipment: Introduced **special financing package** to ease cash flow constraints for customers
  - Spent RM2.1 million for victims of natural disasters** in 2021
  - Zakat contributions of **RM3.76 million** to the *asnaf* in Malaysia
- Renewable energy increased to **2.40%** from **2.11%** in the previous year
  - Improved GHG emissions disclosures by reporting **Scope 1 emissions** (direct emissions from sources owned or controlled by UMW Group): **5,398.02 tCO<sub>2</sub>e** and **Scope 2 emissions** (indirect emissions from purchased energy such as electricity): **40,127.31 tCO<sub>2</sub>e**
  - 10,000 trees planted** since the start of our UMW Green Shoots Initiative (**UGS**) tree-planting initiative
  - Reduced water consumption by **15.11%** from 2020

Financial Capital is crucial to our smooth operations and the continued growth and preservation of all other Capitals. We are fully cognisant of the need to balance and optimise the use of our Financial Capital to ensure the best outcomes for the sustainability of the business and interests of our shareholders.

We invest in Manufactured Capital to ensure we can remain competitive and relevant in our business. Our ability to do this is reliant on the consistent use of Financial Capital, which will be reduced in the short to medium term but will most likely increase in the long term as we build and expand our business.

Strong Human Capital is essential to the progress and growth of our organisation. To ensure that we can continue to advance our aspirations and organisational goals, we must invest in Human Capital to develop a resilient, capable and loyal workforce. We aspire to continue to create value for our employees as well as our organisation in our sustainability journey.

Intellectual Capital helps us to not only add value to our existing products and services, but to also generate new revenue streams through innovations that meet evolving market needs. Investing in Intellectual Capital will help to obtain operational efficiencies that will boost our Manufactured Capital and the productivity of our Human Capital.

Maintaining and growing our Social and Relationship Capital will drive sustainable growth across all our Capitals, especially as our customers, partners and suppliers play an important role in supporting our business. In terms of communities, devoting resources to this Capital is what will essentially help us maintain our social licence to operate.

Preserving Natural Capital is an important aspect of the value creation journey. We acknowledge that our activities have an impact on the environment and we therefore invest in ways to mitigate our impact and to optimise resource use.

THE WAY WE CREATE VALUE

# OUR STRATEGIC PROGRESS

THE WAY WE CREATE VALUE

# OUR STRATEGIC PROGRESS

OUR STRATEGIC PROGRESS

KEY HIGHLIGHTS FROM OUR CORE PILLARS

With the completion of the first year of the Group's CREST@2021 transformation strategy, we are pleased to note the positive progress made across all our five core strategic pillars of Customer, Relationship, Excellence, Sustainability and Teamwork. Concurrently, we continued to strengthen the Group's fundamentals in the areas of human capital, innovation and digitalisation, all crucial levers that will enable us to unlock the full potential of CREST@2021. Every accomplishment and milestone that we have achieved in 2021 brings us a step closer to the aspirations that we have committed to herein.



20 Billion Revenue

2 Billion PBT

1 Billion PATAMI

**CREST@2021**  
Innovising Mobility

Core Pillar	Strategic Focus	Key Highlights
CUSTOMER	We focus on customer-centricity and strengthening our presence through excellent aftersales service, supported by robust relationship management strategies, as well as innovative products and solutions.	<ul style="list-style-type: none"> <li>Reclaimed Toyota's position as the No. 1 non-national automotive brand with over 72,000 units sold.</li> <li>Toyota introduced a new hybrid electric vehicle, the Corolla Cross, in 2021.</li> <li>Our Equipment Division offered customers options such as forklift refurbishment, flexible rental arrangements and an Equipment Payment Deferment scheme to address customers' cash flow challenges.</li> <li>Launched sales capabilities for our CARA App, enabling our forklift equipment to be sold via the app.</li> <li>Our M&amp;E Division focused on introducing new and innovative green products, starting with battery revival technology.</li> </ul>
RELATIONSHIP	The effective management of all our relationships, especially with our stakeholders, which include principals and government agencies, is central to the Group's current and future success. We seek to build new relationships with strategic partners that will enable us to add greater value to our existing relationships with our principals.	<ul style="list-style-type: none"> <li>Signed a memorandum of understanding (MOU) with the Malaysian Green Technology Corporation and Mitsui &amp; Co, Ltd to explore the hydrogen economy.</li> <li>We established five new partnerships with various government agencies to accelerate innovation and drive foreign investments.</li> <li>21 new product launches as a result of our close working relationships with our principals.</li> <li>Signed MOUs with Universiti Putra Malaysia and Universiti Teknologi Malaysia to collaborate in research &amp; development, green innovation and commercialisation of intellectual properties.</li> <li>Launched UMW Green Shoots Initiative (UGS) and planted 10,000 trees (300,000 trees by 2023) through partnerships with the Malaysian Nature Society (MNS) and Yayasan Hijau Malaysia (YHM).</li> </ul>
EXCELLENCE	We strive to have best-in-class operations and processes to remain relevant, to continue to grow our business and to extend our leadership positions. The brand name of UMW must be synonymous with excellence.	<ul style="list-style-type: none"> <li>Achieved RM161.4 million in cost savings through optimisation and productivity improvements.</li> <li>Implemented Robotic Process Automation at UMW Equipment to eliminate manual processes.</li> <li>Deployed COBOTS at various business units to increase productivity.</li> <li>UMW-KYB named as Honda Malaysia's Best Supplier of the Year.</li> <li>Our Equipment Division is a Diamond-level distributor for Toyota Industries Corp (TICO).</li> <li>Our Aerospace Division was inducted into the Rolls-Royce High Performing Supplier Group.</li> <li>Lubritech, our lubricants JV in China, was awarded high technology status by the Chinese government, which lets us enjoy a lower income tax of 15% compared to 25%.</li> </ul>
SUSTAINABILITY	We adopt a holistic, rigorous and comprehensive approach to sustainability, firmly entrenching sustainability considerations within all our businesses and operations to ensure we are able to deliver long-term and sustainable growth to all our stakeholders.	<ul style="list-style-type: none"> <li>Implemented a new Sustainability Roadmap in 2022 that also charts our journey towards zero carbon emissions by 2050.</li> <li>Strong support for environmental conservation via reforestation, renewable energy (solar) and the development of green products and services now and into the future.</li> <li>Developing our High-Value Manufacturing Park in Serendah to attain Green ratings, while also allocating space for a solar farm project.</li> <li>Ensured our new manufacturing facilities adopted sustainable features, such as water reclamation and solar power.</li> <li>Community-focused initiatives that supported underprivileged communities during the pandemic and natural disasters.</li> </ul>
TEAMWORK	Human capital is key to the Group's success and we are committed to building a shared corporate culture that is engaged and driven to ensure the success of the CREST strategy, while continuing to attract, develop and retain WoWrriors to drive our future prosperity.	<ul style="list-style-type: none"> <li>CREST@2021 programmes to build trust, share knowledge and ensure alignment among all employees.</li> <li>Achieved employee engagement index rating of 83%.</li> <li>Increased our productivity ratio to RM74,000 per employee (2020: RM54,000).</li> <li>Implemented training programmes to upskill and reskill to ensure future-readiness.</li> <li>Focused on talent development through robust succession planning and programmes to develop core competencies and leadership skills.</li> </ul>

ENABLERS

**ATTITUDE**

Cultivating a strong, positive mindset and approach to work is critical to our sustained success.

- In 2021, we held a total of 24 talk sessions under the CREST@2021 Leadership Series, CREST@2021 Speaker Series and Siri Pengisian CREST@2021 to reinforce the attitudes and mindsets required for the CREST@2021 strategy to succeed.

**INNOVATION**

Building new capabilities and promoting creativity while adopting new technologies will enable us to future-proof UMW and the business.

- In 2021, we organised an Innovation Challenge to compel our employees to innovate new products and services, as well as to improve productivity/processes and best practices in the workplace and external relations. Ten finalists were selected, with the winning team going on to present its idea at the PNB Group Innovation Challenge 2021.

**DIGITALISATION**

Leveraging digitalisation and its related technologies will enable us to enhance productivity, add value and create new business models to generate new revenue streams.

- In 2021, the Group continued to push ahead with its digitalisation initiatives, using digital technology to create fit-for-purpose optimisations such as customised Robotic Process Automation and the enhancement of Enterprise Resource Planning for KYB-UMW, as well as the improvement of our CARA app.

**REDEFINING SUSTAINABILITY**

The new, critical shift to redefining sustainability is in alignment with the transformative socio-economic impact of climate change and the commitments of governments and companies worldwide to transition to a net-zero economy. We will develop a high-performing and energised workforce that is motivated to succeed, while ensuring their safety and providing an ecosystem that will enable them to be future ready. In addition, we embed good governance practices and ensure compliance to relevant laws and regulations.

THE WAY WE CREATE VALUE

# MANAGING OUR RISKS

UMW's Enterprise Risk Management (ERM) framework is aligned with the Group's vision and mission and integrates risk management activities into the entire value creation process of the Group. Based on UMW's ERM Framework, Management has identified, assessed, responded to, monitored

DEFINITION AND IMPACT OF THE RISK ON UMW

**PORTFOLIO RISK**

**Definition**  
Risk of concentration of investment in certain divisions where the expected returns are not achieved.

**Impact**

- Over-reliance on Automotive business.
- The Group may suffer significant financial consequences should the Automotive Division face a difficult business environment.

HOW WE MANAGE OR MITIGATE THE RISK

Establishment of the Group's 10-year Strategic Plan, known as CREST@2021. The following were the CREST@2021 initiatives in 2021:

<p><b>Equipment</b></p> <ul style="list-style-type: none"> <li>Securing new distributorships.</li> <li>Establishing sourcing hub.</li> <li>Introducing digitalisation via CARA Sales application.</li> </ul>	<p><b>M&amp;E</b></p> <ul style="list-style-type: none"> <li>Development of biolubricant hydraulics.</li> </ul>
<p><b>Industrial Equipment</b></p> <ul style="list-style-type: none"> <li>Expanding automation business segment (COBOTS, AGV).</li> <li>Total solutions provider, e.g. end-to-end provider for the next generation of solutions.</li> </ul>	<p><b>Aerospace</b></p> <ul style="list-style-type: none"> <li>Application for government grant.</li> <li>Diversification to produce non-aerospace parts.</li> <li>Capability-building in additive manufacturing/chemical milling.</li> </ul>

OUTCOME

Under the CREST@2021 initiatives, the Group targets to achieve a portfolio mix of Automotive (65%), Equipment (20%), Aero (5%) and M&E (10%) and to increase its revenue for Equipment, M&E and Aerospace to RM4 billion, RM2 billion and RM1.5 billion, respectively, by 2030.

**Material Matter**  
Customer, Product and Innovation Excellence

**Strategic Pillars**

THE WAY WE CREATE VALUE

# MANAGING OUR RISKS

and reviewed the risks in line with business objectives and the current operating environment. The Group aims to reduce the risk impacts on our businesses while maximising the benefits and returns from foreseeable opportunities.

DEFINITION AND IMPACT OF THE RISK ON UMW

**CUSTOMER CONCENTRATION RISK**

**Definition**  
Aerospace Division - Risks relating to or arising from total reliance on a single market segment. The COVID-19 pandemic severely impacted the aviation industry and caused a significant fall in industry demand, which impacted the Aerospace Division due to reliance on a single customer.

**Impact**

- The Group may suffer significant financial consequences should the aerospace industry continue to face a downward trend.
- Unsustainable business, which could lead to loss of investment for the Group.
- Insufficient funds to finance business operations.

HOW WE MANAGE OR MITIGATE THE RISK

- Securing a banking facility.
- Initiating a corporate restructuring exercise to normalise the financial position via the issuance of Redeemable Cumulative Preference Shares (RCPS) to settle overdue inter-company accounts.
- Application for government grant.
- Diversification to produce non-aerospace parts.
- Capability-building in additive manufacturing/chemical milling.

OUTCOME

- Secured Domestic Investment Strategic Fund (DISF) grant approval.
- Participated in OEM resourcing plan and engine parts and other new programmes.
- Engagement for localisation of precision parts (e.g. train rolling stock).
- Identification of suitable pilot projects for additive manufacturing/chemical milling.
- Exclusive engagement with Rolls-Royce for Rear Case contract.

**Material Matter**  
Customer, Product and Innovation Excellence

**Strategic Pillars**

**STRATEGIC PILLARS**

CUSTOMER

RELATIONSHIP

EXCELLENCE

SUSTAINABILITY

TEAMWORK

THE WAY WE CREATE VALUE

MANAGING OUR RISKS

DEFINITION AND IMPACT OF THE RISK ON UMW

BUSINESS DISRUPTION DUE TO PANDEMIC/EPIDEMIC

Definition

The outbreak of a pandemic such as COVID-19 exposes the Group to various risks in the business, strategic, operational, financial, supply chain, organisational, technological, regulatory and reputational aspects.

Impact

- Government enforcement of Movement Control Orders (MCO) to control the spread of the outbreak will slow down all economic activity across all sectors, thus impacting all UMW businesses.

HOW WE MANAGE OR MITIGATE THE RISK

- Implementation of COVID-19 Standard Operating Procedures (SOPs) by adopting Majlis Keselamatan Negara (MKN) COVID-19 SOPs.
- Working-From-Home (WFH) arrangements.
- Periodic COVID-19 SOP compliance audits.
- Establishment of Quarantine Centre for foreign workers.
- Encouraging staff to get vaccinated and ensuring that 99% of staff have been fully vaccinated.
- COVID-19 communications via daily emails and "SafeUhub" application.

OUTCOME

- As of 31 December 2021, the statistics of COVID-19 cases in UMW were as follows:

No.	Item	No. of Cases
1	Positive Cases	768
2	Discharged	752
3	Under Treatment	11
4	Deaths	5

- Most operations are still practising split-team arrangements to reduce the risk of infection, which may cause plant shutdowns and closures of showrooms.
- We have managed to operate at an optimal level with no issues of shortage of manpower or low productivity.

Material Matter

Occupational Health and Safety

Strategic Pillars



THE WAY WE CREATE VALUE

MANAGING OUR RISKS

DEFINITION AND IMPACT OF THE RISK ON UMW

PROJECT COMPLETION RISK

Definition

Readiness of Buildings and Infrastructure at Serendah - Risks relating to or arising from issues and conflicts during project implementation that affect project schedules, which may cause delays and cost overruns. The government has introduced several restrictions under the MCO since January 2021, thus affecting the progress of projects.

Impact

- Delay in project deliverables.
- Affects the relocation plan for the Equipment Division.

HOW WE MANAGE OR MITIGATE THE RISK

- Contractors applied for MITI approval to be able to resume work at the site.
- The UMWD Project Team is monitoring the construction closely with consultants to ensure completion of the project within the timeline.

OUTCOME

- Contractors were allowed to resume work in July 2021.
- The current overall completion percentage is 82% vs the planned 80% as of 31 December 2021.

Material Matters

- Energy, Waste and Water Management
- Occupational Health and Safety
- Business Ethics and Governance
- Labour/Management Relations

Strategic Pillars



THE WAY WE CREATE VALUE

MANAGING OUR RISKS

VIABILITY OF INVESTMENT
▼

**Definition**  
Myanmar - Risks relating to or arising from political/market uncertainties or poor management that may result in impairments in value, reductions in business performance or lower-than-anticipated returns on investments.

**Impact**

- Economic activities have been disrupted as the anti-coup protests in Myanmar are still ongoing in major cities.
- Business operations have been disrupted, i.e., minimal sales and aftersales activities.
- Potential security exposure as the main locations of the anti-coup protests are in Yangon and Mandalay. These are the locations of UMW Engineering Services Limited's (UESL) headquarters and branch.
- Due to the Civil Disobedience Movement (CDM), debt collection activities could not be carried out as the staff have been working from home and internet connectivity has been suspended until further notice.
- Increasing forex loss due to the weakening of the currency.

**HOW WE MANAGE OR MITIGATE THE RISK**

- Ensuring adequate insurance policy coverage for all equipment, parts and holding inventory.
- Daily updates of any changes in the political and security situation to Management for necessary review and guidance.
- Policies have been established to prevent employees from engaging in any political activities during office hours and on company premises.
- A Business Continuity Plan (BCP) has been established and implemented.
- WFH SOPs have been established and implemented.
- The Accounts and Marketing Department is monitoring debtors' ageing reports closely and following up with customers on their outstanding payments.
- Rightsizing of manpower.

**OUTCOME**

- Project Rescue was approved by the UMW Board with a two-year timeframe to assess the situation in Myanmar before deciding on further action.
- A rightsizing exercise in all four branches was completed in December 2021 to streamline their cost base and improve profitability.

**Material Matters**

- Sustainable Supply Chain
- Community Investment
- Customer, Product and Innovation Excellence

**Strategic Pillars**

THE WAY WE CREATE VALUE

MANAGING OUR RISKS

CYBERSECURITY RISK
▼

**Definition**  
UMW Group should be able to withstand any cyberattacks by external or internal parties that could lead to disruption of operations, financial losses or damaged reputation.

**Impact**

- Operational disruptions/financial loss due to the compromised systems' unavailability.
- Disclosure of confidential information that 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 that minimises threats to cloud storage as well as UMW computers.
- Antivirus (cloud-based) installed on all computers to block malware or viruses.
- Ransomware protection enabled to prevent unauthorised applications from executing.
- Vulnerability assessments & pen-tests conducted annually.
- IT Security Awareness Campaign conducted for all staff nationwide.
- Deployed mobile security devices.

**OUTCOME**

- Development of the UMW Information Governance & Security Framework.
- Development of the Cyber Security Roadmap for 2022-2025 to further strengthen IT security.
- Development/implementation of the Business Continuity Management programme at all SBUs.

**Material Matters**

- Customer, Product and Innovation Excellence
- Business Ethics and Governance

**Strategic Pillars**



OUR PERFORMANCE

OUR PERFORMANCE

OUR PERFORMANCE

OUR PERFORMANCE



# AUTOMOTIVE



**UMW Toyota** is the sole distributor of Toyota and Lexus models in Malaysia, leveraging our long-standing partnership with Toyota Motor Corporation to assemble and market vehicles that are well-known for their quality and durability.

UMW Toyota also works closely with Toyota Capital Malaysia Sdn Bhd (TCAPM), which focuses on providing customers with innovative financing solutions for UMW Toyota's products.



KEY PERFORMANCE HIGHLIGHTS

**TOYOTA SALES VOLUME**

(Units)

**72,394**



**TOYOTA CAPITAL MANAGED ASSETS**

(RM billion)

**6.3**



Scan here for more information:  
[www.umw.com.my/web/guest/automotive](http://www.umw.com.my/web/guest/automotive)



Scan here for more information:  
[www.toyotacapital.com.my/](http://www.toyotacapital.com.my/)

OUR PERFORMANCE

OUR PERFORMANCE



WORKING TOGETHER TO DELIVER RESULTS

The year 2021 was, without doubt, another challenging year for the Malaysian automotive industry as it dealt with a slightly longer lockdown compared with 2020 due to the resurgence of the pandemic. The expectations of a strong recovery year were quickly dampened by the 11-week lockdown that took place between June and August. From our point of view, however, the lockdown this time around proved to be an ideal time to utilise all that we had learned from 2020's pandemic experience and leverage the strategies we had implemented then to drive growth going forward.

Overall, we were able to put the lessons learned into action and successfully delivered record sales of 72,394 units in 2021, enabling us to reclaim our position as the No. 1 non-national brand. Sales were mostly driven by the ongoing sales tax exemption and the introduction of new facelifts and models, of which the most exciting milestone was the launch of our Corolla Cross Hybrid Electric SUV.

The innovative programmes rolled out by TCAPM also contributed to our stellar results. The JomDrive programme, which targets civil servants, and the EZBeli programme, which offers tiered repayments, accounted for almost 60% of TCAPM's customers in 2021, demonstrating both their popularity and relevance.

In facing the challenges of the pandemic, we believe it was the combined efforts of all stakeholders in planning and coordinating our response that mattered most. As a result, we were able to hit the ground running when operations resumed in August to make up for the time lost due to the lockdown. We were also able to overcome the less-than-optimal manpower situation due to COVID-19 SOPs by fine-tuning our processes and becoming more agile and efficient in our manufacturing processes. The global shortage of semiconductors, meanwhile, was only an issue for us when demand was abnormally high and was a situation that we were able to resolve through good supply chain management and strong support from our principal.

In terms of our digital efforts to drive sales, we saw an encouraging response in 2021, indicating the potential in this area that we will pursue further going forward. TCAPM's EZConnect App also experienced good traction, with more than



21,000 active users since its launch in November 2021. The app enables users to make repayments through it, in addition to many other useful features. Our KINTO vehicle subscription programme, launched in collaboration with TCAPM, also saw an increase in the number of applications, especially from corporations that are increasingly looking to avoid purchasing new vehicles.

Towards the end of the year, Malaysia was hit by massive flooding that inundated parts of the country, including the highly industrialised state of Selangor where our operations are located. In response, we extended a helping hand to affected customers by providing a 25% discount on repair bills, a free towing service and repair cost quotations. In addition, we sent volunteers to help with the clean-up of affected communities and converted our UMW Toyota headquarters in Shah Alam into a flood command centre.

OUR PERFORMANCE

OUR PERFORMANCE

REALISING OUR ASPIRATIONS

The past two (2) years have been a serious test of our resolve and capabilities to continue meeting the needs of our customers while ensuring we stay on course to achieve our long-term aspirations. For UMW Toyota, these efforts have paid off, as we ended the year 2021 on a high note by reclaiming our position as the top non-national automotive brand.

This achievement is particularly meaningful as it is the culmination of strategic efforts that began in 2017. These include the construction of our state-of-the-art Bukit Raja plant, and the transformation from a branch business model to a dealer-centric business model, which has optimised our cost base.

Backed by investments of RM2 billion over four (4) years and the unflinching support of our principal, we have also been actively working to expand the appeal of our brand to younger buyers through enhancements made to our model line-up and a robust marketing strategy. We believe that the strategic shift to a more youthful brand image has been a key factor in our successful return to the top of the non-national segment.

OUTLOOK & PROSPECTS

Looking ahead, we believe there is still room for improvement in the execution of our strategies and we will strive to maintain our position as the top non-national automotive brand. We have also ensured that our longer-term growth momentum will continue as we have in place a deep bench of talent who will be able to seamlessly advance our strategies when they succeed the current leaders.

Operationally, 2022 will be another exciting year for UMW Toyota as we plan to launch a range of exciting models in the coming months. The launch of the Corolla Cross Hybrid Electric SUV will also be complemented by TCAPM's EZBeli+ financing programme, designed specifically for hybrid cars. With the sales tax exemption in effect until June 2022, we anticipate continued strong demand for our cars, and we will remain firmly focused on advancing the growth of hybrid vehicles. For the Corolla Cross, for example, we have planned a production split of 40% hybrid and 60% conventional in 2022.

In aligning with our principal's global strategies, UMW Toyota will also be exploring the value chain business, especially in the context of capturing the opportunities present in the servicing of cars, parts, insurance renewal and sales in the secondary car market. With over a million Toyota cars on the roads in Malaysia, this represents a sizable business opportunity that we can capitalise on.

AWARDS

**Putra Brand Awards 2021**  
The People's Choice (Automotive Category) - **Platinum**  
Hall of Fame - **Platinum for 3 Consecutive Years**

**2021 Carlist.my Car of the Year Award**

**Gold**

- Toyota Camry - D-Segment Sedan
- Toyota Hilux - Pickup Truck
- Toyota Alphard - Premium MPV

**Silver**

- Toyota Vellfire - Premium MPV
- Toyota Innova - MPV
- Toyota Fortuner - 7-Seater SUV
- Toyota Vios - B-Segment Sedan/Hatch
- Toyota Supra - Performance Car

**Bronze**

- Toyota Harrier - Premium SUV
- Toyota Corolla Cross - C-Segment SUV
- Toyota Yaris - B-Segment Sedan/Hatch
- Toyota Corolla - C-Segment Sedan

**DSF.my Vehicle of the Year (VOTY) 2021**  
Toyota Harrier - Luxury SUV of the Year

**WapCar Car of the Year Award 2021**

- Toyota Corolla Cross - Editor's Pick: Ride Comfort Award
- Toyota Yaris - Editor's Pick: Affordable Car of the Year

**2020 Carlist.my Car of the Year Award Gold**

Toyota Alphard - Premium MPV

**Silver**

- Toyota Vellfire - Premium MPV
- Toyota Yaris - Compact Hatch
- Toyota Innova - Mid-Range MPV
- Toyota Vios - Compact Sedan
- Toyota Corolla - Mid-Range Sedan
- Toyota Camry - Executive Sedan
- Toyota Supra - Aspirational Car
- Toyota Hilux - Pickup

**Bronze**

- Toyota C-HR - Crossover
- Toyota Harrier - Premium SUV

OUR PERFORMANCE

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# AUTOMOTIVE



**Perodua**, Malaysia's largest automotive manufacturer, continues to advance the nation's automotive industry and remains deeply committed to producing safe, affordable, practical and fuel-efficient vehicles for all.

The quality and value of our vehicles have enabled us to continue to record strong and consistent performance, resulting in Perodua being the No. 1 car company in terms of sales volume every year for the past 16 years.



KEY PERFORMANCE HIGHLIGHTS

PERODUA SALES VOLUME (Units)

**190,291**



PERODUA PRODUCTION VOLUME (Units)

**193,400**



Scan here for more information:  
[www.umw.com.my/ja/perusahaan-otomobil-kedua-perodua](http://www.umw.com.my/ja/perusahaan-otomobil-kedua-perodua)

OUR PERFORMANCE

OUR PERFORMANCE



A REVIEW OF A CHALLENGING YEAR



Going into 2021, Perodua was on track to achieve our sales target of 240,000 vehicles, fuelled by strong demand as consumers took advantage of the sales tax exemption that had been extended to the end of the year. However, production was derailed following the implementation of the Full Movement Control Order (FMCO) to contain the second wave of the pandemic in Malaysia. The 11-week shutdown of the economy, longer than the nine-week shutdown due to the MCO in 2020, led us to reduce our sales target by 10% to 216,000 vehicles.

While we were certainly impacted, the group that was most affected by the lockdown was our vendors. Dependent on an industry that was then unable to produce a single car, we stepped up to support our vendors by continuing to purchase parts at normal business volumes throughout the lockdown. In addition, we accelerated payments to our vendors, and for our smaller vendors, afforded them a modest temporary upward price adjustment. This support was important for the overall sustainability of the vendor ecosystem as it ensured that the vendors could retain their employees and be fully prepared to assist us when business resumed. During this time, we also focused on fully vaccinating our employees and communities, and obtained approval to set up our own vaccination centre in July 2021.

When operations resumed in the middle of August 2021, we concentrated on catching up on our targets, both in terms of sales and production. This led to Perodua's highest-ever vehicle sales and production in October 2021 with 27,858 vehicles sold and

29,803 units produced. In comparison, the number of vehicles sold in October alone was higher than what we sold in the entire third quarter when we were most affected by the lockdown.

We were fully aware of our capabilities and made the necessary preparations to ramp up production to meet surging demand as consumers continued to take advantage of the tax exemption. We were, however, affected by other production-related challenges in 2021. These included the rise in the price of raw materials such as steel and rare earths due to supply chain disruptions, as well as the global shortage of semiconductors, a critical component in all vehicles. Other than a slight margin compression due to higher raw material costs, which we mitigated to some extent with the support of our vendors and price management strategies, we were also adversely affected by the semiconductor shortage, which limited our ability to fully meet the rise in demand.

Towards the end of the year, we faced another challenge in the form of the massive flooding that hit parts of Malaysia in December 2021, including Shah Alam, Selangor, where many of our vendors operate. The floods impacted many surrounding communities and affected the operations of two of our vendors, which led us to suspend production for a week. We acted swiftly with contingency plans to ensure that production could continue, one of which was supporting our vendors with a team of Perodua personnel to help with the recovery. For flood victims, we offered a 50% discount on spare parts, towing service rebates and free vehicle inspections.

OUR PERFORMANCE

OUR PERFORMANCE

ADVANCING SUSTAINABILITY WITHIN THE AUTOMOTIVE INDUSTRY

Given our position as the top national carmaker, we continue to work closely with the government in advancing standards and regulations in the industry. A key achievement in the year under review was the government's approval and endorsement of the Malaysian Driving Cycle (MDC), the national standard for measuring fuel economy. The MDC will enable car manufacturers who send their cars for the requisite emissions tests to inform consumers that their cars' fuel consumption ratings have been benchmarked for Malaysian roads, terrain and environmental conditions.

Perodua is also keen on contributing to the conversation on hybrid and electric vehicles, especially given the growing urgency among nations around the world to achieve carbon neutrality. We believe that the challenge lies in making these vehicles affordable, and therefore, our strategy will prioritise the infrastructural needs of such vehicles as we embark on this journey. In this context, we will continue to advance our discussions with energy providers like PETRONAS and Tenaga Nasional Berhad to ensure a smooth transition.

OUTLOOK & PROSPECTS

We remain optimistic about our prospects going into 2022 given our strong order book of over 70,000 vehicles as of end-2021. However, with surging demand in light of the upcoming deadline of the sales tax exemption in June 2022, compounded by the shortfall in production in 2021, the downside risk is our ability to make timely delivery of our orders in 2022. While we are fully prepared to take on this challenge, we are also hopeful that the government will extend the sales tax exemption one final time beyond June to enable the industry to make up for the lost capacity in 2021.

With this scenario being the backdrop of our operating environment, we have set our 2022 sales target at 247,800 vehicles, which essentially takes into account the shortfall that we were unable to meet the previous year. Barring further disruptions, we believe this target can be exceeded, especially with the launch of a new model this year, which will further drive up volume.

Looking further ahead, it is crucial that we lay the groundwork for future growth, as we intend to scale up beyond our present size and capabilities. Thus, in 2022, we plan to invest RM1.3 billion of capital expenditure in creating the next line-up of models, further embedding digitalisation in the business and deepening our research and development capabilities. The year 2022 will indeed be important for us as we strive to remain competitive by improving our economies of scale to provide a strong foundation for the eventual transition to affordable hybrid or electric vehicles.

AWARDS

Putra Brand Awards 2021

The People's Choice (Automotive category)

Gold

2021 Carlist.my Car of the Year Award

MPV category

Gold

Perodua Aruz

B-Segment SUV

Bronze

Perodua Ativa

Best Entry Level Sedan/Hatch

Gold

Perodua Myvi

Bronze

Perodua Axia

Newcomer of the Year

Perodua Ativa

OUR PERFORMANCE

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# EQUIPMENT



The Equipment Division comprises the Industrial Equipment and Heavy Equipment segments.

The Industrial Equipment segment specialises in material handling and industrial power products.

The Heavy Equipment segment specialises in equipment for mining, forestry, agriculture, quarry and construction.

Our main products across both segments include some of the world's most recognised names as we seek to enhance our customers' businesses and operations.



Scan here for more information:  
[www.umw.com.my/web/guest/equipment](http://www.umw.com.my/web/guest/equipment)

OUR PERFORMANCE

OUR PERFORMANCE



KEY INITIATIVES IN 2021

In 2021, the Equipment Division remained focused on implementing its business growth, digitalisation and operational efficiency strategies amid a challenging operating environment due to the resurgence of the pandemic. Although both our Industrial and Heavy Equipment segments were impacted by the lockdowns implemented in the countries that we operate in, we were still able to launch new products, penetrate new business sectors and contribute to the Group's sustainability journey. The Heavy Equipment segment, however, was impacted by political uncertainty in Myanmar that severely disrupted operations.



**Industrial Equipment**

The Industrial Equipment segment delivered a significant milestone for the Group in 2021 with the completion and commissioning of a combined heat and power (CHP) plant for a glove manufacturer with a generation capacity of 13 MW. The CHP or cogeneration plant utilises cleaner natural gas as its fuel source and recovers exhaust waste heat to produce hot water, therefore reducing carbon emissions and improving thermal efficiency.

The segment also launched new models to help increase its market share in growth sectors such as warehousing & logistics, food & beverage and manufacturing. These included the new improved BT Reflex REO Series reach truck, the upgraded Toyota engine-powered forklift FDZN/FGZN series and the new Tennant S16 battery ride-on sweeper. In addition, we adapted the business to address the cash flow constraint faced by our customers by offering options such as forklift refurbishments and flexible rental arrangements for our equipment.

The COVID-19 pandemic increased the adoption of automation for industries to remain resilient and efficient. To capitalise on this trend, we offer automated solutions that bring flexibility and productivity to our customers' operations such as collaborative robots (COBOTS), automated guided vehicles (AGVs) and automated storage & retrieval systems (ASRS). To further support our customers, we offer flexible ownership and rental packages to mitigate customers' operational costs. Our CARA app that was launched in 2020 for customers' service and maintenance needs has been upgraded to enable sales processes under our digitalisation initiatives.



**Heavy Equipment**

The Heavy Equipment segment has generally seen a rebound in demand across the countries it operates in. In Malaysia, we leveraged our strong partnership with Komatsu to drive new product launches and help us achieve the No. 2 position in market share. There was strong acceptance from the forestry, palm oil and construction sectors of our PC130-10M0, PC200-10M0 CE and PC135F-10M0 models and we are confident that these models will help uplift our sales and market share going forward. We also introduced the Equipment Deferred Payment Scheme, which requires lower capital outlay, to enable our customers to continue purchasing the equipment they need.

In Papua New Guinea, the expansion and upgrading of highways and the airport outside Port Moresby, coupled with increased activities in the fisheries, agriculture and mining industries, contributed to a large increase in our sales. We also introduced and secured sales for remanufactured HD785 trucks from gold-mining customers who were renewing their hauling fleets.

We have been able to offer strong aftersales support to our customers by leveraging IR4.0 technologies to effectively manage equipment and parts inventory and availability. Komatsu's machine tracking system (KOMTRAX™) has also been particularly effective in helping customers reduce machine downtime and lowering their operating costs.

KEY CHALLENGES IN 2021

With the experience gained from what was an unprecedented operating environment in 2020, the Division was far better prepared to navigate the multitude of events that occurred this year. These included the pandemic, rising competition from lower-priced brands, geopolitics and increasing costs due to supply chain disruptions. Our ability to stay resilient was mainly due to steps we had taken in the previous year, on which we continued to focus during the year. These included our disciplined approach to managing our costs while adapting our business strategies to support our customers during a time of tight cash flows and turning our sales focus to essential sectors that remained open during the lockdowns.

The Heavy Equipment segment was, however, impacted by the ongoing political uncertainty in Myanmar, which was a situation that was beyond our control. We have taken steps to mitigate the impact by not conducting any more transactions with entities identified under the Specially Designated Nationals and Blocked Persons List (SDN) as their assets are blocked. In addition, together with Komatsu, we are conducting monthly systematic Know-Your-Client (KYC) screenings to ensure we do not conduct business transactions with sanctioned companies.

To align ourselves with ESG concerns, we have stopped the sales of new equipment to jade mines since 2016 and have shifted our focus to supporting other industries.

The Industrial Equipment segment, meanwhile, experienced margin pressure as a result of increased costs due to rising raw material prices and supply chain disruptions.

OUR PERFORMANCE

OUR PERFORMANCE

AWARDS & CERTIFICATIONS

- |   |  |
|---|--|
| <p><b>UMW Industries (1985) Sdn Bhd</b><br/>Toyota Material Handling International (TMHI) Award Program - President Award (Gold)<br/>Toyota Material Handling International (TMHI) Award Program - Diamond Club Award</p> | <p><b>UMW Equipment Sdn Bhd</b><br/>Komatsu Facebook Live Sales Pioneer Award<br/>Komatsu CSR Activities Award<br/>Komatsu Best Activity Award</p>       |
| <p><b>UMW Engineering and Equipment Pte. Ltd.</b><br/>Toyota Material Handling International (TMHI) Award Program - Sales Award</p>   | <p><b>UMW (East Malaysia) Sdn Bhd</b><br/>Komatsu Facebook Live Sales Pioneer Award<br/>Komatsu CSR Activities Award<br/>Komatsu Best Activity Award</p> |
| <p><b>UMW Material Handling Shanghai</b><br/>Toyota Material Handling Shanghai (TMHS) Award Program - New Sales Record Award<br/>Toyota Material Handling Shanghai (TMHS) Award Program - Excellent Dealer Award</p>      | <p><b>UMW Engineering Services Limited</b><br/>Komatsu CSR Activities Award</p>  |
|   | <p><b>UMW Niugini Limited</b><br/>Komatsu Certified Full Reman (KCFR) Sales Award<br/>Komatsu Certified Machine Rebuilt (KCMR) Sales Award</p>           |

**ISO 45001: 2018 Occupational Health and Safety Management System**

For five locations: Shah Alam, Bukit Minyak, Johor Bahru, Kuantan & Ipoh

OUTLOOK & PROSPECTS

Going forward, the Division notes the improved business sentiment heading into 2022, and we are quite confident that business performance will be better than in 2021. Greater numbers of people are being vaccinated and returning to work, therefore spurring economic recovery. The effects of the pump-priming initiated by governments around the world and in the region will also help support our business, and we are well positioned to capture these opportunities across both our equipment segments.

