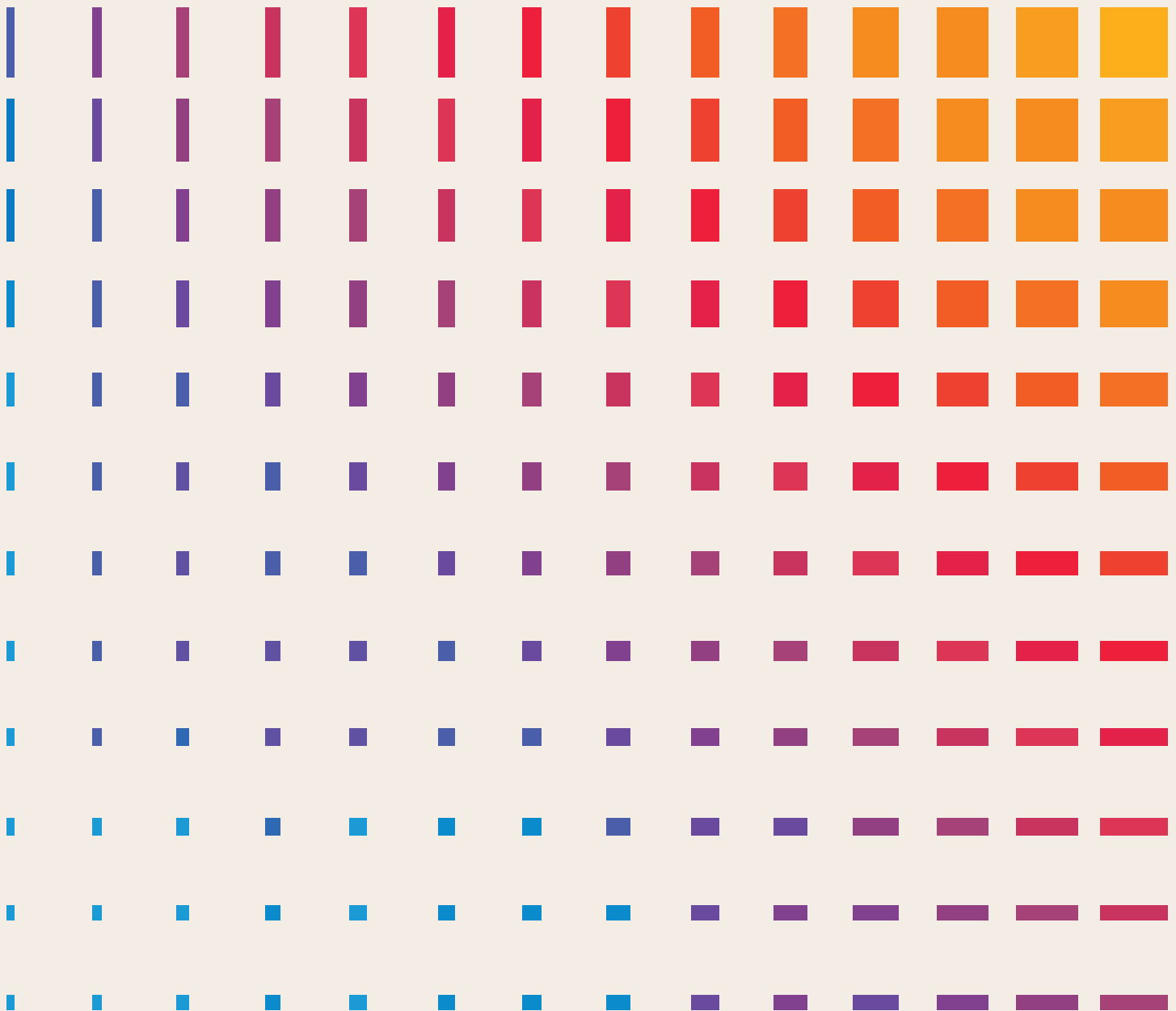


INTEGRATED ANNUAL REPORT 2020

UMW HOLDINGS BERHAD 198201010554 (90278-P)



REIMAGINING RESILIENCE

Delivering Value

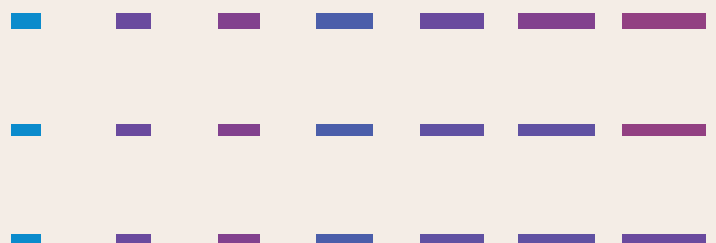




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COVER RATIONALE

At UMW, we are committed to delivering excellence in everything that we do. Driven by innovation and creativity, we are now building resilience and endurance across the organisation as we prepare for greater challenges and a stronger push to create long-term value. As illustrated by the cover, we are constantly moving onward and upward - adapting and transforming our businesses to be better, more sustainable and resilient. We are reimagining resilience in order to deliver meaningful value for all our stakeholders amidst a challenging business environment.

For more information:

Integrated Annual Report 2020

Sustainability Report 2020

Corporate Governance Report 2020



Scan the QR code to view our Integrated Annual Report online



Scan the QR code to view our Sustainability Report online



Scan the QR code to view our Corporate Governance Report online

Look out for these icons throughout the Report:

Reference to another section or page in this Integrated Annual Report Reference to online material on www.umw.com.my

ABOUT THIS REPORT

The UMW Holdings Berhad's (UMW or the Group) Integrated Annual Report 2020 (Report) serves as a key communication tool for the Group to describe the strategies taken to progress its value creation journey. Beyond this, the Report examines 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.

Our reporting practices, guided by local and international frameworks, demonstrate our commitment to transparency, accuracy and relevance, which will better enable our stakeholders to make informed decisions based on our financial and non-financial results.

For a more comprehensive understanding of the Group, this Report should be read alongside our Corporate Governance Report 2020 and the Sustainability Report 2020.

SCOPE AND BOUNDARIES

This Report covers the Group's activities and operations for the financial year ended 31 December 2020 (**FY2020**) in Malaysia and in the countries we operate in, unless stated otherwise. This includes all our businesses within the Automotive, Equipment and Manufacturing & Engineering segments, as well as subsidiaries and/or joint-ventures.

REPORTING PRINCIPLES & FRAMEWORKS

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 adherence to 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;
- Malaysian Code on Corporate Governance 2017;
- Malaysian Anti-Corruption Commissions (Amendment) Act 2018;
- Bursa Malaysia Corporate Governance Guide: Towards Boardroom Excellence (3rd Edition);
- Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on GLC High Performance;
- Minority Shareholders Watch Group; and
- ASEAN Corporate Governance Scorecard.

FORWARD-LOOKING STATEMENTS

We have used forward-looking statements in this Report that are related to the Group's plans, objectives, strategies, future operations and performance. These statements make use of words such as: 'expects', 'anticipates', 'believes', 'estimates', 'may', 'plans', 'projects', 'should', 'would' and 'will'.

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 2020.

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.



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

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 delivering our roles and responsibilities to the UMW Group. WOW advocates collaboration and going the extra mile towards driving excellence and success for the businesses.



UMW Group's Automotive business is the largest contributor to the Group's value creation activities. Through UMW Toyota Motor Sdn Bhd (UMW Toyota) and our associate, Perusahaan Otomobil Kedua Sdn Bhd (Perodua), we are committed to delivering excellence, consistent quality and superior customer service for our automotive products. Our aspirations are in line with Malaysia's National Automotive Policy (NAP 2020), which aims to make Malaysia a regional leader in manufacturing, engineering and technology in ensuring sustainable development of the local automotive industry. The Group's market share of Malaysia's automotive sales has grown steadily over the years, achieving slightly more than half of the nation's annual vehicle sales in 2020. This is a significant milestone and a clear demonstration of our resilience and strength in navigating and overcoming the obstacles presented by the COVID-19 pandemic.

For more details, go to pages 40 to 47.



Equipment Division is the market leader in Industrial, Heavy, Marine & Power equipment from internationally renowned manufacturers. With presence in Malaysia, Singapore, Vietnam, China, Myanmar, Brunei and Papua New Guinea, we are known for service excellence through our strategic branch networks, strong relationships with principals, high availability of genuine spare parts, skilful and competent factory-trained mechanics, proactive customer engagement 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 global conglomerate.

For more details, go to pages 48 to 51.



The Manufacturing & Engineering Division is a market leader in the manufacturing of automotive parts and lubricants. Through our long-established partnership with Kayaba, we now export shock absorbers to 38 countries globally, while our in-house Grantt lubricants brand continues to make significant inroads in the lubricants space.

Under our Aerospace segment, we are the first Malaysian company to be awarded a long-term contract as a Tier-1 engine component manufacturer for Rolls-Royce, and continue to support both state and federal government aspirations to further develop the aerospace industry. We will continue to contribute to the Malaysian Aerospace Industry Blueprint 2030, which aims for the country to lead Southeast Asia in the aerospace industry.

For more details, go to pages 52 to 55.



OUR REACH

ASSET VALUE
RM11,447.1
MILLION

NET PROFIT
RM322.9
MILLION

MARKET CAPITALISATION
RM4.0
BILLION

AUTOMOTIVE MARKET SHARE (TOYOTA, LEXUS & PERODUA)
52.8%

REGIONAL PRESENCE



Note:
Figures as at 31 Dec 2020

OUR APPROACH TO SUSTAINABILITY

OUR PURPOSE

As a responsible conglomerate, sustainability is integral to our journey of value creation.

We have adopted a holistic approach to business management; taking into consideration the economic, environmental and social (“EES”) risks and opportunities alongside financial implications.

Our commitment towards protecting the environment begins with ensuring full compliance to environmental regulations in our manufacturing processes and commercial activities.

We further aspire to reduce our carbon footprint through various measures including but not limited to continuing to promote green labels for our products, enhancing our green energy consumption; as well as carrying out tree-planting initiative in the communities where we operate.

The Group will further continue to leverage on digital technologies to achieve sustainable and meaningful growth.

SUSTAINABILITY FRAMEWORK

UMW has four (4) robust pillars to guide the Group in sustainability and drive excellence as we strive to become an innovative global conglomerate with sustainable core businesses. Our sustainability pillars direct us in going the extra mile without compromising on the quality of our products and services while creating long-lasting positive impact on the environment and the communities in which we operate.

PILLAR
01

Innovative & High-Performance Culture

A high-performance culture that promotes efficiency, embraces R&D and harnesses technology. This pillar focuses on challenging our status quo with an innovative mindset.

PILLAR
02

Dynamic Workforce

Highly motivated employees who stimulate change and inspire progress. This pillar emphasises delivering excellence in everything we do.

PILLAR
03

Environmental Stewardship

Respect for our natural resources and protection of the environment. This pillar guides us in efficient management of resources.

PILLAR
04

Nurturing the Community & Society

Being a responsible corporate citizen that contributes to the communities in which we operate. This pillar aims to nurture and support communities.

LONG-TERM TARGETS

Improve our products and move up the value chain

Embrace new innovations to drive us forward

Create stakeholder value and manage the EES impact of our businesses

Be a responsible corporate citizen by protecting the environment and nurturing communities

OUTCOMES

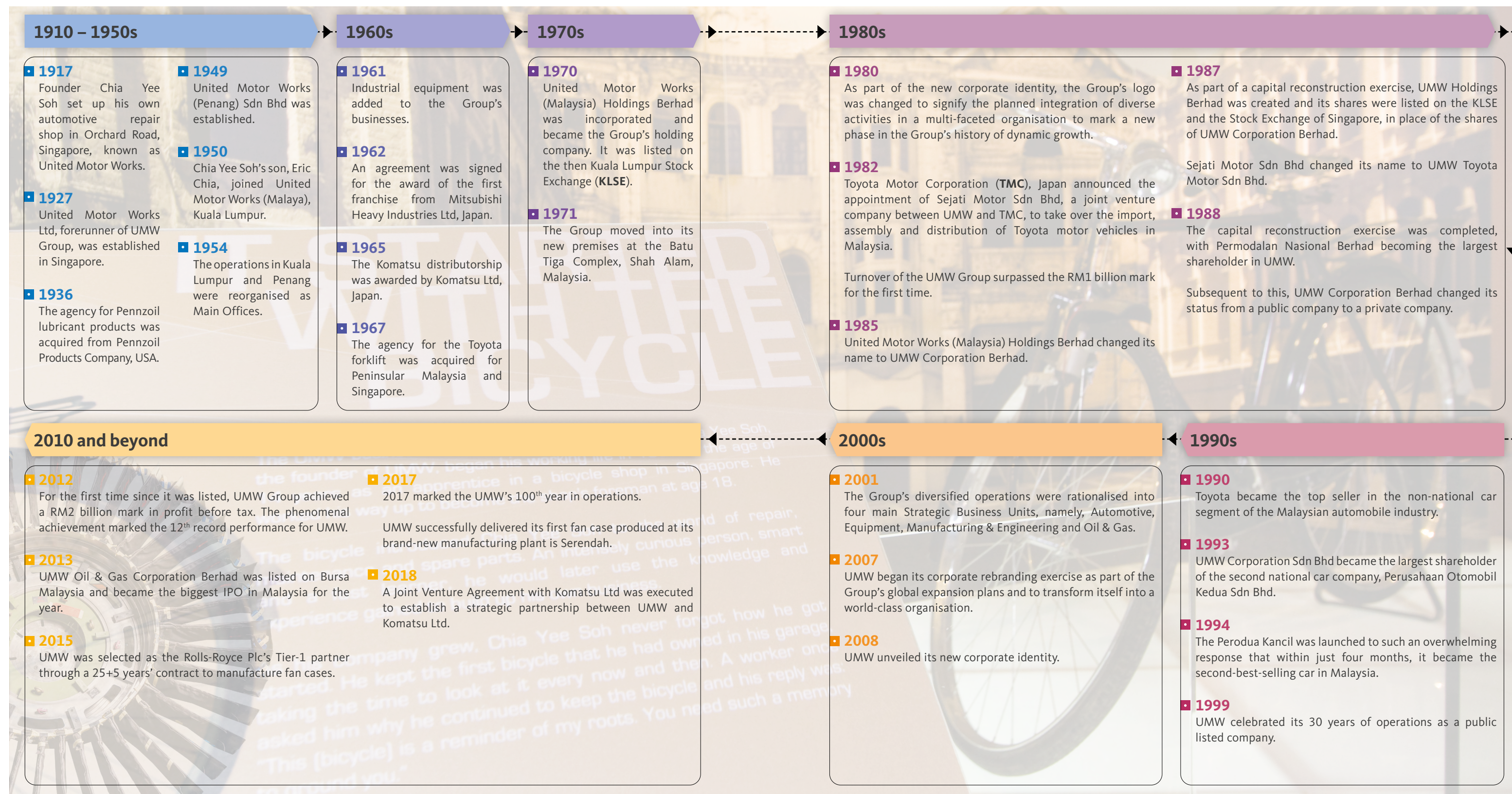
Incorporating a high-performance culture that drives innovation

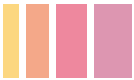
Financially strong

Fortified with sustainable businesses

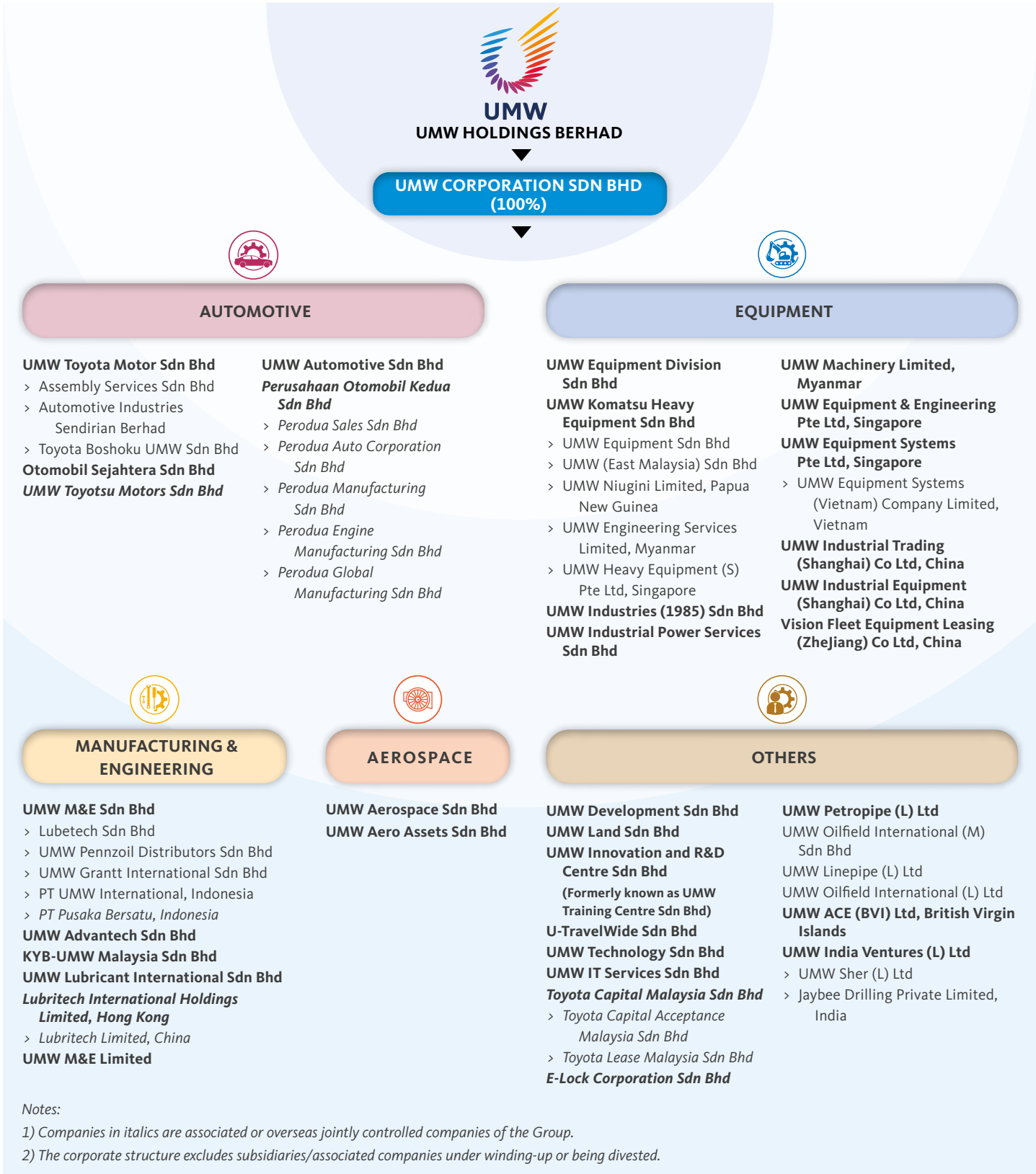
Caring and responsible corporate citizen

OUR MILESTONES PROGRESSING OVER THE PAST 100 YEARS AND BEYOND





OUR
CORPORATE STRUCTURE



OUR
CORPORATE INFORMATION

As At 15 March 2021

BOARD OF DIRECTORS

TAN SRI DATO' SRI HAMAD KAMA PIAH BIN CHE OTHMAN Group Chairman Non-Independent Non-Executive Director	DATO' ESHAH BINTI MEOR SULEIMAN Independent Non-Executive Director	SALWAH BINTI ABDUL SHUKOR Non-Independent Non-Executive Director
DATO' AHMAD FUAAD BIN MOHD KENALI President & Group Chief Executive Officer/ Executive Director	DATIN PADUKA KARTINI BINTI HJ ABDUL MANAF Non-Independent Non-Executive Director	LIM TZE SEONG Non-Independent Non-Executive Director
TAN SRI HASMAH BINTI ABDULLAH Senior Independent Non-Executive Director	DR. VEERINDERJEET SINGH A/L TEJWANT SINGH Independent Non-Executive Director	RAZALEE BIN AMIN Independent Non-Executive Director
		DATO' SERI PROF. DR. IR. ZAINI BIN UJANG Independent Non-Executive Director

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
- Salwah Abdul Shukor
- Razalee Amin

INTEGRITY & WHISTLE BLOWING COMMITTEE

- Tan Sri Hasmah Abdullah (Chairperson)
- Dato' Eshah Meor Suleiman
- Salwah Abdul Shukor
- Razalee Amin

GROUP SECRETARY

Mohd Nor Azam Mohd Salleh
SSM PC No. 201908002015
(MAICSA 7028137)

REGISTERED OFFICE

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

REGISTRAR

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

AUDITORS

Ernst & Young PLT
20206000003
(LLP0022760-LCA) & AF0039
Level 23A, Menara Milenium
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
Sumitomo Mitsui Banking Corporation
Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : UMW
Stock Code : 4588

WEBSITE

www.umw.com.my



GROUP CHAIRMAN'S MESSAGE



GROUP'S REVENUE (RM BILLION)	GROUP'S PROFIT AFTER TAX (RM MILLION)	DIVIDEND (SEN)
9.6	322.9	4.0

DEAR VALUED SHAREHOLDERS,

“The Group delivered a commendable performance in 2020, despite challenges posed by the unprecedented and prolonged COVID-19 pandemic.”

Navigating a Challenging Environment

In 2020, the Group responded capably to sustain returns across our various divisions. For the year under review, the Group recorded a revenue of RM9.6 billion with a profit after tax of RM322.9 million. The Board declared a final dividend of 4.0 sen per share amounting to a net dividend payable of approximately RM46.7 million. Although our results were impacted by the COVID-19 pandemic, the Group and its various business divisions demonstrated resilience by finding ways to adapt and change, while exploring new opportunities to create value for our stakeholders. For instance, our Automotive businesses quickly adjusted their strategies to the new normal, capitalising on digitalisation and deploying more targeted sales strategies to achieve record-beating sales numbers. Across the Group, cost optimisation measures were implemented, while more progress was made in unlocking value from technology and innovation initiatives.

By the second half of 2020, most of our businesses were back on a stronger footing as a result of mitigation measures undertaken during the pandemic. The Automotive Division benefitted significantly from the vehicle sales tax holiday announced by the government, capturing more market share and exceeding its sales targets.



“In our commitment to building a progressive and innovative workforce, we launched the ‘TransWOWmation’ culture change initiative to inspire and create awareness of our full adoption of our new core values. ‘WOW’ advocates collaboration and going the extra mile towards driving excellence and success for the businesses.”

Our Value Creation Philosophy

The Group's ability to establish strategic partnerships is at the core of our long-term value creation process. These partnerships not only connects our customers to the world's most admired automotive and industrial brands; it helps us develop solutions that better serve their evolving needs.

It is in this context that I believe that in order for the Group to grow effectively, it comes down to understanding that the Group is essentially an industrial enterprise with a portfolio of businesses. Our philosophy and discipline in generating the appropriate returns must therefore reflect this clear distinction.

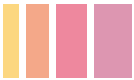
To attain optimal returns, we review our portfolios from time to time with the aim of identifying areas for further improvement. This typically involves implementing operational improvements, cost optimisation efforts and new business growth initiatives. In tandem with this, the Group impartially assesses the risks it may face and puts in place the appropriate mitigating actions and robust governance structures to secure the long-term sustainability of the Group. In addition, the Group maintains an optimal capital structure, appropriate for our status as a leading industrial conglomerate.

Embracing Sustainability

While the pandemic was disruptive to our business operations in 2020, it also presented us with new opportunities to be innovative and engage with our people and the communities in which we operate. The Group continued to manage our impact in the areas of environmental, economic, social and governance by implementing robust initiatives.

In our commitment to building a progressive and innovative workforce, we launched the ‘TransWOWmation’ culture change to integrate the new core values of WOW – We are One, We Drive Change and We Deliver Promises – creating a high-performing and dynamic workforce. We enhanced our learning and development programmes by implementing the Learning Management System, which comprises e-learning modules for all employees across the Group.

At UMW, we remain committed to reducing the environmental impact of our operations. We are pleased to note that our two large-scale solar panels at our automotive assembly plants in Shah Alam and Bukit Raja have reduced the Group's carbon emissions. Both plants also use recycled water from their treatment plants and have adopted the Kaizen principle to reduce waste without compromising on the quality of our products. UMW remains committed to being a part of Toyota Environmental Challenge 2050, which aims to achieve net positive impact by 2050.



GROUP CHAIRMAN’S MESSAGE

“In engaging with the local communities, our UMW volunteers, better known as UMW Community Champions, dedicated over 2,300 hours to communities in need.”

In engaging with the local communities, our UMW volunteers, better known as UMW Community Champions, dedicated over 2,300 hours to communities in need. This included making over 13,000 face shields for frontliners from various hospitals and donating reusable washable cloth masks to the underprivileged. The Group contributed approximately RM1.5 million in cash and in kind to ease the burdens of the community. This included RM1 million in cash to GLC Disaster Response Network, provision of food and cash to the communities in need and PPE to the frontliners. As a Government-Linked Companies, the Group also subscribed to RM1.5 million of the Sukuk Prihatin that was announced in the PENJANA economic stimulus plan, to help support the government’s various recovery initiatives.

The Group will continue to strengthen our sustainability practices in the post-pandemic era as we seek new opportunities to expand our horizons to continue to create value for our stakeholders.

Enhancing Good Governance

Effective corporate governance structures and a culture that embraces good integrity and governance practices are crucial for an organisation like UMW Group. Guided by best practices, together with a competent, diverse and strong Board, we strive to improve our practices further to accelerate our own transformation process.

The Group also acknowledges that the implementation of Section 17A of the Malaysian Anti-Corruption Act has since taken effect in June 2020. This corporate liability provision imposes liability on a commercial organisation

for corruption committed by persons associated with the organisation to obtain a business advantage. We have responded proactively by organising workshops for UMW employees from various divisions to develop the Organisational Anti-Corruption Plan (OACP). It is envisioned that the OACP will address integrity, good governance and anti-corruption concerns while combating corruption at organisational level within the Group. In support of the OACP, the Group’s Anti-Bribery and Corruption Policy and related training were rolled out in 2020.

Outlook & Prospects

The year ahead remains challenging as the pandemic continues to linger. There is, however, upside potential for an economic recovery, which is likely to take place after the mass roll-out of the COVID-19 vaccine in the later part of 2021. Our various businesses have spent the year 2020 priming themselves for the eventual recovery and I look forward to the many new developments that are in store. One of the most important steps the Group will be taking is the implementation of a new corporate strategy that will guide the Group’s growth and activities and unlock more value over the next decade.

Looking further ahead, it is clear that the Group would do well to be more diversified in our portfolio of businesses. The Group is expanding and enhancing our other businesses and exploring high-value industries to unlock more value for our shareholders. In the meantime, the Automotive Division will continue to be the Group’s main contributor of revenue. To ensure the long-term sustainability of our business, the Group is actively exploring methods to diversify our businesses in a more structured and effective manner.



MAKING OVER
13,000
FACE SHIELDS FOR
FRONTLINERS

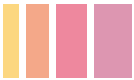
Acknowledgements

My sincere appreciation goes out to all our employees who have continued to dedicate their time and effort during this challenging period. Their contributions have not gone unnoticed. To the management team, thank you for your determination in implementing all the necessary steps to lay the groundwork for a much brighter future.

I am also grateful for the assistance rendered to us by the Malaysian government and the guidance given by various regulatory authorities during this unprecedented year. To my fellow members of the Board, it has been my great honour to serve with you in my capacity as the Group Chairman.

In closing, I would like to take a moment to mark the passing of our former President & Group Chief Executive Officer, the late Badrul Feisal Abdul Rahim. The Group remains overwhelmingly grateful for his dedicated service and passion in demonstrating the highest values in business, governance and integrity. The contributions of Azmin Che Yusoff, who stepped in as the Acting President & Group Chief Executive Officer, must also be acknowledged. We welcome our new President & Group Chief Executive Officer, Dato’ Ahmad Fuaad Kenali, who has begun to provide the necessary leadership to steer the Group to greater heights.

Tan Sri Dato’ Sri Hamad Kama Piah Che Othman
Group Chairman



PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



DEAR VALUED SHAREHOLDERS,

“It has been a challenging year for UMW Group, but I am glad to report that we have devoted significant efforts during the year to strengthen, rejuvenate and reposition our businesses to seize the opportunities ahead of us.”

While I am fully apprised of the various challenges and risks we continue to face in dealing with the effects of the pandemic, I see great potential for the Group even in this unyielding environment. By having a sense of the risks involved, we will ensure that the organisation treads with cautious optimism in unlocking further value for our stakeholders. My confidence is derived from the underlying strength present in each of our divisions, and it has become clear that the opportunities available far outweigh the challenges. In 2020, we have proven that the Group was able to deliver solid results in its value creation journey despite the challenging operating environment caused by the pandemic.

Significant achievements were recorded across all our divisions, which helped to further improve our resilience and competitiveness through a sustained focus on strengthening principal relationships, driving operational excellence and improving cost-effectiveness.

Financial Results

The Group recorded revenue of RM9.6 billion in the financial year ended 31 December 2020 (**FY2020**), a decline of 18.6% from RM11.8 billion due to lower contributions from all our business segments resulting from the impact of the COVID-19 pandemic. The Group's profit for the financial year in FY2020 was recorded at RM322.9 million, declining from the RM628.7 million recorded in 2019. The lower net profit was mainly attributed to a one-off gain of RM188.1 million on property disposal in the financial year ended 31 December 2019 (**FY2019**).

The Automotive Division's revenue for FY2020 of RM7,483.7 million was 19.5% lower than the revenue of RM9,295.9 million recorded in FY2019, mainly due to the lower number of vehicles sold during the Movement Control Order (**MCO**) period. In tandem with the decline in revenue and a lower share of profit from our associate company, the segment's profit before tax (**PBT**) was RM334.6 million, lower than the RM530.3 million reported in the previous year. The vehicle sales tax holiday announced by the government in the second half of the year helped to mitigate the COVID-19 impact on the Automotive Division's earnings.

The Equipment Division's revenue of RM1,137.3 million in FY2020 was lower than the RM1,408.2 million recorded in the previous year, mainly due to a slowdown in construction, manufacturing, mining and logging activities following the impact of the COVID-19 pandemic in the countries in which we operate. PBT was RM102.9 million, lower than the RM135.7 million* recorded in the previous year.

The Manufacturing & Engineering (**M&E**) Division recorded revenue of RM918.3 million in FY2020, which was lower than the RM1,062.5 million reported in the previous year, mainly due to lower contribution from all subsegments that were impacted by the COVID-19 pandemic. Despite the decrease in revenue, the segment's PBT of RM61.6 million was marginally higher than the RM60.9 million* recorded in FY2019 due to our cost-saving initiatives.