In the short term, we will continue to strengthen relationships with our principals, growing the business by adapting to customer needs and capturing new market segments. Over the medium term, the focus will be on contributing to the nation's low-carbon economy transition by offering more green solutions for prime power generation and energy storage with products such as gas gensets and batteries. Further ahead, and with the track record we have established, the Division will be able to undertake the engineering, procurement and construction of power projects. There may also be a need to grow inorganically through acquisitions if we are to meet the aspirations of the CREST@2021 strategy.

OUR PERFORMANCE

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# MANUFACTURING & ENGINEERING

The Manufacturing & Engineering (M&E) Division has businesses in lubricants and automotive parts.

We represent some of the world's most renowned brands, providing a comprehensive and ideal product mix of heavy-duty and high-performance shock absorbers, suspension kits and pumps and a wide range of lubricants, coolants, etc. 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.

Currently, we have established presence in Malaysia, ASEAN and China.



KEY PERFORMANCE HIGHLIGHTS

REVENUE (RM million)

**578.7**

2021 578.7

2020 606.0

PROFIT BEFORE TAX (RM million)

**56.0**

2021 56.0

2020 59.9



Scan here for more information:  
[www.umw.com.my/web/guest/manufacturing-engineering1](http://www.umw.com.my/web/guest/manufacturing-engineering1)

OUR PERFORMANCE

OUR PERFORMANCE



KEY INITIATIVES IN 2021

In the year under review, the M&E Division continued to strengthen its position as a “one-stop centre” for lubricants and automotive parts for our customers. Amid a challenging operating environment, we launched 15 new products that matched evolving market needs, ranging from shock absorbers and automatic transmission fluids to coolants and green products, to ensure that our business remained relevant and competitive.

While our Automotive Parts segment caters to original equipment manufacturers (OEMs), it is the replacement market (REM) that accounts for the majority of our revenue. Nevertheless, we continued to pay close attention to the needs of the OEM market’s lubricant demands, especially with the growing interest in electric and hybrid vehicles, which require different lubricant products.

The Lubricants segment also saw an encouraging response to our Sistem Aplikasi Pengedar (SIAP) application that was launched in July 2021. The SIAP application enables us to share information on promotions, recommendations and product launches with our dealers and distributors, while also enabling them to submit and track orders. The application has onboarded more than 200 users and is expected to grow by 40% annually, which will help us to improve our inventory management and efficiency.

During the year under review, we also made our first foray into online sales by placing our lubricant products on established online shopping platforms such as Shopee and Lazada to further increase our sales.

The M&E Division has also built its green credentials through multiple approaches. For instance, our KYB-UMW plant is in the midst of commissioning a water reclamation plant using special membrane technology that will enable us to recycle wastewater and safely reuse it in our operations. The KYB-UMW plant also completed the installation of solar panels in December 2021 and started generating solar power for its operations from January 2022. In addition, the Division’s innovation efforts resulted in the commercialisation of our battery revival services, which can extend the lifespan of vehicle batteries by up to three (3) years.



KEY CHALLENGES IN 2021

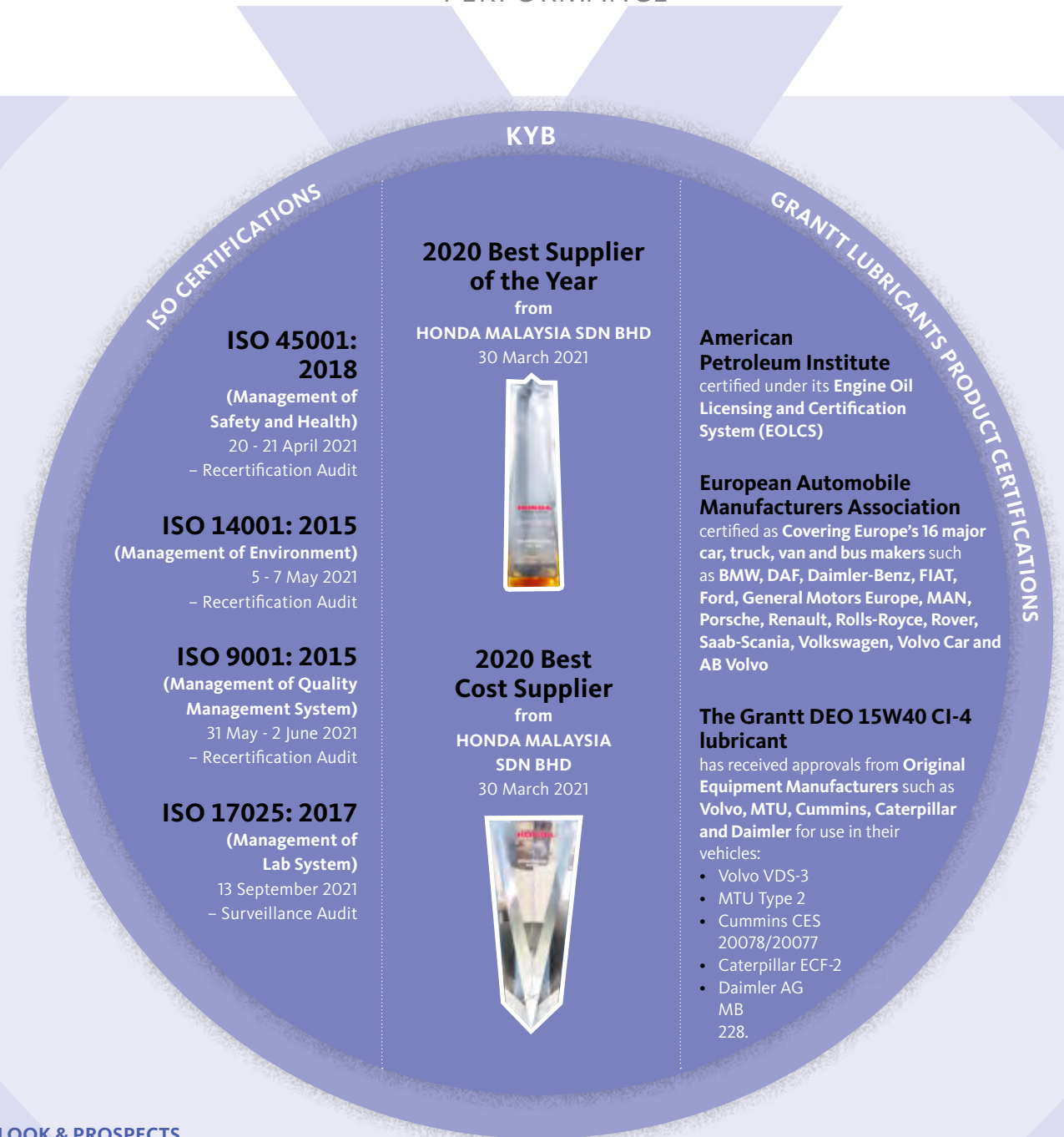
The pandemic continued to impact our business in a number of ways. On top of a halt to plant operations during the reimposition of the FMCO, demand for replacement automotive parts and lubricants also reduced, as vehicles experienced less wear and tear. Compounding our challenges were the supply chain disruptions that led to shortages and subsequent price increases in raw materials, which impacted our cost of production.

In response, the M&E Division implemented a range of cost-saving and cost-optimisation initiatives, including more cost-effective procurement practices and more efficient logistical arrangements. This exercise not only enabled the M&E Division to be more resilient, but also taught us that even with these changes, we could still deliver products to the standards our customers expect. We will continue to improve such practices going forward, even as we begin to exit this extraordinary period.



OUR PERFORMANCE

OUR PERFORMANCE



OUTLOOK & PROSPECTS

In 2022, our modernised KYB-UMW plant will be able to fully deliver the operational efficiencies it is designed for. We are also building a new smart plant for our Lubricants segment, equipped with Industry 4.0 technologies. The new smart plant, scheduled to be operational in 2023, will allow us to increase production capacity by 70%, with improved efficiency and lower operating costs.

In the area of green products, the M&E Division will be introducing palm oil-based biolubricants to the market in the year ahead. As biolubricants generally have higher levels of biodegradability and lower toxicity than their mineral-oil based counterparts, they pose far less risk to the environment in the event of spillage. The Division will continue to invest in automation and cutting-edge technology and explore green products to future-proof its business and create long-term sustainable value for its stakeholders.

With this wide range of products, we also expect to strengthen our position in the overseas markets, mainly in ASEAN and China.



OUR PERFORMANCE

OUR PERFORMANCE

OUR PERFORMANCE

OUR PERFORMANCE



# AEROSPACE



The Aerospace Division is a Tier-1 engine component manufacturer for Rolls-Royce and an active contributor to the growth of Malaysia's aerospace industry.

The Aerospace business was carved out of the Manufacturing & Engineering Division to be its own standalone Strategic Business Unit (SBU) in 2021. The Aerospace segment also contributes to the nation by helping to enhance its aerospace capabilities and capacity, in line with the Aerospace Blueprint 2030, which aims to make Malaysia the ASEAN aerospace hub and will be aided by the high-impact projects announced under the 12<sup>th</sup> Malaysia Plan.



KEY PERFORMANCE HIGHLIGHTS

REVENUE (RM million)

**147.6**



(LOSS)/PROFIT BEFORE TAX (RM million)

**(33.8)**



Scan here for more information:  
[www.umw.com.my/web/guest/aerospace](http://www.umw.com.my/web/guest/aerospace)

OUR PERFORMANCE

OUR PERFORMANCE



KEY INITIATIVES IN 2021



**AEROSPACE**

Following two (2) consecutive years of profits, the Aerospace segment's financial performance declined in 2021, with lower delivery of fan cases, as the impact of global travel restrictions on airlines cascaded across the aerospace ecosystem and supply chain. In 2020, manufacturers of aerospace parts were buoyed by orders locked-in prior to the pandemic. In that same year, cancellations for new commercial aircraft outpaced new orders, leading to lower demand for fan cases in the year under review.

We are of the view that our efforts in ensuring operational excellence and our reputation as a high-performing supplier put us in a strong position to benefit from the expected gradual recovery of the industry in 2022 and beyond.

The Aerospace segment achieved a significant milestone through its induction into the 2021 Cohort of Rolls-Royce's High Performing Supplier Group (HPSG). The HPSG represents the top 5% of all Rolls-Royce suppliers, and we are proud to be the only company in ASEAN to be selected for this honour within the Complex Machining category. The criteria for admission into this select group include quality, cost, delivery and management. By being in the top 5%, we will be afforded more opportunities to engage with top management of Rolls-Royce and will also be prioritised for new projects.

OUR PERFORMANCE

OUR PERFORMANCE

ACHIEVEMENTS

Recognised as a member of Rolls-Royce's High Performance Supplier Group

Recognised as a Top 5% Supplier for R-R in the Complex Machining Category

Achievement of 2,000 Days Without Industrial Accidents (ZERO LTI)

**OUTLOOK AND PROSPECTS**

Going forward, the Aerospace segment will continue delivering its top-quality fan cases to meet the needs of the aviation industry, which will be in a U-shaped recovery during the next two (2) or three (3) years. The Group also remains a strong supporter of Malaysia's aspirations to become the Best Cost Country for the aerospace industry. We will contribute by helping to enhance the capabilities and capacity of the nation, in line with the Aerospace Blueprint 2030, which aims to make Malaysia the ASEAN aerospace hub of the aerospace industry, and as promoted by the high-impact project in the 12<sup>th</sup> Malaysia Plan.

OUR PERFORMANCE

OUR PERFORMANCE

OUR PERFORMANCE

OUR PERFORMANCE



# DEVELOPMENT



UMW Development Sdn Bhd's (**UMW Development**) primary role is to unlock the value in the Group's landbank in Serendah via Malaysia's first High-Value Manufacturing (**HVM**) park.

The development offers investors customised factory spaces for high-technology sectors such as aerospace, automotive, fast-moving consumer goods and other industrial and commercial sectors.



KEY PERFORMANCE HIGHLIGHTS

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

**42.9**



**REVENUE**  
(RM million)

**17.1**



Scan here for more information:  
[www.UMWvmpark.com.my/](http://www.UMWvmpark.com.my/)

OUR PERFORMANCE

OUR PERFORMANCE



FY2021 PERFORMANCE

Despite the disruptions caused by lockdowns due to the resurgence of the pandemic, UMW Development remained focused on unlocking value within the HVM Park, successfully attracting investments of RM42.9 million in 2021. While there have generally been fewer enquiries from investors over the past two (2) years due to the pandemic, we turned our focus to industries experiencing V-shaped recoveries, such as the automotive and construction sectors, to drive our sales.

The HVM Park also reached a significant milestone with the completion of infrastructure work in Precinct 1. Meanwhile, the ongoing construction of the UMW Campus, which will house the Equipment Division's operations by Q42022, has remained on track and will enhance the land value of the development.

The overall priority for UMW Development has been to ensure land readiness through earthworks and basic infrastructure work at Precincts 1, 2 and 3. We have readily available infrastructure such as water, electricity, gas pipelines, telecommunication fibre optics and a sewerage treatment plant, as well as road connectivity between the North-South Highway (PLUS) and the Rawang Bypass Highway. We have also set a new benchmark for industrial development with a Central Park spanning over 50 acres of landscaped gardens with a jogging track and gazebo to facilitate work-life balance.



OUR PERFORMANCE

OUR PERFORMANCE

AWARDS & RECOGNITION

Awarded:  
**GreenRE Bronze Certification under the Non-Residential Building category**

Received by:  
**UMW HVM Park Precinct 1 guardhouse, November 2021**



OUTLOOK & PROSPECTS

Looking ahead, our project team will be focusing on the timely completion of the UMW Campus and all the infrastructure work in the Southern Zone in 2022. Our sales team will continue to target industries experiencing V-shaped recoveries. We will also create an ecosystem for an automotive hub and continue with our strategic marketing efforts to attract local and foreign companies to be part of the development.

As the Southern Zone matures and we attain greater infrastructure readiness within our HVM Park, we will be assessing the most effective and long-term sustainable use of the landbank in the Northern Zone.

OUR PERFORMANCE

OUR PERFORMANCE

SUSTAINABILITY PERFORMANCE

UMW's sustainability performance in 2021 was guided by its new Sustainability Roadmap and the Group's commitment to redefining sustainability. Our new sustainability strategy enabled us to implement various robust sustainability initiatives and programmes to generate long-lasting positive impact for our business growth and our stakeholders.

PLEDGE

**1 100% CARBON NEUTRALITY BY 2050**

Strategic Action Plan	Target Milestones
<ul style="list-style-type: none"> <li>Invest in nature-based solutions for CO<sub>2</sub> sequestration</li> <li>Environmental leadership via sustainable operational excellence</li> </ul>	<ul style="list-style-type: none"> <li>45% CO<sub>2</sub> neutrality (Scope 1 and Scope 2) by 2030</li> <li>100% CO<sub>2</sub> neutrality (Scope 1 and Scope 2) by 2050</li> </ul>

Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> <li>Reforestation</li> <li>Renewable energy</li> </ul>	

Key Highlights:

- 2.40% of energy generated from renewable sources
- 7,907.76 GJ of solar energy generated from Assembly Services Sdn Bhd (ASSB) Bukit Raja
- Launched **UMW Green Shoots Initiative** and planted 10,000 mangrove trees in partnership with the Malaysian Nature Society (MNS) and Yayasan Hijau Malaysia (YHM)
- Reduced GHG emissions intensity by 21% to 0.63 tCO<sub>2</sub>/unit of cars sold
- Installed 1,248 kWp and 1,251 kWp of rooftop solar panels at KYB-UMW and Aerospace division, respectively
- Generated 21,867 m<sup>3</sup> of water from water treatment plant as part of our water recycling initiatives
- Supported the **Toyota Environmental Challenge's five-year action plan** to reduce carbon emissions and waste, optimise the usage of natural resources and establish a future society in harmony with nature

Refer to pages 15 to 27 of our Sustainability Report 2021 for more details

PLEDGE

**2 BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE**

Strategic Action Plan	Target Milestones
<ul style="list-style-type: none"> <li>Foster sustainable culture by supporting and funding employee well-being</li> </ul>	<ul style="list-style-type: none"> <li>100% zero accident rate</li> <li>Scholarship programme to nurture talent</li> <li>25% women's representation in Senior Management roles</li> </ul>

Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> <li>Employee well-being</li> <li>Education</li> <li>Diversity and inclusivity</li> </ul>	

Key Highlights:

- Achieved **more than** the minimum requirement of **30% female directors** on the Board of Directors
- Awarded the **Anugerah Majikan Prihatin (Pengambilan Pekerja Tertinggi) award** for increasing employment opportunities among fresh graduates
- Rolled out **EnergizeUMW** remote therapy helpline and **benefited 342 employees**
- Achieved **45,767 hours of training**, with **7.69 average hours per employee per year**
- Recorded an accident rate of 1.98**, below the targeted maximum rate of 2.53/1,000 employees
- Zero fatalities maintained** across the Group
- 68%** of Malaysian operations **achieved ISO 45001:2018**
- 62.47%** of UMW employees were **members of unions and covered by collective bargaining agreements**

Refer to pages 28 to 46 of our Sustainability Report 2021 for more details

OUR PERFORMANCE

OUR PERFORMANCE

PLEDGE

**3 ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES**

Strategic Action Plan	Target Milestones
<ul style="list-style-type: none"> <li>Focus on value-generating green assets</li> <li>Accelerate innovation for product stewardship</li> </ul>	<ul style="list-style-type: none"> <li>Production of Green Energy</li> <li>Production of Green Products</li> </ul>

Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> <li>Hydrogen value chain</li> <li>Electrification</li> <li>Green products and bioproducts</li> <li>Recycling initiatives</li> </ul>	

Key Highlights:

- Established **innovation labs to develop green solutions** for industries in the area of battery revival, biolubricants and membrane technology
- Signed strategic alliance **with Mitsui & Co, Ltd as well as the Malaysian Green Technology and Climate Change Centre (MGTC)** to promote the hydrogen economy
- UMW Aerospace was inducted into the **2021 cohort of Rolls-Royce's High Performing Supplier Group**, placing the division in the top 5% of Rolls-Royce's global suppliers
- RM2,729.42 million or **53.88% of the Group's procurement budget was spent on goods and services from local suppliers**, who formed 45.10% of the Group's total suppliers
- Revised the Group **Anti-Bribery and Corruption Policy and Group Whistleblowing Policy**
- Established the **three-year Integrity and Governance Unit (IGU) Blueprint 2021-2023**
- Embarked on **ISO 37001:2016 Anti-Bribery Management System (ABMS) certification**

Refer to pages 47 to 59 of our Sustainability Report 2021 for more details

PLEDGE

**4 CREATE A POSITIVE IMPACT AND WELL-BEING OF LOCAL COMMUNITIES**

Strategic Action Plan	Target Milestones
<ul style="list-style-type: none"> <li>Foster sustainable culture by supporting and funding community well-being</li> </ul>	<ul style="list-style-type: none"> <li>1% of PATAMI going to community investments by 2025</li> <li>2% of PATAMI going to community investments by 2030</li> </ul>

Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> <li>Community</li> <li>Education</li> </ul>	

Key Highlights:

- RM4 million** to provide laptops and SIM cards to CERDIK, an initiative by government-linked companies (GLCs) and government-linked investment companies (GLICs) to **provide digital access to about 150,000 underprivileged students** to bridge the digital divide during school closures
- Contributed **RM2.1 million** to victims of natural disasters
- Recorded **1,840 volunteer hours** from 250 UMW Community Champions volunteers
- Contributed to **COVID-19 relief** through partnerships with various stakeholder groups and benefited healthcare frontliners, the B40 community and the vulnerable
- Sponsored **RM50,000 for Yayasan UMP** to establish the UMW Excellent Award
- Rolled out the **Perantisan PenjanaKerjaya Programme 2.0** to upskill and reskill unemployed graduates or school-leavers, which benefited more than 400 participants
- Donated **RM50,000 to the World Wide Fund** for Nature's (WWF) study on the Net Zero Pathway for Malaysia by 2050

Refer to pages 60 to 66 of our Sustainability Report 2021 for more details

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

# BOARD OF DIRECTORS

# BOARD OF DIRECTORS

As At 31 March 2022

**1**  
**TAN SRI DATO' SRI HAMAD KAMA PIAH CHE OTHMAN**  
Group Chairman,  
Non-Independent  
Non-Executive Director

**2**  
**DATO' AHMAD FUAAD KENALI**  
President & Group Chief Executive Officer/Executive Director

**3**  
**TAN SRI HASMAH ABDULLAH**  
Senior Independent  
Non-Executive Director

**4**  
**DATO' ESHAH MEOR SULEIMAN**  
Independent  
Non-Executive Director

**5**  
**DR. VEERINDERJEET SINGH**  
Independent  
Non-Executive Director

**6**  
**RAZALEE AMIN**  
Independent  
Non-Executive Director

**7**  
**DATO' SERI PROF. DR. IR. ZAINI UJANG**  
Independent  
Non-Executive Director

**8**  
**DATO' AZMI MOHD ALI**  
Independent  
Non-Executive Director

**9**  
**DATIN PADUKA KARTINI HJ ABDUL MANAF**  
Non-Independent  
Non-Executive Director

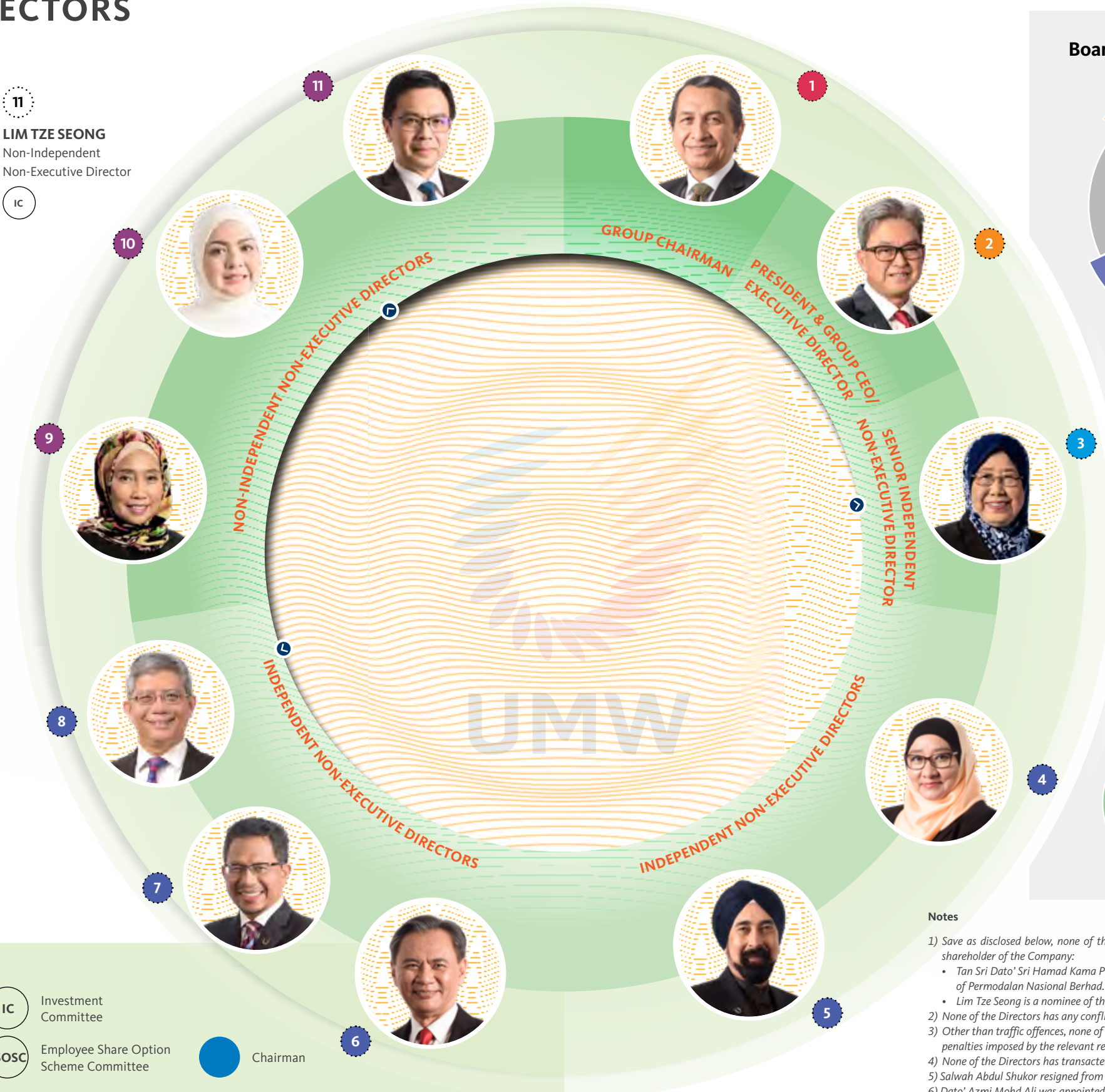
**10**  
**SALWAH ABDUL SHUKOR**  
Non-Independent  
Non-Executive Director

**11**  
**LIM TZE SEONG**  
Non-Independent  
Non-Executive Director

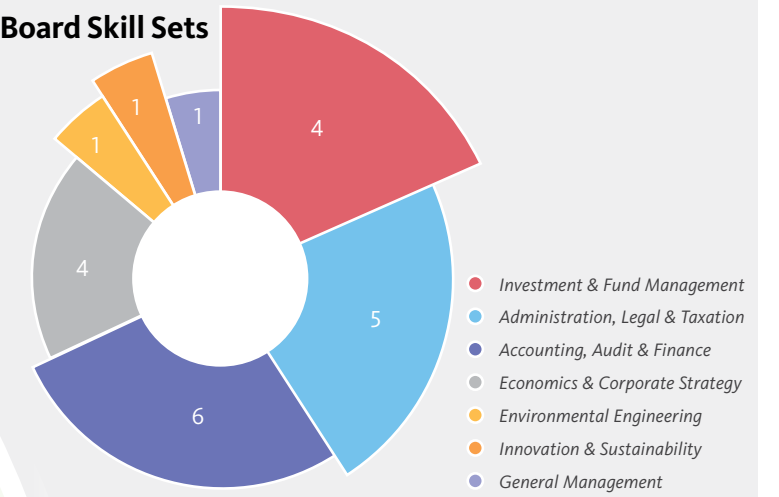
## Committee Membership

<b>AC</b> Audit Committee	<b>NRC</b> Nomination & Remuneration Committee	<b>IC</b> Investment Committee
<b>RMC</b> Risk Management Committee	<b>IWBC</b> Integrity & Whistle Blowing Committee	<b>ESOSC</b> Employee Share Option Scheme Committee

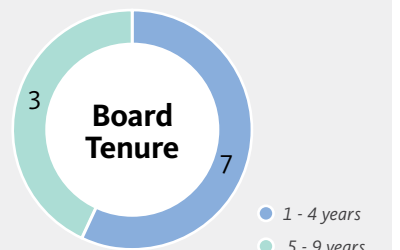
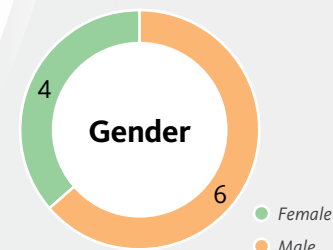
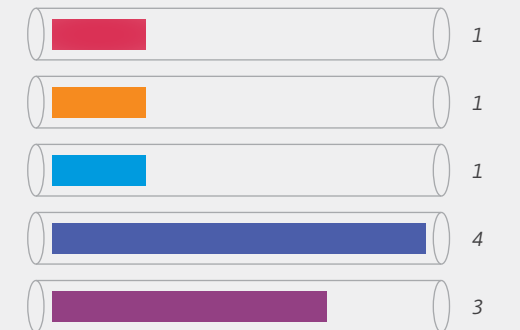
**Chairman**



## Board Skill Sets



## Board Composition



## Notes

- Save as disclosed below, none of the Directors has any family relationship with and is not related to any Director and/or major shareholder of the Company:
  - Tan Sri Dato' Sri Hamad Kama Piah Che Othman, Datin Paduka Kartini Hj Abdul Manaf and Salwah Abdul Shukor are nominees of Permodalan Nasional Berhad.
  - Lim Tze Seong 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.
- Salwah Abdul Shukor resigned from the Board of UMW with effect from 31 March 2022.
- Dato' Azmi Mohd Ali was appointed to the Board as an Independent Non-Executive Director of UMW effective 1 April 2022.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## BOARD OF DIRECTORS' PROFILE



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

Group Chairman,  
Non-Independent Non-Executive Director



70



DATE OF APPOINTMENT:  
1 January 2017

DATE OF LAST RE-ELECTION:  
25 June 2020

LENGTH OF SERVICE (as at 31 March 2022):  
5 years 3 months

BOARD MEETINGS ATTENDED:

14/14

#### AREAS OF EXPERTISE

Investment & Fund Management, Corporate Finance and General Management

#### RELEVANT EXPERIENCE

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 40 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 31 March 2022)

- None

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## BOARD OF DIRECTORS' PROFILE



### DATO' AHMAD FUAAD KENALI

President & Group Chief Executive Officer/  
Executive Director



51



DATE OF APPOINTMENT:  
1 November 2020

DATE OF LAST RE-ELECTION:  
20 May 2021

LENGTH OF SERVICE (as at 31 March 2022):  
1 year 5 months

BOARD MEETINGS ATTENDED:

14/14

#### 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, a post he held 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
- Fellow, Association of Chartered Certified Accountants
- Member, Malaysian Institute of Certified Public Accountants (MICPA)
- Member, Malaysian Institute of Accountants

#### PRESENT APPOINTMENTS

- Council Member, MICPA
- Member, Board of Trustees of Yayasan Universiti Malaysia Pahang

#### PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES

Listed

- None

#### Non-Listed

- None

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

(as at 31 March 2022)

- None

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

BOARD OF DIRECTORS' PROFILE



**AREAS OF EXPERTISE**

Public Administration and Taxation

**RELEVANT EXPERIENCE**

Formerly the Chief Executive Officer and Director-General of the Inland Revenue Board (IRB), she had a distinguished career with IRB spanning over 38 years. At IRB, she led the Malaysian delegation to various international conferences and represented Malaysia on the Management Committee of the Commonwealth Association of Tax Administrators in London from 2007 to 2009. Under her leadership, IRB was awarded the inaugural Prime Minister's Innovation Award in 2009 in recognition of the vast improvements and innovations introduced to the tax-paying public. She was also a Tax Advisor to PricewaterhouseCoopers Taxation Services Sdn Bhd, a Commission Member of the Securities Commission of Malaysia and the Chairperson of the Tax Reform Committee, Malaysia.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Bachelor of Arts (Hons.), University of Malaya
- Senior Management Development Programme, Harvard Business School Alumni Club of Malaysia
- Fellow Member, the Chartered Tax Institute of Malaysia

**PRESENT APPOINTMENTS**

- Member, Board of Trustees of the Malaysian Tax Research Foundation, Malaysia
- Member, Board of Trustees of the Dana Amal Jariah, Malaysia
- Member, Board of Trustees of Yayasan Allammiyyah, Malaysia
- Executive Council Member, Selangor and Federal Territory Association for the Mentally Handicapped
- Member, Board of Trustees of Alzheimer's Disease Foundation Malaysia

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

**Listed**

- Panasonic Manufacturing Malaysia Berhad

**Non-Listed**

- None

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

(as at 31 March 2022)

- None

**TAN SRI HASMAH ABDULLAH**

Senior Independent Non-Executive Director



71

F

DATE OF APPOINTMENT:  
2 September 2013



DATE OF LAST RE-ELECTION:  
20 May 2021

LENGTH OF SERVICE (as at 31 March 2022):  
8 years 7 months

BOARD MEETINGS ATTENDED:



13/14

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

BOARD OF DIRECTORS' PROFILE



**AREAS OF EXPERTISE**

Public Administration and Economics

**RELEVANT EXPERIENCE**

Began her career with 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 in the 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 31 March 2022)

- None

**DATO' ESHAH MEOR SULEIMAN**

Independent Non-Executive Director



67

F

DATE OF APPOINTMENT:  
17 October 2016



DATE OF LAST RE-ELECTION:  
23 May 2019

LENGTH OF SERVICE (as at 31 March 2022):  
5 years 4 months

BOARD MEETINGS ATTENDED:



14/14



OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

BOARD OF DIRECTORS' PROFILE



**DATIN PADUKA KARTINI  
HJ ABDUL MANAF**

Non-Independent  
Non-Executive Director



60

F

DATE OF APPOINTMENT:  
15 June 2017



DATE OF LAST RE-ELECTION:  
20 May 2021

LENGTH OF SERVICE (as at 31 March 2022):  
4 years 9 months

BOARD MEETINGS ATTENDED:



**AREAS OF EXPERTISE**

Investment, Corporate Strategy and Fund Management

**RELEVANT EXPERIENCE**

Formerly the Deputy President of Strategic Investments at Permodalan Nasional Berhad (PNB), she 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, Universiti Malaysia Kelantan
- Director, Lembaga Tabung Haji

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

**Listed**

- None

**Non-Listed**

- None

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

(as at 31 March 2022)

- None

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

BOARD OF DIRECTORS' PROFILE



**DR. VEERINDERJEET  
SINGH**

Independent Non-Executive Director



65

M

DATE OF APPOINTMENT:  
15 June 2017



DATE OF LAST RE-ELECTION:  
25 June 2020

LENGTH OF SERVICE (as at 31 March 2022):  
4 years 9 months

BOARD MEETINGS ATTENDED:



**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. 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 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 (MIA)
- Member, Chartered Tax Institute of Malaysia

**PRESENT APPOINTMENTS**

- President, MICPA
- President, MIA
- Executive Committee Member, International Fiscal Association (Malaysia Branch)
- Board of Trustees, International Bureau of Fiscal Documentation, based in Amsterdam
- Commission on Taxation, International Chamber of Commerce, based in Paris
- Adjunct Professor, Monash University, Malaysia
- Member and Past Chairman, Monash School Industry Board
- Member, Financial Reporting Foundation, Malaysia

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

**Listed**

- None

**Non-Listed**

- Malaysian Rating Corporation Berhad
- AmBank (M) Berhad

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

(as at 31 March 2022)

- 66 shares in UMW Holdings Berhad

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

BOARD OF DIRECTORS' PROFILE



**SALWAH ABDUL SHUKOR**

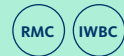
Non-Independent  
Non-Executive Director



53

F

DATE OF APPOINTMENT/RESIGNATION:  
15 June 2017/31 March 2022



DATE OF LAST RE-ELECTION:  
25 June 2020

LENGTH OF SERVICE (as at 31 March 2022):  
4 years 9 months

BOARD MEETINGS ATTENDED:



**AREAS OF EXPERTISE**

Legal and Corporate Finance

**RELEVANT EXPERIENCE**

Began her career with Arthur Andersen & Co, London and is currently a Senior Partner and the Head of Corporate Department and Intellectual Property at Zain & Co, the firm she joined in 1994. She specialises in mergers and acquisitions, initial public offerings and intellectual property advisory. She has been consistently ranked as a leading lawyer by Chambers Global and Asia Pacific Legal 500 in the area of mergers & acquisitions.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Bachelor of Law (LLB) (Hons), University of Bristol, UK
- Diploma in Shariah Law and Practice, International Islamic University Malaysia

**PRESENT APPOINTMENTS**

- Member, Bursa Malaysia Regulatory & Conflicts Committee
- Member, Disciplinary Committee Panel of the Advocates and Solicitors Disciplinary Board, Bar Council Malaysia
- Trustee, Board of Generating Employment for the Learning Disabled (GOLD), Malaysia
- Trustee, Advisory Board of Charity Right, Malaysia

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

**Listed**

- None

**Non-Listed**

- None

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

(as at 31 March 2022)

- None

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

BOARD OF DIRECTORS' PROFILE



**LIM TZE SEONG**

Non-Independent  
Non-Executive Director



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M

DATE OF APPOINTMENT:  
1 January 2018



DATE OF LAST RE-ELECTION:  
20 May 2021

LENGTH OF SERVICE (as at 31 March 2022):  
4 years 3 months

BOARD MEETINGS ATTENDED:



**AREAS OF EXPERTISE**

Investment and Fund Management

**RELEVANT EXPERIENCE**

Currently the Head, International Equity Department of the Employees Provident Fund (EPF), responsible for managing international equity investments through internal portfolio managers. Before assuming his present position in EPF, he held the positions of Manager, Equity Department and Senior Manager, International Equity Department. Prior to joining EPF in 2006, he held senior positions in Malaysia's leading fund management companies from 1997 to 2006 with responsibilities over diverse investment mandates. He also served as an investment analyst in a major investment bank from 1991 to 1997.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Master of Business Administration, University of Wales, UK
- Chartered Institute of Management Accountants, UK

**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 31 March 2022)

- None

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

BOARD OF DIRECTORS' PROFILE



**RAZALEE AMIN**

Independent Non-Executive Director



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M

DATE OF APPOINTMENT:  
1 September 2019



DATE OF LAST RE-ELECTION:  
25 June 2020

LENGTH OF SERVICE (as at 31 March 2022):  
2 year 7 months

BOARD MEETINGS ATTENDED:



**AREAS OF EXPERTISE**

Audit and Corporate Recovery, Banking and Finance

**RELEVANT EXPERIENCE**

He is a licensed auditor and an approved liquidator with more than 44 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**

- Veleso Energy Berhad
- Duopharma Biotech Berhad
- Heitech Padu Berhad

**Non-Listed**

- None

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

(as at 31 March 2022)

- None

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

BOARD OF DIRECTORS' PROFILE



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

Independent Non-Executive Director



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M

DATE OF APPOINTMENT:  
1 November 2019



DATE OF LAST RE-ELECTION:  
25 June 2020

LENGTH OF SERVICE (as at 31 March 2022):  
2 years 5 months

BOARD MEETINGS ATTENDED:



**AREAS OF EXPERTISE**

Environmental Engineering and Management, Innovation and Sustainability

**RELEVANT EXPERIENCE**

He is a professional environmental engineer-cum-scientist, with expertise in river rehabilitation and environmental sustainability in developing countries. His interest in this field led him to collaborate with leading scholars worldwide, particularly in membrane bioreactors, granulation process and membrane biofouling control. 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 2018. He has also registered more than 20 intellectual property rights and published more than 300 technical papers and 46 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 31 March 2022)

- None

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

BOARD OF DIRECTORS' PROFILE



**DATO' AZMI MOHD ALI**

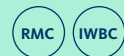
Independent Non-Executive Director



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DATE OF APPOINTMENT:  
**1 APRIL 2022**



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

LENGTH OF SERVICE (as at 31 March 2022):  
**Not Applicable**

BOARD MEETINGS ATTENDED:  
**Not Applicable**

**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 an experienced and 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
- Director of Institute of Corporate Directors Malaysia

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

**Listed**

- S P Setia Berhad
- Sapura Energy Berhad

**Non-Listed**

- Maybank Islamic Berhad
- Worldwide Holdings Berhad

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

- (as at 31 March 2022)
- Not Applicable

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

MANAGEMENT COMMITTEE MEMBERS' PROFILE



**DATO' AHMAD FUAAD KENALI**

President & Group Chief Executive Officer/ Executive Director



**DATE OF APPOINTMENT**

1 November 2020



The profile of Dato' Ahmad Fuaad Kenali is presented on page 75 of this Integrated Annual Report.