While the Group experienced a more pronounced impact from the pandemic in the first half of FY2020, going into the second half of the year, we noted an ongoing

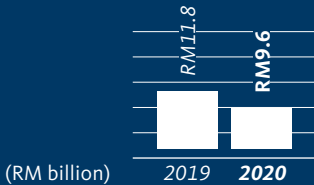
economic recovery and the benefits of our cost optimisation initiatives driving our results positively. During the year under review, the Group undertook concerted cost optimisation efforts that resulted in a Group wide cost reduction of RM134 million in FY2020.

The Group will continue to review all capital expenditure requirements with a view to embarking on further cost-saving initiatives through continuous business process improvements.

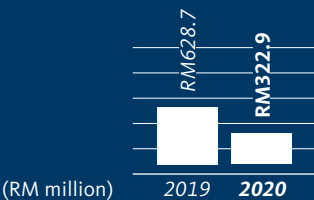
Key Operational Highlights

Overall, the Group's performance exceeded expectations due to the government's stimulus package and other opportunities that the Group was able to leverage on. The Group's performance was adversely affected during the MCO but recovered in the second half of the year together with the easing of movement restrictions and the recovery in economic activity. More details about our operational highlights are described in the following sections.

GROUP'S REVENUE RM9.6 BILLION



GROUP'S PROFIT AFTER TAX RM322.9 MILLION

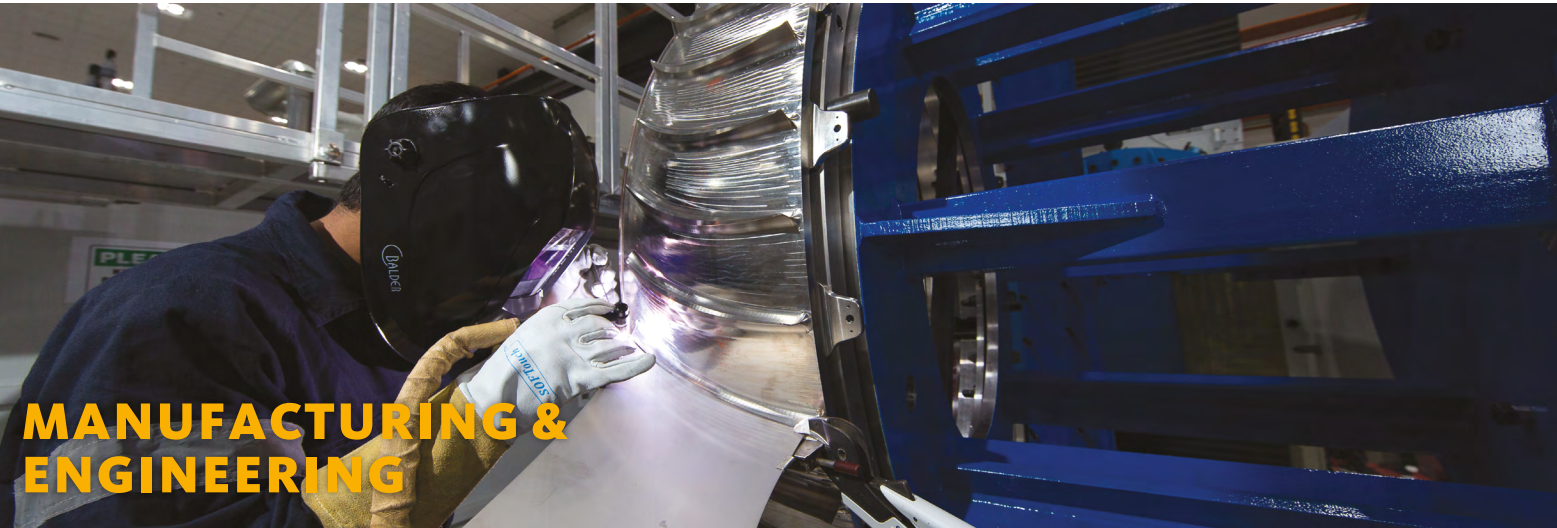


Note:

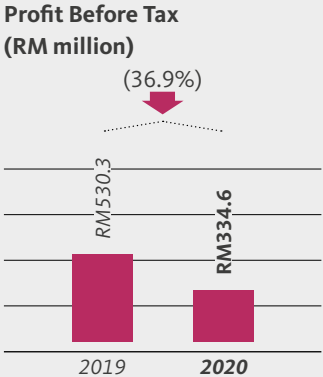
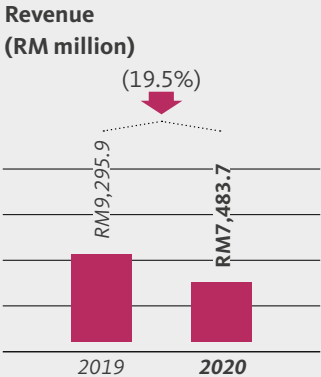
* Excluding gain on disposal of land and building.



PRESIDENT &
GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



Both UMW Toyota Motor Sdn Bhd (**UMW Toyota**) and Perusahaan Otomobil Kedua Sdn Bhd (**Perodua**) managed to exceed their revised sales targets for 2020 despite the disruptions to sales and manufacturing.



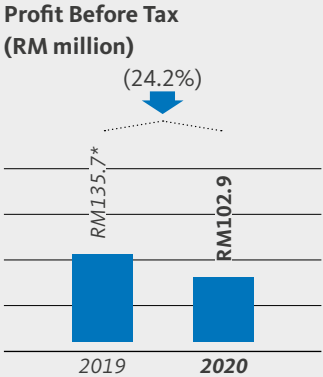
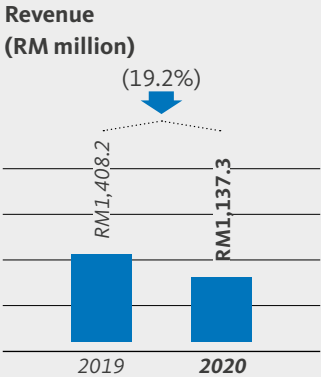
Perodua Total Sales in 2020
220,163 Units

UMW Toyota Total Sales in 2020
59,320 Units

UMW Group's Market Share of 2020 TIV
52.8%

Model Launched in 2020
UMW Toyota launched eight new models, comprising all-new models and facelift versions

The Equipment Division continues to develop new relationships with reputable and globally renowned principals, leading to expansion of product offerings for customers.

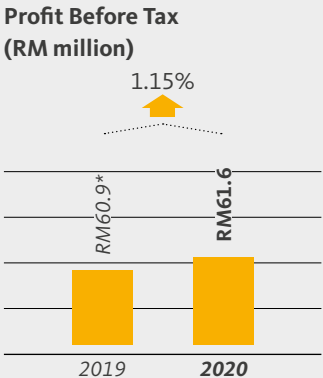
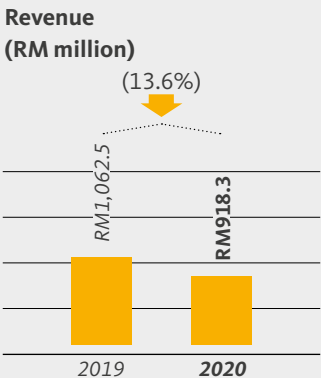


Appointments in 2020
Appointed as the Authorised Distributor for Kohler Industrial Generators that serve numerous market segments
Appointed as the Preferred Distributor for collaborative robot (Cobot) by Denmark's leading robot maker, Universal Robots A/S

Initiative launched in 2020
Launched e-CARA app, an all-in-one application for forklift solutions and services, as part of the Division's digitalisation efforts

Note:
* Excluding gain on disposal of land and building.

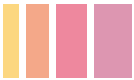
The M&E Division set innovation in motion to create more value across its diverse set of businesses, which include automotive parts, lubricants and aerospace businesses.



Capacity expansion
Completion of Kayaba plant expansion and modernisation, which provides an additional 20% capacity and features IR 4.0 capabilities

New Product in 2020
Commenced production of fan cases for Trent 7000 engines used in Airbus Neo330 aircrafts with our maiden delivery in October 2020

Note:
* Excluding gain on disposal of land and building.



PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER’S REVIEW

Setting the Strategy for the Future

UMW Group and its businesses have now evolved to a point where new impetus is required to unlock further value and launch the Group along a strong growth trajectory as it advances into the next decade. By taking a step back and examining the businesses of UMW Group, we are reassured by the fact that our businesses remain robust and, in most instances, are the market leaders. Our efforts to nurture relationships with the principals and gain their support and trust, continue to jointly drive business strategy.

I believe the solid foundations that have been built, have placed us in a position of strength.

Taking Stock

- The Automotive Division contributes about 80% of annual revenue, propelled by an unrelenting drive to deliver service excellence, quality and safety to customers. Through our partner Toyota, a global automotive leader, UMW Toyota holds a strong position in the non-national car segment. Through our associate company, Perodua, we are the largest car manufacturer in the country. Combined, the Group commands more than half of the country’s annual total industry volume (**TIV**). This speaks volumes about future potential for the Group to move quickly to seize the opportunities in the mobility sector and its adjacencies.
- The Equipment Division has both TICO and Komatsu, which are market leaders in their respective segments globally, and continues to add more world-renowned partners to its portfolio. Whilst there has been increasing competition and a structural shift in the industry landscape, measures have been taken to adjust our strategy accordingly to ensure it is ahead of market trends, as evidenced by our efforts to digitalise our operations.
- For the M&E Division, Kayaba is the world leader in shock absorbers for cars and in the lubricants space, and we are working effectively with renowned brands such as Pennzoil and Repsol while making significant progress in penetrating regional markets with our own brand, Grantt.
- The Aerospace segment, despite being our youngest business, has already taken on an important role as it contributes to Malaysia’s Fourth Industrial Revolution (**IR4.0**) aspirations through the upskilling of workers and the introduction of advanced technology. Being recognised as a Tier-1 supplier to Rolls-Royce has also opened up opportunities for us to potentially work with other original equipment manufacturers and position Malaysia as the hub for the aerospace and high-value manufacturing industries.

The Group is indeed progressing from a position of strength with many opportunities ahead. Making the most of these prospects will require a sustained focus and hunger for success driven by effective strategies to unlock the Group’s potential. Against this backdrop, it is timely for us to introduce a new long-term strategy that will strengthen our relevance, improve our resilience and bring us closer to delivering more value in the future.

In transitioning to this new strategic framework, I would like to acknowledge that the Perdana 7 strategic plan, which has guided the Group’s transformation over the past three (3) years, has certainly achieved most of what it had set out to do. Its broader initiatives, such as cost optimisation, innovation and digitalisation, will be retained moving forward as the Group continues to see these as important enablers of sustainable growth.

To find out more about what the Group has achieved under the Perdana 7 Strategy, please turn to pages 36 to 37.

CREST@2021

STRATEGIC TRANSFORMATION FRAMEWORK

CREST@2021 – Innovising Mobility

With a great sense of optimism, I am pleased to introduce the CREST@2021 strategic framework, which was launched in January 2021. This strategic framework will drive our aspirations to fully exploit the opportunities available in the mobility space and its adjacencies throughout the Group’s various businesses. I believe mobility is indeed the key to realising future potential as it becomes increasingly clear that the world is changing due to the evolution in customers’ need.

CREST@2021 brings us back to the basics of any business – the **Customer**. Aligning the entire organisation towards the unified goals of customer-centricity and the production of mobility solutions is the essential first step for us to progress in this new strategy. To advance further will require a more in-depth assessment of the risks and opportunities present in the medium and longer term trends across all our businesses, especially in the context of mobility. This will then enable us to assess how best to leverage the Group’s strengths and partnerships to bridge any gaps identified.

The Group must continue to forge strong **Relationships** with its stakeholders and to have the unwavering pursuit of **Excellence**. We must also not forget about carrying out business in a **Sustainable**

way. For this to happen, measures to mitigate the Group’s impact on the environment must be taken at all times while ensuring our people remain healthy, motivated and inspired so that they can continue to contribute effectively to the sustainability of the business. Above all, **Teamwork** is required to turn our aspirations into reality.

The enablers in the successful execution of CREST@2021 are the ability to innovate, implementation of effective digitalisation and digitisation initiatives and most importantly, having the right attitude to deliver. These three factors are key. In the area of innovation, we look forward to future developments from UMW Innovation and R&D Centre Sdn Bhd, which is expected to help create value-accretive processes and products for the Group.

Outlook & Prospects

Going forward, it is clear that the pandemic will be here to stay, at least in the near term, and the Group is prepared to continue operating within the constructs of the new normal. However, consumer and business sentiments are expected to improve as the year progresses,

“I am excited about our prospects with CREST@2021 as the foundation for UMW Group to expand its horizons. There will undoubtedly be some challenges along the way, but these are expected, and we will strive to overcome them to the best of our ability to continue delivering long-term sustainable value to our stakeholders.”

as the roll-out of the vaccines is expected to lessen the concern of the pandemic. For the year 2021, the Group is expected to intensify its business improvement efforts to be bolstered by the initiatives driven by our CREST@2021.

For the Automotive Division, the economic recovery and continued sales tax exemptions until June

2021 will bode well for both Toyota and Perodua sales, and we expect to continue leading in terms of overall market share.

In the Equipment Division, our Industrial segment will push ahead with the development of flexible rental arrangements and focus on automation and digitalisation. The Heavy Equipment segment, meanwhile, will meet the improving demand for equipment and work closely with its principals to secure new businesses in Malaysia and its overseas operations.

The M&E Division is expected to benefit from increased sales of its auto components products in line with the expanded capacity gained from its new plant expansion. The Lubricants segment will be expanding further into the commercial and industrial lubricants space in anticipation of the increased demand for industrial lubricants, especially from the ASEAN region.

For 2021, the Group has also restructured the M&E Division with the carving out of the Aerospace segment as a standalone division. Despite the slow down in the aviation sector, the Aerospace Division is still expected to receive firm orders of fan cases from Rolls-Royce, and will be looking forward to a recovery as the aviation industry recovers.

The Group will ensure our financial position remains strong as we continue to implement prudent cost management, focusing on cost-saving initiatives whilst optimising our businesses further to generate better returns for our shareholders.

Acknowledgements

I would like to record my sincere appreciation to our partners and principals who have continued to stand strong with us as we navigated the unprecedented year of 2020. The Group was able to pull through with the combined efforts of our dedicated employees and management team who have gone over and above to ensure the sustainability of the business.

My heartfelt gratitude also goes out to our customers and shareholders for their support and loyalty, and to the Board of Directors, for their wisdom and counsel. I would also like to acknowledge the invaluable contribution of my predecessor, the late Badrul Feisal Abdul Rahim, in restructuring and rebuilding the UMW Group to what it is today.