**RAVINDRAN KURUSAMY**

President, UMW Toyota Motor Sdn Bhd



**DATE OF APPOINTMENT**

1 January 2017

**RELEVANT EXPERIENCE**

He has served UMW Toyota Motor Sdn Bhd for almost 32 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.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Master in Business Administration, Western International University, USA
- Bachelor of Science in Business Administration (Finance), Northern Arizona University, USA

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

**Listed**

- None

**Non-Listed**

- None

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

- (as at 31 March 2022)
- None

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

MANAGEMENT COMMITTEE MEMBERS' PROFILE



**MEGAT SHAHRUL AZMIR NORDIN**

President, Equipment Division



**DATO' ABDUL RASHID MUSA**

Group Chief Mobility & Innovation Officer/ President, Aerospace Division



**DATE OF APPOINTMENT**  
1 January 2012

**RELEVANT EXPERIENCE**

Began his career as an engineer with the world's largest semiconductor chip manufacturing company and in his previous attachment in a global industrial conglomerate, 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. He has over 29 years of proficiency in strategy and growth, turnaround, business development, manufacturing and management consulting. 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 reengineering and business integration in multiple industries, including automotive, oil & gas, telecommunications, manufacturing and the public sector.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Bachelor of Science in Electrical Engineering, Widener University, USA

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

- Listed**
- None

**Non-Listed**

- None

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

- (as at 31 March 2022)
- None

**DATE OF APPOINTMENT**  
1 January 2019

**RELEVANT EXPERIENCE**

He is no stranger to the automotive industry with over 31 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 new standalone Aerospace Division.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Bachelor of Mechanical Engineering (Hons), University of Malaya

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

- Listed**
- None

**Non-Listed**

- None

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

- (as at 31 March 2022)
- None

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

MANAGEMENT COMMITTEE MEMBERS' PROFILE



**ZAILANI ALI**

Group Chief Human Resources Officer



**FARNIDA NGAH**

Group Chief Financial Officer



**DATE OF APPOINTMENT**  
1 October 2016

**RELEVANT EXPERIENCE**

He has more than 31 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.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Bachelor of Arts (Hons) in Social Science, Universiti Kebangsaan Malaysia
- Certified 360° Coach from Assessment Plus, USA

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

- Listed**
- None

**Non-Listed**

- None

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

- (as at 31 March 2022)
- None

**DATE OF APPOINTMENT**  
9 November 2020

**RELEVANT EXPERIENCE**

Farnida has over 22 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.

She began her career with PricewaterhouseCoopers in 1999 before joining KPMG six 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.

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 instrumental in the restructuring and transformation of MPB Group.

Currently, Farnida also sits on the Board of Universiti Teknikal Malaysia Melaka (UTeM) effective 10 January 2022 and a member of the Interpretations Committee for Malaysian Accounting Standards Board (MASB) effective 1 January 2022.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Bachelor of Commerce (Accounting and Finance), Flinders University of South Australia
- Fellow, CPA Australia
- Fellow, Chartered Accountants Australia and New Zealand
- Fellow, Chartered Institute of Management Accountants
- Member, Malaysian Institute of Accountants
- Member, Malaysian Institute of Certified Public Accountants
- Senior Management Development Programme, Harvard Business School, Alumni Club of Malaysia

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

- Listed**
- None

**Non-Listed**

- None

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

- (as at 31 March 2022)
- None

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

MANAGEMENT COMMITTEE MEMBERS' PROFILE



**MUZAFAR MUNZIR**

Senior Group General Counsel, Group Legal



**DATE OF APPOINTMENT**

1 February 2016

**RELEVANT EXPERIENCE**

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.

**ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIPS**

- Advanced Diploma in Law, Universiti Teknologi MARA, Malaysia
- Diploma in Law, Universiti Teknologi MARA, Malaysia

**PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES**

**Listed**

- None

**Non-Listed**

- None

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

(as at 31 March 2022)

- None

**Notes**

- 1) Save as disclosed, none of the Management Committee members has any family relationship with any Director and/or major shareholder of the Company.
- 2) 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.
- 3) None of the Management Committee members has transacted in any of the Company's securities in the year under review.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Group Chairman



Dear Valued Shareholders,  
I am pleased to present the Group's report on corporate governance for the financial year ended 31 December 2021.

In presenting this report, the Board of Directors (**Board**) of UMW Holdings Berhad and its subsidiaries (**Group**) take cognisance of the importance of good corporate governance and is fully committed to ensuring sustainability of the Group's business and operations by aligning best practices, ethics and business integrity with the strategies and operations of the Group.

My colleagues and I fully support the adoption of best practices in good corporate governance beyond regulatory requirements and strive to discharge our duties to the highest ethical standards and see to it that the principles of transparency, integrity and accountability are instilled in our corporate culture in the UMW Group's pursuit of its vision and objectives. These include among others, ethical conduct, business integrity, commitment to values, delivering sustainable value and managing stakeholders' expectations. The Board also believes these practices are fundamental in strengthening the sustainability of the Group and delivering long-term shareholder value.

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

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

Capital Markets and Services Act 2007

Malaysian Anti-Corruption Commission (Amendment) Act, 2018 (**MACCA**)

Minority Shareholder Watch Group (**MSWG**)

Malaysian Code on Corporate Governance 2021 (**MCCG**)

ASEAN Corporate Governance Scorecard

Tax Governance Guide 2021 by the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Group is fully committed to protecting the interests of all its stakeholders by conforming to good corporate governance practices, including greater transparency and sustainability disclosure. This commitment is translated into a corporate culture that is manifested across the Group, from the Board to the Senior Management and all employees of the Group. This compliance culture fosters the Board and employees alike to embrace professional business ethics and to continuously comply with internal and external requirements.

With the global market conditions expected to remain challenging and the world still grappling with the pandemic, effective corporate governance and robust oversight systems are critical in ensuring that the Group remains agile and resilient in uncertain times, leveraging on our strengths to achieve sustainable growth.

As a testament to the Board's unwavering commitment in upholding the highest level of corporate governance, the Company was recognised by the MSWG in the ASEAN Corporate Governance Awards 2020.

The Company was awarded an Industry Excellence Award, ranking 2<sup>nd</sup> position for category of Consumer Products & Services and an Excellence Award for ASEAN Corporate Governance Scorecard (ACGS), ranking 7<sup>th</sup> position among the Top 100 Companies for CG Disclosure. The Company subsequently bagged a Bronze award in the 35<sup>th</sup> Annual Reports Competition (ARC) International Awards organised by the New York-based MerComms, Inc. in 2021.

The Board firmly believes that the Company has complied fully with all the provisions and best practice guidance of the MCCG except

those detailed in our Corporate Governance Report 2021 (CG Report 2021).

This statement is prepared in compliance with the MMLR of Bursa Securities and it is to be read together with the CG Report 2021 of the Company which is available on the Company's website at [www.umw.com.my](http://www.umw.com.my). This statement should also be read in tandem with the Statement on Risk Management and Internal Control (SORMIC) and the Audit Committee Report (AC Report).

As at 31 December 2021, the Company complied in all material aspects with the principles as set out in the MCCG, with the exception of one (1) departure, namely on Practice 5.2. The Company also adopted all the 48 recommended practices in the MCCG including the five (5) Step Up practices. A summary of the CG practices of UMW as well as the Board's key focus areas and future priorities in relation to the CG practices are described below under each CG principle:

**PRINCIPLE A**  
BOARD LEADERSHIP AND EFFECTIVENESS

See Pages 92 to 99

**PRINCIPLE B**  
EFFECTIVE AUDIT AND RISK MANAGEMENT

See Pages 100 to 102

**PRINCIPLE C**  
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONS WITH STAKEHOLDERS

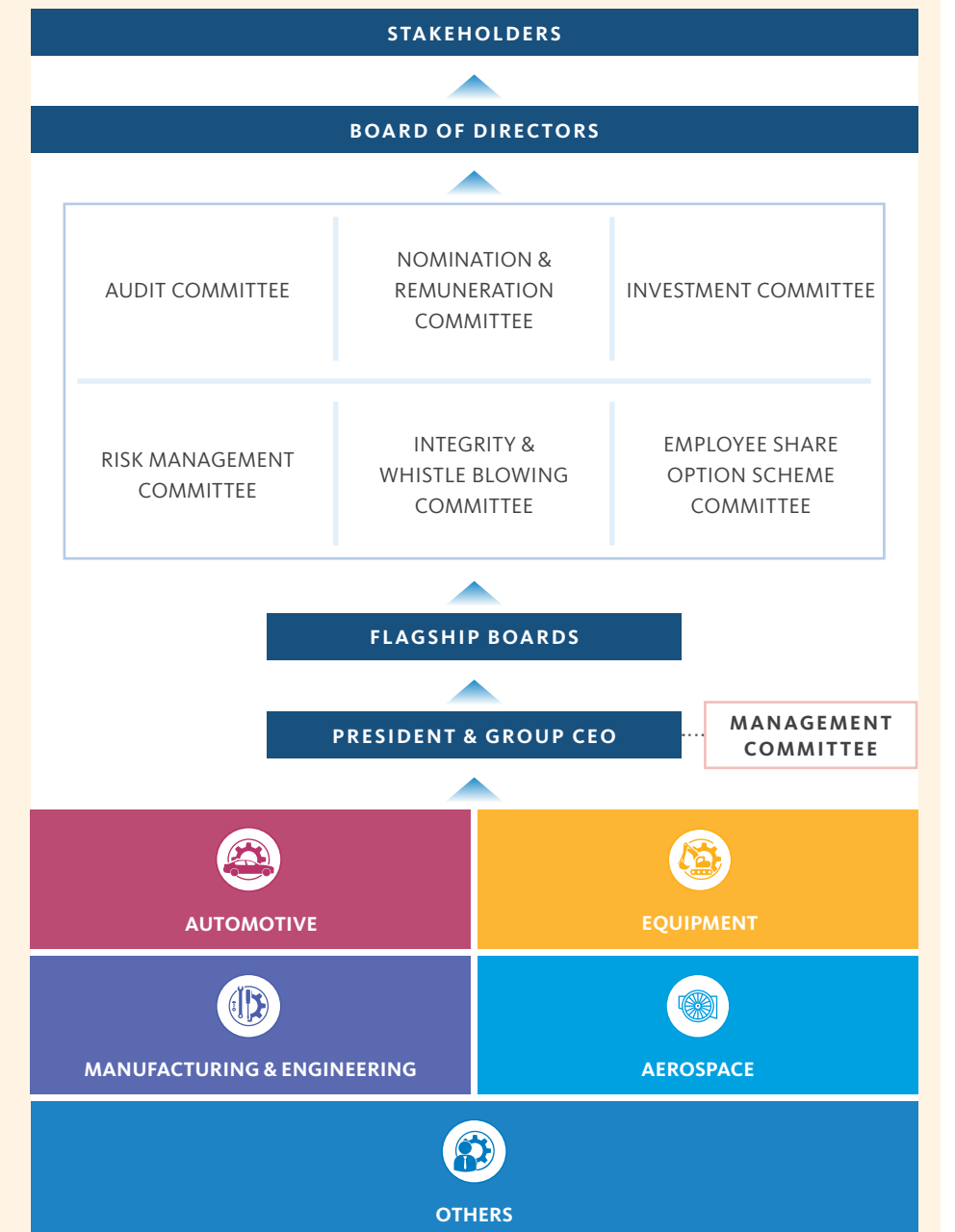
See Pages 103 to 109

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### OUR GOVERNANCE FRAMEWORK

The Group's governance framework is a reflection of the way strategic and operational activities are managed. The governance framework outlines a clear organisational structure with robust internal controls and risk management mechanisms, which promote high standards of governance, integrity, transparency and well-defined roles of the Board, Board Committees, Management, stakeholders, external and internal auditors and other administrative committees. The roles of stakeholders, the Board, the Board Committees and the Management are distinctly different but complementary in attaining the Group's core objectives.



OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

Discharging Board Responsibilities

The Board is responsible for ensuring that the activities of the Group and its various businesses are conducted in compliance with the applicable law, regulatory requirements and rules, good practices, ethically and with appropriate and proper governance and standards. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board and compliance with the MCGG.

The Board is entrusted with the overall governance of the Company, with the responsibility to exercise reasonable and proper care of its resources in the best interests of the shareholders as well as to safeguard the Group's assets.

In discharging its fiduciary and leadership functions, the main roles and responsibilities of the Board are as follows:

- 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 said roles and responsibilities are clearly set out in the Board Charter. The Board Charter is regularly reviewed with the last date of review being 29 November 2021.

In 2021, the Board and Board Committees have discharged their roles and responsibilities in accordance with the terms of reference of the

	BOARD MEETINGS	AGM	AC	NRC	IC	RMC	IWBC	ESOSC
<b>NON-INDEPENDENT NON-EXECUTIVE</b>								
Tan Sri Dato' Sri Hamad Kama Piah Che Othman	14	1/1	-	-	-	-	-	-
Datin Paduka Kartini Hj Abdul Manaf	14	1/1	-	6/6	9/9	-	-	1/1
Salwah Abdul Shukor	14	1/1	-	-	7/9*	2/3	4/4	-
Lim Tze Seong	14	1/1	-	-	9/9	-	-	-
<b>INDEPENDENT NON-EXECUTIVE</b>								
Tan Sri Hasmah Abdullah	13	1/1	6/6	6/6	-	3/3	4/4	1/1
Dato' Eshah Meor Suleiman	14	1/1	-	6/6	-	3/3	4/4	1/1
Dr. Veerinderjeet Singh	13	1/1	6/6	-	9/9	-	-	-
Razalee Amin	14	1/1	6/6	-	-	3/3	4/4	-
Dato' Seri Prof. Dr. Ir. Zaini Ujang	14	1/1	-	6/6	8/9	-	-	1/1
<b>EXECUTIVE/PGCEO</b>								
Dato' Ahmad Fuaad Kenali	14	1/1	6/6*	6/6*	9/9	3/3*	3/3*	1/1
<b>Total meetings in 2021</b>	<b>14</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>3</b>	<b>4</b>	<b>1</b>

Notes:

1. Tan Sri Dato' Sri Hamad Kama Piah Che Othman, the Chairman of the Company is not a member of any Board Committee.

respective Committees. 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 Leadership

The Board practises a clear demarcation of duties between the Group Chairman and the President & Group Chief Executive Officer (PGCEO) to ensure a balance of power and authority in the Board. This segregation ensures an explicit distinction between the Group Chairman's responsibility to manage the Board and the PGCEO's responsibility to manage 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 Director;
- 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 Director.

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 is concerned.

\* Attended as invitee to the meeting.



OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

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 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 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 Director

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.

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

**Tan Sri Hasmah Abdullah**  
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 76 of this Integrated Annual Report.

Board Committees

To facilitate the discharge of the Board's responsibility and oversight role, the Board has established several principal Committees to exercise oversight in specific areas. They are, the Audit Committee (AC), the Nomination & Remuneration Committee (NRC), the Investment Committee (IC), the Risk Management Committee (RMC), the Integrity and Whistle Blowing Committee (IWBC) and the Employee Share Option Scheme Committee (ESOSC), and all of which have specific responsibilities with authority to act on behalf of the Board as mandated in their respective terms of reference (TOR).

The Board and Board Committees meet on a scheduled basis and additional meetings may be called by the Chairman of the Board and Board Committees, when required. The Chairman of each Board Committee apprises the Board on the Committee's recommendations for the Board's consideration and approval.

The Board will continually review the TORs of Board Committees to be in line with the latest provisions and recommended practices set out under essential regulatory requirements, statutory provisions, policies, guidelines and best practices. They will be enhanced and updated periodically to ensure that the Committees are properly guided in their operations, composition and decision-making process.

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Administration

In the discharge of its duties, the Board has direct access to the Senior Management and has unrestricted access to information relating to the Company's business affairs. The Directors also have direct access to the advice and services of the Group Secretary and are regularly updated on new statutory and regulatory requirements relating to their duties and responsibilities as Directors. The Directors whether as a full Board or in their individual capacity, may seek independent professional advice at the Company's expense in furtherance of their duties.

Promoting Good Business Conduct

The Board formalises and maintains a set of code of conduct and/or ethical standards of behaviour expected of all Directors, the Management, employees and/or other parties and together with the Management, implement its policies and procedures which include managing conflicts, preventing the abuse of power, corruption, insider trading and money laundering.

All Directors, including those in the operating subsidiaries within the Group, adhere to the Directors' Code of Ethics (DCE), the Code of Business Conduct and Ethics (CBCE) and the Board Charter, which provide guidance to recognise and deal with ethical issues and help foster a culture of honesty and accountability. Mechanisms to report unethical conducts are encapsulated in the Whistleblowing Policy (WBP).

The DCE is formulated to enhance the standard of corporate governance and corporate behaviour with a view of establishing a standard of ethical conduct for Directors based on acceptable beliefs and values, and to uphold the spirit of social responsibility and accountability in line with legislations, regulations and guidelines governing companies. The principles on which the DCE relies are those that concern transparency, integrity, accountability and corporate social responsibility.

The DCE will be reviewed from time to time to incorporate new regulatory requirements/developments in the framework and practices.

These codes/charters incorporate the Group's position with regard to integrity in conducting business, which emphasises and advances the principles of discipline, good conduct and integrity that are critical to the success and well-being of the Group. They contain detailed policy statements on the standards of behaviour and ethical conduct expected of each individual in the Group. It expressly prohibits improper solicitation, bribery and other corrupt activities by employees, Directors and third parties performing work or services for or on behalf of the Group.

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

Governing Sustainability

UMW's goal is to excel in everything that it does, and to exemplify this excellence as the groundwork to expand and enhance its business. In this regard, UMW recognises the need for business to adopt a holistic approach to business management and to develop in a sustainable manner, by meeting the needs of the present without compromising the ability of future generations to meet their own needs.

We adopt a progressive approach in our sustainability governance by reviewing and strengthening our governance structure from time to time. In 2021, we bolstered our sustainability governance to uphold good corporate governance and maintain our top-down approach to ensure effectiveness in embedding sustainability in our business strategy, management and daily operations.

Our Board continues to have oversight on sustainability direction and matters. The Board is supported by a newly established Management Sustainability Committee (MSC), which replaces the previous Management Level Committees.

Led by UMW's PGCEO, the MSC members comprise subject matter expert, Dato' Seri Prof. Dr. Ir. Zaini Ujang, who also sits on the Board of UMW, and Senior Management. The MSC is accountable for developing the Group's Sustainability Roadmap, reviewing, implementing and overseeing the Roadmap, and monitoring the Roadmap to ensure a coherent and consistent sustainability approach across the Group. The MSC is also responsible for driving the Group's sustainability strategy and direction, including managing climate action and mitigating climate risks. The MSC meets periodically and reports to the Board.

The MSC is supported by the Group Strategy Division, which comprises the Sustainability Secretariat/Unit. The Group Strategy Division is responsible for the Group's Sustainability Report and managing and implementing sustainability strategy and initiatives across the Group. It is supported by the Group's Services Business units and Corporate Divisions, which act as the Drivers of the Sustainability Blueprint. The Group Strategy Division reports to the MSC periodically.

Professional Development

With the ever-changing dynamic environment in which the Group operates, it is important for our NEDs to remain aware of recent and upcoming developments.

In line with Paragraph 15.08 of the MMLR of Bursa Securities, Directors participated in training programmes to further enhance their skills and knowledge that covered areas of corporate governance, finance, global business developments, sustainability reporting and relevant industry updates, details of which are provided in the Practice 2.1 of the CG Report 2021.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

Board Composition and Diversity

The Board promotes and embraces diversity and gender mix in its composition and believes that the presence of diverse ethnicities, nationalities and gender mix on the Board can broaden the Board's perspectives in effectively discharging its duties and responsibilities. While promoting diversity, due recognition to the financial, technical, experience and skill sets of the Director's concern and business imperative should remain a priority.

Details of the Board independence, gender diversity, age and skill-sets are provided in Board of Directors' Profile on pages 74 to 84 of this Integrated Annual Report and in page 46 of Practice 5.10 (Board Diversity Policy) of the CG Report 2021.

Board Appointments, Re-election and Succession Planning

The Group has in place a formal and transparent procedure for the appointment of new Directors to the Board. The policies and procedures for appointment, including re-election and re-appointment, are detailed in the Board Charter.

In line with the MMLR of Bursa Securities and Article 126 of the Company's Constitution, one-third of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company, provided always that all Directors shall retire from office at least once in 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 and shall be eligible for re-election.

The search for INEDs may also be made through engagement of a professional recruitment firm or from recommendations by existing Board members. In its selection of Board candidates, the NRC takes into account the mix of skills, competencies, experience, integrity, personal attributes and time commitment required to effectively discharge his/her role as a director. The Board acknowledges that in a competitive global environment where securing talents is a challenge, more attention is needed in managing human capital development.

Sudden loss of key personnel without an immediate suitable replacement may disrupt the operations of the Group and hinder its future growth.

As Directors, we have a duty to ensure the long-term sustainability of the Group which includes ensuring that we have a steady supply of talent for senior positions and established succession plans for Board changes.

The NRC considers the Group's succession planning on a regular basis to ensure that changes to the Board are proactively planned and coordinated. The length of tenure of our Directors is capped at nine (9) years.

The NRC also monitors the development of the executive team below the Board to ensure that there is a diverse supply of Senior Executives and potential future Board members with appropriate skills and experience. The NRC receives succession management updates from the Group Human Capital Division in accordance with the succession management framework. For this, a Group Talent Council has been established to undertake a comprehensive review and assessment on potential talent and successors and monitoring of the appropriate development programmes to ensure the readiness of identified candidates in assuming critical positions within the Group.

Board Meetings and Attendance

The Board schedules meetings at least quarterly. The Board has a formal schedule of matters reserved at Board meetings which includes corporate plans, annual operational and financial performance reviews, major investments and investment decisions. Additional meetings are held as and when necessary to consider and deliberate specific issues that require expeditious review or consideration in between the scheduled meetings.

Meetings of the Board, Board Committees and AGM for the year under review were scheduled in October 2020 to facilitate the Directors in planning ahead and incorporating the said meetings into their respective schedules as well as ensuring their full attendance at the Board meetings. A pre-Board briefing is held prior to any Board meeting for the Management to provide the Board with insights into the papers that will be deliberated by the Board, when necessary.

The agenda for the Board meeting is drawn up after consultation with the PGCEO and the Group Secretary. Meeting materials are uploaded electronically into digital medium, which allows board papers and other information to be securely uploaded by the Management and remotely accessed by the Directors through dedicated applications in a timely and efficient manner. A comprehensive Board paper encompassing qualitative and quantitative information comprising the objectives, issues implications, risks, appropriate analysis/statistics, recommendations and other pertinent information is prepared to enable the Board to make informed and effective decisions.

The prior review allows the Directors to be advised of any matter and information that will be raised and deliberated at the meeting

to ensure informed decisions are made by the Board as a whole. Relevant members of the Senior Management and external advisers are invited to attend Board meetings and report to the Board on matters under their purview and pertinent to their areas of responsibility, present new proposals or brief on actions implemented pursuant to recommendations made by the Board.

As the Group Chairman, I am responsible for ensuring that the provision of 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. Managing boardroom dynamics is also key by promoting a culture of openness and encourages active participation by the Board, and ensures issues discussed are forward looking and strategic.

Directors are required to make an immediate declaration if they have any interest in transactions to be entered into directly or indirectly with the Company. They must disclose the extent and nature of their interest at a Board meeting or as soon as practicable after they become aware of the conflict of interest. As interested parties, they must also abstain from participating in the deliberation and Board decision on the matter.

The Directors' commitment in discharging their duties and responsibilities is reflected in their attendance at the Board and Board Committee meetings held during the year under review. All Directors complied with the minimum attendance requirement of at least 50% of Board meetings held during the year pursuant to the MMLR of Bursa Securities. The Board is satisfied with the level of commitment given by the Directors in fulfilling their roles and responsibilities.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Effectiveness Evaluation

The annual Board Effectiveness Evaluation (BEE) is an essential process to determine the effectiveness of the Board, its Board Committees, and each individual Director as it allows the Board as a whole to address issues on leadership, core competencies, skills, attributes, delegation of duties and responsibilities, and reviews of existing processes within the Board.

The Board has implemented a process to be carried out by the NRC for assessing the effectiveness of the Board as a whole as well as of each Director, including the Chairman. For 2021, the Group Secretarial and Corporate Governance Division (GSCG) facilitated the conduct of the BEE exercise internally, based on a detailed questionnaire/assessment adopting the latest corporate governance framework and best practices as well as industry norms.

Against this backdrop, KPMG Management & Risk Consulting Sdn Bhd (KPMG) supported in lending their value-added services us in relation to the provision of advice and assistance to GSCG pursuant to their Engagement Letter dated 8 December 2020, when KPMG was appointed as the independent consultant to facilitate the BEE exercise for 2020.

The evaluation process covered a variety of aspects associated with Board effectiveness, including among others, the composition of the Board and Board Committees, the content and running of Board and Committee meetings, Board working relationship, boardroom procedures as well as dissemination of information.

The BEE was carried out via an online system, namely Microsoft Forms. A total of nine (9) Assessment Topics/Questionnaire

forms were developed to assist Directors in carrying out self and peer assessments, giving due regard to the Directors' skill sets and experience, their contributions to the sustainability agenda and incorporating the need for competence, objectivity, and the discharge of their stewardship and fiduciary roles. The questionnaire/assessment forms were the primary mode of gathering insights on the performance of Board, Board Committees, and individual Directors. The forms were rolled out to ten (10) Directors who have served as Board members for the year under the review. Responses were duly received from all Directors and findings were analysed accordingly.

The evaluation also entailed an assessment of each individual Director with a focus on their persona traits. All Independent Directors were also assessed to fulfil the independence markers in ensuring a balanced and unbiased decision-making process at the Board. Completed questionnaires were routed directly to GSCG without any intermediation by the Management. GSCG conducted the response analyses on the quantitative front and supported by KPMG on the qualitative analyses across the themes.

As a culmination to this exercise, GSCG prepared a report on the performance of the Board, the Board Committees, and individual Directors, assessed against other large companies covering a wide cross section of industries. The BEE overall score of 88% is equivalent of the market average score of 88%. Comparatively, the BEE score is slightly higher than the average industrial products and services board, which stands at 86%.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

From the BEE results, three (3) areas of strengths were identified. These “positive highlights” can be clustered into the following three (3) categories:

**Leadership of Board Chairman**

- Exceptionally knowledgeable and provides the leadership drive that can take the organisation to the next level;

**Board skill sets and experience**

- Demonstrates fit and proper elements including a strong degree of reputation and exercise intellectual honesty; and

**Oversight on Governance, Risk and Controls**

- Strong understanding of internal controls, risk and financial reporting and committed to foster a no surprise environment.

The findings of BEE also highlighted the following recommended areas of improvement that the Board may consider:

**Information flow and boardroom administration**

- Involve Board members in agenda-setting by soliciting advanced input and enhance linkage of papers across the different Board Committees and hold joint Board Committee meetings, if needed;

**Functionalities of Board Committees**

- Consider instituting an Environmental, Social and Governance (ESG) dashboard for the monitoring of metrics and key performance indicators for ESG matters; and

**Strategic engagement**

- Enhance the Board’s familiarity with the domain of new economy or business turnaround and conduct a robust visioning session during the strategic retreat.

The findings and results of the overall evaluation of the BEE were summarised and presented to the NRC. The Chairperson 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.

**Remuneration Policy**

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the demands, function, workload, complexities of the Company’s business and responsibilities involved, performance of the Company and skills and experience required but without paying more than is necessary to achieve this goal.

The level of remuneration for the PGCEO is determined by the NRC after giving due consideration to the performance of the UMW Group and achievement of the goals (including quantified organisational targets, key performance indicators and/or personal achievement) set for the PGCEO at the beginning of the year.

The Board ensures that the remuneration and incentives for INEDs are not in conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board meetings.

The Board is also guided by the market and industry practices, business strategy and long-term objective of the Company in determining the amount of compensation to be paid to the PGCEO and other Directors. A review of the Directors’ remuneration is undertaken once every two (2) years.

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

**ACTIVITIES OF THE NOMINATION & 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 Chairman and PGCEO and other Senior Executives. The primary role of its remuneration function is to determine and agree with the Board the executive remuneration policy and approve individual remuneration arrangements for the 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 37<sup>th</sup> AGM held on 23 May 2019. The details of the Directors’ remuneration (both Executive and Non-Executive) for the financial year ended 31 December 2021 can be found under Practice 8.1 and Practice 8.3 of the CG Report 2021. The summary of key activities carried out by the NRC for the financial year ended 31 December 2021 is as follows:

Nomination Function	Remuneration Function	Governance Function
<ul style="list-style-type: none"> <li>• Reviewed and recommended the composition of the Board, the Board Committees and the Board of subsidiaries.</li> <li>• Reviewed the results of the Board Effectiveness Evaluation and made recommendation on the suitability of Directors for re-election at the 39<sup>th</sup> AGM.</li> <li>• Reviewed and recommended the suitability for the appointment and/or promotion of the Senior Management of the Group.</li> <li>• Reviewed and recommended the employment service contract of the Senior Management of the Group.</li> <li>• Reviewed and recommended the new organisational structure for the UMW Group.</li> <li>• Reviewed the composition of Independent Directors of the Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed and recommended the remuneration package for the Senior Management of the Group.</li> <li>• Appraised and recommended the performance of the PGCEO and his direct reports for 2020.</li> <li>• Appraised and recommended the total remuneration package and reward (bonus payout and salary increment) for the Group.</li> <li>• Reviewed and recommended the enhancement to employees’ benefits.</li> <li>• Reviewed and recommended the high-level 2021 Balance Scorecard for the PGCEO and his direct reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed the results of the Board Effectiveness Evaluation exercise of the Board and the Board Committees for 2020 and recommended the improvement plans.</li> <li>• Reviewed the enhancement to the Board Charter.</li> </ul>

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 RMC, the AC and ultimately to the Board.

Audit Committee

The Board has in place an AC that comprises three (3) 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 the President of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants and Member of the Chartered Tax Institute of Malaysia.

Collectively, the AC 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, reappointment 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 caliber 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 2021, 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 (IESBA Code)).

The Group conforms to the requirements of the MIA in ensuring that the Lead Partner of the external auditors is subjected 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 auditor 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, to take effect from 1 January 2022.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 110 to 114 of this Integrated Annual Report.

Risk Management and Internal Control Framework

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

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

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 Management and the AC. These reports assess the impact of control issues and recommend appropriate actions to be taken to strengthen controls.

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.

The Board has disclosed key features of its risk management and internal control systems as well as its adequacy and effectiveness in the SORMIC on pages 115 to 122 of this Integrated Annual Report.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

Integrity And Ethics

All Directors, including those in the operating subsidiaries within the Group, adhere to the Directors' Code of Ethics (DCE), the Code of Business Conduct and Ethics (CBCE) and the Board Charter, which provide guidance to recognise and deal with ethical issues and help foster a culture of honesty and accountability. Mechanisms to report unethical conducts are encapsulated in the Whistleblowing Policy (WBP).

The DCE is formulated to enhance the standard of corporate governance and corporate behaviour with a view of establishing a standard of ethical conduct for Directors based on acceptable beliefs and values, and to uphold the spirit of social responsibility and accountability in line with applicable legislations, regulations and guidelines governing companies. The principles on which the DCE relies are those that concern transparency, integrity, accountability and corporate social responsibility.

The DCE will be reviewed from time to time to incorporate new regulatory requirements/developments in the framework and practices.

These codes/charters incorporate the Group's position with regard to integrity in conducting business, which emphasises and advances the principles of discipline, good conduct and integrity that are critical to the success and well-being of the Group. They contain detailed policy statements on the standards of behaviour and ethical conduct expected of each individual in the Group. It expressly prohibits improper solicitation, bribery and other corrupt activities by employees, Directors and third parties performing work or services 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)

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 & 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.

Corporate Liability

Taking cognisance of the 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 September 2021 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 June 2021, the Group has embarked on the ISO 37001:2016 Anti-Bribery Management Systems (ABMS) Certification for UMW Corporation Sdn Bhd. The ABMS is recommended by the Malaysian Anti-Corruption Commission (MACC) and is aimed to provide guidance in establishing, implementing, maintaining, reviewing, and improving an anti-bribery management system.

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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 Group. Because of this, we want to keep the lines of communication and information open and effective with existing and prospective investors. Through these communications, our aim is to be able to transform passive awareness into active investor interest, investment and support. Engagements with stakeholders also allow us to share the growth strategy for the Group as well as to understand their views on our value drivers. These sessions also provide opportunities for us to address any concerns that they may have on the Group's business operations.

UMW acknowledges the importance of sustainability to stakeholders and started producing the annual Sustainability Report since 2016 which discloses the Group's management of sustainability risks and opportunities in the Economic, Environment and Social (EES). The Company has gone a step further in 2020 by commencing Integrated Reporting. Sustainability in the context of integrated reporting identifies the material sustainability risks and opportunities relevant to the Group and the key stakeholders as well as provides disclosure of how they are integrated into our core corporate strategy.

The Board continues to be open, transparent and effective in our communication with investors even after the emergence of COVID-19 in 2020. The Company recognises the need to relay information in a timely manner and the importance to be proactive in providing the information to reduce any potential speculations. With the availability of various virtual meeting platforms, we were able to engage effectively with our stakeholders even during the times where restrictions were imposed. While we still had physical engagements (only upon request and very minimal), there has been an increase in web and teleconferencing engagements with the investors and analysts.

Conferences and roadshows organised by stockbroking have all been conducted virtually since the start of the pandemic. Engagements with investors, be it through meetings and queries continued as usual albeit in a different format – we find that it is still effective in conveying the necessary information. We were also proactive in disseminating e-mail updates to key investors to keep them in the loop.

There is close and constant communication between our Investor Relations (IR) team and the Sustainability team to ensure effective and precise flow of communication to the investment community. As ESG concerns become more 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 into their equity and/or credit research.

Annual General Meeting (AGM)

The 39<sup>th</sup> Annual General Meeting was conducted on a fully virtual platform via live streaming from Menara UMW on 20 May 2021. The Board, including the Group Chairman and PGCEO, were physically present at the Broadcast Venue together with the Group Secretary, the Group Chief Financial Officer and Senior Management. The other Board members were in attendance virtually via video conferencing.

In line with the best CG practices, the notice of the 39<sup>th</sup> AGM was issued 28 days before the AGM date.

The shareholders, corporate representatives and proxies attended the 39<sup>th</sup> AGM via Remote Participation and Voting (RPV) facilities provided by SS E Solutions Sdn Bhd via the Securities Services e-Portal platform (SS e-Portal) at <https://sshsb.net.my/login.aspx>. The proceedings of the 39<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 39<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 Chairman of the 39<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 39<sup>th</sup> AGM were also made available on UMW's website at [www.umw.com.my](http://www.umw.com.my)

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INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONS WITH STAKEHOLDERS

Stakeholder Engagement

Our long history is built on the trust and support given to us by our key stakeholders. Our stakeholders are the reason for our over 100-year history 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 engagement 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 also 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> <li>Virtual seminars and meetings</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>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>Shared our business performance, strategy and challenges.</li> <li>Discussed impacts of COVID-19 on supply of key products/parts and how to resolve these issues.</li> <li>Complied with all quality and HSE requirements.</li> <li>Engaged with principals with regards to climate change and environmental strategy.</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> <li>As and when</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 to our customers.</li> <li>Key feedback and concerns raised were around COVID-19:                             <ul style="list-style-type: none"> <li>- Lack of physical engagement with customers</li> <li>- Inability/possible delay in fulfilling customers' requests or orders</li> <li>- Customers impacted by pandemic.</li> </ul> </li> <li>We implemented various initiatives via digital marketing, such as online campaigns and rebates, to reinforce sales and attract customers.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Trade unions</li> <li>Newsletters</li> <li>Email blast</li> <li>Town Hall</li> <li>Employee Engagement Survey</li> <li>Online training and workshops</li> <li>Virtual seminars/events</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Weekly</li> <li>Monthly</li> <li>Bimonthly</li> <li>Quarterly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Remote working</li> <li>Operational performance and productivity</li> <li>Health and safety</li> <li>COVID-19 impacts on workforce</li> <li>Mental health and well-being</li> </ul>	<ul style="list-style-type: none"> <li>Continued to ensure our people were safe from the spread of the COVID-19 virus by implementing strict SOPs at the workplace, encouraging vaccination and allowing a work-from-home arrangement.</li> <li>Our Management team conducted regular check-ins and engagements through our internal communication platforms to ensure employees were safe and able to work productively.</li> <li>Ensured existing applications and infrastructure were in place for employees working from home.</li> <li>Organised a series of talks on CREST@2021.</li> <li>Rolled out EnergizeUMW to include a 24/7 remote therapy helpline for employees to cope with mental stress during lockdowns.</li> </ul>

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<b>Shareholders/ Analysts/ Fund Managers</b>	<ul style="list-style-type: none"> <li>Virtual Analysts' briefings</li> <li>One-on-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>Ad-hoc</li> <li>Quarterly</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>25 February</td> <td>4Q20 Results briefing to analysts and fund managers  <ul style="list-style-type: none"> <li>UMW Holdings registers net profit of RM137.4 million for the fourth quarter of 2020; Declares 4.0 sen final dividend</li> </ul> </td> </tr> <tr> <td>20 May</td> <td>UMW Holdings held virtual 39<sup>th</sup> Annual General Meeting</td> </tr> <tr> <td>24 May</td> <td>1Q21 Results briefing to analysts and fund managers  <ul style="list-style-type: none"> <li>UMW Holdings' net profit more than doubled to RM97.3 million in 1Q21</li> </ul> </td> </tr> <tr> <td>26 August</td> <td>2Q21 Results briefing to analysts and fund managers  <ul style="list-style-type: none"> <li>UMW Group recorded sales of 9,512 units in August 2021 following resumption of operations.</li> </ul> </td> </tr> <tr> <td>29 November</td> <td>3Q21 Results briefing to analysts and fund managers  <ul style="list-style-type: none"> <li>UMW Holdings' revenue increased by 17.5% to RM7.4 billion for the first nine months of 2021</li> </ul> </td> </tr> </tbody> </table>	DATE	ACTIVITIES	25 February	4Q20 Results briefing to analysts and fund managers <ul style="list-style-type: none"> <li>UMW Holdings registers net profit of RM137.4 million for the fourth quarter of 2020; Declares 4.0 sen final dividend</li> </ul>	20 May	UMW Holdings held virtual 39 <sup>th</sup> Annual General Meeting	24 May	1Q21 Results briefing to analysts and fund managers <ul style="list-style-type: none"> <li>UMW Holdings' net profit more than doubled to RM97.3 million in 1Q21</li> </ul>	26 August	2Q21 Results briefing to analysts and fund managers <ul style="list-style-type: none"> <li>UMW Group recorded sales of 9,512 units in August 2021 following resumption of operations.</li> </ul>	29 November	3Q21 Results briefing to analysts and fund managers <ul style="list-style-type: none"> <li>UMW Holdings' revenue increased by 17.5% to RM7.4 billion for the first nine months of 2021</li> </ul>	<ul style="list-style-type: none"> <li>Business strategy and direction</li> <li>Financial/economic performance amidst COVID-19</li> <li>Sustainability of earnings in light of the COVID-19 pandemic</li> <li>Plans to achieve CREST@2021</li> <li>The challenges in the automotive industry in Malaysia</li> <li>Market outlook performance</li> </ul>	<ul style="list-style-type: none"> <li>The Group is taking a two-pronged approach to mitigate the impact of COVID-19 by ensuring sufficient revenue support and undertaking cost reduction and optimisation initiatives.</li> <li>The Group is focused on remaining competitive and generating returns for our shareholders</li> <li>Introduction of new models, offering innovative financing packages, expansion of sales network</li> </ul> <p>On 15 October 2021, the Group had obtained the consent of both of its Senior Sukukholders and Perpetual Sukukholders to change the rating agency to MARC Ratings Berhad (MARC). Reason for the change was mainly attributed to MARC, after conducting its credit assessment independently, assigned a higher long-term rating to UMW's both RM2.0 billion Islamic Medium-Term Notes Programme (Senior Sukuk Programme) and RM2.0 billion Perpetual Sukuk Programme (Perpetual Sukuk Programme). Subsequently, MARC has published its rating report and assigned a rating of AA+ to UMW's Senior Sukuk Programme, and a rating of AA- to Perpetual Sukuk Programme. All ratings carry a stable outlook. The assigned ratings have mainly incorporated UMW's steady and sizeable market share in the domestic automotive sales that have continued to provide strong revenue generation, and strong balance sheet that is characterised by a low to moderate leverage position. The long-term rating assigned by MARC also incorporated a one-notch uplift for parental support from Permodalan Nasional Berhad (PNB).</p> <p><b>Financial Calendar</b></p> <table border="1"> <thead> <tr> <th>DATE</th> <th>ACTIVITIES</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>2021</b></td> </tr> <tr> <td>25 February</td> <td>1) Quarterly report on consolidated results for the financial period ended 31 December 2020 2) Declaration of a final dividend of 4.0 sen per share for the financial year ended 31 December 2020 3) Notice of Book Closure for the final dividend of 4.0 sen per share for the financial year ended 31 December 2020</td> </tr> <tr> <td>20 April</td> <td>Notice of the 39<sup>th</sup> Annual General Meeting and Integrated Annual Report 2019 together with the Circular to Shareholders</td> </tr> <tr> <td>30 April</td> <td>Payment of the final dividend of 4.0 sen per share for the financial year ended 31 December 2020</td> </tr> <tr> <td>20 May</td> <td>39<sup>th</sup> Annual General Meeting</td> </tr> <tr> <td>24 May</td> <td>Quarterly report on consolidated results for the financial period ended 31 March 2021</td> </tr> <tr> <td>26 August</td> <td>Quarterly report on consolidated results for the financial period ended 30 June 2021</td> </tr> <tr> <td>29 November</td> <td>Quarterly report on consolidated results for the financial period ended 30 September 2021</td> </tr> <tr> <td colspan="2"><b>2022</b></td> </tr> <tr> <td>25 February</td> <td>1) Quarterly report on consolidated results for the financial period ended 31 December 2021 2) Declaration of a final dividend of 5.8 sen per share for the financial year ended 31 December 2021 3) Notice of Book Closure for the final dividend of 5.8 sen per share for the financial year ended 31 December 2021</td> </tr> </tbody> </table>	DATE	ACTIVITIES	<b>2021</b>		25 February	1) Quarterly report on consolidated results for the financial period ended 31 December 2020 2) Declaration of a final dividend of 4.0 sen per share for the financial year ended 31 December 2020 3) Notice of Book Closure for the final dividend of 4.0 sen per share for the financial year ended 31 December 2020	20 April	Notice of the 39 <sup>th</sup> Annual General Meeting and Integrated Annual Report 2019 together with the Circular to Shareholders	30 April	Payment of the final dividend of 4.0 sen per share for the financial year ended 31 December 2020	20 May	39 <sup>th</sup> Annual General Meeting	24 May	Quarterly report on consolidated results for the financial period ended 31 March 2021	26 August	Quarterly report on consolidated results for the financial period ended 30 June 2021	29 November	Quarterly report on consolidated results for the financial period ended 30 September 2021	<b>2022</b>		25 February	1) Quarterly report on consolidated results for the financial period ended 31 December 2021 2) Declaration of a final dividend of 5.8 sen per share for the financial year ended 31 December 2021 3) Notice of Book Closure for the final dividend of 5.8 sen per share for the financial year ended 31 December 2021
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<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Supplier briefings (virtual and physical)</li> <li>Vendor Development Programme</li> <li>Other engagements with suppliers, e.g., 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>	<p>COVID-19 navigation:</p> <ul style="list-style-type: none"> <li>Communicated UMW's Standard Operating Procedures and safety measures to suppliers</li> <li>Provided suppliers with personal protective equipment and vaccination</li> <li>Discussed and shared industry trends and challenges</li> <li>Complied with all quality and HSE requirements</li> </ul>																																		
<b>Regulators/ Authorities</b>	<ul style="list-style-type: none"> <li>Regular updates and communications (emails, phone-calls 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> </ul>	<ul style="list-style-type: none"> <li>Complied with all regulations, especially with regards to COVID-19, and provided information on our COVID-19 safety protocols for the workplace</li> <li>Took a proactive approach by engaging with regulators on the impact of the pandemic and provided suggestions on how the industry could operate safely</li> <li>All statutory payments due under the relevant legislations are remitted correctly, on a timely basis, for income taxes, withholding taxes, custom duties, sales and services tax, real property gains taxes, stamp duties, employee provident fund, social security organisation, human resource development fund and all other relevant contributions. The Ensuring monthly, quarterly, semi-annual and annual submissions including those that are required as and when by the regulators, are done in orderly manner. The AC has oversight on these statutory submissions and payments.</li> </ul>																																		
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Volunteer programmes</li> <li>Events</li> </ul>	Ad-hoc	<ul style="list-style-type: none"> <li>Corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Due to the pandemic, the Group was unable to conduct many of our CSR programmes and events. However, the Group continued to identify areas where it can assist communities</li> <li>In 2020, the Group contributed cash, food and PPE to targeted communities such as the underprivileged and healthcare frontliners</li> <li>In 2021, UMW had paid RM8.5 million business zakat to approved zakat councils and managed our own zakat wakalah programme (self-distribution) to directly benefit thousands of eligible zakat recipients (asnaf group) using a proportion of that zakat paid.</li> <li>Various programmes that benefit the local communities/society, such as: <ul style="list-style-type: none"> <li>Scholarship Programme</li> <li>Management Trainee Programme</li> <li>Perantisan Programme</li> <li>Finance Leadership Development Programme</li> </ul> </li> </ul>																																		

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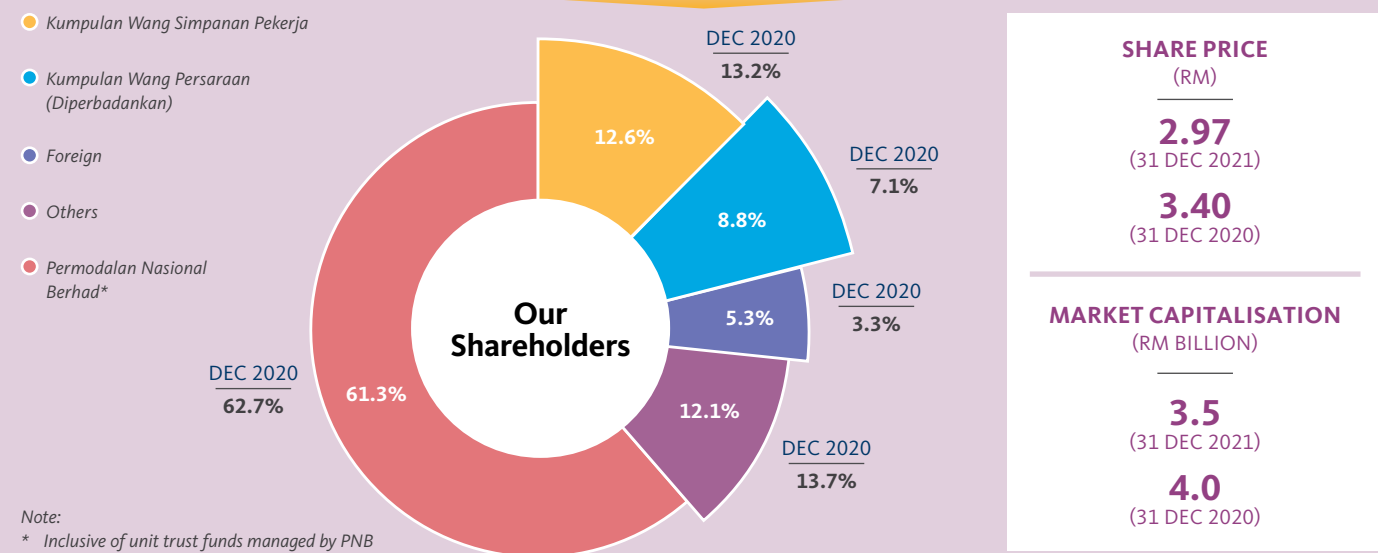
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONS WITH STAKEHOLDERS

Key Stakeholder Groups	Channels of Engagement	Frequency of Engagement	Engagement Topics	Our Broad Management Response and Outcomes
Media	<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> <li>Periodic interviews by Senior Management to share developments within the Group</li> </ul>	<ul style="list-style-type: none"> <li>Business performance, strategy and direction</li> <li>National/community projects and partnerships</li> <li>Product information</li> </ul>	<ul style="list-style-type: none"> <li>Provided information via press releases and interviews on the Group's performance and activities</li> </ul>

RESEARCH COVERAGE

Affin Hwang Investment Bank Berhad	Kenanga Investment Bank Berhad
AllianceDBS Research Sdn Bhd	Macquarie Capital Securities (Malaysia) Sdn Bhd
AmInvestment Bank 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	UBS Securities Malaysia Sdn Bhd
JF Apex Securities Berhad	UOB Kay Hian Securities (M) Sdn Bhd
KAF Equities Sdn Bhd	

SHAREHOLDING STRUCTURE AS AT 31 DECEMBER 2021



SHARE PRICE (RM)

**2.97**  
(31 DEC 2021)

**3.40**  
(31 DEC 2020)

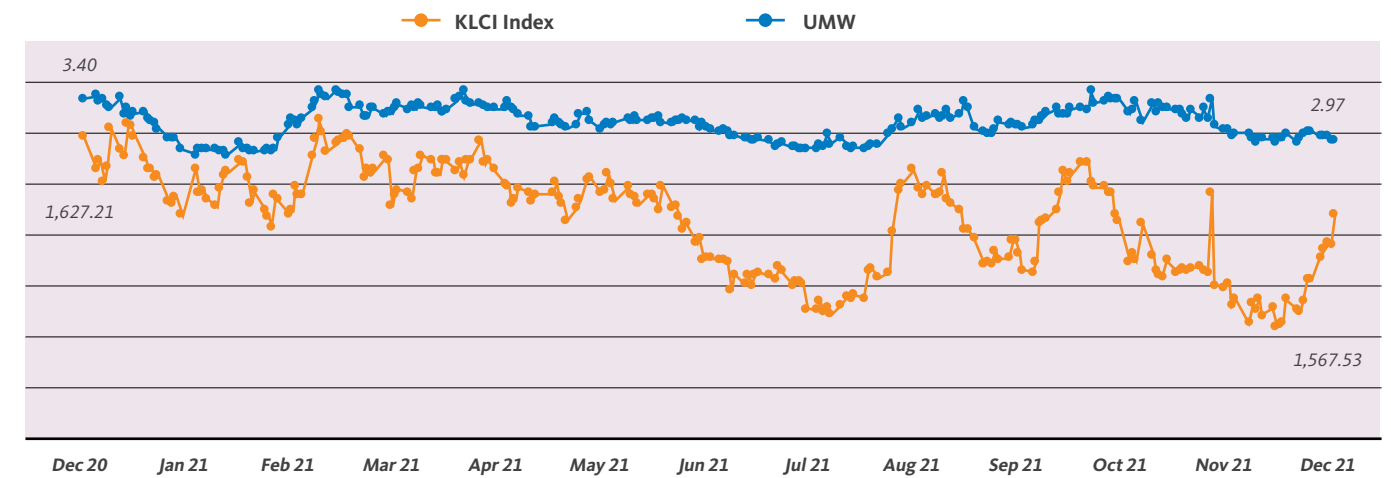
MARKET CAPITALISATION (RM BILLION)

**3.5**  
(31 DEC 2021)

**4.0**  
(31 DEC 2020)

2021 SHARE PRICE MOVEMENT

	31-Dec-20	31-Dec-21	Change	% Change
KLCI Index	1,627.21	1,567.53	(59.68)	(3.7)
UMW	3.40	2.97	(0.43)	(12.7)



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 2022.

CORPORATE WEBSITE

The Group's website, [www.umw.com.my](http://www.umw.com.my) has a dedicated investor relations section which includes our annual reports, results presentations (which are made to analysts and investors at the time of the interim and full year results) and our financial calendar for the upcoming year.



OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

# AUDIT COMMITTEE REPORT



**Dr. Veerinderjeet Singh**  
Chairman of Audit Committee

**Members**

- Tan Sri Hasmah Abdullah
- Razalee Amin

The Audit Committee (AC) comprises three (3) members, all of whom are Independent Non-Executive Directors, with Dr. Veerinderjeet Singh as the Chairman and Tan Sri Hasmah Abdullah and Razalee Amin 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).

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 76, 79 and 82 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 Malaysian Code on Corporate Governance 2021 (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 2021, the AC members had undergone a comprehensive assessment as part of the Board Effectiveness Evaluation (BEE) to assess 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 2021.

The Board and the Nomination & Remuneration Committee (NRC) were briefed on the outcome of the BEE 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 and internal control.

**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 2021 are set out under Practice 2.1 of the CG Report 2021.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

# AUDIT COMMITTEE REPORT

**MEETINGS AND ATTENDANCE**

The AC had six (6) meetings during the financial year ended 31 December 2021 (FY2021). The attendance of the AC members are as follows:

Members	Membership	Appointment	Attendance	Percentage
Dr Veerinderjeet Singh	Chairman/Independent Non-Executive Director	15 June 2017 (Member) 1 September 2019 (redesignated as Chairman)	6/6	100
Tan Sri Hasmah Abdullah	Member/Independent Non-Executive Director	24 September 2013	6/6	100
Razalee Amin	Member/Independent Non-Executive Director	1 September 2019	6/6	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 FY2021.

The Group Chief Financial Officer 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, which is available on UMW's website. 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 2021, 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 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.

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 limited review on the Company's quarterly financial statements for the financial year under review, in accordance with the International Standard on Review Engagement 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 Group Secretary is the Secretary of the AC and played an important role in organising and providing assistance at the AC meetings. The Group Secretary also presented to the AC on a quarterly basis, reports on recurrent related party transactions (RRPT) entered into by 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 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.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## AUDIT COMMITTEE REPORT

The minutes of each meeting of the AC were recorded and tabled for confirmation at the following AC meeting and are kept by the 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 FY2021:

FINANCIAL REPORTING	<p><b>Reviewed and discussed:</b></p> <ul style="list-style-type: none"> <li>Impact to the Group on changes to accounting policies and standards.</li> <li>The Group's financial and foreign currency exposure.</li> <li>Group-wide cost saving initiatives.</li> </ul> <p><b>Reviewed and recommended to the Board:</b></p> <ul style="list-style-type: none"> <li>Quarterly financial results, announcements to Bursa Securities and press releases.</li> <li>Consolidated Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2020 (FY2020).</li> <li>Dividend payment for the financial year.</li> <li>Issuance of Letters of Financial Support to subsidiaries of the Company.</li> </ul>
EXTERNAL AND INTERNAL AUDIT	<p><b>EXTERNAL AUDIT</b></p> <p><b>Reviewed and discussed:</b></p> <ul style="list-style-type: none"> <li>External Auditors' Audit Planning Memorandum outlining their scope of work for FY2021.</li> <li>External auditors' report on the status of FY2020 audit for the UMW Group.</li> <li>Status of annual audit reports and the management letter on issues raised by the external auditors.</li> <li>Audit fees for the external auditors for FY2021.</li> <li>Update on the non-audit services performed by external auditors and its member's firm.</li> </ul> <p><b>Reviewed and highlighted to the Board:</b></p> <ul style="list-style-type: none"> <li>Areas of concern raised by external auditors via private sessions between the AC members and external auditors without the presence of the Management.</li> </ul> <p><b>Reviewed and recommended to the Board:</b></p> <ul style="list-style-type: none"> <li>Results on external auditors' performance and independence evaluation for recommendation on their re-appointment.</li> </ul> <p><b>INTERNAL AUDIT</b></p> <p><b>Reviewed and discussed:</b></p> <ul style="list-style-type: none"> <li>GIAD's Audit Plan, Business Plan and Budget for the financial year 2021.</li> <li>Status of GIAD's Audit Plan and Management Action Plans.</li> <li>Audit, Special Review and Consultancy &amp; Advisory Reports prepared by GIAD.</li> <li>GIAD's activities, which include, among others, audit fieldwork and report updates, manpower headcount and turnover rate, training, operating expenses and quality assurance improvement programmes.</li> <li>Recommendations made by GIAD and the adequacy of the Management's response to the audit findings and recommendations.</li> <li>2020 performance review and 2021 Balance Scorecard for GIAD.</li> </ul>

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## AUDIT COMMITTEE REPORT

RELATED PARTY TRANSACTIONS	<p><b>Reviewed and discussed:</b></p> <ul style="list-style-type: none"> <li>RRPT entered into by the UMW Group with related parties in accordance with the shareholders' mandate obtained, including other RRPT outside the shareholders' mandate.</li> </ul> <p><b>Reviewed and recommended to the Board:</b></p> <ul style="list-style-type: none"> <li>Circular to Shareholders relating to renewal of shareholders' mandate for existing RRPT of a revenue or trading nature and new mandate for additional RRPT.</li> </ul>
INTERNAL CONTROLS	<p><b>Reviewed and discussed:</b></p> <ul style="list-style-type: none"> <li>Enhancement to the Internal Audit Charter.</li> <li>Establishment of External Auditors Policy and Group Tax Governance Framework.</li> <li>Update on corporate governance, statutory and regulatory requirements, compliance with accounting standards and other business guidelines.</li> <li>Update on tax compliance status for the UMW Group of Companies.</li> </ul> <p><b>Reviewed and recommended to the Board:</b></p> <ul style="list-style-type: none"> <li>Enhancement to the UMW Group Terms of Reference of the AC.</li> <li>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.</li> <li>Enhancements to the UMW Group's practices in compliance with all laws, rules and regulations, directives and guidelines imposed by relevant regulatory bodies.</li> </ul>
OTHER ACTIVITIES	<p><b>Reviewed and discussed:</b></p> <ul style="list-style-type: none"> <li>MAM reports.</li> <li>Action plans in relation to the special audit review on certain companies within the UMW Group.</li> <li>Proposals on write-off of receivables by companies within the UMW Group.</li> </ul> <p><b>Reviewed and recommended to the Board:</b></p> <ul style="list-style-type: none"> <li>Results of the AC Evaluation and AC Members' Self and Peer Evaluation for FY2020.</li> <li>Enhancement to the UMW Group's Financial Limit of Authority Guidelines.</li> <li>Zakat payment by the Company for FY2020.</li> <li>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.</li> <li>Ad-hoc and special assignments requested by the Board.</li> </ul>

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## AUDIT COMMITTEE REPORT

### 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 2021 Audit Plan approved by the AC on 20 November 2020. 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 remains 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 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 FY2021, the total cost incurred by the GIAD in discharging its internal audit function was RM4.369 million compared with RM4.794 million in FY2020. The Group's internal audit function was carried out solely by the GIAD and no areas of internal audit function were outsourced in FY2021.

For the period under review, following the resignation of Encik Zainal Akbar Sk Md Abdul Kader, Puan Wan Aishah Idris Muhamad Idris was appointed as the new Head of the GIAD in September 2021, who reported functionally to the AC and administratively to the PGCEO. The GIAD is currently manned by 20 internal auditors, the majority of whom have the relevant qualifications and work experience with diverse background. The GIAD's internal auditors are encouraged to continuously enhance their knowledge, skills and competencies through relevant professional audit certifications, seminars, courses and on-the-job training.

This AC Report is made in accordance with the resolution of the Board dated 30 March 2022.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## 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 2021 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. The oversight of these critical areas is carried out by the Risk Management Committee (**RMC**) 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

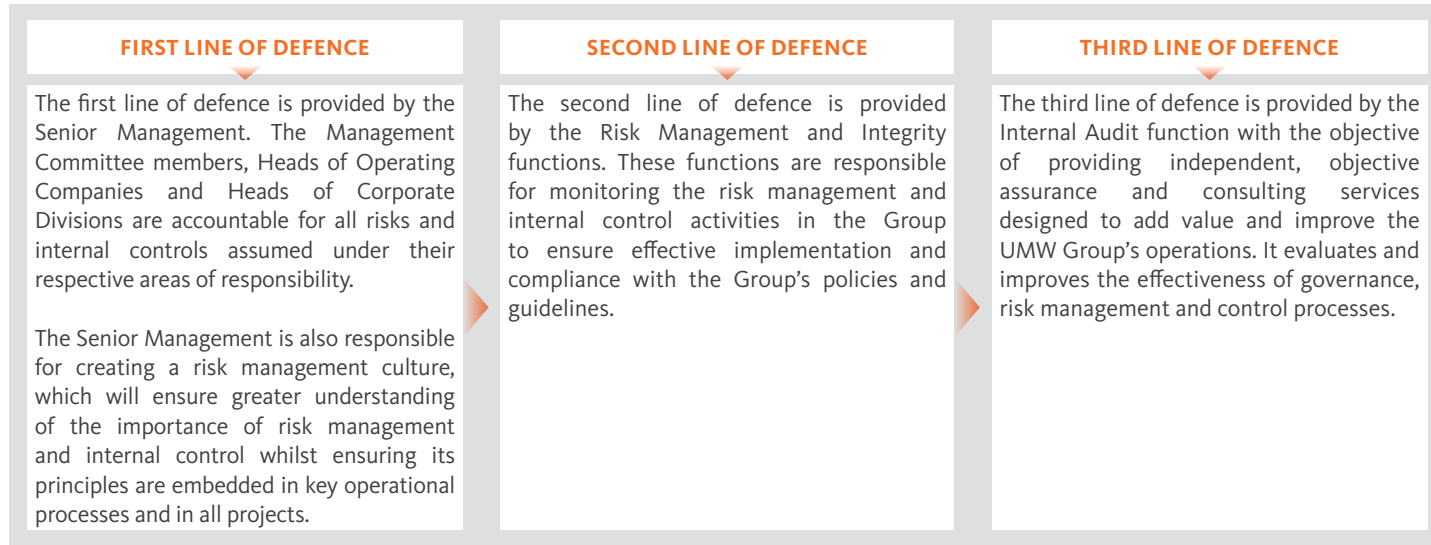
The Group has Risk Management & Internal Control Systems in place for managing risks and internal controls affecting its business operations. The maintenance of the Risk Management & Internal Control Systems is undertaken by the Management. Regular reports on risks identified and actions taken to mitigate 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 RMC and the AC and ultimately to the Board.

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



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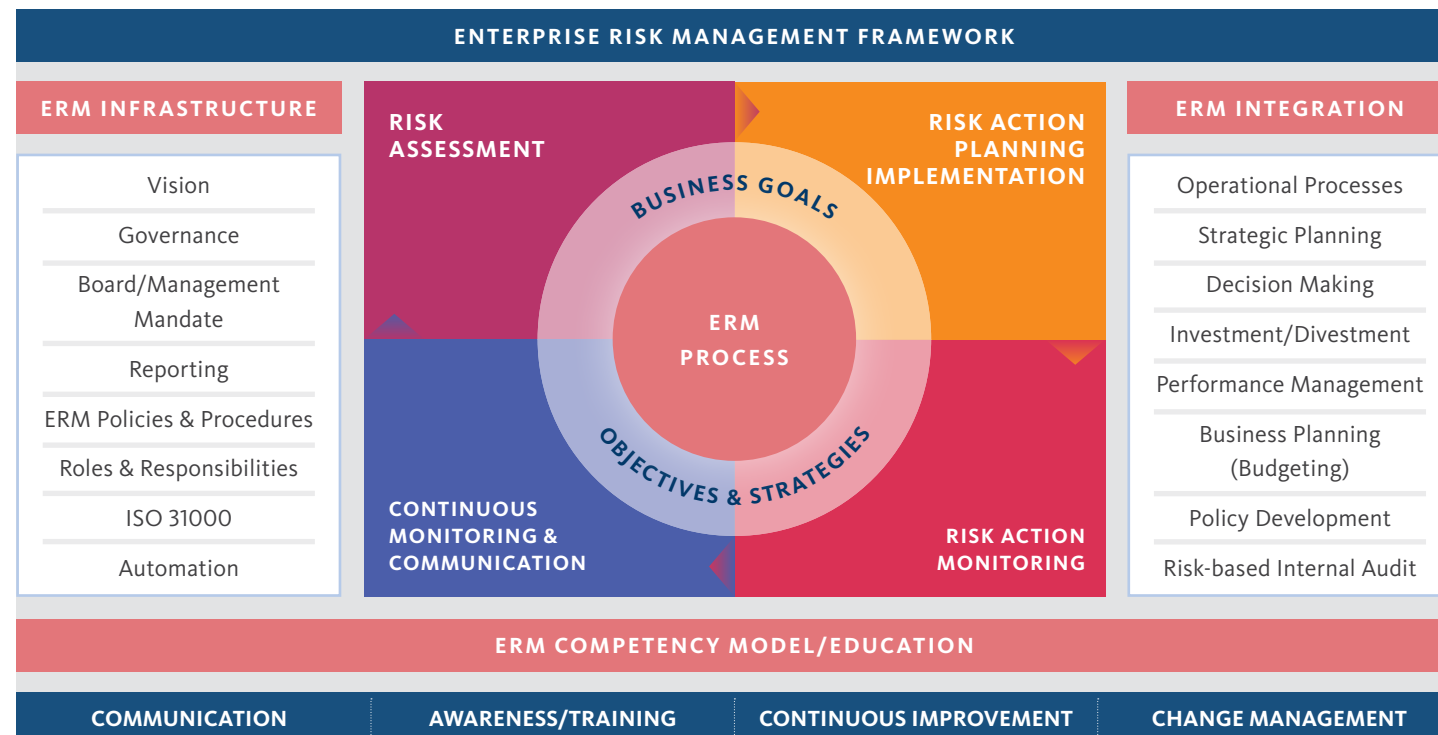
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



RISK MANAGEMENT

The Group has established an Enterprise Risk Management (ERM) Framework 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.

It outlines the ERM methodology which is in line with the Principles and Guidelines of ISO31000: Risk Management, mainly promoting the risk ownership and continuous monitoring of key risks identified. The Group's ERM Framework is summarised as follows:



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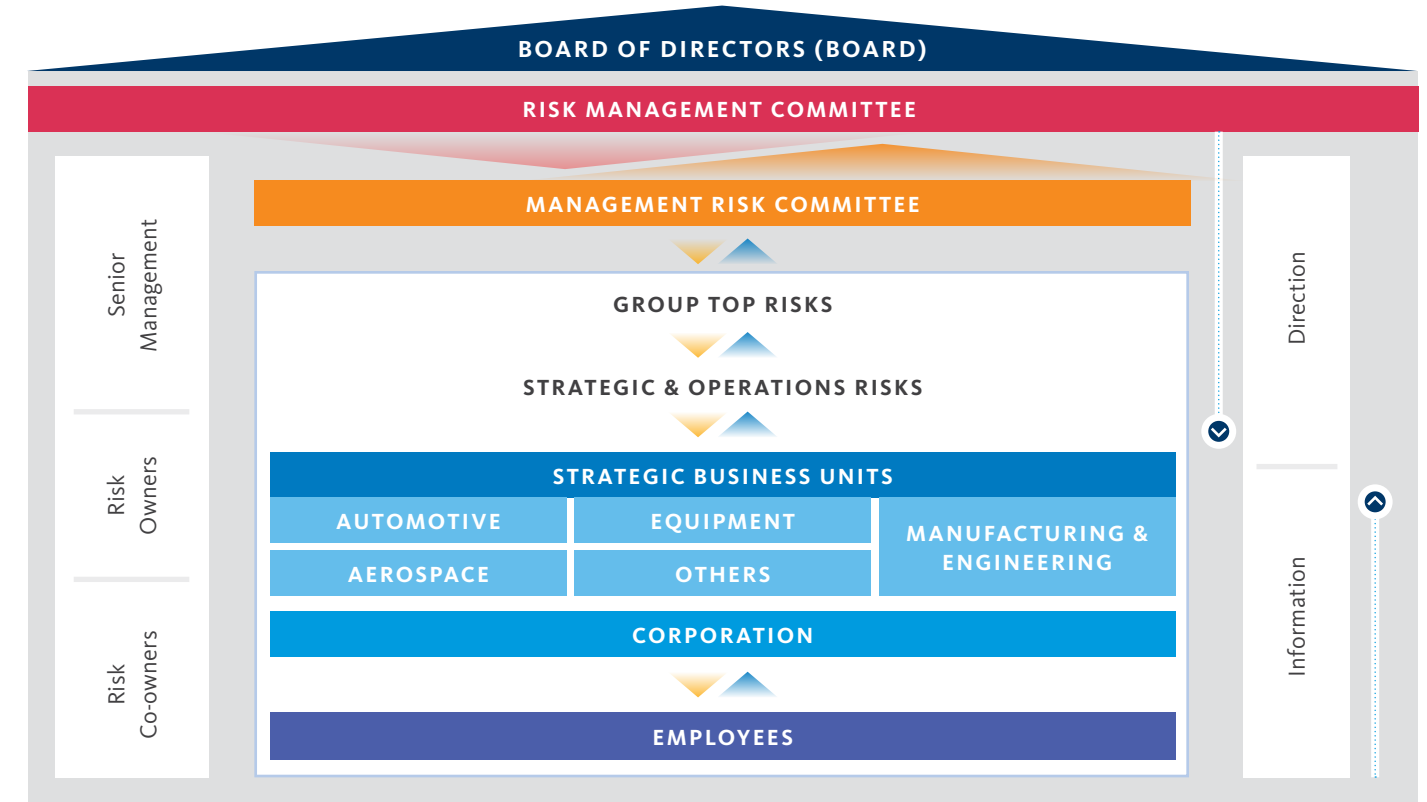
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(a) Risk Management Oversight

The oversight role of risk management is carried out by the RMC and the Board. The mandate and commitment from the RMC and the Board are the key drivers to the effective implementation of the ERM programmes. The RMC and the Board set the strategic direction for risk roles, responsibilities, and risk reporting structures. The periodic reporting to both the RMC and the Board on risk management activities undertaken by the Management via the MRC, keeps the RMC 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 RMC assumes the oversight and strategic role for the ERM. In addition to the reporting requirements to the RMC 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.

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 RMC and the Board.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### (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 (SBUs) 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 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 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 external events that calls for significant change.
- **Operational risks** are inherent in the ongoing activities within the different SBUs of the Group. Typically, some of the risks cover foreign exchange, compliance, competency, technology, etc., whereby the Management needs ongoing assurance that 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, risk action plans (RAPs). During the year under review, these reports were presented to and deliberated by the MRC three (3) times and by the RMC three (3) 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 twenty (20) assessments/workshops across the Group.
- Refinement of the risk depository system for purposes of risk tracking and monitoring.
- Rolled out a Business Continuity Management (BCM) programme for the SBUs.

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In 2021, the Business Continuity Office (BCO) team continued to provide awareness and education programmes in which twelve (12) awareness sessions, thirty-one (31) workshops and two (2) training sessions were conducted for the appointed Crisis Execution Teams (CETs) and Business Continuity Leaders (BCLs).

To date, the BCO team has implemented BCM Programmes in 26 Operating Companies/Branches/Divisions/Departments including UMW Corporation Sdn Bhd (UMWC), culminating in the creation of a total of ninety-three (93) Business Impact Analysis (BIA) and ninety-three (93) Business Continuity Plans (BCP). The BCO team had also conducted three (3) Crisis Simulation testing (Tabletop Exercise) and five (5) Crisis Simulation Games (Cyber Hacking) for UMWC, Manufacturing & Engineering and Equipment Divisions. Other tests such as Message Blast and Call Tree were also conducted to ensure familiarity to respond to a range of threats.