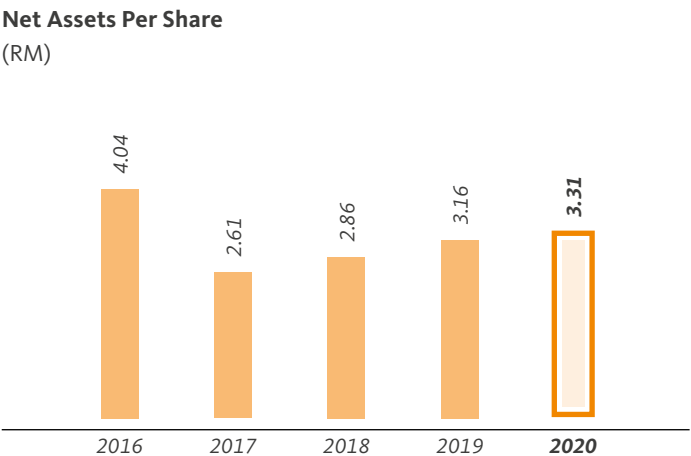
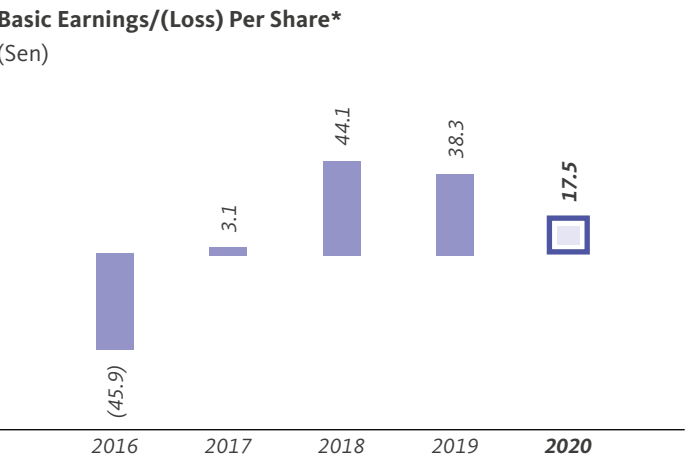
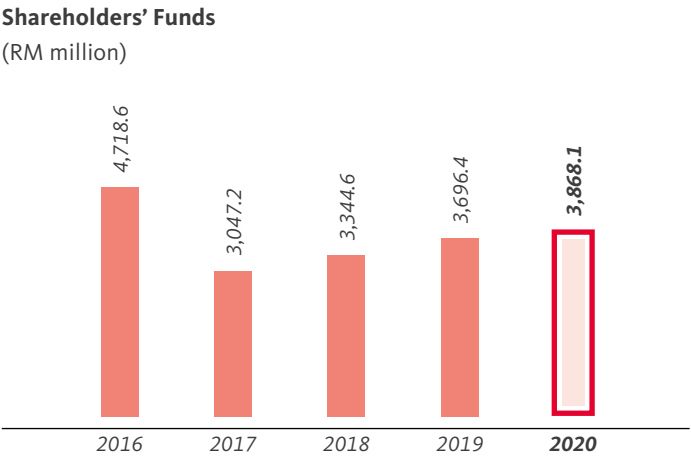
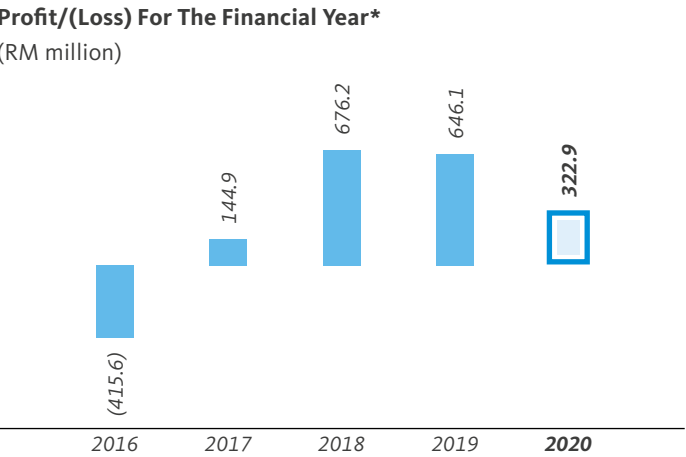
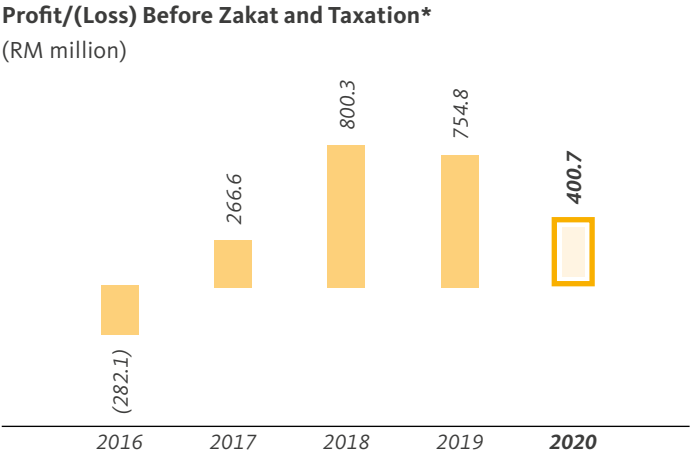
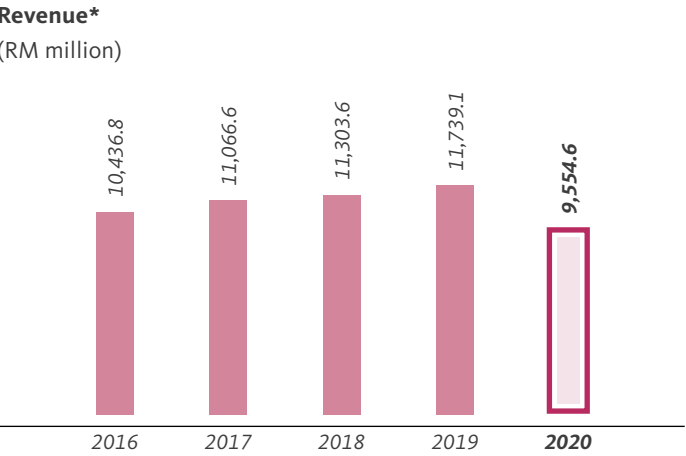
I look forward to transforming the UMW Group by leveraging on our CREST@2021 strategic initiatives to ensure that the UMW Group will remain relevant and sustainable for the next 100 years. Insyaa Allah.

Dato’ Ahmad Fuaad Kenali
President & Group Chief Executive Officer



FINANCIAL HIGHLIGHTS

FIVE-YEAR GROUP SUMMARY RESULTS



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

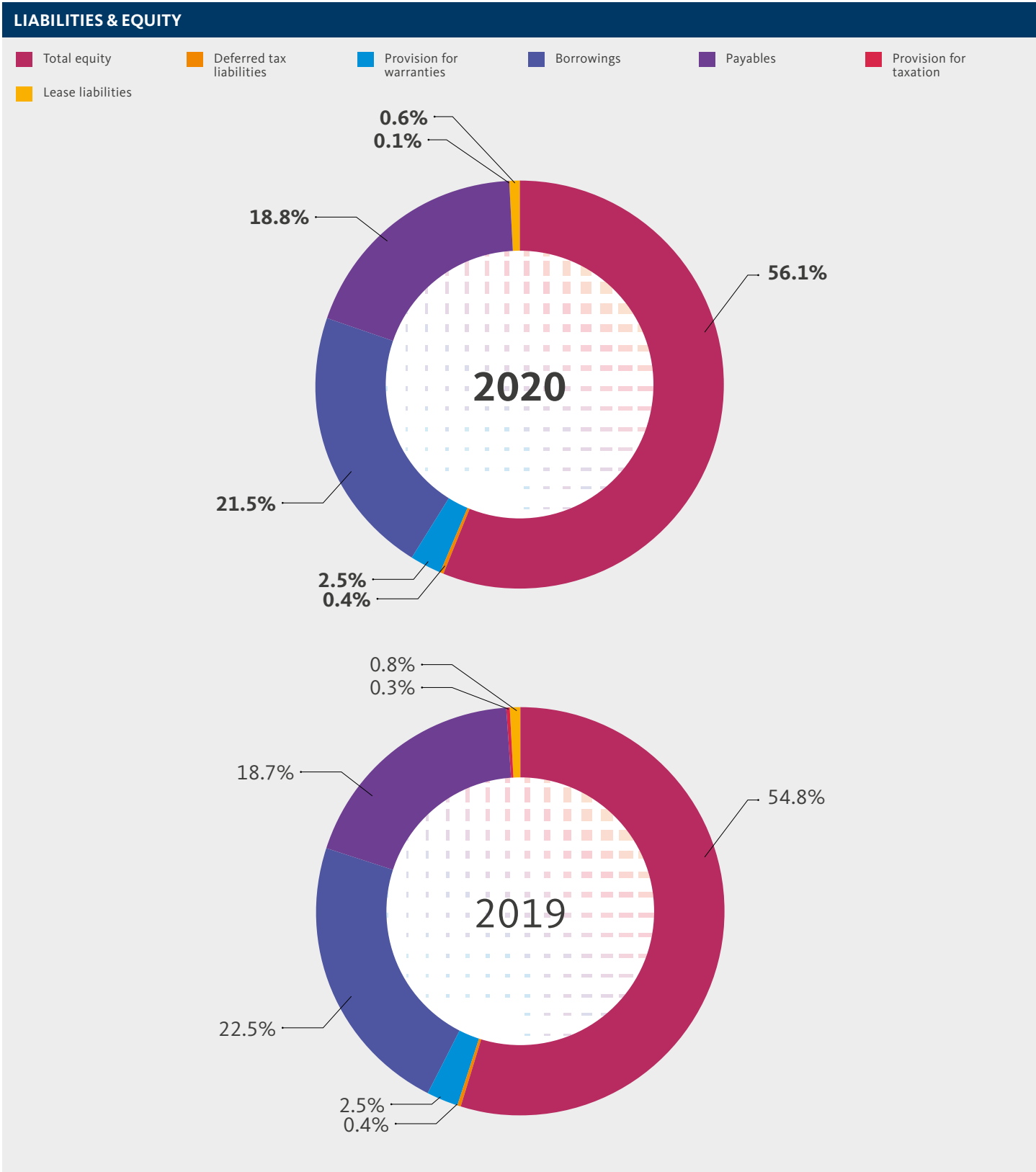
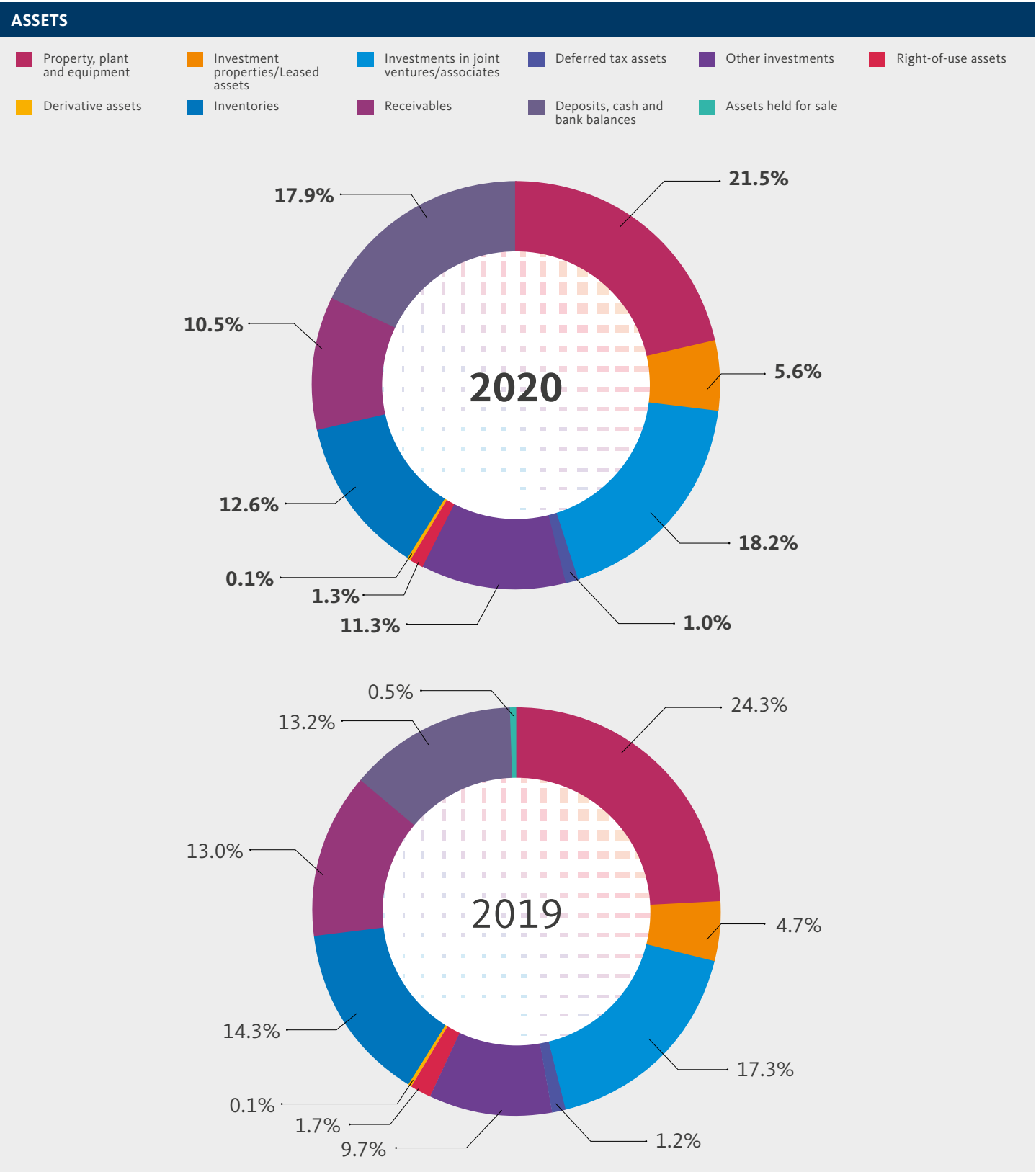
FIVE-YEAR GROUP SUMMARY RESULTS

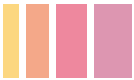
Year Ended 31 December	2016* (RM million)	2017* (RM million)	2018* (RM million)	2019* (RM million)	2020 (RM million)
OPERATING RESULTS					
Revenue	10,436.8	11,066.6	11,303.6	11,739.1	9,554.6
Profit/(Loss) Before Zakat and Taxation	(282.1)	266.6	800.3	754.8	400.7
Profit/(Loss) for the financial year	(415.6)	144.9	676.2	646.1	322.9
Profit/(Loss) Attributable To Equity Holders Of The Company	(536.0)	35.3	515.4	447.2	204.6
OTHER KEY FINANCIAL POSITION					
Shareholders' Funds	4,718.6	3,047.2	3,344.6	3,696.4	3,868.1
Total Assets	16,286.4	10,095.7	10,758.0	11,134.7	11,447.1
Total Liabilities	9,422.2	5,917.3	5,043.6	5,036.6	5,029.9
SHARE INFORMATION					
Per Share					
- Basic Earnings/(Loss) (Sen)	(45.9)	3.1	44.1	38.3	17.5
- Gross Dividend (Sen)	-	-	7.5	6.0	4.0
- Net Assets Per Share (RM)	4.04	2.61	2.86	3.16	3.31
Share Price Information					
- Share Price at Year End (RM)	4.57	5.20	5.47	4.49	3.40
- Market Capitalisation as at Year End	5,339.1	6,075.2	6,390.6	5,245.6	3,972.2
FINANCIAL RATIOS					
Return On Shareholders' Funds (%)	(9.5)	0.9	16.1	12.7	5.4
Return On Total Assets (%)	(1.7)	2.6	7.4	6.8	3.5
Debt Equity Ratio (%)	92.6	66.1	49.6	41.2	38.4
Dividend Rate - Gross (%)	-	-	15.0	12.0	8.0
Dividend Yield (%)	-	-	1.3	1.1	1.4
Dividend Payout Ratio# (%)	-	-	17.0	15.7	22.8

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 amounts shown in the consolidated statement of comprehensive income.