The BCO continued to be a Corporate Partner with The Business Continuity Institute of UK (BCI) for the second 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 RMC, 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 are available in the Corporate Governance Report at [www.umw.com.my](http://www.umw.com.my).

### (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 consists of Senior Management headed by the PGCEO.

In 2021, the Management Committee met 17 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

A Management Audit Meeting (MAM) is established as a substitute to the Management Audit Committee (MAC) effective 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 actions 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 actions plans.

Composition and quorum of MAM shall be as follows:

- PGCEO (Chairman);
- Head of Group Internal Audit Division or his/her representative(s).

And by invitation;

- President/Head of Company/Division and/or representative (Auditee)

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

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Follow-up reports are 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, 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 Disruption, Cyber Security and Disaster Recovery are reported to the Board through the MRC and the RMC.

Key IT projects are now 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.

**(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 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, which include recommendations to improve controls, the Management's response and agreed action plans and timeline are issued to the AC and the Management. The implementation of the agreed action plans is monitored by GIAD.

The MAMs are held on a quarterly basis to 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 2021, the Group Integrity Unit (GIU) has been renamed Integrity & Governance Unit (IGU). The IGU had developed the 3-Year IGU Blueprint (2021-2023) as the roadmap towards "Sustainable Bribery and Corruption Free" organisation. In June 2021, the Management has embarked on the Anti-Bribery Management Systems (ABMS) ISO 37001 Certification for UMW Corporation Sdn. Bhd.

A total of 42 Integrity Governance Representatives (IGR) were appointed from various departments and divisions to assist the IGU in the ABMS implementation as well as other integrity initiatives and activities. The IGR were trained on the ABMS related training to enhance their competencies in institutionalising integrity which includes awareness, understanding and implementation of ABMS, and Corruption Risk Assessment.

In September 2021, the Board has approved the revised UMW Group Anti-Bribery & Corruption Policy (ABCP) and the revised UMW Group Whistleblowing Policy as part of the UMW Group's strategy to strengthen the governance, integrity, and anti-corruption controls. These Policies were communicated to employees via email, webinar and website. The Anti-Bribery Policy Statement has been placed in various strategic locations within the UMW Group's premises to demonstrate its commitment in combating bribery and corruption.

The IGU has also established the UMW Group Raid Protocol which was approved by the Management on 29 September 2021. The Protocol will serve as a guide to protect the interest of the UMW Group in the event of a raid by the government or regulatory agencies.

The IGU has introduced an e-learning and e-declaration on Conflict of Interest which were implemented in June 2021. This was made compulsory to all employees as part of creating awareness and ensuring that all UMW employees observe and uphold high integrity in all their business dealings.

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In addition to the current due diligence practices, e-Sistem Tapisan Keutuhan (eSTK) has been implemented to perform background check on prospective employees by utilising the free service provided by the Malaysia Anti-Corruption Commission (MACC).

**(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.

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 measures 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.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Management and the AC. These reports assess the impact of control issues and recommend appropriate actions to be taken to strengthen controls. The 2021 Internal Audit Plan covered all key local and overseas businesses within the UMW Group. The areas reviewed include thematic reviews on impact of COVID-19, cyber security and asset management, as well as operational reviews on key areas such as sales, procurement, inventory, 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 2021, the Management had resolved 94% of the agreed actions 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 2021 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, Messrs. Ernst & Young PLT, 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.

Messrs. Ernst & Young PLT 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 Paragraph 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 2022.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

## 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 2021 by the Company's external auditors or their affiliates is disclosed in Note 29 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 2021, or entered into since the end of the previous financial year ended 31 December 2020, 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 (**PMSB**) 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 PMSB, 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 2021.

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

ADDITIONAL COMPLIANCE INFORMATION

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the 39<sup>th</sup> AGM of the Company held on 20 May 2021, 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 2021 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> )	<p>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>).</p> <p>UMW Toyota has 100% equity interest in Assembly Services Sdn Bhd (<b>ASSB</b>).</p> <p>Denso International Asia Pte Ltd, Singapore (<b>DIA</b>) has 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 23.98% equity interest.</p> <p>TMC has indirect interest in Daihatsu Perodua Engine Manufacturing Sdn Bhd (<b>DPEM</b>), via its wholly-owned subsidiary, Daihatsu Motor Co Ltd, Japan (<b>DMC</b>). DMC in turn, has 51% equity interest in DPEM.</p> <p>DPEM is a 18.62%-owned associated company of UMW Automotive Sdn Bhd, which is in turn a wholly-owned subsidiary of UMW.</p>	<ul style="list-style-type: none"> <li>Purchase of vehicle parts by UMW Toyota from Denso.</li> </ul>	409,119
		<ul style="list-style-type: none"> <li>Purchase of vehicle parts by ASSB from Denso.</li> </ul>	137,200
		<ul style="list-style-type: none"> <li>Purchase of engines by ASSB from DPEM.</li> </ul>	196,355
TMC	<p>TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.</p> <p>UMW Toyota has 100% equity interest in ASSB.</p> <p>UMW Toyota has 10% equity interest in JTEKT Automotive (Malaysia) Sdn Bhd (<b>JAMSB</b>).</p> <p>TMC has 22.5% equity interest in JTEKT Corporation, Japan, which in turn has 90% equity interest in JAMSB.</p>	<ul style="list-style-type: none"> <li>Purchase of vehicle spare parts/local parts by UMW Toyota from JAMSB.</li> </ul>	106,668
		<ul style="list-style-type: none"> <li>Purchase of vehicle parts by ASSB from JAMSB.</li> </ul>	52,961

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

ADDITIONAL COMPLIANCE INFORMATION

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
TMC	<p>TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.</p> <p>UMW Toyota has 100% equity interest in ASSB.</p> <p>TMC has indirect interest in Toyota Boshoku UMW Sdn Bhd (<b>TBU</b>), vide its 39% equity interest in UMW Toyota and 39.66% 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.</p> <p>TMC has 21.69% equity interest in Toyota Tsusho Corporation, Japan (<b>TTC</b>).</p> <p>TTC has 70% equity interest in Toyota Tsusho (Malaysia) Sdn Bhd (<b>TTM</b>).</p>	<ul style="list-style-type: none"> <li>Sale of completed vehicle seats, local vehicle original equipment (OE) parts by TBU to ASSB.</li> </ul>	244,932
		<ul style="list-style-type: none"> <li>Purchase of fabric and CKD seat components by TBU from TTM.</li> </ul>	101,035
TTC	<p>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.</p> <p>UMW Toyota has 100% equity interest in ASSB.</p> <p>TMC has 21.69% equity interest in TTC.</p> <p>TTC has 70% equity interest in TTM.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>Sale of vehicles and parts by UMW Toyota to UMW Toyotsu.</li> </ul>	151,958
		<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 TTM/TTC.</li> </ul>	4,095
TMC	<p>TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.</p> <p>UMW Toyota has 100% equity interest in ASSB.</p> <p>Toyota Daihatsu Engineering &amp; Manufacturing Co Ltd (<b>TDEM</b>) is a wholly-owned subsidiary of TMC.</p>	<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>	34,566



OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

ADDITIONAL COMPLIANCE INFORMATION

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
TMC	<p>TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.</p> <p>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 Perusahaan Otomobil Kedua Sdn Bhd (<b>Perodua</b>) and Perodua Auto Corporation Sdn Bhd (<b>PCSB</b>), respectively.</p> <p>Perodua and PCSB in turn have 49% and 51% equity interests in PMSB, respectively.</p>	<ul style="list-style-type: none"> <li>Purchase of assembled vehicles by UMW Toyota from PMSB.</li> </ul>	181,494
TTC	<p>TTC has 10% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.</p> <p>UMW Toyota has 100% equity interest in ASSB.</p> <p>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.</p>	<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>	<p>334,920</p> <p>264,823</p> <p>639,698</p>
TMC	<p>TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMW.</p> <p>UMW Toyota has 100% equity interest in ASSB.</p> <p>TMC has 100% equity interest in Toyota Auto Body Co Ltd, Japan, which in turn has 100% equity interest in TABM.</p>	<ul style="list-style-type: none"> <li>Purchase of vehicle parts by ASSB from TABM.</li> </ul>	352,711

OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

ADDITIONAL COMPLIANCE INFORMATION

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
Komatsu Ltd ( <b>Komatsu</b> )	<p>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.</p> <p>UMW Equipment Sdn Bhd (<b>UESB</b>) is a wholly-owned subsidiary of UKHE.</p> <p>UMW Niugini Limited (<b>UMW NL</b>) is a 94.4%-owned subsidiary of UKHE.</p> <p>UMW (East Malaysia) Sdn Bhd (<b>UMW EM</b>) is a wholly-owned subsidiary of UKHE.</p> <p>UMW Heavy Equipment (S) Pte Ltd (<b>UHES</b>) is a wholly-owned subsidiary of UKHE.</p> <p>UMW Engineering Services Limited (<b>UESL</b>) is a 99.9%-owned subsidiary of UKHE.</p> <p>Bangkok Komatsu Co Ltd (<b>BKC</b>) is a 74.84%-owned subsidiary of Komatsu.</p> <p>Komatsu Parts Asia Co Ltd (<b>KPAC</b>) is a wholly-owned subsidiary of Komatsu.</p>	<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UESB from Komatsu.</li> </ul>	18,043
		<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UMW NL from Komatsu.</li> </ul>	27,346
		<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UMW EM from BKC.</li> </ul>	60,451
		<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UESB from BKC.</li> </ul>	42,576
		<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UESB from KPAC.</li> </ul>	8,156
		<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UHES from KPAC.</li> </ul>	19,568
		<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UESL from KPAC.</li> </ul>	3,641
		<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UMW NL from BKC.</li> </ul>	34,521
		<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UMW NL from KPAC.</li> </ul>	8,881
		<ul style="list-style-type: none"> <li>Purchase of industrial and heavy equipment and related spares by UHES from Komatsu.</li> </ul>	8,230

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 21 April 2021 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.

OUR FINANCIAL PERFORMANCE

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

In Relation To Financial Statements

The Board of Directors (**Board**) is responsible in 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 in 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 2021, 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 an overall responsibility for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

OUR FINANCIAL PERFORMANCE

# 07

## Our Financial Performance

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## OUR FINANCIAL PERFORMANCE

## 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 2021.

### Principal activities

The Company is an investment holding company. The principal activities of the subsidiaries, joint ventures and associates are disclosed in Notes 36 to 38.

### Results

	Group RM'000	Company RM'000
Profit for the financial year	515,648	102,359
Attributable to:		
Equity holders of the Company	268,230	32,509
Holders of perpetual sukuk	69,850	69,850
Non-controlling interests	177,568	-
	515,648	102,359

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 2020 were as follows:

	RM'000
In respect of the financial year ended 31 December 2020:	
Final dividend of 8.0%, on 1,168,293,932 ordinary shares, declared on 25 February 2021 and paid on 30 April 2021.	46,732

A final dividend in respect of the current financial year of 11.6% or 5.8 sen per share amounting to a dividend payable of approximately RM67.8 million was declared on 25 February 2022. The dividend is proposed to be paid on 29 April 2022 to shareholders whose names appear in the Record of Depositors as at close of business on 13 April 2022. 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 2022.

## OUR FINANCIAL PERFORMANCE

## DIRECTORS' REPORT (CONT'D.)

### Directors of the Company

The names 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 #  
 Dato' Ahmad Fuaad bin Mohd Kenali #  
 Tan Sri Hasmah binti Abdullah  
 Dato' Eshah binti Meor Suleiman  
 Datin Paduka Kartini binti Hj Abdul Manaf  
 Salwah binti Abdul Shukor  
 Dr Veerinderjeet Singh a/l Tejwant Singh  
 Lim Tze Seong  
 Razalee bin Amin  
 Dato' Seri Prof. Dr. Ir. Zaini bin Ujang

# *Directors of the Company and certain subsidiaries*

### Directors of the Company's subsidiaries

The name of 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:

Akio Takeyama  
 Anas Nasrun bin Mohd Osman  
 Anuar bin Abd Ani  
 Azmin bin Che Yusoff  
 Baishali Buragohain  
 Cheow Lip Heng  
 Darshan Singh Rayat  
 Dato' Muthukumar a/l Ayarpadde  
 Dato' Abdul Rashid bin Musa  
 Dato' Zainal Abidin bin Ahmad  
 Farnida binti Ngah  
 Gan Kim Teck  
 Ichihiro Sadamoto  
 Ichio Nemoto  
 Koji Yanagi  
 Kevin Lee Kok Heng  
 Khoo Kay Chock  
 Kiyoshi Mizuhara  
 Megat Shahrul Azmir bin Nordin  
 Mohd Shamsor bin Mohd Zain  
 Muzafar bin Munzir  
 Ooi Koe Leong  
 Ravindran a/l Kurusamy  
 Roslan bin Yahaya  
 Sandeep Jogen Buragohain  
 Subramaniam a/l C Sundram  
 Tsuneo Sawada

## OUR FINANCIAL PERFORMANCE

## DIRECTORS' REPORT (CONT'D.)

**Directors of the Company's subsidiaries (cont'd.)**

U Thiha Shein	
Yap Kok Khiang	
Zailani bin Ali	
Zoelaney Abid	
Hirofumi Haneda	(appointed on 1 January 2021)
Takashi Obata	(appointed on 1 January 2021)
Hiroki Tsunoda	(appointed on 3 January 2021)
Tetsuya Ezumi	(appointed on 4 January 2021)
Fairuz Elina binti Jamilus	(appointed on 4 February 2021)
Ryo Moriyama	(appointed on 1 June 2021)
Shahril Mizani bin Ariffin	(appointed on 1 August 2021)
Sadatoshi Kashihara	(appointed on 16 December 2021)
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)
Noor Azwah binti Samsuddin	(appointed on 1 November 2021 and resigned on 17 January 2022)
Iwao Mizuno	(resigned on 1 January 2022)
Yasushi Fuchigami	(resigned on 12 December 2021)
Mohd Nor Azam bin Mohd Salleh	(resigned on 1 November 2021)
Akira Naito	(resigned on 1 June 2021)
Yasushi Minami	(resigned on 1 March 2021)
Amri bin Hasim	(resigned on 1 February 2021)
Masato Yamanami	(resigned on 4 January 2021)

**Directors' benefit**

Neither at the end of the financial year, nor at any time during that 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	1,560	-
Defined contribution plan	250	-
Benefits-in-kind	34	-
Other emoluments	11	-
	<u>1,855</u>	<u>-</u>

## OUR FINANCIAL PERFORMANCE

## DIRECTORS' REPORT (CONT'D.)

**Directors' benefit (cont'd.)**

The directors' benefits are as follows: (cont'd.)

	Group RM'000	Company RM'000
<b>Non-executive directors:</b>		
Fees	1,670	1,650
Other emoluments	528	475
Benefits-in-kind	272	272
	<u>2,470</u>	<u>2,397</u>
Total directors' benefits	<u>4,325</u>	<u>2,397</u>

**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 of the Company. The amount of insurance premium effected for any director of the Company during the financial year was RM503,530. The directors shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

**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 2021	Bought	Sold	31 December 2021
<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:
- 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
  - 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.

OUR FINANCIAL PERFORMANCE

DIRECTORS' REPORT (CONT'D.)

Other statutory information (cont'd.)

- (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.
- (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 39 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 29 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2022.

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

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

OUR FINANCIAL PERFORMANCE

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 140 to 252 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 2021 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 2022.

**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 140 to 252 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 2022

**Farnida binti Ngah**  
MIA membership no. 22495

Before me,

Lot 333, 3rd Floor  
Wisma New Asia  
Jalan Raja Chulan  
50200 Kuala Lumpur



OUR FINANCIAL PERFORMANCE

## 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 2021 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 140 to 252.

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 2021, 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 2021, the provision for warranties amounted to RM293.8 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.

OUR FINANCIAL PERFORMANCE

## INDEPENDENT AUDITORS' REPORT (CONT'D.)

To the Members of UMW Holdings Berhad (Incorporated in Malaysia)

Key audit matters (cont'd.)

Provision for warranties (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 21 of the financial statements.

Recoverability of deferred tax assets from investment tax allowance

As at 31 December 2021, a subsidiary of the Group recognised deferred tax assets of 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 a 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 11 of the financial statements.

OUR FINANCIAL PERFORMANCE

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*

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

*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.

OUR FINANCIAL PERFORMANCE

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 36 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

Kuala Lumpur, Malaysia  
30 March 2022

Ng Yee Yee  
No. 03176/05/2023 J  
Chartered Accountant

## OUR FINANCIAL PERFORMANCE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 RM'000	2020 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,545,020	2,463,020
Investment properties	5	270,218	284,383
Leased assets	6	373,457	350,438
Right-of-use assets	7	128,182	152,059
Investments in joint ventures	9	77,850	64,997
Investments in associates	10	2,170,600	2,015,856
Deferred tax assets	11	222,174	119,414
Other investments	12	5,220	5,165
		<b>5,792,721</b>	<b>5,455,332</b>
<b>Current assets</b>			
Other investments	12	603,198	1,286,086
Derivative assets	13	5,598	13,237
Inventories	14	1,752,160	1,439,279
Receivables	15	1,051,661	1,187,704
Tax recoverable		19,413	14,561
Deposits, cash and bank balances	16	2,941,385	2,050,893
		<b>6,373,415</b>	<b>5,991,760</b>
Assets held for sale	17	6,553	-
		<b>6,379,968</b>	<b>5,991,760</b>
<b>Total assets</b>		<b>12,172,689</b>	<b>11,447,092</b>

## OUR FINANCIAL PERFORMANCE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D.)

As at 31 December 2021

	Note	2021 RM'000	2020 RM'000
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	18	584,147	584,147
Capital reserve		396	396
Hedging reserve		-	(71)
Fair value reserve	19	5,130	5,100
Foreign currency translation reserve	19	(19,135)	(47,635)
Retained earnings		3,434,152	3,326,194
		<b>4,004,690</b>	<b>3,868,131</b>
Perpetual sukuk	20	1,097,860	1,097,860
Non-controlling interests	8(c)	1,659,999	1,451,178
<b>Total equity</b>		<b>6,762,549</b>	<b>6,417,169</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	11	48,396	47,848
Provision for warranties	21	208,786	195,994
Lease liabilities	7	38,180	47,608
Borrowings	22	2,094,993	1,942,278
		<b>2,390,355</b>	<b>2,233,728</b>
<b>Current liabilities</b>			
Derivative liabilities	13	3,094	1,317
Provision for warranties	21	84,981	84,039
Provision for taxation		7,699	6,132
Borrowings	22	638,082	523,769
Payables	23	2,248,790	2,156,211
Lease liabilities	7	16,608	24,727
		<b>2,999,254</b>	<b>2,796,195</b>
Liabilities associated with assets held for sale	17	20,531	-
		<b>3,019,785</b>	<b>2,796,195</b>
<b>Total liabilities</b>		<b>5,410,140</b>	<b>5,029,923</b>
<b>Total equity and liabilities</b>		<b>12,172,689</b>	<b>11,447,092</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## OUR FINANCIAL PERFORMANCE

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 RM'000	2020 RM'000
Revenue	24	11,060,803	9,554,565
Other operating income	25	114,843	92,347
Changes in inventories		222,756	(165,458)
Finished goods purchased		(9,131,202)	(7,268,182)
Raw materials and consumables used		(512,830)	(621,115)
Employee benefits	26	(652,230)	(579,894)
Depreciation and amortisation		(343,537)	(374,074)
Other operating expenses		(484,356)	(380,526)
Profit from operations		274,247	257,663
Finance costs	27	(108,162)	(115,513)
Investment income	28	48,697	54,407
Share of results of associates and joint ventures		267,968	204,108
Profit before zakat and taxation	29	482,750	400,665
Zakat		(8,588)	(8,295)
Taxation	30	41,486	(69,447)
Profit for the financial year		515,648	322,923
<b>Other comprehensive income/(loss)</b>			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		22,575	14,491
Share of other comprehensive income of an associate		30	504
Fair value loss on cash flow hedge of an associate		71	(38)
Transfer of reserve of foreign subsidiaries, joint venture and associates to profit or loss upon disposal		-	(31,976)
<b>Other comprehensive income/(loss) for the financial year</b>		22,676	(17,019)
<b>Total comprehensive income for the financial year</b>		538,324	305,904
<b>Profit for the financial year attributable to:</b>			
Equity holders of the Company		268,230	204,600
Holders of perpetual sukuk		69,850	69,850
Non-controlling interests	8(c)	177,568	48,473
		515,648	322,923
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		295,065	189,680
Holders of perpetual sukuk		69,850	69,850
Non-controlling interests		173,409	46,374
		538,324	305,904
<b>Basic/diluted earnings per share attributable to equity holders of the Company (sen)</b>	31	23.0	17.5

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## OUR FINANCIAL PERFORMANCE

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	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	Total equity RM'000
<b>At 1 January 2021</b>	584,147	396	(71)	5,100	(47,635)	3,326,194	1,097,860	1,451,178	6,417,169
Profit for the financial year	-	-	-	-	-	268,230	69,850	177,568	515,648
Other comprehensive income/(loss) for the financial year	-	-	71	30	26,734	-	-	(4,159)	22,676
Total comprehensive income for the financial year	-	-	71	30	26,734	268,230	69,850	173,409	538,324
<b>Transactions with owners:</b>									
Dividends distributed to equity holders (Notes 32 and 8(c))	-	-	-	-	-	(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	-
Total transactions with owners	-	-	-	-	1,766	(160,272)	(69,850)	35,412	(192,944)
<b>At 31 December 2021</b>	584,147	396	-	5,130	(19,135)	3,434,152	1,097,860	1,659,999	6,762,549

At 1 January 2021

Profit for the financial year

Other comprehensive income/(loss) for the financial year

Total comprehensive income for the financial year

Transactions with owners:

Dividends distributed to equity holders (Notes 32 and 8(c))

Distribution to holders of perpetual sukuk

Effect of change in shareholding in a subsidiary

Total transactions with owners

At 31 December 2021

## OUR FINANCIAL PERFORMANCE

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)

For the financial year ended 31 December 2021

	Non-distributable			Distributable			Non-controlling interests			Total equity
	Share capital	Capital reserve	Hedging reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Perpetual sukuk	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2020</b>	584,147	396	(33)	4,596	(32,634)	3,139,925	3,696,397	1,097,860	1,303,828	6,098,085
Profit for the financial year	-	-	-	-	-	204,600	204,600	69,850	48,473	322,923
Other comprehensive income/(loss) for the financial year	-	-	(38)	504	(15,386)	-	(14,920)	-	(2,099)	(17,019)
Total comprehensive income/(loss) for the financial year	-	-	(38)	504	(15,386)	204,600	189,680	69,850	46,374	305,904
<b>Transactions with owners:</b>										
Dividends distributed to equity holders (Notes 32 and 8(c))	-	-	-	-	-	(23,366)	(23,366)	-	(70,325)	(93,691)
Distribution to holders of perpetual sukuk	-	-	-	-	-	-	-	(69,850)	-	(69,850)
Effect of change in shareholding in subsidiaries, joint venture and associates	-	-	-	-	385	5,035	5,420	-	171,301	176,721
Total transactions with owners	-	-	-	-	385	(18,331)	(17,946)	(69,850)	100,976	13,180
<b>At 31 December 2020</b>	584,147	396	(71)	5,100	(47,635)	3,326,194	3,868,131	1,097,860	1,451,178	6,417,169

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## OUR FINANCIAL PERFORMANCE

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

**Cash flows from operating activities**

	Note	2021 RM'000	2020 RM'000
Profit before zakat and taxation:		482,750	400,665
Adjustments for:			
Property, plant and equipment:	4		
- depreciation		182,725	209,053
- gain on disposals		(19,571)	(3,001)
- write offs		722	469
Investment properties:	5		
- depreciation		11,486	16,236
Leased assets:	6		
- depreciation		116,385	114,636
- gain on disposals		(23,035)	(21,094)
- write offs		-	43
- impairment losses		-	66
Right-of-use assets:	7		
- depreciation		32,941	34,149
- (gain)/loss on derecognition of lease under MFRS 16		(598)	173
Investments in joint ventures:	9		
- share of results		(7,809)	(6,092)
- impairment loss/(reversal of impairment)		1,052	(16,488)
- gain on disposals		-	(6,296)
Investments in associates:	10		
- share of results		(260,159)	(198,016)
Other investments:			
- impairment losses		15,637	9,607
- gain on disposals		(149)	(122)
Net (gain)/loss on liquidations/disposals of investments in subsidiaries and associates		(2,491)	121,858
Net allowance for/(reversal of) expected credit losses on receivables		2,198	(38,905)
Dividend income from investments		(459)	(1,022)
Interest expense		108,162	115,513
Bad debt written off		5,691	-
Interest income		(51,369)	(56,790)
Net provision for/(reversal of) inventories written down		3,210	(4,365)
Net provision for warranties	21	59,648	38,329
		<b>656,967</b>	<b>708,606</b>

## OUR FINANCIAL PERFORMANCE

 CONSOLIDATED STATEMENT OF  
CASH FLOWS (CONT'D.)

For the financial year ended 31 December 2021

	Note	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities (cont'd.)</b>			
Subtotal brought forward		656,967	708,606
Net fair value gain on financial assets held for trading		(686)	(3,788)
Gain on favourable rental rates		-	(561)
Net fair value loss/(gain) on derivatives		9,416	(11,728)
Net unrealised foreign exchange loss/(gain)		10,277	(1,265)
Operating profit before working capital changes		675,974	691,264
Changes in receivables		72,811	242,664
Changes in inventories		(316,898)	156,953
Changes in payables		57,677	96,438
Warranties paid		(45,964)	(36,055)
Cash generated from operating activities		443,600	1,151,264
Interest paid		(108,174)	(116,531)
Zakat and taxes paid		(74,028)	(88,443)
Net cash generated from operating activities		261,398	946,290
<b>Cash flows from investing activities</b>			
Net cash inflow arising from disposal of subsidiaries		75,035	27,918
Property, plant and equipment:			
- additions	4	(247,624)	(95,461)
- proceeds from disposals		31,313	18,455
Investment properties:			
- additions	5	(1,490)	(719)
Leased assets:			
- additions	6	(157,065)	(124,705)
- proceeds from disposals		44,272	39,015
Other investments:			
- additions		(601,916)	(1,099,274)
- proceeds from disposals		1,292,506	997,700
Interest received		51,369	56,790
Dividends received from associates and other investments		104,416	50,075
Movement in deposits placement with maturity of more than 3 months		(191,644)	20,913
Movement in deposit restricted by bank		(5,044)	(1,200)
Movement in assets held for sale		(9,370)	-
Net cash generated from/(used in) investing activities		384,758	(110,493)

## OUR FINANCIAL PERFORMANCE

 CONSOLIDATED STATEMENT OF  
CASH FLOWS (CONT'D.)

For the financial year ended 31 December 2021

	Note	2021 RM'000	2020 RM'000
<b>Cash flows from financing activities</b>			
Drawdown of long term borrowings		650,412	400,102
Repayment of long term borrowings		(497,714)	(394,860)
Net movement in short term borrowings		114,307	(48,303)
Lease payment		(34,623)	(30,940)
Dividends paid to perpetual sukuk holders		(69,850)	(69,850)
Dividends paid to equity holders of the Company		(46,732)	(23,366)
Dividends paid to non-controlling interests		(76,362)	(70,325)
Net cash generated from/(used in) financing activities		39,438	(237,542)
<b>Net increase in cash and cash equivalents</b>		685,594	598,255
<b>Effects of exchange rate changes</b>		8,210	(3,266)
<b>Cash and cash equivalents as at 1 January</b>		2,006,476	1,411,487
<b>Cash and cash equivalents as at 31 December</b>		2,700,280	2,006,476
Cash and cash equivalents comprise:			
Cash and bank balances	16	380,532	536,265
Deposits with licensed banks - current	16	2,560,853	1,514,628
		2,941,385	2,050,893
Less: Deposits with maturity of more than 3 months	16	(234,861)	(43,217)
Less: Deposits restricted by bank	16	(6,244)	(1,200)
		2,700,280	2,006,476

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## OUR FINANCIAL PERFORMANCE

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 RM'000	2020 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Equipment	4	218	414
Investments in subsidiaries	8	2,940,689	2,944,450
Investment in an associate	10	3,779	3,779
Due from subsidiaries	15	32,774	108,284
		<b>2,977,460</b>	<b>3,056,927</b>
<b>Current assets</b>			
Other investments	12	312,038	773,756
Receivables	15	45,726	1,946
Tax recoverable		9,266	1,829
Deposits, cash and bank balances	16	729,618	7,509
		<b>1,096,648</b>	<b>785,040</b>
<b>Total assets</b>		<b>4,074,108</b>	<b>3,841,967</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	18	584,147	584,147
Retained earnings		377,737	391,960
Perpetual sukuk	20	1,097,860	1,097,860
<b>Total equity</b>		<b>2,059,744</b>	<b>2,073,967</b>
<b>Non-current liability</b>			
Borrowings	22	1,599,978	1,349,962
<b>Current liabilities</b>			
Borrowings	22	400,000	399,994
Payables	23	14,386	18,044
		<b>414,386</b>	<b>418,038</b>
<b>Total liabilities</b>		<b>2,014,364</b>	<b>1,768,000</b>
<b>Total equity and liabilities</b>		<b>4,074,108</b>	<b>3,841,967</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## OUR FINANCIAL PERFORMANCE

## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 RM'000	2020 RM'000
Revenue	24	183,420	925,261
Depreciation		(193)	(193)
Other operating expenses		(21,218)	(61,107)
Profit from operations		<b>162,009</b>	863,961
Finance costs	27	(69,768)	(74,911)
Investment income	28	14,453	125,174
Profit before zakat and taxation	29	<b>106,694</b>	914,224
Zakat		(8,588)	(8,295)
Taxation	30	4,253	(3,103)
Profit for the financial year, representing total comprehensive income for the financial year		<b>102,359</b>	<b>902,826</b>
<b>Profit for the financial year attributable to:</b>			
Equity holders of the Company		<b>32,509</b>	832,976
Holders of perpetual sukuk		<b>69,850</b>	69,850
		<b>102,359</b>	<b>902,826</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## OUR FINANCIAL PERFORMANCE

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Share capital RM'000	Distributable Retained earnings/ (accumulated losses) RM'000	Perpetual sukuk RM'000	Total equity RM'000
<b>At 1 January 2021</b>	<b>584,147</b>	<b>391,960</b>	<b>1,097,860</b>	<b>2,073,967</b>
<b>Total comprehensive income</b>	-	<b>32,509</b>	<b>69,850</b>	<b>102,359</b>
<b>Transactions with owners:</b>				
Dividends distributed to equity holders (Note 32)	-	<b>(46,732)</b>	-	<b>(46,732)</b>
Distribution to holders of perpetual sukuk	-	-	<b>(69,850)</b>	<b>(69,850)</b>
<b>At 31 December 2021</b>	<b>584,147</b>	<b>377,737</b>	<b>1,097,860</b>	<b>2,059,744</b>
<b>At 1 January 2020</b>	<b>584,147</b>	<b>(417,650)</b>	<b>1,097,860</b>	<b>1,264,357</b>
<b>Total comprehensive income</b>	-	<b>832,976</b>	<b>69,850</b>	<b>902,826</b>
<b>Transactions with owners:</b>				
Dividends distributed to equity holders (Note 32)	-	<b>(23,366)</b>	-	<b>(23,366)</b>
Distribution to holders of perpetual sukuk	-	-	<b>(69,850)</b>	<b>(69,850)</b>
<b>At 31 December 2020</b>	<b>584,147</b>	<b>391,960</b>	<b>1,097,860</b>	<b>2,073,967</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## OUR FINANCIAL PERFORMANCE

## STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>			
Profit before zakat and taxation		<b>106,694</b>	914,224
Adjustments for:			
Equipment:	4		
- depreciation		<b>193</b>	193
- loss on disposals		<b>1</b>	-
Right-of-use assets:	7		
- gain on derecognition of lease under MFRS 16		-	(13)
Investments in subsidiaries:	8		
- dividend income		<b>(183,363)</b>	(925,100)
- loss on disposals		<b>3,761</b>	-
- impairment loss		<b>1,247,582</b>	1,191
Investment in an associate:	10		
- dividend income		<b>(57)</b>	(161)
Due from subsidiaries:	15		
- net (reversal of)/allowance for expected credit losses		<b>(1,221,736)</b>	34,230
Interest expense		<b>69,768</b>	74,911
Investment income		<b>(14,453)</b>	(125,174)
Net unrealised foreign exchange (gain)/loss		<b>(168)</b>	162
Operating profit/(loss) before working capital changes		<b>8,222</b>	(25,537)
Changes in receivables		<b>(43,780)</b>	73,520
Changes in amounts due from subsidiaries		<b>62,910</b>	104,684
Changes in payables		<b>(3,658)</b>	(1,892)
Cash generated from operations		<b>23,694</b>	150,775
Interest paid		<b>(68,797)</b>	(73,388)
Zakat and taxes paid		<b>(11,772)</b>	(12,426)
Net cash (used in)/generated from operating activities		<b>(56,875)</b>	64,961

## OUR FINANCIAL PERFORMANCE

 STATEMENT OF  
CASH FLOWS (CONT'D.)

For the financial year ended 31 December 2021

	Note	2021 RM'000	2020 RM'000
<b>Cash flows from investing activities</b>			
Dividends received		183,420	145,161
Purchase of other investments		(276,466)	(680,320)
Purchase of plant and equipment		-	(5)
Proceeds from disposal of plant and equipment		2	-
Proceeds from disposal of other investments		738,610	468,802
Net cash generated from/(used in) investing activities		645,566	(66,362)
<b>Cash flows from financing activities</b>			
Net drawdown of borrowings		250,000	100,000
Dividends paid to perpetual sukuk holders		(69,850)	(69,850)
Dividends paid to equity holders of the Company		(46,732)	(23,366)
Net cash generated from financing activities		133,418	6,784
<b>Net increase in cash and cash equivalents</b>		722,109	5,383
<b>Cash and cash equivalents as at 1 January</b>		7,509	2,126
<b>Cash and cash equivalents as at 31 December</b>		729,618	7,509
Cash and cash equivalents comprise:			
Cash and bank balances	16	3,159	6,009
Deposits with licensed banks	16	726,459	1,500
		729,618	7,509

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS  
31 December 2021

**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 36, Note 37 and Note 38 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 2022.

**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.

**2.2 Changes in accounting policies**

On 1 January 2021, the Group and the Company adopted the following mandatory amended MFRS:

Description	Effective for annual periods beginning on or after
· Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 (Interest Rate Benchmark Reform-Phase 2)	1 January 2021
· Amendments to MFRS 16 Leases (Covid-19 Related Rent Concessions beyond 30 June 2021)	1 April 2021

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.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**2. Significant accounting policies (cont'd.)**
**2.2 Changes in accounting policies (cont'd.)**
**Amendments to MFRS 16 Leases (Covid-19 Related Rent Concessions)**

On 28 May 2020, the MASB issued Covid-19 Related Rent Concessions - Amendments to MFRS 16 Leases. The amendments provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under MFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the MASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted. This amendment had no significant impact on the consolidated financial statements of the Group upon its early adoption.

**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
• 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
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	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
• 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.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**2. Significant accounting policies (cont'd.)**
**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 off 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.

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 this 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 the 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

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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

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 fair value at acquisition date, 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.

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.

If the business combination is achieved in stages, any previously held equity interest is remeasured at fair value at the date of acquisition and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

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.

(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 the 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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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

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.

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 disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.



OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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 annual rates or periods:

Leasehold land - finance lease	Over lease period of 30 - 999 years
Buildings	The shorter of 50 years or lease period
Plant and machinery	3% - 33%
Office equipment, furniture and fittings	10% - 50%
Motor vehicles	20% - 33%
Renovation and improvements	10% - 16%

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.

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).

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Leased assets

Leased assets represent plant 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 annual rates of depreciation:

Plant and machinery	12.5% - 33.3%
Other equipment and tools	12.5%

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).

(e) Financial assets

(i) Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

OUR FINANCIAL PERFORMANCE

NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Financial assets (cont'd.)

(i) Initial recognition and measurement (cont'd.)

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 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.

The Group's financial assets at amortised cost includes trade and other receivables (other than accrued income and prepayments), deposits, cash and bank balances.

OUR FINANCIAL PERFORMANCE

NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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.)

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.

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.

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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Financial assets (cont'd.)

(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.

(f) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-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 ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(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 being 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.

(i) Intangible assets

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.

(j) Foreign currencies

(i) Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Foreign currencies (cont'd.)

(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.

**Non-monetary items**

At each financial reporting date, non-monetary foreign currency items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

**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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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) and 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 has not designated any financial liability as at fair value through profit or loss.

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).

OUR FINANCIAL PERFORMANCE

NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, the financial guarantee contracts are measured at the higher of:

- (i) the amount determined in accordance with the accounting policy for provisions set out in Note 2.4(u)(i); or
- (ii) the amount initially recognised less cumulative amortisation recognised in profit or loss.

(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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(p) Income tax (cont'd.)

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.

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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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, export of goods, 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 of goods
- Property development

Revenue from sale of vehicles, equipment, parts, lubricants and related products, exports of goods 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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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.

Non-cash consideration

The Group received moulds and other tools from certain customers to be used in manufacturing of equipments and parts to be sold to them. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of the equipment.

The Group applies the requirements of MFRS 13 Fair Value Measurement in measuring the fair value of the non-cash consideration. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the equipments and parts.

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 comprised 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 equipment and services.

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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.)

2. Rendering of services (cont'd.)

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.

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 equipment 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 15(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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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:

Short term leasehold land - finance lease	50 years
Long term leasehold land - finance lease	Over lease period of 51 - 99 years
Motor vehicles	20.0% - 33.3%
Plant and machinery	12.5% - 33.3%
Other equipment and tools	12.5%

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).

(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. 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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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 (cont'd.)

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.

(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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Employee benefits (cont'd.)

(ii) Defined contribution plans (cont'd.)

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.

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.



OUR FINANCIAL PERFORMANCE

NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(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. The 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 group of CGUs. 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.

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 group 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 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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(y) 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 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

(z) 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.

(aa) Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(ab) 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

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(ab) Current versus non-current classification (cont'd.)

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: (cont'd.)

- 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

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 value 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 41 for further disclosures.

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

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

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.

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 21.

(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 11.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**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**

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 group of CGUs. The recoverable amount is measured at the higher of FVLCD or VIU.

Where assessment of the recoverable amount of CGU or group of CGUs 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 CGUs 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 expected credit losses (ECLs) of trade receivables**

The Group uses simplified approach to calculate ECLs 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 ECLs is a significant estimate. The amount of ECLs 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 ECLs on the Group's trade receivables is disclosed in Note 15.

**(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).

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**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 2020	2,045,241	1,399,816	183,082	427,207	4,055,346
Exchange differences	867	(170)	-	(834)	(137)
Additions	22,565	32,188	25,475	15,233	95,461
Write offs	(2,210)	(21,103)	-	(30,535)	(53,848)
Disposals	-	(14,115)	-	(54,076)	(68,191)
Reclassification	3,243	11,004	(26,504)	12,257	-
Reclassified (to)/from :					
- Investment properties (Note 5)	(142,441)	-	(8,644)	-	(151,085)
- Leased assets (Note 6)	-	179	-	-	179
- Assets held for sale	21,182	4,979	-	5,171	31,332
Liquidation of subsidiaries	(11,068)	(98)	-	(244)	(11,410)
At 31 December 2020/1 January 2021	<b>1,937,379</b>	<b>1,412,680</b>	<b>173,409</b>	<b>374,179</b>	<b>3,897,647</b>
Exchange differences	<b>1,439</b>	<b>(6,842)</b>	-	<b>1,915</b>	<b>(3,488)</b>
Additions	<b>30,733</b>	<b>73,674</b>	<b>114,831</b>	<b>28,386</b>	<b>247,624</b>
Write offs	<b>(16,021)</b>	<b>(33,103)</b>	-	<b>(6,161)</b>	<b>(55,285)</b>
Disposals	<b>(13,392)</b>	<b>(5,270)</b>	-	<b>(13,677)</b>	<b>(32,339)</b>
Transferred from inventories	<b>30,215</b>	-	-	<b>1,130</b>	<b>31,345</b>
Reclassification	<b>18,543</b>	<b>133,836</b>	<b>(202,247)</b>	<b>49,868</b>	-
Reclassified (to)/from :					
- Investment properties (Note 5)	<b>3,983</b>	-	<b>(33)</b>	-	<b>3,950</b>
- Leased assets (Note 6)	-	<b>260</b>	-	-	<b>260</b>
Reversal of cost	<b>(682)</b>	-	-	-	<b>(682)</b>
Disposal of a subsidiary (Note 8(d))	-	<b>(13,941)</b>	<b>(650)</b>	<b>(17,657)</b>	<b>(32,248)</b>
At 31 December 2021	<b>1,992,197</b>	<b>1,561,294</b>	<b>85,310</b>	<b>417,983</b>	<b>4,056,784</b>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 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 2020	293,393	750,128	8,763	301,370	1,353,654
Exchange differences	(39)	(1,138)	-	(723)	(1,900)
Charge for the year	23,888	142,691	-	42,474	209,053
Write offs	(2,210)	(20,865)	-	(30,304)	(53,379)
Disposals	-	(9,904)	-	(42,833)	(52,737)
Reclassified (to)/from:					
- Investment properties (Note 5)	(36,833)	-	-	-	(36,833)
- Leased assets (Note 6)	-	175	-	-	175
Reclassified from assets held for sale	12,812	4,087	-	4,264	21,163
Liquidation of subsidiaries	(4,227)	(98)	-	(244)	(4,569)
At 31 December 2020/1 January 2021	<b>286,784</b>	<b>865,076</b>	<b>8,763</b>	<b>274,004</b>	<b>1,434,627</b>
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 6)	-	225	-	-	225
Disposal of a subsidiary (Note 8(d))	-	(12,327)	-	(16,984)	(29,311)
At 31 December 2021	<b>298,658</b>	<b>917,701</b>	<b>8,763</b>	<b>286,642</b>	<b>1,511,764</b>
<b>Carrying amount</b>					
At 31 December 2021	<b>1,693,539</b>	<b>643,593</b>	<b>76,547</b>	<b>131,341</b>	<b>2,545,020</b>
At 31 December 2020	1,650,595	547,604	164,646	100,175	2,463,020

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 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 2020	578,080	292,487	56,430	9,476	1,047,472	61,296	2,045,241
Exchange differences	-	-	(61)	(45)	1,041	(68)	867
Additions	-	39	-	5,223	15,398	1,905	22,565
Write offs	-	-	-	-	(2,210)	-	(2,210)
Reclassification	779	246	-	-	2,218	-	3,243
Reclassified (to)/from:							
- Investment properties	(42,100)	(60,029)	(3,505)	-	(36,807)	-	(142,441)
- Assets held for sale	2,360	760	3,505	-	14,557	-	21,182
Liquidation of subsidiaries	-	-	-	-	(11,068)	-	(11,068)
At 31 December 2020/ 1 January 2021	<b>539,119</b>	<b>233,503</b>	<b>56,369</b>	<b>14,654</b>	<b>1,030,601</b>	<b>63,133</b>	<b>1,937,379</b>
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	<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>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 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 2020	-	46,396	4,775	5,323	200,529	36,370	293,393
Exchange differences	-	-	11	(16)	(17)	(17)	(39)
Charge for the year	-	5,072	114	324	17,067	1,311	23,888
Write offs	-	-	-	-	(2,210)	-	(2,210)
Reclassified to investment properties	-	(16,027)	(2,875)	-	(17,931)	-	(36,833)
Reclassified from assets held for sale	-	455	2,875	-	9,482	-	12,812
Liquidation of subsidiaries	-	-	(289)	-	(3,938)	-	(4,227)
At 31 December 2020/ 1 January 2021	-	<b>35,896</b>	<b>4,611</b>	<b>5,631</b>	<b>202,982</b>	<b>37,664</b>	<b>286,784</b>
Exchange differences	-	-	(8)	45	140	253	430
Charge for the year	-	<b>4,331</b>	<b>338</b>	<b>494</b>	<b>27,796</b>	<b>1,408</b>	<b>34,367</b>
Write offs	-	-	-	-	(16,021)	-	(16,021)
Disposal	-	-	(564)	-	(6,338)	-	(6,902)
At 31 December 2021	-	<b>40,227</b>	<b>4,377</b>	<b>6,170</b>	<b>208,559</b>	<b>39,325</b>	<b>298,658</b>
<b>Carrying amount</b>							
At 31 December 2021	<b>551,610</b>	<b>198,955</b>	<b>85,959</b>	<b>10,147</b>	<b>819,747</b>	<b>27,121</b>	<b>1,693,539</b>
At 31 December 2020	539,119	197,607	51,758	9,023	827,619	25,469	1,650,595

# 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.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 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:

## Group

## Accumulated impairment losses

	Land and buildings RM'000	Plant and machinery RM'000	Assets-in-progress RM'000	**Other assets RM'000	Total RM'000
At 31 December 2021	<b>34,561</b>	<b>4,998</b>	<b>8,763</b>	<b>303</b>	<b>48,625</b>
At 31 December 2020	34,561	4,998	8,763	303	48,625

## Accumulated depreciation

	Land and buildings RM'000	Plant and machinery RM'000	Assets-in-progress RM'000	**Other assets RM'000	Total RM'000
At 31 December 2021	<b>264,097</b>	<b>912,703</b>	-	<b>286,339</b>	<b>1,463,139</b>
At 31 December 2020	252,223	860,078	-	273,701	1,386,002

## Company

## Cost

	Motor vehicles RM'000	Computer equipment RM'000	Other assets RM'000	Total RM'000
At 1 January 2020	827	88	12	927
Additions	-	-	5	5
Disposals	-	-	(5)	(5)
At 31 December 2020/1 January 2021	<b>827</b>	<b>88</b>	<b>12</b>	<b>927</b>
Write offs	-	(9)	-	(9)
Disposals	-	(7)	-	(7)
At 31 December 2021	<b>827</b>	<b>72</b>	<b>12</b>	<b>911</b>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 4. Property, plant and equipment (cont'd.)

	Motor vehicles RM'000	Computer equipment RM'000	Other assets RM'000	Total RM'000
<b>Company (cont'd.)</b>				
<b>Accumulated depreciation</b>				
At 1 January 2020	308	11	6	325
Charge for the year	165	27	1	193
Disposals	-	-	(5)	(5)
At 31 December 2020/1 January 2021	<b>473</b>	<b>38</b>	<b>2</b>	<b>513</b>
Charge for the year	<b>165</b>	<b>26</b>	<b>2</b>	<b>193</b>
Write offs	-	(9)	-	(9)
Disposals	-	(4)	-	(4)
At 31 December 2021	<b>638</b>	<b>51</b>	<b>4</b>	<b>693</b>
<b>Carrying amount</b>				
At 31 December 2021	<b>189</b>	<b>21</b>	<b>8</b>	<b>218</b>
At 31 December 2020	354	50	10	414

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	
	2021 RM'000	2020 RM'000
Buildings	<b>79,937</b>	95,958
Plant and machinery	<b>430,095</b>	383,848
Office equipment, furniture and fittings, motor vehicles, renovation and improvements	<b>101,303</b>	119,681

## OUR FINANCIAL PERFORMANCE

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## 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	Short term leasehold land RM'000	Total RM'000
<b>Group</b>						
<b>Cost</b>						
At 1 January 2020	50,940	91,594	9,429	94,793	6,992	253,748
Exchange differences	-	-	8	-	-	8
Additions	-	-	-	719	-	719
Reclassification	-	-	6,992	-	(6,992)	-
Reclassified from property, plant and equipment (Note 4)	42,100	60,029	3,505	45,451	-	151,085
Reclassified from right-of-use assets (Note 7)	-	-	21,130	-	-	21,130
Liquidation of a subsidiary	-	-	(187)	-	-	(187)
At 31 December 2020/1 January 2021	<b>93,040</b>	<b>151,623</b>	<b>40,877</b>	<b>140,963</b>	-	<b>426,503</b>
Additions	-	-	<b>1,490</b>	-	-	<b>1,490</b>
Reclassification	-	<b>2,093</b>	-	<b>(2,093)</b>	-	-
Reclassified to property, plant and equipment (Note 4)	-	-	-	<b>(3,950)</b>	-	<b>(3,950)</b>
Reversal of cost	-	<b>(219)</b>	-	-	-	<b>(219)</b>
At 31 December 2021	<b>93,040</b>	<b>153,497</b>	<b>42,367</b>	<b>134,920</b>	-	<b>423,824</b>

## OUR FINANCIAL PERFORMANCE

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## 5. Investment properties (cont'd.)

	Building on					Total RM'000
	Freehold land RM'000	Building on freehold land RM'000	Long term leasehold land RM'000	Building on long term leasehold land RM'000	Short term leasehold land RM'000	
<b>Group (cont'd.)</b>						
<b>Accumulated depreciation</b>						
At 1 January 2020	-	17,333	8,293	53,888	3,466	82,980
Charge for the year	-	2,253	1,531	12,452	-	16,236
Reclassification	-	-	2,967	499	(3,466)	-
Reclassified from property, plant and equipment (Note 4)	-	16,027	2,875	17,931	-	36,833
Reclassified from right-of-use assets (Note 7)	-	-	6,071	-	-	6,071
At 31 December 2020/1 January 2021	-	<b>35,613</b>	<b>21,737</b>	<b>84,770</b>	-	<b>142,120</b>
Charge for the year	-	<b>5,820</b>	<b>1,740</b>	<b>3,926</b>	-	<b>11,486</b>
At 31 December 2021	-	<b>41,433</b>	<b>23,477</b>	<b>88,696</b>	-	<b>153,606</b>
<b>Carrying amount</b>						
At 31 December 2021	<b>93,040</b>	<b>112,064</b>	<b>18,890</b>	<b>46,224</b>	-	<b>270,218</b>
At 31 December 2020	93,040	116,010	19,140	56,193	-	284,383

The Group has 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 year are RM11.5 million (2020: RM9.7 million) and RM1.6 million (2020: RM1.6 million) respectively.

Fair value of investment properties as at 31 December 2021 was estimated by the directors to be approximately RM556.0 million (2020: RM534.3 million).

## OUR FINANCIAL PERFORMANCE

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31 December 2021

## 6. Leased assets

	Machinery and equipment RM'000
<b>Group</b>	
<b>Cost</b>	
At 1 January 2020	757,898
Exchange differences	564
Additions	124,705
Disposals	(105,668)
Write offs	(57)
Reclassified to property, plant and equipment (Note 4)	(179)
At 31 December 2020/1 January 2021	<b>777,263</b>
Exchange differences	<b>8,516</b>
Additions	<b>157,065</b>
Disposals	<b>(94,626)</b>
Transferred to inventories	<b>(268)</b>
Reclassified to property, plant and equipment (Note 4)	<b>(260)</b>
At 31 December 2021	<b>847,690</b>
<b>Accumulated depreciation and impairment losses</b>	
At 1 January 2020	399,951
Exchange differences	108
Charge for the year	114,636
Disposals	(87,747)
Write offs	(14)
Impairment losses (Note 29)	66
Reclassified to property, plant and equipment (Note 4)	(175)
At 31 December 2020/1 January 2021	<b>426,825</b>
Exchange differences	<b>4,878</b>
Charge for the year	<b>116,385</b>
Disposals	<b>(73,389)</b>
Transferred to inventories	<b>(241)</b>
Reclassified to property, plant and equipment (Note 4)	<b>(225)</b>
At 31 December 2021	<b>474,233</b>
<b>Carrying amount</b>	
At 31 December 2021	<b>373,457</b>
At 31 December 2020	350,438

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31 December 2021

**6. Leased assets (cont'd.)**

The future minimum lease receivable by the Group in relation to those assets that have been leased as at year end are as follows:

	2021 RM'000	2020 RM'000
Due within one year	149,261	146,235
Due between one to two years	96,481	94,808
Due between two to five years	74,198	80,128
Due after five years	331	538
	<b>320,271</b>	<b>321,709</b>

Included in leased assets of the Group are fully depreciated assets which are still in use with their carrying costs of RM177.0 million (2020: RM140.0 million).

**7. Leases**
**As lessee**

The Group and the Company have 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 and the Company'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 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 2020	212,500	17,169	3,644	6,778	240,091
Exchange differences	3	-	-	-	3
Additions	4,536	2,575	428	-	7,539
Derecognition	-	(2,688)	-	-	(2,688)
Reclassified to investment properties (Note 5)	(21,130)	-	-	-	(21,130)
At 31 December 2020/1 January 2021	<b>195,909</b>	<b>17,056</b>	<b>4,072</b>	<b>6,778</b>	<b>223,815</b>
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 8(d))	(17,989)	-	-	-	(17,989)
At 31 December 2021	<b>181,445</b>	<b>17,849</b>	<b>4,932</b>	<b>5,333</b>	<b>209,559</b>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**7. 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 2020	36,877	3,092	1,685	3,177	44,831
Exchange differences	(3)	-	-	-	(3)
Charge for the year	24,711	5,882	1,714	1,842	34,149
Derecognition	-	(1,150)	-	-	(1,150)
Reclassified to investment properties (Note 5)	(6,071)	-	-	-	(6,071)
At 31 December 2020/1 January 2021	<b>55,514</b>	<b>7,824</b>	<b>3,399</b>	<b>5,019</b>	<b>71,756</b>
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 8(d))	(12,493)	-	-	-	(12,493)
At 31 December 2021	<b>59,297</b>	<b>12,511</b>	<b>4,468</b>	<b>5,101</b>	<b>81,377</b>
<b>Carrying amount</b>					
At 31 December 2021	<b>122,148</b>	<b>5,338</b>	<b>464</b>	<b>232</b>	<b>128,182</b>
At 31 December 2020	140,395	9,232	673	1,759	152,059

Set out below are the carrying amounts of right-of-use assets recognised and the movement in prior financial year:

	Motor vehicles RM'000
<b>Company</b>	
<b>Cost</b>	
At 1 January 2020	784
Derecognition	(784)
At 31 December 2020	-
<b>Accumulated depreciation</b>	
At 1 January 2020	93
Derecognition	(93)
At 31 December 2020	-
<b>Carrying amount</b>	
At 31 December 2020	-



## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**7. 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 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 2020	75,232	13,419	1,979	3,385	94,015
Additions	3,975	2,575	428	-	6,978
Derecognition	-	(1,365)	-	-	(1,365)
Reclassification	(459)	465	-	(6)	-
Accretion of interest	2,627	763	107	146	3,643
Payments	(20,995)	(6,183)	(1,769)	(1,993)	(30,940)
Exchange differences	4	-	-	-	4
<b>At 31 December 2020/1 January 2021</b>	<b>60,384</b>	<b>9,674</b>	<b>745</b>	<b>1,532</b>	<b>72,335</b>
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 8(d))	(4,005)	-	-	-	(4,005)
Exchange differences	286	(18)	-	-	268
<b>At 31 December 2021</b>	<b>48,582</b>	<b>5,483</b>	<b>468</b>	<b>255</b>	<b>54,788</b>

**Company**

	Motor vehicles RM'000
At 1 January 2020	704
Derecognition	(704)
<b>At 31 December 2020/1 January 2021/31 December 2021</b>	<b>-</b>

Current  
Non-current

	Group	
	2021 RM'000	2020 RM'000
Current	16,608	24,727
Non-current	38,180	47,608
	<b>54,788</b>	<b>72,335</b>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**7. Leases (cont'd.)**
**As lessee (cont'd.)**

The following are the amounts recognised in profit or loss:

	Group	
	2021 RM'000	2020 RM'000
Depreciation expense of right-of-use assets	32,941	34,149
Interest expense on lease liabilities	3,084	3,643
Expense relating to short-term leases	14,982	12,592
Expense relating to leases of low-value-assets	282	262
<b>Total amount recognised in profit or loss</b>	<b>51,289</b>	<b>50,646</b>

The Group had total cash outflows for leases of RM49.9 million (2020: RM43.8 million). The Group also had non-cash additions to right-of-use assets of RM25.1 million (2020: RM7.5 million).

**8. Investments in subsidiaries**

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	4,603,153	3,359,332
Less: Accumulated impairment losses	(1,662,464)	(414,882)
	<b>2,940,689</b>	<b>2,944,450</b>

Details of subsidiaries of the Company are disclosed in Note 36 to the financial statements.

**(a) Redeemable convertible preference shares (RCPS) in subsidiaries**
**(i) Subscription during the year**

On 31 March 2021, the Company subscribed to 175,000,000 RCPS of USD1.00 in UMW Petropipe (L) Ltd (**UPP**), via capitalisation of the amount due from UPP, equivalent to RM725.4 million.

On 31 March 2021, the Company subscribed to 58,000,000 RCPS of USD1.00 in UMW India Ventures (L) Ltd (**UIVL**), via capitalisation of the amount due from UIVL, equivalent to RM240.4 million.

On 31 March 2021, the Company subscribed to 71,000,000 RCPS of USD1.00 in UMW Oilfield International (L) Ltd (**UOIL**), via capitalisation of the amount due from UOIL, equivalent to RM294.3 million.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
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**8. Investments in subsidiaries (cont'd.)**
**(a) Redeemable convertible preference shares (RCPS) in subsidiaries (cont'd.)**
**(ii) Redemption during the year**

On 13 December 2021, 2,560,000 RCPS in UOIL have been redeemed for USD1.00 each, equivalent to RM10.6 million.

On 15 December 2021, 270,000 RCPS in UIVL have been redeemed for USD1.00 each, equivalent to RM1.1 million.

**(b) Acquisition of non-controlling interest (NCI) in UOIL**

On 30 August 2021, UPP, a 100% owned subsidiary of the Company has acquired the remaining 40% of the equity interest in UOIL for a 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	
	2021	2020
UMW Toyota Motor Sdn. Bhd.	49%	49%

	2021	2020
	RM'000	RM'000
<b>Accumulated balances of material non-controlling interests:</b>		
UMW Toyota Motor Sdn. Bhd.	1,574,311	1,468,154
Other individually immaterial subsidiaries	85,688	(16,976)
	<b>1,659,999</b>	<b>1,451,178</b>

**Profit for the financial year attributable to material non-controlling interests:**

	2021	2020
UMW Toyota Motor Sdn. Bhd.	159,709	44,236
Other individually immaterial subsidiaries	17,859	4,237
	<b>177,568</b>	<b>48,473</b>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**8. Investments in subsidiaries (cont'd.)**
**(c) Material non-controlling interest of a subsidiary (cont'd.)**
**Dividends paid to non-controlling interests:**

UMW Toyota Motor Sdn. Bhd.

Other individually immaterial subsidiaries

	2021	2020
	RM'000	RM'000
UMW Toyota Motor Sdn. Bhd.	54,947	56,083
Other individually immaterial subsidiaries	21,415	14,242
	<b>76,362</b>	<b>70,325</b>

The summarised financial information of the material subsidiary are provided below. This information is based on amounts before intercompany eliminations.

**Summarised consolidated statement of comprehensive income for the financial year ended:**

	2021	2020
	RM'000	RM'000
<b>UMW Toyota Motor Sdn. Bhd.</b>		
Revenue	9,034,944	7,487,169
Profit for the financial year	325,937	90,277
Total comprehensive income	<b>327,261</b>	<b>87,489</b>

**Summarised consolidated statement of financial position as at 31 December:**

	2021	2020
	RM'000	RM'000
<b>UMW Toyota Motor Sdn. Bhd.</b>		
Non-current assets	2,527,184	2,405,013
Current assets	3,184,531	3,083,452
Non-current liabilities	(601,725)	(675,175)
Current liabilities	(1,897,110)	(1,817,058)
<b>Total equity</b>	<b>3,212,880</b>	<b>2,996,232</b>
Attributable to:		
Equity holders of parent	1,638,569	1,528,078
Non-controlling interests	1,574,311	1,468,154
	<b>3,212,880</b>	<b>2,996,232</b>

## OUR FINANCIAL PERFORMANCE

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31 December 2021

**8. Investments in subsidiaries (cont'd.)**
**(c) Material non-controlling interest of a subsidiary (cont'd.)**
**Summarised consolidated cash flow information as at 31 December:**

	2021 RM'000	2020 RM'000
<b>UMW Toyota Motor Sdn. Bhd.</b>		
Cash inflows from operating activities	266,204	793,035
Cash outflows from investing activities	(128,868)	(34,663)
Cash outflows from financing activities	(198,178)	(155,597)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(60,842)</b>	<b>602,775</b>

**(d) Disposal of interest in a subsidiary that resulted in loss of control**

On 29 November 2021, 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 7)	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 7)	(4,005)
Payables	(10,954)
<b>Total liabilities</b>	<b>(14,959)</b>
Net assets disposed	72,544
Less: Net proceeds on disposal of UASB	(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 36(ii).

## OUR FINANCIAL PERFORMANCE

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FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**9. Investments in joint ventures**

Unquoted shares, at cost  
Share of post-acquisition profit  
Less: Accumulated impairment losses  
Carrying amount of investment

	Group	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	55,042	53,086
Share of post-acquisition profit	25,640	13,691
Less: Accumulated impairment losses	(2,832)	(1,780)
<b>Carrying amount of investment</b>	<b>77,850</b>	<b>64,997</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.

The summarised financial information for the aggregated assets, liabilities and results of the material joint venture is as follows:

**Summarised statement of financial position:**
**Lubritech International Holdings Limited**

Cash and cash equivalents  
Other current assets  
Non-current assets  
Current liabilities  
Non-current liabilities

	2021 RM'000	2020 RM'000
Cash and cash equivalents	48,253	42,152
Other current assets	90,400	83,251
Non-current assets	43,328	44,740
Current liabilities	(51,363)	(58,961)
Non-current liabilities	(2,374)	(2,853)
<b>Total</b>	<b>128,244</b>	<b>108,329</b>

**Reconciliation of net assets to carrying amount as at 31 December:**

Group's share of net assets

Group's share of net assets	77,850	64,997
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## OUR FINANCIAL PERFORMANCE

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FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**9. Investments in joint ventures (cont'd.)**
**Summarised statement of comprehensive income:**

	2021 RM'000	2020 RM'000
<b>Lubritech International Holdings Limited</b>		
Profit for the financial year	13,015	10,153
Other comprehensive income/(loss)	6,900	(2,002)
Total comprehensive income	19,915	8,151
Group's share of profit for the financial year	7,809	6,092
Group's share of other comprehensive income/(loss)	4,140	(1,201)
Group's share of total comprehensive income	11,949	4,891

Details of the joint ventures are disclosed in Note 37.

**10. Investments in associates**

	2021 RM'000	2020 RM'000
<b>Group</b>		
Unquoted shares, at cost	146,018	146,018
Share of post-acquisition reserves	2,041,727	1,887,081
Share of other comprehensive income	5,100	5,002
Less: Accumulated impairment losses	(22,245)	(22,245)
Carrying amount of investment	2,170,600	2,015,856
<b>Company</b>		
Unquoted shares, at cost	26,024	26,024
Less: Accumulated impairment losses	(22,245)	(22,245)
Carrying amount of investment	3,779	3,779

**Proportion of material ownership interest held by the Group:**

	Effective Interest	
	2021	2020
Perusahaan Otomobil Kedua Sdn. Bhd. (Perodua)	38%	38%

## OUR FINANCIAL PERFORMANCE

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**10. Investments in associates (cont'd.)**

Summarised financial information in respect of the Group's material associates is set out below:

	2021			2020		
	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	1,929,044	359,842	2,288,886	1,921,938	154,827	2,076,765
Non-current assets	3,902,556	6,186,672	10,089,228	3,730,318	5,681,221	9,411,539
Total assets	5,831,600	6,546,514	12,378,114	5,652,256	5,836,048	11,488,304
Current liabilities	477,151	500,131	977,282	625,932	553,134	1,179,066
Non-current liabilities	55,834	5,527,548	5,583,382	53,463	4,872,645	4,926,108
Total liabilities	532,985	6,027,679	6,560,664	679,395	5,425,779	6,105,174
Net assets	5,298,615	518,835	5,817,450	4,972,861	410,269	5,383,130
<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	2,013,474	158,982	2,172,456	1,889,687	128,025	2,017,712
Less: Accumulated impairment losses	-	(22,245)	(22,245)	-	(22,245)	(22,245)
Group's carrying amount of interest in associates	2,013,474	157,126	2,170,600	1,889,687	126,169	2,015,856

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**10. Investments in associates (cont'd.)**

Summarised financial information in respect of the Group's material associates is set out below (cont'd.):

	2021			2020		
	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 comprehensive income:</b>						
<b>Results</b>						
Revenue	9,992,978	685,979	10,678,957	10,879,769	488,826	11,368,595
Profit/(loss) for the financial year	598,918	108,566	707,484	596,103	(95,008)	501,095
Other comprehensive income	256	-	256	1,242	-	1,242
Total comprehensive income/(loss)	599,174	108,566	707,740	597,345	(95,008)	502,337
Dividends received	103,900	57	103,957	48,891	161	49,052
Group's share of profit/(loss) for the financial year	227,589	32,570	260,159	226,519	(28,503)	198,016

The Group's interest in capital commitments of the associates are as follows:

	2021 RM'000	2020 RM'000
- Approved and contracted for	14,009	5,035
- Approved but not contracted for	38	244

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 2021 of these associates have been used. Details of the associates are disclosed in Note 38.

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**11. Deferred taxation**

At 1 January  
Recognised in profit or loss (Note 30)  
Exchange differences  
At 31 December

Presented after appropriate offsetting as follows:

Deferred tax assets  
Deferred tax liabilities

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

**Deferred tax liabilities of the Group:**

At 1 January 2020  
Recognised in profit or loss  
Exchange differences  
At 31 December 2020/1 January 2021  
Recognised in profit or loss  
Exchange differences  
At 31 December 2021

	Group	
	2021 RM'000	2020 RM'000
At 1 January	(71,566)	(96,066)
Recognised in profit or loss (Note 30)	(103,145)	24,133
Exchange differences	933	367
At 31 December	(173,778)	(71,566)
Presented after appropriate offsetting as follows:		
Deferred tax assets	(222,174)	(119,414)
Deferred tax liabilities	48,396	47,848
	(173,778)	(71,566)

**Accelerated  
capital  
allowances  
RM'000**

At 1 January 2020	46,687
Recognised in profit or loss	8,749
Exchange differences	5
At 31 December 2020/1 January 2021	55,441
Recognised in profit or loss	377
Exchange differences	171
At 31 December 2021	55,989

## OUR FINANCIAL PERFORMANCE

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## 11. 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 2020	(17,098)	-	(74,163)	(16,229)	(35,263)	(142,753)
Recognised in profit or loss	4,375	-	368	4,375	6,266	15,384
Exchange differences	72	-	-	277	13	362
At 31 December 2020/ 1 January 2021	<b>(12,651)</b>	-	<b>(73,795)</b>	<b>(11,577)</b>	<b>(28,984)</b>	<b>(127,007)</b>
Recognised in profit or loss	<b>2,334</b>	<b>(139,833)</b>	<b>(4,380)</b>	<b>9,782</b>	<b>28,575</b>	<b>(103,522)</b>
Exchange differences	<b>1,222</b>	-	-	<b>(348)</b>	<b>(112)</b>	<b>762</b>
At 31 December 2021	<b>(9,095)</b>	<b>(139,833)</b>	<b>(78,175)</b>	<b>(2,143)</b>	<b>(521)</b>	<b>(229,767)</b>

- (a) One of the 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 RM139.8 million has been recognised as at 31 December 2021.

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 NOTES TO THE  
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## 11. Deferred taxation (cont'd.)

## Deferred tax assets of the Group (cont'd.):

The availability of the unutilised capital, reinvestment and investment tax allowances and unabsorbed tax losses 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.

Deferred tax assets have not been recognised in respect of these items:

Unutilised capital and reinvestment allowances  
Unutilised investment tax allowances  
Unabsorbed tax losses

Group	
2021 RM'000	2020 RM'000
100,713	96,929
520,283	-
481,440	536,529
<b>1,102,436</b>	<b>633,458</b>

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.

## 12. Other investments

## Group

## Current:

## Financial assets at fair value through profit or loss

Investment in money market fund

603,198 1,286,086

## Non-current:

## Equity instruments designated at fair value through OCI

Unquoted shares

4,302 4,302

## Financial assets at fair value through profit or loss

Quoted shares outside Malaysia

918 863

Total non-current other investments

5,220 5,165

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## 12. Other investments (cont'd.)

	2021 RM'000	2020 RM'000
<b>Company</b>		
<b>Current:</b>		
<b>Financial assets at fair value through profit or loss</b>		
Investment in money market fund	312,038	773,756

## 13. Derivatives

Note	2021		2020	
	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)	463	3,094	568	1,317
Embedded derivatives (b)	5,135	-	12,669	-
	<b>5,598</b>	<b>3,094</b>	13,237	1,317

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 interest rate swaps.

## (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.

	2021 RM'000	2020 RM'000
<b>Notional amounts</b>		
United States Dollar	218,240	206,113
Japanese Yen	125,228	54,798
Euro	22,794	19,321
Great Britain Pound	-	5,907
Thai Baht	3,163	3,152

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## 13. 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 RM573.6 million (2020: RM591.9 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 loss of RM9.4 million (2020: net gain of RM11.7 million) arising from fair value changes of derivative assets/liabilities.

## 14. Inventories

	Group	
	2021 RM'000	2020 RM'000
<b>At cost:</b>		
Equipment, unassembled and completed vehicles, attachments and spares	1,264,293	1,040,404
Other finished goods	65,762	64,875
Work-in-progress	220,344	201,374
Raw materials and consumables	192,857	122,774
	<b>1,743,256</b>	1,429,427
<b>At net realisable value:</b>		
Equipment, unassembled and completed vehicles, attachments and spares	8,904	9,852
	<b>1,752,160</b>	1,439,279

The cost of inventories recognised as an expense by the Group during the financial year amounted to RM9,421.3 million (2020: RM8,054.8 million).

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
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31 December 2021

## 15. Receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current:</b>				
Trade receivables (Note a)	904,185	1,059,057	-	-
Other receivables (Note b)	147,476	128,647	2,287	1,946
Due from subsidiaries (Note c)	-	-	43,439	-
	<b>1,051,661</b>	<b>1,187,704</b>	<b>45,726</b>	<b>1,946</b>
<b>Non-current:</b>				
Due from subsidiaries (Note c)	-	-	32,774	108,284
Total trade, other receivables and due from subsidiaries	<b>1,051,661</b>	<b>1,187,704</b>	<b>78,500</b>	<b>110,230</b>
Less: Included within other receivables:				
Accrued income (Note b)	(10,549)	(7,176)	-	-
Prepayments (Note b)	(23,021)	(22,312)	(1,948)	(1,939)
Add: Deposits, cash and bank balances (Note 16)	<b>2,941,385</b>	<b>2,050,893</b>	<b>729,618</b>	<b>7,509</b>
<b>Total financial assets carried at amortised cost</b>	<b>3,959,476</b>	<b>3,209,109</b>	<b>806,170</b>	<b>115,800</b>

## (a) Trade receivables

	Group	
	2021 RM'000	2020 RM'000
Third parties	685,265	819,619
Allowance for expected credit losses	(21,990)	(20,992)
	<b>663,275</b>	<b>798,627</b>
Due from associates and joint ventures	16,537	25,351
Due from a corporate shareholder of a subsidiary	224,373	235,079
	<b>904,185</b>	<b>1,059,057</b>

The Group's normal trade credit terms range from 1 day to 120 days (2020: 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 of a subsidiary are unsecured, interest-free and have repayment terms of 30 days to 60 days (2020: 30 days to 60 days).

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
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## 15. Receivables (cont'd.)

## (a) Trade receivables (cont'd.)

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.

## (i) Aging analysis of trade receivables

- (a) Neither past due nor impaired  
 (b) Overdue but not impaired:  
     1 - 30 days  
     31 - 60 days  
     61 - 90 days  
     91 - 180 days  
     More than 180 days  
 Total trade receivables (net)  
 (c) Impaired  
 Total trade receivables (gross)

	Group	
	2021 RM'000	2020 RM'000
(a) Neither past due nor impaired	725,572	916,022
(b) Overdue but not impaired:		
1 - 30 days	120,991	46,770
31 - 60 days	28,044	67,240
61 - 90 days	7,962	7,159
91 - 180 days	4,817	6,655
More than 180 days	16,799	15,211
Total trade receivables (net)	<b>904,185</b>	<b>1,059,057</b>
(c) Impaired	21,990	20,992
Total trade receivables (gross)	<b>926,175</b>	<b>1,080,049</b>

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 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 29)	3,099	(755)	2,344
Exchange differences	(25)	11	(14)
At 31 December 2021	<b>10,946</b>	<b>11,044</b>	<b>21,990</b>
At 1 January 2020	119,593	16,027	135,620
Write offs	(113,303)	-	(113,303)
Reversal of expected credit losses for the financial year, net (Note 29)	(1,678)	(4,168)	(5,846)
Exchange differences	4,592	(71)	4,521
At 31 December 2020	<b>9,204</b>	<b>11,788</b>	<b>20,992</b>

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.



## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
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## 15. Receivables (cont'd.)