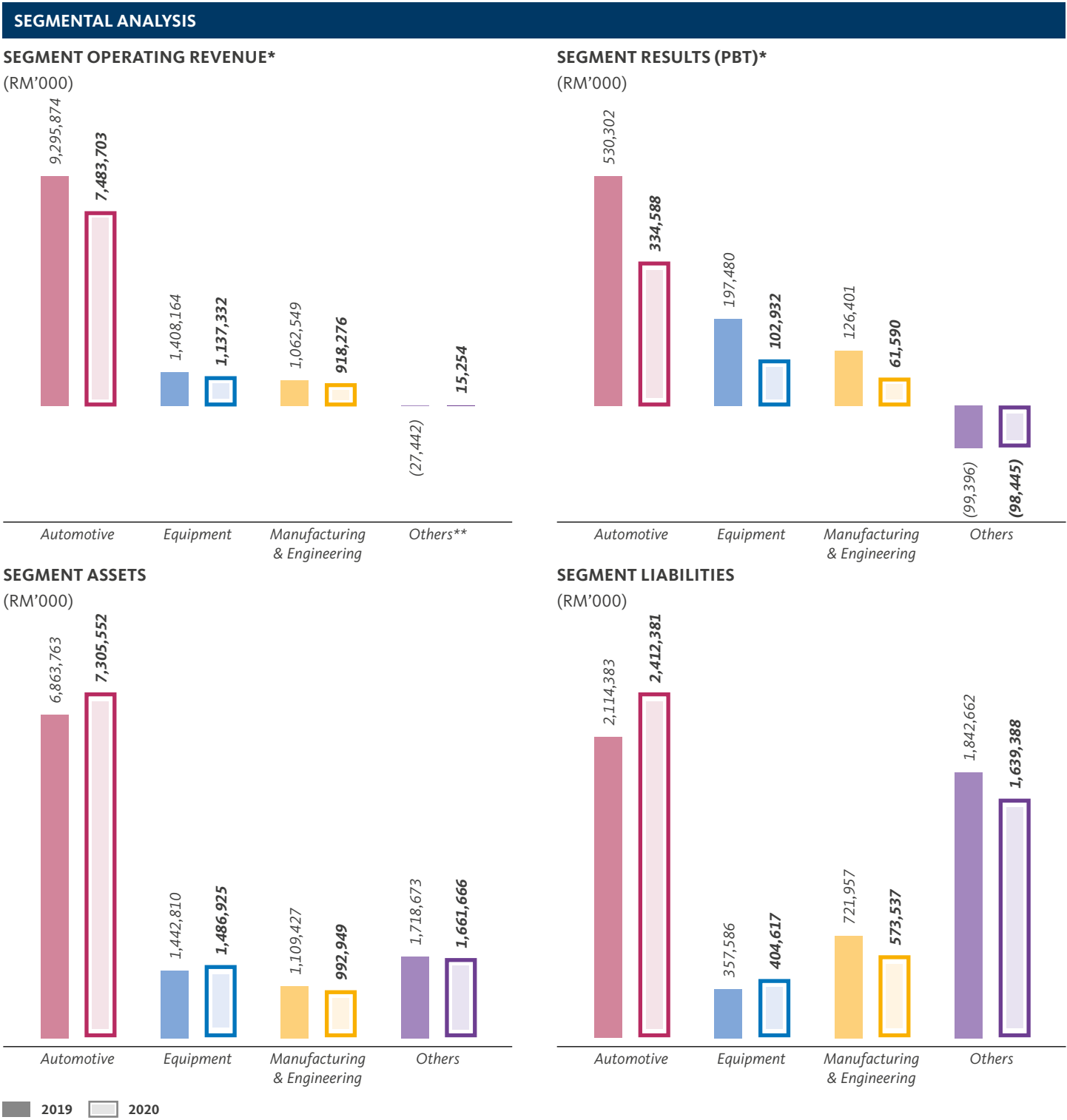


FINANCIAL HIGHLIGHTS



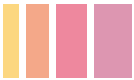


FINANCIAL HIGHLIGHTS



Notes:
* The financial results have excluded discontinued operations to arrive at amounts shown in the consolidated statement of comprehensive income.
** Including group elimination.

STATEMENT OF VALUE ADDED	2020 (RM million)	2019 (RM million)
VALUE ADDED		
Revenue	9,554.6	11,760.2
Purchase of goods and services	(8,054.8)	(9,842.8)
Value added by the Group	1,499.8	1,917.4
Other operating income	92.3	338.6
Other operating expenses	(380.5)	(614.5)
Finance costs	(115.5)	(130.5)
Investment income	54.4	68.9
Share of results of associates and joint ventures	204.1	275.8
VALUE ADDED AVAILABLE FOR DISTRIBUTION	1,354.6	1,855.7
DISTRIBUTION OF VALUE ADDED		
To Employees		
Employee benefits	579.9	768.3
To Government		
Taxation & Zakat	77.7	112.5
To Shareholders		
Dividend paid to equity holders of the Company	23.4	75.9
Dividend paid to holders of Perpetual sukuk	69.9	69.7
Non-controlling interest	48.5	104.6
Retained for reinvestment and future growth		
Depreciation and amortisation	374.1	346.2
Retained earnings	181.1	378.5
VALUE ADDED AVAILABLE FOR DISTRIBUTION	1,354.6	1,855.7



MARKET LANDSCAPE AND OUTLOOK



The automotive industry's recovery was accelerated as consumers took advantage of better prices, pulling the industry up, with 529,434 vehicles sold in 2020. As a result, both Toyota's and Perodua's sales for the year were lifted beyond their respective revised targets in what was an impressive recovery for the entire automotive industry.

THE YEAR IN REVIEW

The year 2020 was a year of unprecedented disruption for the world as the COVID-19 pandemic led to strict mobility restrictions to contain the spread of the virus. Together with the staggered re-opening of economic activities as countries grappled with a series of outbreaks throughout the year, global growth weakened, with the International Monetary Fund (IMF) forecasted a decline of 3.5% year-on-year (y-o-y) in 2020.

According to Bank Negara Malaysia (BNM), the domestic economy shrunk by 5.6% y-o-y in 2020 due to the impact of the Movement Control Order (MCO) in March 2020. Notwithstanding the MCO, the Group made a significant turnaround in the second half of

the year with the relaxation of containment measures and the re-opening of economies.

The Malaysian government also responded by launching stimulus packages totalling RM305 billion to mitigate the negative impact on the economy and to protect the jobs of Malaysians. The central bank reduced interest rates to 1.75%, its lowest ever, to stimulate the economy. To further hasten the recovery, the government announced the largest Budget to date in its Budget 2021 announcement in November 2020 of RM322.5 billion.

THE IMPACT OF THE PANDEMIC ON THE INDUSTRIES WE OPERATE IN



The MCO impacted Malaysia's automotive industry, ASEAN's third largest automotive market, that contributes about 4% to the country's Gross Domestic Product* annually and supports more than 300,000 jobs. During this time, manufacturing, sales and servicing were halted for a period of almost two months. It also impacted the country's large and diverse automotive parts and components vendor ecosystem, an important segment of the domestic industry that is strongly connected to overseas markets.

The Malaysian Automotive Association (MAA) forecasted in April that Total Industry Volume (TIV) for the year would fall to 400,000 units in contrast to the 604,281 units recorded in 2019. At such low volumes, there was an increased risk of job losses and closures along the automotive parts supply chain. However, given the industry's importance to the economy and its many positive spill over effects, the government reopened the industry in May, emphasising to all manufacturers to put in place strict Standard Operating Procedures across the entire supply chain to minimise the risk of COVID-19 infections.

The industry was further aided by the government's PENJANA economic stimulus package announced in June that included a 100% sales-tax exemption for locally-assembled cars, and a 50% exemption for imported cars.

The industry's recovery was accelerated as consumers took advantage of better prices, pulling the industry up, with 529,434 vehicles sold in 2020. As a result, both Toyota and Perodua's sales for the year were lifted beyond their respective sales targets in what was an impressive recovery for the entire automotive industry. This also enabled our Automotive Division to maintain its more than 50% market share of the country's annual TIV.

In UMW's Equipment Division, a clear recovery was underway following the easing of lockdowns. The Heavy Equipment sub-segment rebounded due to improved demand in the mining and construction sectors in the regional markets where UMW operates in. The Industrial Equipment sub-segment also recovered from the slowdown in the first half of 2020 with the re-opening of business sectors.

The second-half rebound in automotive sales in Malaysia sustained the domestic demand for the automotive components and lubricants segments in UMW's Manufacturing & Engineering (M&E) Division, with further support from overseas sales. While the COVID-19 pandemic caused headwinds for the global aviation industry, the impact to UMW's Aerospace segment was partially mitigated by fan case orders received during the year.

* Source: Ministry of International Trade and Industry and Malaysia Automotive Robotics and IoT Institute 2019 Report



MARKET OUTLOOK

The global economy is forecast to rebound in 2021 premised on the normalisation and improvement of economic activity, policy support from governments and the commencement of COVID-19 vaccination programmes worldwide. The IMF expects global GDP growth to return to positive territory with GDP expansion of 5.5% y-o-y, while the more favourable external environment will also strengthen UMW markets this year.

The Ministry of Finance has projected firm GDP growth in the range of 6.5%-7.5% y-o-y in 2021 due to the global economic recovery and the positive spillover effects of the stimulus packages and Budget 2021. The roll out of the COVID-19 vaccination programme in February 2021 will also lift consumer and business sentiments, while spurring consumption and investments.

For the automotive sector, the MAA has forecasted the sales would recover in 2021 with TIV rising to 570,000 units underpinned by the extension of the sales-tax exemption, the low interest rate environment, new model launches and improved consumer confidence. The more positive market environment will enable UMW Toyota and Perodua to continue to achieve their sales targets.

Performance of the Industrial Equipment sub-segment in 2021 is also expected to be buoyed as it focuses on logistics and SME customers seeking to enhance automation and productivity to remain competitive in the emerging post-pandemic economy.

Heavy Equipment sub-segment could also benefit from the anticipated rebound of the construction sector in Malaysia, which will be anchored by the implementation of large-scale infrastructure projects from the RM15 billion expenditure allocation in Budget 2021 for the transport subsector. The prospective recovery of the construction sector in regional markets such as Singapore, as well as in the mining industry due to favourable commodity prices, could further shore up the performance of the Group's heavy equipment business this year.

Stronger automotive demand will also benefit UMW's auto components and lubricants segments within our M&E Division this year, not only in Malaysia but also for overseas sales. For the global aviation industry, the rollout of inoculation programmes worldwide against the COVID-19 virus will slowly turn the tide and we expect air travel demand to improve, although this will still pose a challenge for UMW's Aerospace segment to reach its maximum output in the near-term. Nonetheless, this is mitigated by positioning ourselves as single-source Tier-1 supplier to Rolls-Royce which will benefit the Group's aerospace business when the industry recovers.

MANAGING OUR MATERIAL MATTERS

UMW considers the holistic understanding of our material matters as an integral process in the value creation journey. By identifying what matters most to our stakeholders in the economic, environmental and social spheres, we prioritise and respond appropriately in ensuring long-term value creation and growth.

In 2020, the Group had intended to carry out a materiality assessment to identify the material matters most relevant to us. Due to the unprecedented COVID-19 pandemic, we were only able to conduct a desktop validation review of the 10 material matters. We compared our existing material

matters against the material issues in local, regional and global companies in similar industries. The material matters were also benchmarked against the material issues recommended by the Sustainability Accounting Standards Board.

Following the review, we are pleased to report that there were no major gaps in our material matters. However, we have renamed some material matters to enhance and ensure their relevance.

Material Matters	Risks	Opportunities	Mid-term Approach	Value Created
<div><div>Product Quality, Safety and Innovation</div></div>	<ul style="list-style-type: none">Dissatisfied customers can negatively impact revenue and reputation.In-house engineering capabilities are required for the innovation process.	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">Enhance competitiveness and future-proof business by using customer insights to develop innovative products and solutions.Develop in-house capabilities by nurturing innovation and high performance culture.	<ul style="list-style-type: none">Launched Yaris, Vios and RAV4 with new and innovative safety features.
<div><div>Employee Engagement</div></div>	<ul style="list-style-type: none">Disengaged employees may lead to suboptimal work performance and productivity level.	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">Enhance employee engagement initiatives through structured and tailored programmes.Provided platform to drive higher engagement with employees (i.e., Teams, Webex, e-Learning platforms).	<ul style="list-style-type: none">Employees have intense desire to be part of and stay in the organisation.500 employees were recognised for their long service with only 4% of turnover rate for employees with high talent in 2020.Improved employee engagement score for 2019 and 2020 (84% and 78%, respectively) compared to previous years (below 60%).
<div><div>Training and Education</div></div>	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">Good development and upskilling opportunities increase talent attraction and retention.Well-trained employees build the Group's resilience against future challenges and market changes.	<ul style="list-style-type: none">Develop a dynamic and agile workforce trained with adequate and future-relevant skills to drive the Group's growth.Regularise skills as well as training needs assessment across divisions and business functions.Identify and design internal training and education programmes to improve productivity.Identify training to meet current and future skills.	<ul style="list-style-type: none">Employees received 50,122 hours of training.Upskilling of employees and growing capabilities to achieve maximum productivity.
<div><div>Energy, Waste and Water Management</div></div>	<ul style="list-style-type: none">Without responsible management of natural resources, the business may face resource availability issues and regulatory penalties.	<ul style="list-style-type: none">Systematic management of energy and resources can help improve operating expenses and reduce direct environmental impact from the Group's operations and business activities.	<ul style="list-style-type: none">Regularly implement energy and waste management initiatives to mitigate risks.Comply with applicable laws and regulations, as well as conduct community engagement on environmental stewardship.	<ul style="list-style-type: none">Produced 22% more solar energy compared with previous year.GHG emissions decreased by 28.61% compared with 2019.
<div><div>Diversity and Inclusivity</div></div>	<ul style="list-style-type: none">A lack of diversity may impede the Group's ability to facilitate an exchange of ideas, perspectives, culture, creativity, etc.	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">Design and launch programmes to improve diversity across all critical dimensions.	<ul style="list-style-type: none">Achieved 40% women's representation on the Board.



MANAGING OUR MATERIAL MATTERS

Material Matters	Risks	Opportunities	Mid-term Approach	Value Created
<div> Labour Management Relations</div>	<ul style="list-style-type: none">Inconsistent labour engagement creates communication gaps, affects morale and impact employee performance.	<ul style="list-style-type: none">Tap into the power of labour networks to improve the quality of the workforce, work environment and productivity.	<ul style="list-style-type: none">Strengthen labour management guidelines and governance to ensure effective and efficient resolution of all labour concerns and matters.	<ul style="list-style-type: none">62.63% of employees are unionised.All feedback received through the grievance mechanism has been resolved or is in the process of resolution.Maintained Industrial harmony with union during the pandemic.
<div> Business Ethics and Governance</div>	<ul style="list-style-type: none">Weak or ineffective anti-corruption governance can lead to regulatory pressures, increased costs of non-compliance and unfavourable reputation.	<ul style="list-style-type: none">Principles of good governance can future-proof the organisation by strengthening resilience against extraneous factors.	<ul style="list-style-type: none">Strengthen the governance of the enterprise risk management framework and various policies and processes for efficient implementation of EES programmes and initiatives.	<ul style="list-style-type: none">Maintained zero number of cases of corruption/policy breaches reported through our whistle blowing channel.
<div> Sustainable Supply Chain</div>	<ul style="list-style-type: none">Irresponsible processes and practices along the supply chain can cause reputational damage and incur additional operational costs.	<ul style="list-style-type: none">Strengthen supply chain management by instilling sustainability practices among vendors and suppliers to ensure sustainable business growth.	<ul style="list-style-type: none">Set standards for sustainable practices in the supply chain to raise the collective capacity of the industry and support local suppliers.	<ul style="list-style-type: none">43.19% suppliers were local, representing 33.56% of the Group's procurement budget.Implemented 86 cost optimisation initiatives and achieved RM134 million cost savings.
<div> Occupational Health and Safety (OHS)</div>	<ul style="list-style-type: none">Poor OHS standards and practices lead to health threats, workforce inefficiencies and financial losses.	<ul style="list-style-type: none">Improve health and well being of employees, which in turn can improve productivity and performance.	<ul style="list-style-type: none">Create a culture of 'health and safety' across the organisation through education and awareness.	<ul style="list-style-type: none">Maintained zero cases of fatalities.27 UMW operational sites, including branches, in Malaysia achieved the ISO 45001:2018 certification.
<div> Community Investment</div>	<ul style="list-style-type: none">Negative social and economic impact from our operations on local communities can potentially give rise to reputational repercussions.	<ul style="list-style-type: none">Enhancing stakeholder value for communities strengthens UMW's market reputation as an engineer of sustainable business.	<ul style="list-style-type: none">Implement community development initiatives that nurture future generations and equip youths with industry-ready skills, such as the PROTÉGÉ programme.	<ul style="list-style-type: none">UMW Community Champions dedicated 2,372.5 volunteer hours.Contributed approximately RM1.5 million in cash and in kind to communities in need to mitigate the impact of COVID-19.

OUR VALUE CREATION
BUSINESS MODEL

KEY INPUTS	VALUE CREATION PROCESS	INITIATIVES	OUTCOMES	TRADE-OFFS
<div><div></div><div>FINANCIAL CAPITAL<ul style="list-style-type: none">Revenue: RM9.6 billionMarket Capitalisation: RM4.0 billionTotal Shareholders Fund: RM3.9 billionGearing Ratio: 38%</div></div> <div><div></div><div>MANUFACTURED CAPITAL<ul style="list-style-type: none">High-Value Manufacturing (HVM) Park in SerendahAdvanced automotive assembly plant in Bukit RajaWide distribution/after-sales networkModernised Kayaba plant with greater capacity and efficiency</div></div> <div><div></div><div>HUMAN CAPITAL<ul style="list-style-type: none">Total employees: 7,053Reward structures linked to performanceRM5.9 million invested in employee training and developmentExperienced and diverse management team and board of directors</div></div> <div><div></div><div>INTELLECTUAL CAPITAL<ul style="list-style-type: none">Corporate policies that uphold integrity such as the UMW Integrity Framework and Integrity PlanStrong commitment to digitalisation initiativesStrong commitment to R&D</div></div> <div><div></div><div>SOCIAL AND RELATIONSHIP CAPITAL<ul style="list-style-type: none">RM6.0 million invested in community investmentsRecorded 2,372.5 volunteer hoursActive engagement with various stakeholdersContributed approximately RM1.5 million in cash and in kind to the communities in need to mitigate the impact of COVID-19</div></div> <div><div></div><div>NATURAL CAPITAL<ul style="list-style-type: none">Energy Usage: 389,604.11GJWater Usage: 550,280.27m³</div></div>	<div><div></div><div>VISION<p>To be an innovative global conglomerate with sustainable core businesses.</p></div></div> <div><div></div><div>MISSION<p>Committed to delivering excellence and sustained value creation for our stakeholders through products and services.</p></div></div> <div><div></div><div>OUR CORE VALUES<div>WOW</div></div></div> <div><div><div><div>P7<div>Perdana</div><div>Building Sustainability Through Excellence</div></div><div>7 PILLARS OF PERDANA TRANSFORMATION STRATEGY</div></div><div><div>Rationalise Non-Strategic Assets</div><div>Unlock Value of Non-Productive Assets</div><div>Revenue Elevation</div><div>Cost Optimisation & Synergy</div><div>Innovation Platform</div><div>Digitise & Digitalise</div><div>Human Capital Strategic Support</div></div></div></div>	<div><div></div><div>FINANCIAL CAPITAL<ul style="list-style-type: none">Cost optimisation efforts led to savings of RM134 million in FY2020Built strong relationships with our principals<div>Refer to President & Group Chief Executive Officer's Review on pages 16 to 21 and Financial Highlights on pages 22 to 27 for more details</div></div></div> <div><div></div><div>MANUFACTURED CAPITAL<ul style="list-style-type: none">Automotive: New model launchesAutomotive: Continued support for local parts manufacturersM&E: Cost reduction and operational improvementsEquipment: Constructed our first prime combined heat and power (CHP) plant for the manufacturing sector<div>Refer to How We Have Performed on pages 40 to 59 for more details</div></div></div> <div><div></div><div>HUMAN CAPITAL<ul style="list-style-type: none">Launched TransWOWmation - culture change for the workforceStrong focus on HSSE areas - ensure our employees stay safe and healthyNew Ways of Working through Flexible Working ArrangementsImplemented the Learning Management System to roll out digitalised training and development programmes for employees in all categories across the GroupDigitalisation of HR Processes<div>Refer to How We Have Performed on pages 60 to 61 and our Sustainability Report 2020 for more details</div></div></div> <div><div></div><div>INTELLECTUAL CAPITAL<ul style="list-style-type: none">Rolled out the Organisational Anti-Corruption PlanFormation of the UMW Innovation and R&D CentreLaunched KINTO ONE, a car subscription-based program initiativeDigitalised HSE monitoring system to improve daily management of health and safety in response to COVID-19Launched LAPASAR, an online procurement system<div>Refer to our Sustainability Report 2020 for more details</div></div></div> <div><div></div><div>SOCIAL AND RELATIONSHIP CAPITAL<ul style="list-style-type: none">Responded to community and frontline needs with various contributions of equipment and personal protective equipmentProvide excellent customer service<div>Refer to our Sustainability Report 2020 for more details</div></div></div> <div><div></div><div>NATURAL CAPITAL<ul style="list-style-type: none">Invested in large-scale solar panel installation at ASSB Bukit Raja PlantToyota Environmental Challenge 2050Various environmental conservation initiativesObtained ISO 14001:2015 environmental management certificates for 10 UMW operational sites<div>Refer to our Sustainability Report 2020 for more details</div></div></div>	<div><div></div><div>FINANCIAL CAPITAL<ul style="list-style-type: none">Return on Equity: 5.0%Dividend payout: 4 senEarnings per share: 17.5 sen</div></div> <div><div></div><div>MANUFACTURED CAPITAL<ul style="list-style-type: none">UMW Toyota and Perodua exceeded their revised sales target in 2020Reduced complaints of defective productsIncrease in operating efficiencyDelivered Trent 7000 fan cases to Rolls-Royce</div></div> <div><div></div><div>HUMAN CAPITAL<ul style="list-style-type: none">Achieved 40% women's representation on the BoardDiversity: 79% male, 21% femaleZero fatality cases68% of 1,040 employees surveyed found to be more productive when working from homeEmployees received more than 50,000 hours of training</div></div> <div><div></div><div>INTELLECTUAL CAPITAL<ul style="list-style-type: none">SIAP application for lubricant dealerse-CARA app, an all-in-one application for forklift solutions and servicesRolling out of the Battery Revive Unique Strategy System and Robotic Process Automation projects</div></div> <div><div></div><div>SOCIAL AND RELATIONSHIP CAPITAL<ul style="list-style-type: none">Benefitted 63 charity homesRM767,495 in scholarship value benefitted 69 recipientsRM1.5 million subscription to Sukuk PrihatinRM1 million in funding to Yayasan Hasanah for the purchase of ventilatorsIn support of our local vendors, the Group spent 33.56% of the procurement budget on local suppliers</div></div> <div><div></div><div>NATURAL CAPITAL<ul style="list-style-type: none">Produced 22% more solar energy compared with the previous yearGHG emissions decreased by 28.91% (45,143.98 tCO₂e) compared with 2019 (63,239.38 tCO₂e)23,755 trees planted since the start of our tree-planting initiative</div></div>	<div><div></div><div>We invest our Financial Capital to improve all our other Capitals, striking a balance between dividends for our shareholders and the redeployment of funds to improve the business. The optimal use of our Financial Capital will contribute to improving all aspects of the business.</div></div> <div><div></div><div>Investments in Manufactured Capital reduce our Financial Capital. However, this gives us greater capabilities and resources to generate long-term growth, thus growing our Financial Capital over the long term.</div></div> <div><div></div><div>Improving our Human Capital requires investments in training, development and engagement activities, which will reduce our Financial Capital. However, over the long term, this adds more value to our people, improving their capabilities and capacity and leading to better retention, which will help secure the sustainability of the business.</div></div> <div><div></div><div>We invest in our Intellectual Capital to create innovations and deliver better customer experiences. While investments of Financial Capital are required to fund these initiatives, they will lead to stronger business growth, customer retention and relevance and therefore support the growth of our other Capitals.</div></div> <div><div></div><div>Our commitment to adding value to our Social and Relationship Capital will help maintain our positive relationships with a range of stakeholders. These relationships are important to drive sustainable growth across all our Capitals.</div></div> <div><div></div><div>Our various business activities have an impact on our Natural Capital. As such, we are committed to investing in ways to mitigate the impact we have on the environment, which will reduce the loss of Natural Capital.</div></div>



OUR STRATEGIC PROGRESS

PERDANA 7 STRATEGIC REVIEW

Over the past three years, UMW Group's corporate strategy had been guided by the Perdana Transformation Pillars, or P7. The P7 strategy was established at the end of 2017, to address challenges at the time. The Group had since dedicated its focus on executing its plan. This has strengthened our resilience and foundation, while elevating our long-term value creation potential, as exemplified by our achievements as detailed below.

AUTOMOTIVE

Perodua Total Sales in 2020
220,163 Units

UMW Toyota Total Sales in 2020
59,320 Units

UMW Group's Market Share of 2020 TIV
52.8%

Model Launched in 2020
UMW Toyota launched eight new models, comprising all-new models and facelift versions

EQUIPMENT

Appointments in 2020
Appointed as the Authorised Distributor for Kohler Industrial Generators that serve numerous market segments

Appointed as the Preferred Distributor for collaborative robot (Cobot) by Denmark's leading robot maker, Universal Robots A/S

Initiative launched in 2020
Launched e-CARA app, an all-in-one application for forklift solutions and services, as part of the Division's digitalisation efforts

MANUFACTURING & ENGINEERING

Capacity expansion
Completion of Kayaba plant expansion and modernisation, which provides an additional 20% capacity and features IR 4.0 capabilities

New Product in 2020
Commenced production of fan cases for Trent 7000 engines used in Airbus Neo330 aircrafts with our maiden delivery in October 2020

STRATEGY OVERVIEW

PILLAR 1RATIONALISE NON-STRATEGIC ASSETS

Rationalised the Group's non-strategic assets to refocus resources on the enhancement and expansion of the Group's core businesses in high-growth potential segments.

Key Achievements:

- ✓ A majority of this initiative has been completed, giving the Group a stronger balance sheet
- ✓ Implemented network rationalisation of our Toyota branches to dealers

PILLAR 2UNLOCK VALUE OF NON-PRODUCTIVE ASSETS

Monetised our Shah Alam landbanks and unlock the value of our Serendah landbank through the High-Value Manufacturing Park.

Key Achievements:

- ✓ RM188.1 million gain on the disposal of Shah Alam landbank
- ✓ RM50.6 million revenue generated from sale of land in Serendah

PILLAR 3REVENUE ELEVATION

Expanded and diversified our range of products to tap into emerging markets and broader business trends and secured growth opportunities through new verticals and adjacencies to our core businesses.

Key Achievements:

Automotive

- ✓ Introduced new models including energy efficient vehicles, which has led to increased market share for the Automotive Division. Also enhanced Toyota's production capacity and capabilities with the new Bukit Raja assembly plant

Equipment

- ✓ Established new partnerships with world-renowned principals to widen and diversify our product range. Refurbished our equipment to expand our rental business and established new branches in the region

Manufacturing & Engineering

- ✓ Delivered our first Trent 7000 fan case to Rolls Royce
- ✓ Transforming the automotive components business to focus on more environmentally-friendly products
- ✓ Developed more products under our very own Grantt lubricant range

PILLAR 4COST OPTIMISATION & SYNERGY

Optimised our operations for maximum output while focusing on improving synergies between capacities and process optimisation.

Key Achievements:

- ✓ Manpower optimisation had been carried out in addition to cost containment and cost optimisation exercises. This had led to a total cost savings of RM335 million from 2017 to 2020
- ✓ Increased the sourcing of local content for automotive parts and components
- ✓ Reduced total operation hours per fan case in the Aerospace segment

PILLAR 5INNOVATION PLATFORM

Strived to develop in-house, value-added capabilities to move up the value chain with our own proprietary products and services.

Key Achievements:

- ✓ Establishment of the UMW Innovation and R&D Centre which has resulted in potential new products and services
- ✓ Launched the e-CARA and SIAP mobile apps
- ✓ Modernised our KYB manufacturing plant with IR 4.0 elements to improve efficiency and capacity

PILLAR 6DIGITISE & DIGITALISE

Implemented digitisation and digitalisation initiatives geared towards boosting our connectivity, efficiency and productivity.

Key Achievements:

- ✓ Migrated to cloud-based business software services
- ✓ Introduced productivity software that has enabled our employees to work from home and remained productive during the pandemic

PILLAR 7HUMAN CAPITAL STRATEGIC SUPPORT

Supported our human capital and continue to unlock their potential to drive our transformation and propel us forward.

Key Achievements:

- ✓ Introduced the WoWtransformation culture and core values
- ✓ Launched Flexi Benefits
- ✓ Continued upskilling and developing our employees

A NEW STRATEGY FOR FUTURE GROWTH

The Group's strategic direction needs to evolve in tandem with the changing market landscape to be able to drive growth and ensure our relevance. We plan on achieving this through our new CREST@2021 strategic framework that will focus on the following pillars to enable the Group to maintain its competitiveness.

The pillars include:

CUSTOMER

Having a singular focus on the customer will be key to the Group's success and we will continue to introduce innovative products and solutions to maintain our competitive advantage, while leveraging on technology to further enhance customer service excellence.

RELATIONSHIP

The Group is deeply committed to the effective management of all our relationships across our entire stakeholder ecosystem, a central to the Group's past success and future success.

EXCELLENCE

To ensure our future relevance and expand our growth prospects, the Group must live and breathe excellence at all times. We will use the best processes and most relevant knowledge and skills, while being driven by an overarching desire to succeed.

SUSTAINABILITY

Alongside ensuring the financial sustainability of the businesses which includes profitable growth, the Group will incorporate the most suitable strategies to positively impact the environment and the communities in which we operate.

TEAMWORK

A shared corporate culture, enhanced by strong teamwork and bolstered by the Group's recognition of the importance of human capital will ultimately lead to the continued success and sustainability of the Group.

UMW Group believes that the above approach will strengthen our business, enhance our customers journey throughout all touchpoints and futureproof our workforce through upskilling and reskilling to achieve and protect our competitive advantage. The Group will also be focusing on *Innovising Mobility*, our central theme of achieving and driving growth through innovating and improving mobility.