## (b) Other receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current:</b>				
Accrued income	10,549	7,176	-	-
Deposits	22,159	22,725	339	7
Prepayments	23,021	22,312	1,948	1,939
Deferred consideration	-	27,043	-	-
Sundry receivables	92,450	62,381	-	-
	<b>148,179</b>	<b>141,637</b>	<b>2,287</b>	<b>1,946</b>
Allowance for expected credit losses	(703)	(12,990)	-	-
	<b>147,476</b>	<b>128,647</b>	<b>2,287</b>	<b>1,946</b>

**Deferred consideration**

Deferred consideration in prior financial year relates to proceeds from disposal of investment which is collectible over a six years period (from year 2017 to 2022) and is discounted to its present value using a discount rate of 15% that reflect the market assessments of the time value of money and risks specific to the debtor.

The Group has received repayment of RM11.0 million during the financial year and the remaining amount had been written off pursuant to a supplemental agreement with the debtor.

	2021 RM'000	2020 RM'000
<b>Group</b>		
Movement in allowance for expected credit losses:		
At 1 January	12,990	188,655
Reclassified to assets held for sale	(12,138)	-
Allowance for the financial year (Note 29)	65	490
Reversal of expected credit losses (Note 29)	(211)	(33,549)
Write offs	(3)	(142,759)
Exchange differences	-	153
At 31 December	<b>703</b>	<b>12,990</b>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
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## 15. Receivables (cont'd.)

## (c) Due from subsidiaries

	Company	
	2021 RM'000	2020 RM'000
Amounts due from subsidiaries	87,995	1,680,524
Allowance for expected credit losses	(11,782)	(1,572,240)
	<b>76,213</b>	<b>108,284</b>
Non-current	32,774	108,284
Current	43,439	-
	<b>76,213</b>	<b>108,284</b>
Movement in allowance for expected credit losses:		
At 1 January	1,572,240	1,538,010
Allowance for the financial year (Note 29)	619	34,235
Reversal of expected credit losses (Note 29)	(1,222,355)	(5)
Write off	(338,722)	-
At 31 December	<b>11,782</b>	<b>1,572,240</b>

The amounts due from subsidiaries are unsecured, non-trade in nature, bear interest ranging from 2.65% to 5.50% (2020: 2.65% to 10.51%) per annum and are repayable within 1 to 5 years (2020: 1 to 5 years).

During the financial year, amounts due from subsidiaries totalling RM1,260.1 million had been capitalised into redeemable convertible preference shares, as disclosed in Note 8(a)(i).

## 16. Deposits, cash and bank balances

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current:</b>				
Cash and bank balances	380,532	536,265	3,159	6,009
Deposits with licensed banks	2,560,853	1,514,628	726,459	1,500
Deposits, cash and bank balances	<b>2,941,385</b>	<b>2,050,893</b>	<b>729,618</b>	<b>7,509</b>

## OUR FINANCIAL PERFORMANCE

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**16. Deposits, cash and bank balances (cont'd.)**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group	
	2021 RM'000	2020 RM'000
Deposits, cash and bank balances	2,941,385	2,050,893
Less: Deposits with maturity of more than 3 months	(234,861)	(43,217)
Less: Deposits restricted by the banks	(6,244)	(1,200)
Cash and cash equivalents	2,700,280	2,006,476

The range of interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2021 % per annum	2020 % per annum	2021 % per annum	2020 % per annum
Deposits with licensed banks	0.02 - 3.40	0.02 - 3.50	0.11 - 2.15	0.02 - 2.05

The range of maturities of deposits as at the reporting date were as follows:

	Group		Company	
	2021 Days	2020 Days	2021 Days	2020 Days
Deposits with licensed banks	1 - 426	1 - 365	1 - 60	1 - 72

**17. Assets held for sale and liabilities associated with assets held for sale**

	2021	
	Assets RM'000	Liabilities RM'000
<b>Group</b>		
Other segment	6,553	20,531

During the year, the Group has approved the plan to dispose a group of companies under other segment as part of its effort to continuously streamline the Group's businesses.

## OUR FINANCIAL PERFORMANCE

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**17. Assets held for sale and liabilities associated with assets held for sale (cont'd.)**

The assets and liabilities of the disposal group as at 31 December 2021 are 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

**18. Share capital**

	Number of ordinary shares of RM0.50 each		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
<b>Group and Company</b>				
<b>Issued and fully paid</b>				
At 1 January/31 December	1,168,294	1,168,294	584,147	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.

**19. Reserves**
**(a) 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.

**(b) Fair value reserve**

The fair value reserve represents the differences arising from the conversion of investment in unquoted shares to fair value through OCI.

## OUR FINANCIAL PERFORMANCE

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**20. Perpetual sukuk**

	Group/Company	
	2021 RM'000	2020 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%.

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.

## OUR FINANCIAL PERFORMANCE

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**21. Provision for warranties**

	Group	
	2021 RM'000	2020 RM'000
At 1 January	<b>280,033</b>	277,785
Charged to profit or loss (Note 29)	<b>59,717</b>	40,181
Reversed during the financial year (Note 29)	<b>(69)</b>	(1,852)
Utilised during the financial year	<b>(45,964)</b>	(36,055)
Exchange differences	<b>50</b>	(26)
At 31 December	<b>293,767</b>	280,033
Presented as follows:		
<b>Current</b>	<b>84,981</b>	84,039
<b>Non-current</b>		
Later than 1 year but not later than 2 years	<b>77,080</b>	66,675
Later than 2 years but not later than 8 years	<b>131,706</b>	129,319
	<b>208,786</b>	195,994
	<b>293,767</b>	280,033

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.

## OUR FINANCIAL PERFORMANCE

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## 22. Borrowings

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current:</b>				
<b>Unsecured</b>				
Term loans	97,715	97,714	-	-
Bankers' acceptances and revolving credits	70,571	16,271	-	-
Sukuk	400,000	399,994	400,000	399,994
Trust receipts	69,796	9,790	-	-
Total current borrowings	638,082	523,769	400,000	399,994
<b>Non-current:</b>				
<b>Secured</b>				
Term loan	88,300	87,887	-	-
<b>Unsecured</b>				
Sukuk	1,599,978	1,349,962	1,599,978	1,349,962
Term loans	406,715	504,429	-	-
Total non-current borrowings	2,006,693	1,854,391	1,599,978	1,349,962
<b>Total borrowings</b>	<b>2,733,075</b>	<b>2,466,047</b>	<b>1,999,978</b>	<b>1,749,956</b>

The range of weighted average effective interest rates (WAEIR) for borrowings at the reporting date were as follows:

	Group	
	2021 % per annum	2020 % per annum
Term loans	3.4 - 4.8	4.4 - 5.4
Trust receipts	1.0 - 1.4	1.1 - 2.9
Bankers' acceptances	2.2 - 2.5	2.2 - 3.7
Revolving credits	2.9 - 3.1	2.8 - 3.8
Sukuk	3.0 - 5.2	3.0 - 5.2

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## 22. 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	More than 5 years RM'000	Total RM'000
<b>Group</b>						
<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>31 December 2020</b>						
<b>Secured</b>						
- Fixed rate	5.4	-	5,519	66,225	16,143	87,887
<b>Unsecured</b>						
- Floating rate	1.1 - 3.8	26,061	-	-	-	26,061
- Fixed rate	3.0 - 5.2	497,708	583,420	1,028,129	242,842	2,352,099
		523,769	583,420	1,028,129	242,842	2,378,160
		523,769	588,939	1,094,354	258,985	2,466,047
<b>Company</b>						
<b>31 December 2021</b>						
<b>Unsecured</b>						
- Fixed rate	3.0 - 5.2	400,000	-	1,599,978	-	1,999,978
<b>31 December 2020</b>						
<b>Unsecured</b>						
- Fixed rate	3.0 - 5.2	399,994	399,992	749,986	199,984	1,749,956

The secured long-term borrowings of the Group were secured by legal charge over certain assets of a subsidiary.

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## 22. Borrowings (cont'd.)

## Change in liabilities arising from financing activities

	At 1 January 2021 RM'000	Net addition/ (repayment) RM'000	Others* RM'000	At 31 December 2021 RM'000
<b>2021:</b>				
<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
	<b>2,466,047</b>	<b>267,005</b>	<b>23</b>	<b>2,733,075</b>
<b>Company</b>				
Sukuk	1,749,956	250,000	22	1,999,978
	At 1 January 2020 RM'000	Net addition/ (repayment) RM'000	Others* RM'000	At 31 December 2020 RM'000
<b>2020:</b>				
<b>Group</b>				
Sukuk	1,649,924	100,000	32	1,749,956
Other term loans	785,495	(94,758)	(707)	690,030
Trust receipts	45,306	(35,516)	-	9,790
Bankers' acceptances	13,058	(4,787)	-	8,271
Revolving credits	16,000	(8,000)	-	8,000
	<b>2,509,783</b>	<b>(43,061)</b>	<b>(675)</b>	<b>2,466,047</b>
<b>Company</b>				
Sukuk	1,649,924	100,000	32	1,749,956

\* Others comprise of unamortised transaction cost and foreign exchange differences.

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## 23. Payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current:</b>				
Trade payables:				
Trade payables	648,064	682,724	-	-
Bill payables	12,376	14,762	-	-
Customer deposits	56,412	37,946	-	-
Related parties	499,570	500,989	-	-
Other payables:				
Accruals	591,171	505,120	12,421	16,252
Provision for unutilised leave	6,614	7,365	-	-
Sundry payables	434,583	407,305	1,965	1,792
Total trade and other payables	<b>2,248,790</b>	2,156,211	<b>14,386</b>	18,044
Add:				
Lease liabilities (Note 7)	54,788	72,335	-	-
Borrowings (Note 22)	2,733,075	2,466,047	1,999,978	1,749,956
Less:				
Provision for unutilised leave	(6,614)	(7,365)	-	-
SST payable	(3,672)	(4,932)	-	-
Total financial liabilities carried at amortised cost	<b>5,026,367</b>	4,682,296	<b>2,014,364</b>	1,768,000

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 are normally settled within 1 day to 90 days (2020: 1 day to 90 days) terms.

Sundry payables are non-interest bearing and are normally settled on an average term of six months (2020: average term of six months).

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## 24. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Revenue from contracts with customers:</b>				
Type of goods or services:				
- Vehicles	7,188,178	5,768,090	-	-
- Equipment	730,152	525,405	-	-
- Parts	1,704,174	1,678,310	-	-
- Exports of goods	971,766	1,027,469	-	-
- Lubricants and related products	156,737	167,117	-	-
- Services	46,308	124,884	-	-
- Property development	17,123	26,639	-	-
- Others	22,194	21,276	-	-
	<b>10,836,632</b>	9,339,190	-	-
<b>Rental income:</b>				
- Leasing of equipment	224,171	215,375	-	-
<b>Dividend income:</b>				
Gross dividend income from				
- subsidiaries	-	-	183,363	925,100
- associate	-	-	57	161
	-	-	<b>183,420</b>	925,261
Total revenue	<b>11,060,803</b>	9,554,565	<b>183,420</b>	925,261
<b>Timing of revenue recognition from contract with customers:</b>				
At a point in time	10,495,334	9,276,902	-	-
Over time	341,298	62,288	-	-
	<b>10,836,632</b>	9,339,190	-	-

## OUR FINANCIAL PERFORMANCE

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## 24. Revenue (cont'd.)

**Performance obligations**

Information about the Group's core performance obligations are summarised below:

Vehicles, Parts and Exports of Goods

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, Other Related Spares

The performance obligation is satisfied upon delivery of the equipment, parts and other related spares (**the Goods**). 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 and related products. Payment is generally due within 60 to 90 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.

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.

## OUR FINANCIAL PERFORMANCE

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**25. Other operating income**

Included in other operating income are:

	Group	
	2021 RM'000	2020 RM'000
Net gain on disposal of property, plant, equipment and leased assets	42,606	24,095
Net gain/(loss) on derecognition of lease under MFRS 16	598	(173)
Bad debts recovered	11,000	94
Rental income	24,465	27,603
Commissions	2,310	8,025

**26. Employee benefits**

	Group	
	2021 RM'000	2020 RM'000
<b>Staff costs</b>		
Wages and salaries	480,157	424,269
Social security costs	5,219	4,353
Defined contribution plan	62,136	57,980
Other staff related expenses	104,718	93,292
	<b>652,230</b>	<b>579,894</b>

Included in the above are remuneration of directors and key management personnels which are disclosed in Note 29 and 40(f) respectively.

**27. Finance costs**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense:				
- Sukuk	69,768	74,911	69,768	74,911
- Bank borrowings	33,895	35,046	-	-
- Lease liabilities	3,084	3,643	-	-
- Others	1,415	1,913	-	-
	<b>108,162</b>	<b>115,513</b>	<b>69,768</b>	<b>74,911</b>

## OUR FINANCIAL PERFORMANCE

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**28. Investment income**

Investment income comprises:

**Gross dividend income from:**

Financial assets at fair value through other comprehensive income

- Unquoted investments

**Interest income from:**

Financial assets

- Due from subsidiaries

- Deposit with licensed banks

Others

**Distribution income from:**

Quoted investments in money market funds

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted investments	459	1,022	-	-
Due from subsidiaries	-	-	5,726	111,306
Deposit with licensed banks	28,130	24,956	152	323
Others	30	7	30	7
Quoted investments in money market funds	20,078	28,422	8,545	13,538
	<b>48,697</b>	<b>54,407</b>	<b>14,453</b>	<b>125,174</b>

**29. Profit before zakat and taxation**

Profit before zakat and taxation are derived after charging/(crediting):

**Group**

Executive directors:

- salaries and emoluments

- defined contribution plan

- benefits-in-kind

- other emoluments

Non-executive directors:

- fees

- other emoluments

- benefits-in-kind

Rental of short-term leases

Rental of leases of low-value-assets

	2021 RM'000	2020 RM'000
salaries and emoluments	1,560	2,184
defined contribution plan	250	303
benefits-in-kind	34	118
other emoluments	11	-
fees	1,670	1,670
other emoluments	528	439
benefits-in-kind	272	269
Rental of short-term leases	14,982	12,592
Rental of leases of low-value-assets	282	262

## OUR FINANCIAL PERFORMANCE

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**29. Profit before zakat and taxation (cont'd.)**

Profit before zakat and taxation are derived after charging/(crediting) (cont'd.):

	2021 RM'000	2020 RM'000
<b>Group (cont'd.)</b>		
Auditors' remuneration:		
Statutory audit:		
- auditors' of the Company	1,432	1,528
- other auditors	642	631
Other assurance services:		
- auditors' of the Company	410	380
Non-audit services:		
- member firms of the auditors' of the Company	1,290	1,238
Net provision for/(reversal of) inventories written down	3,210	(4,365)
Royalty expenses	8,935	10,984
Net impairment losses/(reversal of impairment) on:		
- leased assets (Note 6)	-	66
- investments in joint ventures	1,052	(16,488)
- other investments	15,637	9,607
Net (gain)/loss on liquidations/disposals of investments in subsidiaries and associates	(2,491)	121,858
Net allowance for/(reversal of) expected credit losses on receivables (Note 15)	2,198	(38,905)
Net foreign exchange loss/(gain):		
- realised	3,789	(4,962)
- unrealised	10,277	(1,265)
Net provision for warranties (Note 21)	59,648	38,329
Net fair value gain on financial assets held for trading	(686)	(3,788)
Gain on favourable rental rates	-	(561)
Net fair value loss/(gain) on derivatives	9,416	(11,728)
Bad debt written off	5,691	-
Net gain on disposals of:		
- property, plant and equipment	(19,571)	(3,001)
- leased assets	(23,035)	(21,094)
- investments in joint ventures	-	(6,296)
- other investments	(149)	(122)
(Gain)/loss on derecognition of lease under MFRS 16	(598)	173

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
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**29. Profit before zakat and taxation (cont'd.)**

Profit before zakat and taxation are derived after charging/(crediting) (cont'd.):

	2021 RM'000	2020 RM'000
<b>Group (cont'd.)</b>		
Depreciation:		
- property, plant and equipment (Note 4)	182,725	209,053
- investment properties (Note 5)	11,486	16,236
- leased assets (Note 6)	116,385	114,636
- right-of-use assets (Note 7)	32,941	34,149
Written off:		
- property, plant and equipment (Note 4)	722	469
- leased assets (Note 6)	-	43
<b>Company</b>		
Non-executive directors:		
- fees	1,650	1,650
- other emoluments	475	407
- benefits-in-kind	272	269
Auditors' remuneration:		
- statutory audit	191	191
- other assurance services	395	365
Non-audit services:		
- member firms of the auditors' of the Company	140	323
Net impairment losses on investments in subsidiaries	1,247,582	1,191
Due from subsidiaries (Note 15(c))		
- Net (reversal of)/allowance for expected credit losses	(1,221,736)	34,230
Depreciation of property, plant and equipment	193	193
Loss on disposal of equipment	1	-
Net loss on disposal of investments in subsidiaries	3,761	-
Gain on derecognition of lease under MFRS 16	-	(13)
Net foreign exchange (gain)/loss:		
- realised	(37,829)	(1,015)
- unrealised	(168)	162



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## 29. Profit before zakat and taxation (cont'd.)

## Directors Remuneration 2021

Group	Salary and emoluments RM'000	Directors' fee RM'000	Benefits-in-kind RM'000	Other emoluments RM'000	Defined contribution plan RM'000	Total RM'000
<b>Executive director:</b>						
Dato' Ahmad Fuaad bin Mohd Kenali	1,560	-	34	11	250	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	1,670	306	539	250	4,325

## Company

## Non-executive directors:

	Directors' fee RM'000	Benefits-in-kind RM'000	Other emoluments RM'000	Total RM'000
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)

## OUR FINANCIAL PERFORMANCE

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## 29. Profit before zakat and taxation (cont'd.)

## Directors Remuneration 2020

Group	Salaries and emoluments RM'000	Directors' fee RM'000	Benefits-in-kind RM'000	Other emoluments RM'000	Defined contribution plan RM'000	Total RM'000
<b>Executive directors:</b>						
Dato' Ahmad Fuaad bin Mohd Kenali (appointed on 1 November 2020)	260	-	19	-	42	321
Badrul Feisal bin Abdul Rahim (demised on 31 May 2020)	1,924	-	99	-	261	2,284
	2,184	-	118	-	303	2,605
<b>Non-executive directors:</b>						
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	-	350	67	68	-	485
Tan Sri Hasmah binti Abdullah	-	165	25	65	-	255
Dato' Eshah binti Meor Suleiman	-	165	32	49	-	246
Datin Paduka Kartini binti Hj Abdul Manaf	-	165	16	57	-	238
Dr Veerinderjeet Singh a/l Tejwant Singh	-	165	23	45	-	233
Salwah binti Abdul Shukor	-	165	19	36	-	220
Lim Tze Seong*	-	165	17	32	-	214
Razalee bin Amin	-	165	46	42	-	253
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang	-	165	24	45	-	234
Subtotal	-	1,670	269	439	-	2,378
Total	2,184	1,670	387	439	303	4,983

\* 50% of the director's fee was paid to Employee Provident Fund (EPF)

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**29. Profit before zakat and taxation (cont'd.)**
**Directors Remuneration 2020 (cont'd.)**

	Directors' fee RM'000	Benefits- in-kind RM'000	Other emoluments RM'000	Total RM'000
<b>Company</b>				
<b>Non-executive directors:</b>				
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	330	67	36	433
Tan Sri Hasmah binti Abdullah	165	25	65	255
Dato' Eshah binti Meor Suleiman	165	32	49	246
Datin Paduka Kartini binti Hj Abdul Manaf	165	16	57	238
Dr Veerinderjeet Singh a/l Tejwant Singh	165	23	45	233
Salwah binti Abdul Shukor	165	19	36	220
Lim Tze Seong*	165	17	32	214
Razalee bin Amin	165	46	42	253
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang	165	24	45	234
<b>Total</b>	<b>1,650</b>	<b>269</b>	<b>407</b>	<b>2,326</b>

\* 50% of the director's fee was paid to Employee Provident Fund (EPF)

**30. Taxation**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Income tax:</b>				
Malaysian taxes	70,655	57,544	105	4,488
Overseas taxes	4,023	3,253	-	-
RPGT/WHT*	3,287	(564)	-	-
	<b>77,965</b>	<b>60,233</b>	<b>105</b>	<b>4,488</b>
<b>(Over)/underprovision in prior financial years:</b>				
Malaysian taxes	(16,325)	(14,517)	(4,358)	(1,385)
Overseas taxes	19	(402)	-	-
	<b>(16,306)</b>	<b>(14,919)</b>	<b>(4,358)</b>	<b>(1,385)</b>
	<b>61,659</b>	<b>45,314</b>	<b>(4,253)</b>	<b>3,103</b>
<b>Deferred taxation (Note 11):</b>				
Relating to origination and reversal of temporary differences	(111,201)	19,692	-	-
Underprovision in prior financial years	8,056	4,441	-	-
	<b>(103,145)</b>	<b>24,133</b>	<b>-</b>	<b>-</b>
	<b>(41,486)</b>	<b>69,447</b>	<b>(4,253)</b>	<b>3,103</b>

\* Real property gains tax/Withholding tax

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**30. Taxation (cont'd.)**

Domestic current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

During the financial year, there was a recognition of deferred tax assets of RM139.8 million arising from the approved investment tax allowance as disclosed in Note 11.

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:

	2021 RM'000	2020 RM'000
<b>Group</b>		
Profit before zakat and taxation	482,750	400,665
Taxation at Malaysian statutory rate of 24% (2020: 24%)	115,860	96,160
Tax incentives	(139)	(53)
Income not subject to tax	(50,104)	(53,484)
Expenses not deductible for tax purposes	119,666	100,330
Under provision of deferred tax in prior financial years	8,056	4,441
Over provision of income tax expense in prior financial years	(16,306)	(14,919)
Effect of share of profits of associates and joint ventures	(64,312)	(48,986)
Deferred tax assets recognised on unutilised capital allowances, unabsorbed tax losses, investment tax allowance and other temporary differences	(152,146)	(12,051)
Zakat	(2,061)	(1,991)
<b>Taxation</b>	<b>(41,486)</b>	<b>69,447</b>
<b>Company</b>		
Profit before zakat and taxation	106,694	914,224
Taxation at Malaysian statutory rate of 24% (2020: 24%)	25,607	219,414
Income not subject to tax	(45,872)	(240,807)
Expenses not deductible for tax purposes	22,431	27,872
Over provision of income tax expense in prior financial years	(4,358)	(1,385)
Zakat	(2,061)	(1,991)
<b>Taxation</b>	<b>(4,253)</b>	<b>3,103</b>

## OUR FINANCIAL PERFORMANCE

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**31. Earnings per share**
**Basic/diluted**

Basic 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	
	2021	2020
Net profit attributable to equity holders (RM'000)	268,230	204,600
Weighted average number of ordinary shares in issue ('000)	1,168,294	1,168,294
Basic/diluted earnings per share (sen)	23.0	17.5

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.

**32. Dividends**

	Amount		Net dividend per share	
	2021 RM'000	2020 RM'000	2021 Sen	2020 Sen
<b>In respect of the financial year ended 31 December 2019:</b>				
- Final dividend of 4.0%	-	23,366	-	2.0
<b>In respect of the financial year ended 31 December 2020:</b>				
- Final dividend of 8.0%	46,732	-	4.0	-
	46,732	23,366	4.0	2.0

A final dividend in respect of the current financial year of 11.6% or 5.8 sen per share amounting to a net dividend payable of approximately RM67.8 million was declared on 25 February 2022. The dividend is proposed to be paid on 29 April 2022 to shareholders whose names appear in the Record of Depositors as at close of business on 13 April 2022. 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 2022.

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**33. Commitments**
**Capital commitments**

Approved and contracted for:

- land and buildings
- equipment, plant and machinery
- others

Approved but not contracted for:

- land and buildings
- equipment, plant and machinery
- others

Total capital commitments

**34. Contingent liabilities**

As at the reporting date, the Group has the following contingent liabilities for which no liability is expected to arise:

**Unsecured**

Performance bonds in favour of third parties

	Group	
	2021 RM'000	2020 RM'000
Approved and contracted for:		
- land and buildings	10,626	14,478
- equipment, plant and machinery	32,633	82,447
- others	20,056	12,339
	63,315	109,264
Approved but not contracted for:		
- land and buildings	41,937	22,762
- equipment, plant and machinery	413,629	266,042
- others	58,335	29,462
	513,901	318,266
Total capital commitments	577,216	427,530

	Group	
	2021 RM'000	2020 RM'000
Unsecured		
Performance bonds in favour of third parties	11,580	20,340

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**35. 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) support services in travel;
  - (b) information technology;
  - (c) property development;
  - (d) management and corporate services and various professional services; and
  - (e) research and development.

Transfer prices between operating segments are at terms agreed between the parties.

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**35. 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	Per 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	-
Total revenue	<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
Segment profit/(loss) after zakat and taxation	<b>553,118</b>	<b>78,213</b>	<b>10,923</b>	<b>(126,606)</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	138,195	254,845	27,319	9,248	(23,428)	II	406,179
Segment assets	<b>7,601,030</b>	<b>1,589,392</b>	<b>931,498</b>	<b>2,050,769</b>	-		<b>12,172,689</b>
<b>Liabilities:</b>							
Segment liabilities	<b>2,367,721</b>	<b>547,766</b>	<b>478,587</b>	<b>2,016,066</b>	-		<b>5,410,140</b>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
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## 35. 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	Per consolidated financial statements RM'000
<b>2020</b>							
<b>Revenue:</b>							
External customers	7,483,122	1,126,310	893,531	51,602	-		9,554,565
Intersegment	581	11,022	24,745	46,870	(83,218)	I	-
<b>Total revenue</b>	<b>7,483,703</b>	<b>1,137,332</b>	<b>918,276</b>	<b>98,472</b>	<b>(83,218)</b>		<b>9,554,565</b>
<b>Results:</b>							
Depreciation and amortisation	(166,888)	(134,604)	(37,583)	(34,999)	-		(374,074)
Impairment loss of property, plant, equipment and leased assets	-	(66)	-	-	-		(66)
Share of results of associates and joint ventures	226,916	-	6,092	(28,900)	-		204,108
Segment profit/(loss) before zakat and taxation	334,588	102,932	61,590	(98,445)	-		400,665
Zakat	-	-	-	(8,295)	-		(8,295)
Income tax expense	(30,428)	(22,603)	(14,762)	(1,654)	-		(69,447)
<b>Segment profit/(loss) after zakat and taxation</b>	<b>304,160</b>	<b>80,329</b>	<b>46,828</b>	<b>(108,394)</b>	<b>-</b>		<b>322,923</b>
<b>Assets:</b>							
Investments in associates and joint ventures	1,903,696	-	63,780	113,377	-		2,080,853
Additions to non-current assets	53,868	140,205	25,393	1,419	-	II	220,885
<b>Segment assets</b>	<b>7,305,552</b>	<b>1,486,925</b>	<b>992,949</b>	<b>1,661,666</b>	<b>-</b>		<b>11,447,092</b>
<b>Liabilities:</b>							
Segment liabilities	2,412,381	404,617	573,537	1,639,388	-		5,029,923

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
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## 35. 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	2021 RM'000	2020 RM'000
Property, plant and equipment	4	247,624	95,461
Investment properties	5	1,490	719
Leased assets	6	157,065	124,705
		<b>406,179</b>	<b>220,885</b>

## (b) Geographical segments

## 2021

Revenue from external customers  
Non-current assets\*

	Malaysia RM'000	Overseas RM'000	Consolidated RM'000
Revenue from external customers	10,387,836	672,967	11,060,803
Non-current assets*	3,075,253	241,624	3,316,877

## 2020

Revenue from external customers  
Non-current assets\*

Revenue from external customers	8,990,687	563,878	9,554,565
Non-current assets*	3,036,719	213,181	3,249,900

\* Non-current assets stated above consist of the following items as presented in the consolidated statement of financial position:

	2021 RM'000	2020 RM'000
Property, plant and equipment	2,545,020	2,463,020
Investment properties	270,218	284,383
Leased assets	373,457	350,438
Right-of-use assets	128,182	152,059
	<b>3,316,877</b>	<b>3,249,900</b>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
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## 36. Subsidiaries

(i) The following are the subsidiaries of the Group:

Company	Group Effective interest		Principal activities
	2021 %	2020 %	
<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 Advantech Sdn. Bhd.	-	100	Manufacturing and distribution of filters, plastic engineering products and spare parts for various automotive and industrial applications.
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.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
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## 36. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2021 %	2020 %	
<b>(a) Subsidiaries incorporated in Malaysia (cont'd.)</b>			
<b>Indirect subsidiaries of the Company (cont'd.):</b>			
UMW Development Sdn. Bhd.	100	100	To carry on businesses in relation to property investment and development, project management consultant in order to prepare, plan, procure, execute, project control, manage contract, complete and commission for building, constructing and developing all types of properties and other things as are incidental or conducive to the attainment of the above business.
UMW Grantt International Sdn. Bhd.	100	100	Manufacturing, distributing, selling and trading of lubricants, greases and specialty products.
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 tooling.
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 environment 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 business.
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.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 36. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2021 %	2020 %	
<b>(a) Subsidiaries incorporated in Malaysia (cont'd.)</b>			
<b>Indirect subsidiaries of the Company (cont'd.):</b>			
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 equipments and related spares.
UMW Equipment Sdn. Bhd.	74	74	Trading and hiring of industrial, heavy and material equipments 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	60	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, export of vehicles and related parts and provision of administrative, professional and financial services support to its subsidiary companies.
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.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 36. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2021 %	2020 %	
<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 for 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.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 36. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2021 %	2020 %	
<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 equipments.
<b>(f) Subsidiaries incorporated in 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 lubricant supply and equipment.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 36. Subsidiaries (cont'd.)

(ii) The following companies are under members' voluntary liquidation/deregistration:

Company	Group Effective interest		Principal activities
	2021 %	2020 %	
<b>(a) Subsidiaries incorporated in Malaysia</b>			
<b>Direct subsidiary of the Company:</b>			
UMW Oil & Gas Berhad	100	100	Investment holding.
<b>Indirect subsidiaries of the Company:</b>			
UMW SG Power Systems Sdn. Bhd.	100	100	General trader and the provision of engineering works. The company was dissolved on 4 March 2022.
UMW SG Engineering & Services Sdn. Bhd.∞	-	100	General trader and the provision of engineering works.
UMW Autocorp Sdn. Bhd.	100	100	Investment holding.
KYB-UMW Steering Malaysia Sdn. Bhd. ∞	-	52.1	Manufacture and assembly of power steering pumps for motor vehicle.
UMW Oilfield International (M) Sdn. Bhd.	100	100	Marketing, importing, exportation, distribution of equipment and component parts, and 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	100	Investment holding. The Company was dissolved on 29 March 2022.
* Subsidiaries audited by firms of auditors other than Ernst & Young PLT.			
# The financial year end of the above subsidiaries are 30 September.			
^ The financial year end of the above subsidiary is 31 March.			
∞ Winding up of these companies were completed during the financial year.			



## OUR FINANCIAL PERFORMANCE

 NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
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## 37. Joint ventures

Company	Group Effective interest		Principal activities
	2021 %	2020 %	
<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 greases 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.

## 38. Associates

(i) The following are the associates of the Group:

Company	Group Effective interest		Principal activities
	2021 %	2020 %	
<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 distribution of motor vehicles, spare parts and other related activities.
Strategic Auto Sdn. Bhd.	38	38	Importer and distributor of motor vehicles.
Perodua Manufacturing Sdn. Bhd.	28.12	28.12	Manufacture and assembly of motor vehicles and other related activities.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 38. Associates (cont'd.)

(i) The following are the associates of the Group (cont'd):

Company	Group Effective interest		Principal activities
	2021 %	2020 %	
<b>(a) Associates incorporated in Malaysia (cont'd.)</b>			
Held through Perodua (cont'd.):			
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 dealers 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.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 38. Associates (cont'd.)

(ii) The following company is under members' voluntary liquidation/deregistration:

Company	Group Effective interest		Principal activities
	2021 %	2020 %	
<b>(a) Associates incorporated in Malaysia</b>			
Held through Toyota Capital Malaysia Sdn. Bhd.:			
Seabanc Kredit Sdn. Bhd.	<b>30</b>	30	Hire purchase financing, leasing and debt factoring.

Other than E-Lock Corporation Sdn. Bhd. whose financial year end is 31 January, UMW Toyotsu Motors Sdn. Bhd., Toyota Capital Malaysia Sdn. Bhd. and its subsidiaries whose financial year end is 31 March, the financial year end of all of the above associated companies is 31 December.

## 39. Significant event

The prolonged Covid-19 pandemic continues to have significant impact to the people, businesses, and economies globally in 2021 with the emergence of new variants. The Government of Malaysia (**Government**) imposed the Full Movement Control Order (**FMCO**) from 1 June to 15 August 2021 which led to temporary suspension of operations, workplace disruption as well as lower demand for products and services. From 16 August 2021, the Government commenced a National Recovery Plan (**NRP**) to reopen the economic sectors and social activities over four phases following the successful nationwide vaccination program.

Following a strong financial performance in the first quarter of the year, the Group's financial performance was impacted by the FMCO for the second and third quarter of the year. The automotive assembly plants and showrooms were closed during the FMCO period, except for service centres which ran at a limited capacity. The global semiconductor chips shortage had also impacted automotive production. Nonetheless, the automotive segment showed a strong recovery post FMCO contributed by the introduction of new models as well as the extended sales tax exemption granted by the Government. For both the Equipment and Manufacturing and Engineering segments, restricted operating capacities during the FMCO had caused a slowdown in the manufacturing and industrial sectors. Major infrastructure projects were delayed resulting in lower demand for construction equipment.

The Group expects its business operations both domestically and regionally to gradually recover in line with the projected economic growth in 2022. However, the Group remains cautious of the potential challenges despite the endemic state of Covid-19 and will continue to improve its resilience through cost optimisation and operational efficiency.

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
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## 40. 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	2021 RM'000	2020 RM'000
UMW Industries (1985) Sdn. Bhd.	)	Lease rental revenue	<b>9,134</b>	8,475
KYB-UMW Malaysia Sdn. Bhd.	)	Sale of shock absorbers	<b>43,383</b>	52,705
U-TravelWide Sdn. Bhd.	)	Sale of air tickets	-	1,187
UMW Toyota Motor Sdn. Bhd. and subsidiaries	)	Sale of goods and services	<b>184,806</b>	176,916
	) Perodua	Purchase of goods and services	<b>359,191</b>	364,685
UMW Industrial Power Services Sdn. Bhd.	) Group*	Sale of goods and services	<b>12,793</b>	4,087
UMW Advantech Sdn. Bhd.	)	Sale of goods and services	<b>20,417</b>	30,501
Lubetech Sdn. Bhd.	)	Sale of goods and services	<b>23,466</b>	22,820
UMW Corporation Sdn. Bhd.	) Toyota Capital Malaysia Sdn. Bhd. and its subsidiaries	Purchase of goods and services	<b>4,188</b>	5,432

\* Comprises Perusahaan Otomobil Kedua Sdn. Bhd., its subsidiaries and associates.

(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	2021 RM'000	2020 RM'000
UMW Toyota Motor Sdn. Bhd. and its subsidiaries	) Toyota Motors Corporation, Japan and its subsidiaries	Sale of goods and services	<b>740,531</b>	607,101
	) UMW Toyotsu Motors Sdn. Bhd.	Purchase of goods and services	<b>3,487,431</b>	2,929,948
	) UMW Toyotsu Motors Sdn. Bhd.	Sale of goods	<b>152,498</b>	136,877
	) UMW Toyotsu Motors Sdn. Bhd.	Purchase of goods and services	<b>6,018</b>	5,402

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 40. Significant related party disclosures (cont'd.)

- (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	2021 RM'000	2020 RM'000
UMW Equipment Sdn. Bhd.	)	Purchase of goods and services	86,981	37,776
UMW East Malaysia Sdn. Bhd.	) Komatsu Ltd.,	Purchase of goods and services	101,925	47,045
UMW Heavy Equipment (S) Pte. Ltd.	) Japan and its	Purchase of goods and services	39,990	27,221
UMW Niugini Limited	) subsidiaries	Purchase of goods and services	77,501	65,499
UMW Engineering Services Limited	)	Purchase of goods and services	3,680	15,507

- (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	2021 RM'000	2020 RM'000
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	) Kayaba Industry	Sale of goods and services	74,766	68,374
	) Co. Ltd., Japan	Purchase of goods and services	10,947	9,649
	) and its subsidiaries			
	) Toyota Tshusho	Sale of goods and services	757	292
	) Corporation,	Purchase of goods and services	45,087	33,399
	) Japan and its			
	) affiliated			
	) company			

- (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	2021 RM'000	2020 RM'000
UMW Sher (L) Ltd.	) Jaybee Energy	Bareboat chartering services	6,413	4,082
Jaybee Drilling Pvt. Ltd.	) Pte. Ltd.	Purchase of goods and services	15,780	17,194

- (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.

	2021 RM'000	2020 RM'000
Salaries and wages	12,397	15,192
Defined contribution plan	1,634	2,004
Others	1,624	3,887
	<b>15,655</b>	<b>21,083</b>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 41. 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 2021 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.

## OUR FINANCIAL PERFORMANCE

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## 41. Fair value disclosures (cont'd.)