MANAGING OUR RISKS

KEY RISKS AND MITIGATION

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

PORTFOLIO RISK		LINKED TO PERDANA 7 STRATEGIC PILLAR	
		Unlock Value of Non-productive Assets	Revenue Elevation
		Innovation Platform	Digitise & Digitalise
Risk of concentration of investment in certain Divisions where the expected return is not achieved			
MITIGATION STRATEGY		RESULTS	
EQUIPMENT DIVISION		EQUIPMENT DIVISION	
<ul style="list-style-type: none">Reimagining new business model utilising existing products and servicesVietnam Expansion - Branch expansion in Nghe An, Hai Phong and Can ThoTo establish a regional refurbishment hub to cater for changing market requirements and defend market sharePursuing innovation in order to remain relevant and sustainable into the next century		<ul style="list-style-type: none">e-CARA apps were upgraded to enable more service options for customersHandover ceremony for Nghe An Branch was completed in September 2020 with operations to commence by 2021Project Refurbishment has been rolled out and seen success in meeting the demand for choices and flexibility in both sales and rental	
M&E DIVISION		M&E DIVISION	
<ul style="list-style-type: none">Maximising returns from current assets to achieve full potentialRe-balancing the existing portfolio focusing on HVMLeverage on existing business to expand into adjacent products, geographies, sector and value-chain.		<ul style="list-style-type: none">Ongoing negotiations for additional work with Rolls Royce in the Aerospace segment. The Pennzoil contract was renewed for Malaysia, Singapore and Brunei. A new lubricants plant is also expected to be constructed in the near futureExploring with new investors and prospects for the HVMUMW is exploring to participate in other HVM opportunities and green related industries. To further enhance its HVM capabilities, UMW planned to acquire new technology in chemical milling and additive manufacturingEntry into LAZADA and other marketing platforms for lubricants	

SUSTAINABILITY RISK		LINKED TO PERDANA 7 STRATEGIC PILLAR	
		Innovation Platform	Digitise & Digitalise
A top risk for the UMW Group as the COVID-19 pandemic has severely impacted the aviation industry and led to a significant drop in industry demand. The risk of insufficient funding for the business could therefore affect the sustainability of the Aerospace business.			
MITIGATION STRATEGY		RESULTS	
<ul style="list-style-type: none">Revisit Business Strategy - Diversify products, customers and capabilitiesEnsure T7000 fan case introduction does not slip beyond 2020To develop alternative product to fill up factory capacity		<ul style="list-style-type: none">On-going discussion and negotiation with potential customers for projects with aerospace capabilities involving part machining for automotive and locomotive industriesCompleted production for our first unit of the T7000 fan caseCompleted trial components for Miyazu’s automotive tooling in 2020	

monitored and reviewed the risks in line with business objectives and the present operating environment. The Group aims to reduce the risk impact to our businesses while maximising the benefit and returns from foreseeable opportunities.

SALES TARGET RISK		LINKED TO PERDANA 7 STRATEGIC PILLAR		
		Digitise & Digitalise	Revenue Elevation	Cost Optimisation & Synergy
This is one of the highest risks for the Automotive Division within the UMW Group due to the COVID-19 pandemic which has affected demand. Significant changes to the market environment could therefore impact the Division’s sales achievement.				
MITIGATION STRATEGY		RESULTS		
UMW Toyota strategic action plans are as follows:		Government initiatives:		
<ul style="list-style-type: none">Maximise invoicing<ul style="list-style-type: none">Optimise stocks to maximise invoicing and reduce customer waiting timeEffective communication with dealersBuild High Order Bank<ul style="list-style-type: none">Online/Digital activities, offer remote selling and test drive including home delivery to build the order bank despite the pandemicEnsure all outstanding leads and prospects are followed-up to increase conversion to ordersConduct training for all frontlines on video creation and live interaction activitiesStrong promotion of Finance and Services packages bundled as “Easy to Purchase” & “Value for Money” propositionsFocus on Government Employees through #TQMalaysiaHero with financing package (EZBeli) and JomDrive CampaignLaunch of new models and expand model line-upWork closely with Toyota Capital Malaysia and other local financial institutions to offer attractive financing packages		<ul style="list-style-type: none">100% exemption of the current 10% sales tax for locally-assembled models50% exemption for imported models		
		Target sales for 2020 for UMW Toyota		
		<ul style="list-style-type: none">53,000 units		
		Actual sales for 2020 for UMW Toyota		
		<ul style="list-style-type: none">59,320 units (10% more than target)		

PROJECT SERENDAH RISK		LINKED TO PERDANA 7 STRATEGIC PILLAR	
		Unlock Value of Non-productive Assets	
This is one of the highest risks for the UMW Group given the decision to relocate a majority of our business units to the Serendah High Value Manufacturing Park. The readiness of buildings and infrastructure is therefore a critical component in ensuring the continuity of our operations.			
MITIGATION STRATEGY		RESULTS	
<ul style="list-style-type: none">Conduct meetings with stakeholders and follow-up closely to obtain project briefsPre-qualification of consultants and contractors conducted to select the right consultants and contractorsExperienced project team members assigned to the operationsTo conduct regular site meetings to monitor and manage potential changes		<ul style="list-style-type: none">The contract for the construction of the UMW Campus Office has been awarded and is progressing according to the project milestone	

HOW WE HAVE PERFORMED

AUTOMOTIVE

EQUIPMENT

MANUFACTURING & ENGINEERING

OTHERS

AUTOMOTIVE

ALL-NEW COROLLA

CROSS

REINVENT THE

REKAAN TERSENDIRI

OUR PERFORMANCE

REVENUE
RM7,483.7
MILLION

PROFIT BEFORE TAX
RM334.6
MILLION

SALES VOLUME
59,320
UNITS

**TOYOTA CAPITAL
MANAGED ASSETS
RM5,776.0
MILLION**



Scan here for more information
www.umw.com.my/web/quest/automotive



Scan here for more information
www.toyotacapital.com.my/

UMW TOYOTA



UMW Toyota is the sole distributor of Toyota and Lexus models in Malaysia, leveraging on 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.



NAVIGATING THE COVID-19 CHALLENGE

The COVID-19 pandemic was a major setback for the Malaysian automotive industry, but it presented the business with a unique set of challenges to manage and opportunities to capitalise on. The opportunities arose from our strategic response to the pandemic, as we navigated an altered consumer market, coupled with movement restrictions and new health-related SOPs.

This led to a rapid acceleration in our strategies, resulting in a pivot and shift in focus to selling our cars through digital channels while targeting segments of customers that were the least affected by the economic slowdown. For example, when the MCO was lifted in May 2020, we worked closely with TCAPM to launch the successful JomDrive campaign. Initially targeted at government school teachers, the campaign was later expanded to all civil servants.

The JomDrive campaign offered customers a hassle-free buying experience and leveraged the EZBeli programme, a tiered financing programme allowing lower repayment amounts during the initial years of the financing period. The EZBeli programme, launched in late 2019, is now the preferred financing option for TCAPM customers as the tiered repayment model fits in well with our customers' management of cashflow during the pandemic.

With these changes in our approach, together with the government's announcement of a sales tax holiday to boost the automotive industry, sales momentum returned to near pre-pandemic levels. During this time, we continued to leverage on the efficiency of our manufacturing plants, strong network, dedicated frontline sales staff and service centres to generate a commendable performance for the Group.

In addition to pushing ahead with our strategies, UMW Toyota also assisted the frontliners who were involved in combating the pandemic. Through our subsidiary, Toyota Boshoku UMW, we donated personal protective equipment comprising 15,000 boot covers, 15,000 head covers and 15,000 gowns to the Ministry of Health between April and May 2020.

HOW WE HAVE PERFORMED

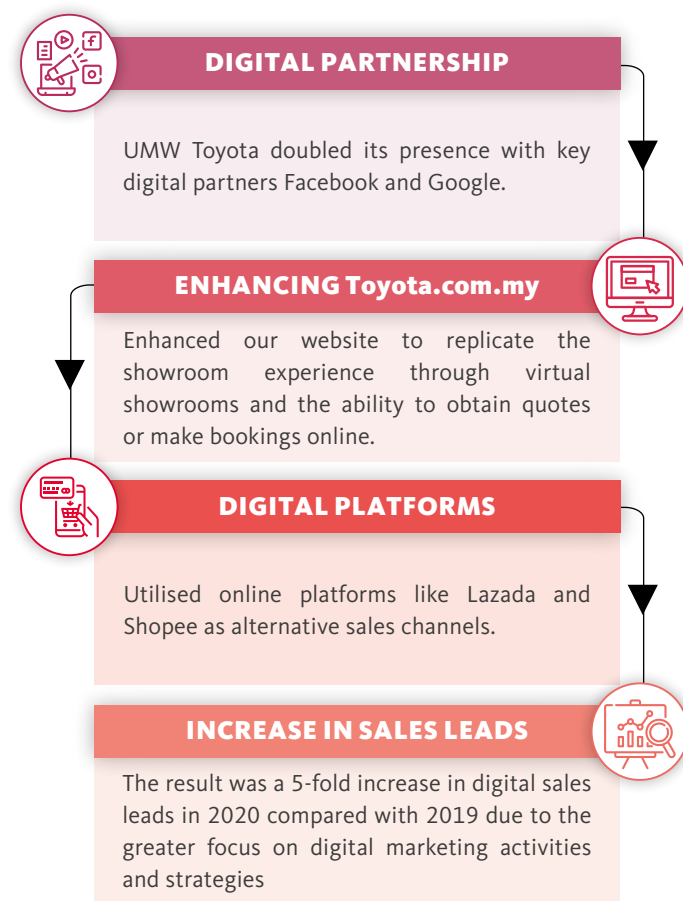
AUTOMOTIVE

UMW TOYOTA



PROGRESSING OUR KEY STRATEGIC PRIORITIES

The key change in the delivery of our strategy was our pivot to digital channels to minimise physical contact and mitigate the risk of infection. This change also involved how products were advertised as we moved from traditional billboard advertising to digital marketing in order to generate sales leads. A summary of our digital initiatives is as follows:



Following a three-year period between 2017 and 2019, during which UMW Toyota transformed its operations to be leaner and more efficient, the pandemic offered us further opportunities to improve the business. We will continue to capitalise on our expertise in lean management, leveraging IR 4.0 technologies, while investing to improve the efficiency of our processes.

AWARDS

JUL 2020 Award Provider: DSF.my - DSF.my Allianz Vehicle of the Year - VOTY LUXURY CROSSOVER OF THE YEAR – LEXUS UX Received by: UMW Toyota Motor Sdn Bhd	JUL 2020 Award Provider: DSF.my - DSF.my Allianz Vehicle of the Year - VOTY EXECUTIVE SEDAN OF THE YEAR – LEXUS ES 250 Received by: UMW Toyota Motor Sdn Bhd	JUL 2020 Award Provider: DSF.my - DSF.my Allianz Vehicle of the Year - VOTY COMPACT CAR OF THE YEAR – TOYOTA COROLLA Received by: UMW Toyota Motor Sdn Bhd
JUL 2020 Award Provider: DSF.my - DSF.my Allianz Vehicle of the Year - VOTY SPORTS CAR OF THE YEAR – TOYOTA GR SUPRA Received by: UMW Toyota Motor Sdn Bhd	FEB 2021 Award Provider: Association of Accredited Advertising Agents Malaysia PUTRA BRAND AWARDS 2020 PLATINUM – AUTOMOTIVE CATEGORY Received by: UMW Toyota Motor Sdn Bhd	FEB 2021 Award Provider: Toyota Daihatsu Engineering and Manufacturing (TDEM), Thailand "ZERO FIELD ACTION ACHIEVEMENT" AWARD Received by: Assembly Services Sdn Bhd

ACCREDITATIONS

JUN 2020 Certified by: Quality Management System (QMS) ISO 9001:2015 (BUKIT RAJA PLANT) Received by: Assembly Services Sdn Bhd

OUTLOOK AND PROSPECTS

2021 TARGET
SALES TARGET
62,000
UNITS

Looking ahead, UMW Toyota is on track to launch a total of six models in 2021, including new sports utility vehicles (SUVs) and hybrid models. Based on these new models and the traditional strong sales of our Vios and Yaris marques, UMW Toyota projects to sell 62,000 cars in 2021, an increase from the 59,320 achieved in 2020.

The potential of our digital marketing initiatives is an exciting prospect and efforts in this area are underway to increase Toyota's visibility online. To ensure a more complete digital journey for the customer, UMW Toyota will continue to transform the toyota.com.my website into the most comprehensive portal for customers to view, select and purchase cars. TCAPM is also helping to improve our efficiency by upgrading the loan application system, making it easier for customers to apply for loans digitally.

Despite the pandemic's resurgence, UMW Toyota, together with its principal, Toyota Motor Corporation, remains focused on creating value now and into the future.

Transportation trends are also moving towards more innovative mobility solutions. In this regard, we have collaborated with TCAPM to launch the KINTO vehicle subscription programme. The KINTO programme offers customers the use of a new Toyota or Lexus car for a period of three years, whereby all vehicle and maintenance costs are integrated into a fixed monthly subscription payment, after which the car can be returned for a new one. While the programme currently caters to some models and variants of Toyota and Lexus cars, there are plans in the pipeline to expand it to cover a wider range from these marques and to introduce used models as well.



HOW WE HAVE PERFORMED

AUTOMOTIVE

PERODUA



IN EVERYTHING WE DO

#WeGoBeyond

FOR YOU

Scan here for more information
www.umw.com.my/ja/perusahaan-otomobil-kedua-perodua-

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 15 consecutive years.



NAVIGATING THE COVID-19 CHALLENGE

The COVID-19 pandemic had a swift and systemic impact on the automotive industry. The MCO crippled production and collectively affected the rest of the automotive ecosystem which included our service centres, dealers and vendors. Our customers, meanwhile, put their vehicle purchases on hold because of the economic uncertainty caused by the pandemic.

While the entire industry grappled with the unprecedented challenges, our immediate concern was on mitigating the pandemic's impact on the livelihoods of our employees and our vendor ecosystem. Given Perodua's substantial share of the Malaysian automotive market, this meant pushing for the soonest possible restart in production, to safeguard the jobs of our employees and vendors.

The first priority was to determine the best way for the industry to produce and sell cars safely during the pandemic. Following extensive discussions with health authorities and various government agencies, the industry was given the green light to operate as long as standard operating procedures (SOPs) were strictly adhered to. On Perodua's part, we made extensive changes to our working arrangements to ensure that our people adhered to SOPs to safeguard their health and safety.

These changes included transitioning the entire workforce to two shifts in order to maintain physical distancing and instructing staff to only commute between the home and office. Free meals were provided for our employees for both lunch and dinner, both as an incentive and to minimise their potential exposure to the virus.

In terms of our relief measures for our vendors, Perodua took the unprecedented move of purchasing raw material inventory from our vendors to support their cashflow. This move effectively ensured that our vendors had sufficient funds to pay their own workers and sufficient working capital to see them through the crisis. This was important for the overall sustainability of our enterprise as reliable vendors are critical stakeholders in our overall production value chain.

When operations resumed in May, the automotive industry saw a sharp rebound in tandem with the Government's announcement of a sales tax exemption for passenger cars. Sales subsequently climbed above 20,000 units monthly with our all-time monthly sales record broken in September after 25,035 units were sold. This record was then broken again in October with 26,852 units sold. This exceptional performance was further bolstered by focusing our sales on customer segments that were less affected by the pandemic.

AUTOMOTIVE

PROGRESSING OUR KEY STRATEGIC PRIORITIES

In line with our commitment to sustainability, Perodua Global Manufacturing Sdn Bhd is Malaysia's first energy-efficient vehicle (EEV)-certified manufacturing plant, which assures that the production of our energy efficient cars is similarly energy efficient. As a result, Perodua is now Malaysia's largest EEV manufacturer with five EEV models currently in our product line-up that are produced with the cleanest and greenest practices. In addition, we collaborate closely with the relevant authorities to improve safety standards, industry regulations and policies, as well as emissions standards.