## Determination of fair value (cont'd.)

## (i) Financial instruments not carried at fair value

	Note	2021		2020	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities:</b>					
<b>Group</b>					
Long term borrowings					
- Fixed rate borrowings		495,015	681,642	592,316	869,138
- Fixed rate sukuk		1,599,978	2,211,673	1,349,962	1,866,072
	22	<b>2,094,993</b>	<b>2,893,315</b>	1,942,278	2,735,210
<b>Company</b>					
Long term borrowings					
- Fixed rate sukuk	22	1,599,978	2,211,673	1,349,962	1,866,072

## (ii) Financial instruments carried at fair value

	Note	2021 RM'000	2020 RM'000
<b>Financial assets:</b>			
<b>Group</b>			
Investment in money market fund	12	603,198	1,286,086
Quoted shares	12	918	863
Unquoted shares	12	4,302	4,302
Forward currency contracts	13	463	568
Embedded derivatives	13	5,135	12,669
<b>Company</b>			
Investment in money market fund	12	312,038	773,756

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 41. Fair value disclosures (cont'd.)

## Determination of fair value (cont'd.)

## (ii) Financial instruments carried at fair value (cont'd.)

	Note	2021 RM'000	2020 RM'000
<b>Financial liabilities:</b>			
<b>Group</b>			
Forward currency contracts	13	3,094	1,317

## 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:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

## Assets measured at fair value:

	Level	Note	Fair value	
			2021 RM'000	2020 RM'000
<b>Group</b>				
Quoted investment in money market fund	1	12	603,198	1,286,086
Quoted shares outside Malaysia	1	12	918	863
Unquoted shares	3	12	4,302	4,302
Embedded derivatives	2	13	5,135	12,669
Forward currency contracts	2	13	463	568

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 41. Fair value disclosures (cont'd.)

## Fair value hierarchy (cont'd.)

## Assets measured at fair value (cont'd.):

## Company

Investment in money market fund

Level	Note	Fair value	
		2021 RM'000	2020 RM'000
1	12	312,038	773,756
<b>Assets for which fair values are disclosed:</b>			
<b>Group</b>			
3	5	555,931	534,310
<b>Liabilities measured at fair value:</b>			
<b>Group</b>			
2	13	3,094	1,317
<b>Liabilities for which fair values are disclosed:</b>			
<b>Group</b>			
2	22	681,642	869,138
2	22	2,211,673	1,866,072
<b>Company</b>			
2	22	2,211,673	1,405,310

Long term borrowings

- Fixed rate borrowings

- Fixed rate sukuk

## Company

Long term borrowings

- Fixed rate sukuk

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 41. Fair value disclosures (cont'd.)

## Fair value hierarchy (cont'd.)

## 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 (2020: 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.

## 42. 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.

Short term borrowings

Long term borrowings

Total borrowings

Total equity

Gearing ratio

	Group	
	2021 RM'000	2020 RM'000
Short term borrowings	638,082	523,769
Long term borrowings	2,094,993	1,942,278
Total borrowings	2,733,075	2,466,047
Total equity	6,762,549	6,417,169
Gearing ratio	40%	38%

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

43. 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) Framework.

The Group's risk governance structure comprises the following:

- (i) The Risk Management Committee (RMC) 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 RMC;
- (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 RMC include:

- (i) to monitor the role, effectiveness and efficiency of the MRC, Group Risk Management Division and Risk Management Units 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.

The MRC comprises members of the Management Committee. This Committee identifies and assesses risks, and makes recommendations on risk management to the RMC 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.

OUR FINANCIAL PERFORMANCE

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

43. Financial risk management (cont'd.)

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 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:

	Basis points	2021	2020
		RM'000	RM'000
		Effect on profit after tax	
US Dollar	+ 10%	(970)	(5,777)
	- 10%	970	5,777
Great British Pound	+ 10%	230	(6)
	- 10%	(230)	6
Japanese Yen	+ 10%	3,298	662
	- 10%	(3,298)	(662)
Euro	+ 10%	4,033	(1,418)
	- 10%	(4,033)	1,418

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**43. Financial risk management (cont'd.)**
**(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, 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:

	Basis points	2021	2020
		RM'000	RM'000
		Effect on profit after tax	
Ringgit Malaysia interest rates	+ 50	(2)	(21)
	- 50	2	21
Singapore Dollar interest rates	+ 50	37	51
	- 50	(37)	(51)

**(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. A credit committee 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 comprise of total receivables as disclosed in Note 15, corporate guarantees and financial indemnity granted by the Group of RM74.9 million (2020: RM65.4 million).

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

**43. Financial risk management (cont'd.)**
**(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.

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.

	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>Financial liabilities:</b>					
<b>Group</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>					
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>

## OUR FINANCIAL PERFORMANCE

 NOTES TO THE  
FINANCIAL STATEMENTS (CONT'D.)  
31 December 2021

## 43. Financial risk management (cont'd.)

## (d) Liquidity risk (cont'd.)

	2020				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>Financial liabilities:</b>					
<b>Group</b>					
Trade and other payables (excluding provisions and SST payables)	2,143,914	-	-	-	2,143,914
Lease liabilities	28,683	13,435	18,871	22,919	83,908
Derivatives:					
- Forward contracts (gross payments)	1,317	-	-	-	1,317
Borrowings	622,537	577,924	1,220,236	358,863	2,779,560
<b>Total undiscounted financial liabilities</b>	<b>2,796,451</b>	<b>591,359</b>	<b>1,239,107</b>	<b>381,782</b>	<b>5,008,699</b>
<b>Company</b>					
Trade and other payables	18,044	-	-	-	18,044
Borrowings	467,189	448,644	828,092	207,894	1,951,819
<b>Total undiscounted financial liabilities</b>	<b>485,233</b>	<b>448,644</b>	<b>828,092</b>	<b>207,894</b>	<b>1,969,863</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 2021.

## (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 investments in money market funds as they are quoted in the market.

## 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 profit after tax would have been RM6.0 million (2020: RM12.9 million) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments.

## ADDITIONAL INFORMATION

 SHAREHOLDINGS  
STATISTICS  
As At 31 March 2022

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	603	23	626	8.45	9,718	703	10,421	0.00
100 to 1,000	2,254	79	2,333	31.49	1,515,154	48,389	1,563,543	0.13
1,001 to 10,000	3,240	155	3,395	45.83	13,427,029	637,788	14,064,817	1.20
10,001 to 100,000	743	132	875	11.81	21,137,006	4,769,280	25,906,286	2.22
100,001 to less than 5% of issued share	116	60	176	2.38	334,818,023	58,736,174	393,554,197	33.69
5% and above of issued share	3	0	3	0.04	733,194,668	0	733,194,668	62.76
<b>Total</b>	<b>6,959</b>	<b>449</b>	<b>7,408</b>	<b>100</b>	<b>1,104,101,598</b>	<b>64,192,334</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	5,474	185	30,465,670	1,334,521	2.60	0.11
2) Body Corporate						
a) Banks/Finance Companies	25	1	825,125,626	5,206	70.63	0.00
b) Investment trusts/foundation/charities	1	0	5,112	0	0.00	0.00
c) Industrial and commercial companies	102	4	3,853,520	1,311,838	0.33	0.11
3) Government agencies/institutions	4	0	2,628,684	0	0.23	0.00
4) Nominees	1,351	259	242,016,318	61,540,769	20.71	5.27
5) Others	2	0	6,668	0	0.00	0.00
<b>Total</b>	<b>6,959</b>	<b>449</b>	<b>1,104,101,598</b>	<b>64,192,334</b>	<b>94.51</b>	<b>5.49</b>



## ADDITIONAL INFORMATION

 SHAREHOLDINGS  
STATISTICS

As At 31 March 2022

## TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Shares	Percentage
1	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	505,262,600	43.25
2	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	131,469,650	11.25
3	Kumpulan Wang Persaraan (Diperbadankan)	96,462,418	8.26
4	AmanahRaya Trustees Berhad - Amanah Saham Malaysia	51,379,400	4.40
5	Permodalan Nasional Berhad	47,657,500	4.08
6	AmanahRaya Trustees Berhad - Amanah Saham Malaysia 3	36,136,200	3.09
7	AmanahRaya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	36,120,500	3.09
8	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	28,285,000	2.42
9	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera 2	17,898,700	1.53
10	HSBC Nominees (Asing) Sdn Bhd - HSBC BK PLC For Kuwait Investment Office (KIO)	16,781,300	1.44
11	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera 3 - Didik	13,500,400	1.16
12	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB For PRUlink Equity Fund	8,777,200	0.75
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	Pertubuhan Keselamatan Sosial - Bahagian Pelaburan	5,335,200	0.46
16	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)	5,000,000	0.43
17	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AsianIslamic)	4,953,100	0.42
18	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA For Vanguard Emerging Markets Stock Index Fund	4,307,372	0.37
19	AmanahRaya Trustees Berhad - Public Ittikal Sequel Fund	4,282,500	0.37
20	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AMUNDI)	3,802,400	0.33

## ADDITIONAL INFORMATION

 SHAREHOLDINGS  
STATISTICS

As At 31 March 2022

## TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Shares	Percentage
21	Cartaban Nominees (Asing) Sdn Bhd - Exempt An For State Street Bank & Trust Company (WEST CLT OD67)	3,743,800	0.32
22	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	3,306,600	0.28
23	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Principal EQITS)	2,882,900	0.25
24	AmanahRaya Trustees Berhad - Public Dividend Select Fund	2,817,800	0.24
25	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LSF)	2,739,200	0.23
26	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (NIAM EQ)	2,567,000	0.22
27	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA For Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	2,532,500	0.22
28	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd For Affin Hwang Aiiman Growth Fund (4207)	2,532,400	0.22
29	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Bank Berhad (EDP 2)	2,428,900	0.21
30	Tabung Warisan Negeri Selangor	2,000,000	0.17
<b>TOTAL</b>		<b>1,056,748,140</b>	<b>90.45</b>

## SUBSTANTIAL SHAREHOLDERS

No.	Shareholders	No. of Shares	Percentage
1	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	505,262,600	43.248
2	Employees Provident Fund Board <sup>1</sup>	147,507,950	12.626
3	Kumpulan Wang Persaraan (Diperbadankan) <sup>2</sup>	102,757,951	8.796

## 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 4 April 2022.

## ADDITIONAL INFORMATION

## TOP 10 PROPERTIES HELD BY THE UMW GROUP

As At 31 December 2021

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	10	-	28.12.2008	656,856,538
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	4	-	02.03.2018	597,987,866
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	5	-	01.08.2016	101,635,938
4	Lot 40020 to Lot 40021, Lot 40025 to Lot 40027 and Lot 40029 to Lot 40033 Mukim Serendah, Ulu Selangor, Selangor.  Lot 15001 to 15009 and Lot 15019 to 15024 Mukim Serendah, Ulu Selangor, Selangor.	Industrial Land  Industrial Land	Vacant  Vacant	Leasehold 99 years expiring 07.07.2109  Leasehold 99 years expiring 25.10.2098 (formerly known as PT 4445)	Land - 2,963,851.22 Built-up - Nil	-	-	17.04.1995	80,297,965
5	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	8	-	27.07.2015	34,626,256
6	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	17	-	06.08.1985	33,858,444
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	14	-	28.03.2006	33,428,709
8	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	14	-	29.12.2003	31,955,427
9	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	16	-	13.08.2004	27,283,236
10	No. 19, Jalan Subang Utama 2 (Jalan Puchong), Lion Industrial Park, Section 22, Shah Alam, Selangor.	Industrial Land	Office and Factory Buildings	Freehold	Land - 46,871 Built-up - Nil	19	-	14.05.1997	25,766,514

## ADDITIONAL INFORMATION

## GROUP DIRECTORY

As of 31 March 2022

## &gt; CORPORATE OFFICE

**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)

## &gt; 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

## &gt; 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

**Toyota Boshoku UMW Sdn Bhd Bukit Raja Plant**

No.1, (Gate 1)  
Jalan Keluli 2/KU2  
Kawasan Perindustrian  
Bukit Raja, 41050 Klang  
Selangor Darul Ehsan, Malaysia  
Tel : +603 3346 7000  
Fax : +603 3346 7130

**Shah Alam Plant**  
No.4, Jalan Persiaran Raja Muda  
Seksyen 15  
40200 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5510 1664  
Fax : +603 5511 3283

**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

## &gt; MANUFACTURING &amp; ENGINEERING

**UMW M&E Sdn Bhd**  
No. 6, Jalan Utas 15/7  
Seksyen 15, 40200 Shah Alam  
Selangor Darul Ehsan  
Malaysia  
Tel : +603 5163 5000  
Fax : +603 5519 2527

## &gt; MANUFACTURING &amp; 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 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

**Lubritech Limited**  
No. 169, Qi Chao Avenue  
Xinhui District  
Jiangmen 529100  
Guangdong, China  
Tel : +86 750 639 6026  
Fax : +86 750 639 6027

**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

**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

## &gt; MANUFACTURING &amp; 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

## &gt; MANUFACTURING &amp; ENGINEERING - 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

ADDITIONAL INFORMATION

GROUP DIRECTORY  
As of 31 March 2022



EQUIPMENT – CORPORATE OFFICE

**UMW Equipment Division Sdn Bhd**  
**Head Office**

Lot 16, Jalan Utas 15/7  
Seksyen 15, 40200 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5163 3706  
Fax: +603 5510 5517



HEAVY EQUIPMENT

**UMW Komatsu Heavy Equipment Sdn Bhd**  
**Head Office**

Lot 16, Jalan Utas 15/7  
Seksyen 15, 40200 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5163 3706  
Fax: +603 5510 5517

BRANCHES - HEAVY EQUIPMENT

**UMW Equipment Sdn Bhd**

**Head Office**

Lot 3, Jalan Utas 15/7  
Seksyen 15, 40200 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5163 5000  
Fax : +603 5510 4288

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, KTL D  
Jalan Belian,  
Pending Industrial Estate  
93450 Kuching,  
Sarawak, Malaysia  
Tel : +608 248 9911  
Fax: +608 248 2537

**SARAWAK**

**Kuching**

Lot 2478, Section 66, KTL D  
Jalan Belian  
Pending Industrial Estate  
93450 Kuching  
Sarawak, Malaysia  
Tel : +608 248 9911  
Fax: +608 234 2476

**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  
88817 Kota Kinabalu  
Sabah, Malaysia  
Tel : +608 842 7044  
Fax: +608 842 0727

**Sandakan**

Mile 4½, Jalan Batu Sapi  
Karamunting Estate  
90724 Sandakan  
Sabah, Malaysia  
Tel : +608 961 2604  
Fax: +608 961 2432

**Tawau**

Mile 4½, Jalan Apas  
91009 Tawau  
Sabah, Malaysia  
Tel : +608 991 2137  
Fax: +608 991 3140

ADDITIONAL INFORMATION

GROUP DIRECTORY  
As of 31 March 2022

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

BRANCHES

**Mandalay**

No. Ma-9/3  
Corner of 64th Street  
& Theik Pan Road  
Chan Mya Thar Si Township  
Mandalay, Myanmar  
Tel : +959 752 480 663  
+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  
+959 735 062 83  
+959 432 021 91

**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

**SINGAPORE**

**UMW Heavy Equipment (S) Pte Ltd**

108 International Road  
Singapore 629173  
Tel : +65 6265 3155  
Fax: +65 6265 8494

**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**

Section: 302, Allotment: 03  
Williams Road, Vonapope  
Kokopo, East New Britain Province  
Papua New Guinea  
Tel : +675 982 9799  
+675 7200 8743  
Fax: +675 982 8979

ADDITIONAL INFORMATION

GROUP  
DIRECTORY  
As of 31 March 2022

> INDUSTRIAL EQUIPMENT

**UMW Industries (1985) Sdn Bhd**

**Head Office**

No. 16, Jalan Utas 15/7  
Seksyen 15, 40200 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : +603 5163 3800  
Fax: +603 5519 1550

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  
91009 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

ADDITIONAL INFORMATION

GROUP  
DIRECTORY  
As of 31 March 2022

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  
Fax: +84 2223 848 898

**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  
Fax: +84 2553 900 189

**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  
Fax: +84 238 320 6689

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  
Fax: +84 2923 737 330

**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  
Fax: +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  
Fax: +84 272 376 6863

**UMW Equipment Systems (Vietnam) Co Ltd (Da Nang Office)**

No 683 Truong Chinh  
Hoa Phat Ward  
Cam Le District  
Da Nang City, Vietnam  
Tel : +84 2363 731 731  
Fax: +84 2363 731 799

**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  
Fax: +84 256 354 8269

**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  
Fax: +84 225 374 3899

**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  
Xiasha District  
Hangzhou 310018  
Zhejiang Province, P.R. China  
Tel : +86 571 868 375 88  
Fax: +86 571 868 375 87

**UMW Industrial Equipment (Shanghai) Co Ltd (Jiaxing Branch)**

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

Representative Offices

**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

ADDITIONAL INFORMATION

GROUP  
DIRECTORY  
As of 31 March 2022



> MARINE & POWER EQUIPMENT

**UMW Industrial Power Services Sdn Bhd**

**Head Office**

No. 12, Jalan Utas 15/7,  
Seksyen 15/7, PO Box 7030,  
40200 Shah Alam, Selangor Darul Ehsan, Malaysia  
Tel : +603 5163 3600  
+603 5519 2800  
Fax: +603 5519 2800

**BRANCHES - MARINE & 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 Sibu  
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

ADDITIONAL INFORMATION

NOTICE OF  
ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 40<sup>th</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 Thursday, 26 May 2022 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 2021 together with the Reports of the Directors and Auditors thereon.
2. To re-elect Dato' Azmi bin Mohd Ali who retires pursuant to Article 112 of the Company's Constitution and being eligible, offer himself for re-election. **Resolution 1**
3. 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) Dato' Eshah binti Meor Suleiman **Resolution 2**
  - (b) Razalee bin Amin **Resolution 3**
  - (c) Dato' Seri Prof. Dr. Ir. Zaini bin Ujang **Resolution 4**
4. To approve the payment of the following Directors' fees for the period from 27 May 2022 until the next AGM of the Company: **Resolution 5**
  - (a) RM28,900 per month for the Non-Executive Chairman and RM14,500 per month for each Non-Executive Director of the Company; and
  - (b) RM10,500 per annum for each Non-Executive Director who is the Chairman on the board of subsidiaries and RM8,400 per annum for each Non-Executive Director who is a director on the board of subsidiaries.
5. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM1,980,000 for the period from 27 May 2022 until the next AGM of the Company. **Resolution 6**
6. To re-appoint Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **Resolution 7**

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following Ordinary Resolution:

7. 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**). **Resolution 8**

"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 26 April 2022 (**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.

ADDITIONAL INFORMATION

## NOTICE OF ANNUAL GENERAL MEETING

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 such 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."

8. 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 40<sup>th</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 19 May 2022. Only a depositor whose name appears on the ROD as at 19 May 2022 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.  
26 April 2022

ADDITIONAL INFORMATION

## NOTICE OF ANNUAL GENERAL MEETING

**NOTES:**

**1. Mode of Meeting**

The 40<sup>th</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 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, 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 vote by poll.

**3. Audited Financial Statements for the financial year ended 31 December 2021**

The Audited Financial Statements are laid out for discussion only pursuant to Section 340(1)(a) of the CA 2016 and will not be put forward for voting.

**4. Ordinary Resolutions 1 to 4: Re-election of Directors who retire pursuant to Articles 112, 126 and 128 of the Company's Constitution**

- i) Article 112 of the Company's Constitution 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, Dato' Azmi bin Mohd Ali, who was appointed Director on 1 April 2022, will retire and being eligible, has offered himself for re-election at this AGM.

- ii) 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 while Article 128 of the Company's Constitution further provides that the Directors shall be eligible for re-election.

Accordingly, Dato' Eshah binti Meor Suleiman, Razalee bin Amin and Dato' Seri Prof. Dr. Ir. Zaini bin Ujang, being eligible, have offered themselves for re-election at this AGM.

ADDITIONAL INFORMATION

## 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 Dato' Azmi, had undergone a comprehensive Board Effectiveness Evaluation (BEE) 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 BEE, the individual Directors met the performance criteria required of an effective and a high-performance Board. Given the relative recency of Dato' Azmi's tenure as Director, a comprehensive performance evaluation on him as Director will only be carried out for 2022.

The Board recommends the re-election of all retiring Directors.

### 5) Ordinary Resolution 5: Payment of Directors' Fees to the Non-Executive Directors

A formal review of Directors' remuneration is to be undertaken once in every two (2) years in accordance with the Board Charter. The last review on Non-Executive Directors' (NEDs) remuneration was approved by shareholders at the 37<sup>th</sup> AGM of the Company held on 23 May 2019.

The Board is proposing a review of the existing Directors' fees for NEDs in 2022 in view that fair remuneration is critical to attract, retain and motivate Directors with strong credentials and high caliber to drive the Company's long-term objectives. The review in NEDs' remuneration package takes into account the complexity of the Company's businesses and the individual Directors' level of expertise, commitment and responsibilities. In addition, the remuneration of NEDs is also to be set at a competitive level for similar roles within comparable market to commensurate with the NEDs' responsibilities, commitments and contributions.

In reviewing the Directors' fee, a comprehensive benchmarking exercise was carried out with several comparable public listed companies.

In addition, there is also a need to review the existing Directors' fees paid to NEDs serving as Chairman and Directors at the board of subsidiaries in the Group, in view that the exercise was last review in 2019.

The proposed review was comprehensively deliberated by the NRC and was duly approved by the Board for tabling at this AGM for shareholders' approval. The proposed increase in Directors' fee for NEDs, which is to be effective for the period from 27 May 2022 until the next AGM of the Company, is as follows:

#### Board of the Company:

	Monthly (RM)
Chairman	28,900
Member	14,500

#### Board of subsidiaries:

	Monthly (RM)
Chairman	10,500
Member	8,400

The Board is of the view that the proposed increase of Directors' fees is reasonable, fair and within the market range.

### 6) Ordinary Resolution 6: 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

As part of the review exercise on NEDs' remuneration, the Board is also proposing for an increase in 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

In determining the proposed increase in meeting allowances, the Board took into consideration among others, the number of meetings of the Board and Board Committees as well as the need for NEDs to dedicate more time, focus and commitment with reference to their statutory duties, the complexity of the Group's businesses and the increased expectations from the various stakeholders. A benchmarking exercise was also carried out with several comparable public listed companies.

The Board is also recommending a differentiation in meeting allowance to be paid to the Non-Executive Chairman of the Company in view of the bigger role and responsibility, and leadership as Chairman of the Board.

The Board is of the view that the proposed increase in meeting allowance for NEDs is fair and equitable.

ADDITIONAL INFORMATION

## NOTICE OF ANNUAL GENERAL MEETING

#### Other benefits and emoluments

Customary benefits and other emoluments payable to the 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 27 May 2022 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 7: Re-appointment of Ernst & Young PLT as Auditors of the Company

The Audit Committee (AC) has carried out an annual assessment on the external auditors, Ernst & Young PLT (EY) to evaluate their

suitability, effectiveness and independence as recommended under Principle B of the Malaysian Code on Corporate Governance 2021. The annual evaluation provides the AC with the 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 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)

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 26 April 2022. 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 4 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 5 and 6 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 77, 82, 83 and 84 of the Integrated Annual Report 2021.

ADDITIONAL INFORMATION

## ADMINISTRATIVE GUIDE

### For the 40<sup>th</sup> Annual General Meeting

<b>Date</b>	: Thursday, 26 May 2022
<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://sshsb.net.my/">https://sshsb.net.my/</a>

#### 1. Mode of Meeting

The 40<sup>th</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/>

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.

#### 2. RPV Facilities

All members, proxies and/or corporate representatives are able to attend and participate using real time submission of typed texts and vote remotely at the 40<sup>th</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 19 May 2022 shall be entitled to participate at the 40<sup>th</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 40<sup>th</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@sshsb.com.my](mailto:eservices@sshsb.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 **Wednesday, 25 May 2022 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 a proxy/proxies are required to submit their original certificates of appointment of corporate representative or power of attorney to SSESB no later than **Wednesday, 25 May 2022 at 10.00 a.m.**

Members who have appointed proxy/proxies or corporate/authorised representatives to participate in the 40<sup>th</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,

ADDITIONAL INFORMATION

## ADMINISTRATIVE GUIDE

### For the 40<sup>th</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 40<sup>th</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 Thursday, 26 May 2022** 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 40<sup>th</sup> AGM to the Company electronically by email to [agm.enquiries@umw.com.my](mailto:agm.enquiries@umw.com.my) no later than **Wednesday, 25 May 2022 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 40<sup>th</sup> AGM.

#### 7. E-Vouchers

There will be **no distribution** of e-vouchers for participating in the 40<sup>th</sup> AGM.

#### 8. Integrated Annual Report 2021 and Other Documents

The following documents are available at our website:

- Integrated Annual Report 2021
- Sustainability Report 2021
- Corporate Governance Report 2021
- Circular to Shareholders on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

- Notice of 40<sup>th</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@sshsb.com.my](mailto:info@sshsb.com.my) or via website at <https://www.sshsb.com.my/new/requestarep.aspx>. The printed copy of the documents will be sent to you by ordinary post upon receipt of your request.

#### 9. 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 40<sup>th</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) Norhaslilawati Abdullah Hashim (DID: +03 2084 9163)
Email	: <a href="mailto:eservices@sshsb.com.my">eservices@sshsb.com.my</a>
Fax	: +603-2094 9940



## ADDITIONAL INFORMATION

## ADMINISTRATIVE GUIDE

 For the 40<sup>th</sup> Annual General Meeting

## APPENDIX

## Securities Services e-Portal (SS e-Portal) User Guide

 BEFORE THE 40<sup>TH</sup> ANNUAL GENERAL MEETING (40<sup>TH</sup> AGM)

(A) Sign up for a user account at SS e-Portal (PLEASE SIGN-UP BY TUESDAY, 24 MAY 2022)	
Step 1: Visit <a href="https://sshbsb.net.my/">https://sshbsb.net.my/</a> 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: <ul style="list-style-type: none"> <li>• 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.</li> <li>• This is a <b>ONE-TIME</b> registration. If you are already a registered user of SS e-Portal, you need not register again.</li> <li>• Your email address is your User ID.</li> <li>• Please proceed to either (B) or (C) below once you are a registered user.</li> </ul>
(B) Register for Remote Participation at the 40 <sup>th</sup> AGM (PLEASE REGISTER BY THURSDAY, 26 MAY 2022 AT 10.00 A.M.)	
Step 1: Log in to <a href="https://sshbsb.net.my/">https://sshbsb.net.my/</a> with your registered email and password. Step 2: Look for <b>UMW Holdings Berhad</b> under Company Name and <b>40<sup>th</sup> AGM on 26 May 2022 at 10:00 a.m. - Registration for Remote Participation</b> under Corporate Exercise/Event and click ">" to register for remote participation at the 40 <sup>th</sup> AGM. Step 3: Select whether you are participating as: <ul style="list-style-type: none"> <li>• Individual shareholder; or</li> <li>• Corporate or authorised representative of a body corporate*.</li> </ul> Step 4: Submit your registration.	Notes: <ul style="list-style-type: none"> <li>• A copy of your e-Registration for remote participation can be accessed via <b>My Records</b> (refer to the left navigation panel).</li> <li>• Your registration will apply to all the <b>CDS account(s)</b> of each individual shareholder/body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.</li> <li>• Upon verification by the Poll Administrator against the Record of Depositors as at 19 May 2022, you will receive an email on your eligibility to participate at the 40<sup>th</sup> AGM.</li> </ul>
(C) Submit e-Proxy Form (PLEASE SUBMIT BY WEDNESDAY, 25 MAY 2022 AT 10.00 A.M.)	
Step 1: Log in to <a href="https://sshbsb.net.my/">https://sshbsb.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>40<sup>th</sup> AGM on 26 May 2022 at 10:00 a.m. - Submission of Proxy Form</b> under Corporate Exercise/Event and click ">" to submit your e-proxy forms online for the 40 <sup>th</sup> AGM. Step 3: Select whether you are submitting the e-Proxy Form as: <ul style="list-style-type: none"> <li>• Individual shareholder; or</li> <li>• Corporate or authorised representative of a body corporate*.</li> </ul> Step 4: Enter your CDS account number or the body corporate's CDS account number and 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 casted against each resolution. Step 6: Review and confirm your e-Proxy Form details before submission.	Notes: <ul style="list-style-type: none"> <li>• A copy of your submitted e-Proxy Form can be accessed via <b>My Records</b> (please refer to the left navigation panel).</li> <li>• You need to submit your e-Proxy Form for every CDS account(s) you have or represent.</li> <li>• <b>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 23 May 2022. PLEASE NOTIFY YOUR PROXY/PROXIES ACCORDINGLY.</b></li> <li>• Upon processing the e-Proxy Forms, remote participation access for the 40<sup>th</sup> AGM will be granted to the proxy/proxies instead of the shareholder(s) provided the proxy/proxies are the registered user of the SS e-Portal, failing which, the proxy/proxies will not able to participate at the 40<sup>th</sup> AGM.</li> <li>• Upon verification by the Poll Administrator, your proxy will receive an email of his/her eligibility to participate at the 40<sup>th</sup> AGM.</li> </ul>

\* 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.

## ADDITIONAL INFORMATION

## ADMINISTRATIVE GUIDE

 For the 40<sup>th</sup> Annual General Meeting

 ON THE DAY OF THE 40<sup>TH</sup> AGM

(A) Joining the Live Stream Meeting (e-Live)	
e-Live Access Date and Time	Commencement of the 40 <sup>th</sup> AGM
Thursday, 26 May 2022 at 9:30 a.m.	Thursday, 26 May 2022 at 10:00 a.m.
Step 1: Log in to <a href="https://sshbsb.net.my/">https://sshbsb.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>40<sup>th</sup> AGM on 26 May 2022 at 10:00 a.m. - Live Stream Meeting</b> under Corporate Exercise/Event and click ">" to join the 40 <sup>th</sup> AGM.	Notes: <ul style="list-style-type: none"> <li>• You can start to login 30 minutes before the commencement of the 40<sup>th</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 endeavour to respond your questions during the 40<sup>th</sup> AGM.</li> </ul>
(B) Remote Online Voting during the Meeting (e-Voting)	
e-Voting Access Date and Time	e-Voting Closing Date and Time
Thursday, 26 May 2022 at 10:00 a.m.	As directed by the Chairman of the 40 <sup>th</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://sshbsb.net.my/">https://sshbsb.net.my/</a> with your registered User ID (email address) and password. Look for <b>UMW Holdings Berhad</b> under Company Name and <b>40<sup>th</sup> AGM on 26 May 2022 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 40 <sup>th</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 <b>from 10.00 a.m. on Thursday, 26 May 2022</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>
(C) End of the Live Stream Meeting (e-Live)	
The live streaming will end upon the announcement by the Chairman on the closure of the 40 <sup>th</sup> AGM	

ADDITIONAL INFORMATION

# PERSONAL DATA PROTECTION NOTICE

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.

## 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 the 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;

ADDITIONAL INFORMATION

# 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 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 the UMW Group’s websites, we may be able to identify you through collection of the following information during your visit to the 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.

The 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 : gsect.pdpa@umw.com.my

Where you elect to contact our officer via telephone, please also send an email for verification and record purposes. The 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.

## ADDITIONAL INFORMATION

## 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:

- identiti anda termasuk gambar, tandatangan, nama, nombor telefon, alamat-alamat emel, alamat-alamat, kad pengenalan/nombor pasport, umur, jantina, kaum, kewarganegaraan dan status perkahwinan;
- akaun bank anda, nombor akaun CDS anda dan maklumat lain yang anda berikan sebagai pemegang saham dan/atau pelabur Kumpulan UMW;
- 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;
- maklumat berkenaan pegangan saham anda dalam Kumpulan UMW atau syarikat lain;
- data peribadi lain yang anda berikan/isytiharkan kepada Kumpulan UMW dan/atau dikumpulkan dari anda sebagai pemegang saham dan/atau pelabur Kumpulan UMW; dan maklumat lain yang anda berikan atau yang perlu diberikan untuk menjadi pemegang saham dan/atau pelabur; dan
- maklumat yang anda berikan kepada kami dalam sebarang borang dan dokumen.

### 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:

- untuk memberi kesan dan memproses status anda sebagai pemegang saham dan/atau pelabur untuk Kumpulan UMW;
- untuk memproses permintaan anda untuk menjadi pemegang saham dan/atau pelabur;
- penerbitan sijil saham atau sekuriti, jika berkenaan;

- untuk menyampaikan, menghubungi dan menghantar "integrated" laporan tahunan, surat berita, maklumat terkini 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;
- pembayaran dividen dan manfaat lain kepada pemegang saham dan/atau pelabur, jika berkenaan;
- pemeliharaan, penjagaan dan mengemaskini rekod kami mengenai pemegang saham dan/atau pelabur;
- analisis statistik dan penyimpanan rekod sejarah;
- perlaksanaan dokumentasi perundangan dan instrumen untuk memberi kesan kepada status anda sebagai pemegang saham dan/atau pelabur Kumpulan UMW;
- 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);
- bagi tujuan pengesahan dan pengenalan;
- pematuhan undang-undang dan peraturan-peraturan, garis panduan, kod dan keperluan statut;
- memberikan anda perkhidmatan atau informasi yang diminta;
- tujuan perhubungan;
- mempertahankan dan/atau menguatkuasakan hak Kumpulan UMW di bawah undang-undang dan/atau mendapatkan nasihat guaman;
- untuk melayani pertanyaan anda dan secara amnya untuk menangani kebimbangan atau aduan anda;
- untuk memudahkan penyertaan anda dalam mana-mana "function", aktiviti, mesyuarat dan/atau acara Kumpulan UMW;
- untuk tujuan pentadbiran dan operasi;
- untuk tujuan sekuriti dan akses dalam premis dan kemudahan Kumpulan UMW;
- penyertaan dalam penglibatan media dan/atau apa-apa acara relevan atau berkaitan;
- 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;

## ADDITIONAL INFORMATION

## NOTIS PERLINDUNGAN DATA PERIBADI

- untuk lebih memahami keperluan anda sebagai pemegang saham dan/atau pelabur;
- bagi tujuan penyiasatan dalaman, pematuhan, sekuriti dan/atau tujuan audit;
- untuk mendakwa, mencegah, menyiasat dan/atau mengesan sebarang aktiviti, tingkahlaku dan/atau transaksi haram dan/atau dilarang; dan
- 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):

- entiti di dalam Kumpulan UMW;
- 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;
- 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 undang-undang;
- 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);
- mana-mana individu di bawah kewajipan kerahsiaan dan/atau telah mengaku janji untuk memastikan data tersebut dirahsiakan;
- mana-mana pemegang hak, peserta, sub-peserta atau penerima pindahan bagi mana-mana hak atau obligasi kami; dan
- 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):

- tarikh dan masa di mana anda melayari laman sesawang Kumpulan UMW;
- mana-mana URL laman sesawang dari mana anda melayari laman sesawang Kumpulan UMW; dan
- 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, pembetulan 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 pembetulan 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.



# PROXY FORM

**UMW HOLDINGS BERHAD** 198201010554 (90278-P)  
 (Incorporated in Malaysia)  
 Level 6, Menara UMW, Jalan Puncak  
 Off Jalan P. Ramlee  
 50250 Kuala Lumpur  
 Malaysia

\*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 40<sup>th</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 Thursday, 26 May 2022 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 2021 together with the Reports of the Directors and Auditors thereon			
	<b>ORDINARY BUSINESS</b>			
2	Re-election of Dato' Azmi bin Mohd Ali pursuant to Article 112 of the Company's Constitution	1		
3	Re-election of the following Directors pursuant to Articles 126 and 128 of the Company's Constitution:			
	(a) Dato' Eshah binti Meor Suleiman	2		
	(b) Razalee bin Amin	3		
	(c) Dato' Seri Prof. Dr. Ir. Zaini bin Ujang	4		
4	Approval of the payment of Directors' fees from 27 May 2022 until the next AGM of the Company	5		
5	Approval of the payment of benefits payable to the Non-Executive Directors from 27 May 2022 until the next AGM of the Company	6		
6	Re-appointment of Ernst & Young PLT as Auditors for the financial year ending 31 December 2022 and authorising the Directors to fix their remuneration	7		
	<b>SPECIAL BUSINESS</b>			
7	Proposed Shareholders' Mandate for recurrent related party transactions	8		

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 and/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.

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Signed this \_\_\_\_ day of \_\_\_\_\_ 2022

\_\_\_\_\_  
 Signature of Member(s)/Common Seal



NOTES

- The 40<sup>th</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 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.
- 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.
- 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.
- 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.
- 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 40<sup>th</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 19 May 2022. Only a depositor whose name appears on the ROD as at 19 May 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

1<sup>st</sup> fold this flap for sealing

UMW Holdings Berhad  
40<sup>th</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)

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

Telephone: +603 2025 2025

Facsimile: +603 2025 2029