SEP 2020

FEB 2021

JAN & FEB 2021

Received by:
Perodua

JUL 2018

JUL 2018

Received by:
Perodua

2021 TARGET

To further elevate the industry, we have started to jointly work with the relevant authorities to establish Malaysia standards for fuel-efficiency. While the industry has generally adhered to European or Japanese fuel efficiency standards in the past, a Malaysian standard which captures the unique road conditions in the country will assure buyers that the fuel efficiency ratings of new cars have been benchmarked accurately to give them greater confidence in their purchase considerations.





HOW WE HAVE PERFORMED
EQUIPMENT

AUTOMOTIVEEQUIPMENTMANUFACTURING & ENGINEERINGOTHERS

EQUIPMENT

OUR
PERFORMANCE

REVENUE
RM1,137.3
MILLION

PROFIT BEFORE TAX
RM102.9
MILLION

Scan here for more information
www.umw.com.my/web/guest/equipment

The Equipment Division comprises the Industrial Equipment and Heavy Equipment segments. The Industrial Equipment segment specialises in the material handling and industrial power products. The Heavy Equipment segment specialises in equipment for mining, forestry, agriculture, quarrying 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.



NAVIGATING THE COVID-19 CHALLENGE



The COVID-19 pandemic impacted our Division as movement restrictions implemented across the region led to delays or slower progress on projects which require the use of equipment. Credit conditions also tightened, making it more challenging for customers to obtain financing. Given the uncertainty of the market landscape, our attention turned to cost management strategies and close dialogue with our customers and principals to better understand their challenges and needs.

This led to the launch of various form of campaigns for example #WECare by Industrial Equipment segment which offered numerous promotional packages for our customers, ranging from short-term rentals to special discounts on maintenance services and spare parts. Additionally, our collaboration with financial institutions to offer financing schemes assisted in attracting new Heavy Equipment customers.

From a business development perspective, our focus quickly shifted to areas of the economy that were less impacted by the pandemic. The essential services sector was recognised as an opportunity. Digitalisation efforts became commonplace in adapting to the new normal, with client servicing carried out using various forms of electronic communications and product walkarounds conducted through video conferences.



HOW WE HAVE PERFORMED

EQUIPMENT

PROGRESSING OUR KEY STRATEGIC PRIORITIES

Our focus is on becoming a total solution provider by finding new ways to add value to our capabilities and leveraging our partnerships with high technology manufacturers, while aligning ourselves with Industry 4.0. Our strategic initiatives are therefore centred around expanding and improving our use of automation, engineering and system integration, while adding turnkey project capabilities to our skillsets.

To be effective, we are constantly identifying customers’ needs, plotting current market and future trends while analysing the competition. The ongoing digitalisation of our processes through Robotics Process Automation will also aid our goals of being more efficient and improving access to the market. Embedding better technology into our products and services will enable the Division to unlock additional value through mobility solutions.

With our key strategies and tactics for future value creation firmly in place, the Division will be fully focused on ensuring their successful implementations. We next describe how we advanced across a number of fronts in 2020 to progress the Group’s value creation journey.

BUSINESS GROWTH

- We refurbished our used equipment to effectively serve changing market requirements, and to better defend market share.
- Obtained greater support from our Komatsu partnership for marketing activities and launched new models to increase equipment sales and market share.
- Secured JKR Electrical Material Approval List certification of the Shanghai Diesel Engine Company range of gensets and the distribution rights of KOHLER gensets, allowing us to participate in the premium and critical power backup segment in the private and public sectors.
- Constructed our first prime combined heat and power plant for the manufacturing sector through an Engineering, Procurement, Construction and Commissioning contract.
- Appointed by Universal Robots to be a Preferred Distributor for collaborative robots or cobots. This appointment will help us expand our offerings in automation and robotics and thereby diversify our overall product offerings to customers.

DIGITALISATION & TECHNOLOGY

- Launched CARA, an all-in-one e-services solution to cater the needs of existing and future customers. The CARA forklift e-services app aims to increase customer satisfaction and contribute to higher penetration rates and revenue.
- Introduced high-performance equipment with low fuel consumption for our Komatsu range of products.
- Introduced the Komatsu Machine tracking system (Komtrax) for equipment life cycle support in the areas of periodical, preventive maintenance and proactive aftersales support, which will help develop the aftermarket business further.

OPERATIONAL IMPROVEMENTS

- Achieved ISO 45001 certification for occupational health and safety for its branches in Malaysia and Singapore.
- Set up a new Customer Experience Centre in Singapore, which showcases our various products, services, solutions and the Toyota Lean Logistics Management to customers.
- Strengthened the provision of solutions throughout the product life cycle, which will enhance customer satisfaction and loyalty.
- Collaboration with financial institution for equipment leasing and extended the power train warranty for selected hydraulic excavators up to five years or 10,000 hours to reduce equipment ownership and operation cost.

AWARDS

MAR 2020

Award Provider:
Toyota Material Handling International

PRESIDENT’S AWARD

Received by:
UMW Industries (1985) Sdn Bhd

MAR 2020

Award Provider:
Toyota Material Handling International

DIAMOND CLUB RECOGNITION

Received by:
UMW Industries (1985) Sdn Bhd

MAR 2020

Award Provider:
Toyota Material Handling International

VISION 2020 AWARD

Received by:
UMW Industries (1985) Sdn Bhd

DEC 2020

Award Provider:
Shanghai Diesel Engine Co., Ltd

MOST VALUABLE DISTRIBUTOR IN SOUTHEAST ASIA

Received by:
UMW Industrial Power Services Sdn Bhd

DEC 2020

Award Provider:
Malaysia Airports AeroEC

BUSINESS PARTNER APPRECIATION AWARD

Received by:
UMW Equipment Sdn Bhd

MAR 2020

Award Provider:
Workplace Safety & Health Council

BIZSAFE STAR

Received by:
UMW Equipment & Engineering Pte Ltd

ACCREDITATIONS

JUL 2020

Certified by:
Socotec Certification (S) Pte Ltd

ISO 45001 HEALTH & SAFETY MANAGEMENT SYSTEMS

Received by:
UMW Equipment & Engineering Pte Ltd

DEC 2020

Certified by:
SIRIM QAS International Sdn Bhd

ISO 45001 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS

Received by:
**UMW Industries (1985) Sdn Bhd
UMW Equipment Sdn Bhd
UMW (East Malaysia) Sdn Bhd
UMW Industrial Power Services Sdn Bhd**

DEC 2020

Certified by:
SIRIM QAS International Sdn Bhd

ISO 9001: 2015 QUALITY MANAGEMENT SYSTEM

Received by:
UMW Industrial Power Services Sdn Bhd

OUTLOOK AND PROSPECTS

Looking ahead, the Division is optimistic about its prospects for growth given the various initiatives undertaken to expand the business, build resilience and increase productivity. We are further supported in our efforts by our market leadership positions in various industry segments, strong product line-up, good support from principals and wide distribution networks.

In the short term, the strategic initiatives will continue, together with plans to launch new models with an emphasis on cost optimisation. The business will be aided by the continued development of the aftermarket segment and the fleet management business. Further ahead, the Division will expand its range of automation products and capabilities, collaborate with financial institutions to expand our equipment sales and provide fleet management solutions. Over the longer term, our ambitions remain fully focused in becoming a total solutions provider in our industry and the market leader in the region.





HOW WE HAVE PERFORMED
MANUFACTURING & ENGINEERING

AUTOMOTIVEEQUIPMENTMANUFACTURING & ENGINEERINGOTHERS

MANUFACTURING & ENGINEERING

LUBRICANTS

AUTOMOTIVE PARTS

AEROSPACE

OUR PERFORMANCE

REVENUE
RM918.3
MILLION

PROFIT BEFORE TAX
RM61.6
MILLION

Scan here for more information
www.umw.com.my/web/guest/manufacturing-engineering1

The Manufacturing & Engineering (M&E) Division has businesses in lubricants, automotive parts and aerospace components. The Division works with some of the world's most renowned brands to blend, market and distribute lubricants. Through our partnership with KYB Japan, we are the leading supplier for original equipment (OEM) and replacement market (REM) products in Malaysia, manufacturing high-quality shock absorbers and motorcycle suspension systems. In addition, we continue to create value for the Group and the country as the first Malaysian company to be appointed as a Tier-1 supplier to Rolls Royce.



NAVIGATING THE COVID-19 CHALLENGE

The pandemic has impacted the M&E Division in different ways due to the diverse businesses in our portfolio which required tailor-made strategies to respond to an evolving and dynamic situation. Due to our actions, the Division has been able to continue delivering profits and creating value for our stakeholders despite the wide-ranging disruptions caused by the pandemic.

In the context of our Automotive Parts and Lubricants businesses, a V-shaped type of recovery is underway, mainly due to the government's determination to support the overall automotive industry. The full exemption of sales tax of up to 100% for locally-assembled vehicles and 50% for fully-imported cars has been a boon to the industry and has helped our Automotive Parts business to remain robust.

In the aerospace industry, however, a U-shaped recovery is underway as orders that were locked-in prior to the pandemic continue to be fulfilled, albeit at slightly lower numbers. Despite this, the Aerospace segment remained profitable in the year under review. Moving forward, we acknowledge that 2021 will remain a challenging year, but we foresee prospects of a recovery in travel as the rollout of the COVID-19 vaccine gains momentum, leading to the reopening of international borders.



HOW WE HAVE PERFORMED
MANUFACTURING & ENGINEERING

PROGRESSING OUR KEY STRATEGIC PRIORITIES

As a division, we have executed our strategies with diligence and dedication, undertaking cost optimisation exercise while driving innovation and digitalisation to unlock further value.

LUBRICANTS

Our Lubricants business has exciting potential and continues its expansion into the industrial and commercial sectors that make up two-thirds of the entire lubricants industry.

We are the market leader in hydraulic lubricants in Malaysia and will be leveraging on our own brand, Grantt, to explore the opportunities in industrial and commercial lubricant applications. Grantt is currently marketed in eight countries in the ASEAN Region and also in China.

In terms of digitalisation, the Division will be launching the Sistem Aplikasi Pengedar (SIAP) application for our lubricants dealers. This app will help to track orders, rebates and stock-holdings of our dealers in real-time, thus improving our inventory management and efficiency.

AUTOMOTIVE PARTS

For our KYB business, the Division has completed its plant modernisation initiative. The consolidation of two plants into one integrated plant has resulted in improved efficiency as it has reduced our logistical and inventory requirements, while adding 20% more capacity. Our product is well regarded by the industry with exports to 38 countries valued at 25% of the total business.

For our automotive components business, the Division is in the midst of restructuring the commoditised segment of the business to focus on transforming our product line-up into green-related products that have lower emissions and carbon footprints.

AEROSPACE

Despite the challenges posed by the pandemic to the aerospace industry, we have continued fulfilling orders for Rolls-Royce in our role as the single-source Tier-1 supplier for Trent 1000 fan cases. The most significant milestone for us was our maiden delivery in October 2020 of the fan case for the Trent 7000 engine which is used exclusively in the Airbus A330neo aircraft.

In addition to this, the aerospace segment continues to receive requests for proposals and we are exploring the possibility of working with potential new customers. Many aerospace engine OEMs are taking this opportunity to reset their supply chains, and for us, this step offers us the chance to diversify our customer base, together with our capabilities and products.

AWARDS

JAN 2020

Award Provider:
FAW-Volkswagen

OUTSTANDING SPARE PARTS
AWARD (PROCUREMENT)

Received by:
Lubritech Limited

JUL 2020

Award Provider:
Malaysia Productivity Corporation
(MPC) Wilayah Tengah

MINI TEAM EXCELLENCE MPC
(WILAYAH TENGAH)
MTEX CHALLENGE
CONVENTION (TEAM
DOUBLE LINE TEAM 1 -
GOLD AWARD)

Received by:
KYB-UMW Malaysia Sdn Bhd

JUL 2020

Award Provider:
Malaysia Productivity Corporation
(MPC) Wilayah Tengah

MINI TEAM EXCELLENCE
MPC (WILAYAH TENGAH)
MTEX CHALLENGE
CONVENTION (TEAM
INSPIRA – GOLD AWARD)

Received by:
KYB-UMW Malaysia Sdn Bhd

DEC 2020

Award Provider:
FAW-Volkswagen

BEST BUSINESS
COLLABORATION AWARD
FOR PARTS (PRODUCTION)

Received by:
Lubritech Limited

ACCREDITATIONS

JUL 2020

Certified by:
SIRIM QAS
International Sdn Bhd

ISO 45001:2018
CERTIFICATION

Received by:
Lubetech Sdn Bhd

AUG 2020

Certified by:
SIRIM QAS
International Sdn Bhd

ISO 45001:2018
CERTIFICATION

Received by:
UMW Aerospace
Sdn Bhd

OCT 2020

Certified by:
SIRIM QAS
International Sdn Bhd

ISO 45001:2018
CERTIFICATION

Received by:
UMW Advantech
Sdn Bhd

OUTLOOK AND PROSPECTS

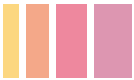
Going forward, the Division is fully cognisant that business challenges will persist, mainly due to the economic impact of the pandemic, but we remain well-positioned to take part and benefit from the expected recovery. Strength in diversity is what makes this possible, by drawing on the advantages of our diverse businesses and their regional presence.

In the automotive parts sector, our business structure continues to lend us a competitive advantage, as does our strong commitment to research and development. With a majority of our products serving the REM, as opposed to OEM, and with 12 million vehicles on the road nationwide, the Division's income is expected to remain stable.

For lubricants, our business expansion will continue unabated, leveraging on our strong domestic and regional presence. By taking advantage of the non-exclusive dealer market structure, the Division can promote multiple brands, including our own in-house brand, Grantt to expand our market share.

The aerospace segment, meanwhile, is likely to recover once the COVID-19 vaccine is widely deployed and people regain their confidence to travel. Moving ahead, the Division will continue to support the government's initiatives to promote the growth of the aerospace and high-value manufacturing industries via the Malaysia Aerospace Industry Blueprint 2030 and the 2021 Budget. The initiatives under the soon-to-be-announced 12th Malaysia Plan are also expected to benefit both these industries.

As we advance the business, the Division remains passionate about innovation and research & development, with a strong desire to obtain results that create significant value for our stakeholders. In this context, our innovations have led to positive outcomes and exciting value creation potential for the Group. We look forward to the various innovations that the UMW Innovation and R&D Centre Sdn Bhd will be able to commercialise to generate sustainable growth for the Group.



HOW WE HAVE PERFORMED
UMW DEVELOPMENT

AUTOMOTIVEEQUIPMENTMANUFACTURING & ENGINEERINGOTHERS

UMW DEVELOPMENT

Artist impression

OUR PERFORMANCE

VALUE OF PROPERTY UNLOCKED SINCE 2017
RM50.7
MILLION

2020 SECURED BOOKINGS WORTH
RM30.6
MILLION

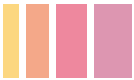
UMW Development Sdn Bhd’s (UMW Development) primary role is to unlock the value in the Group’s landbank in Serendah via Malaysia’s first High-Value Manufacturing (HVM) park. The development offers investors customised factory spaces for high technology sectors such as aerospace, automotive, fast-moving consumer goods, other industrial and commercial sectors.



NAVIGATING THE COVID-19 CHALLENGE

The impact of COVID-19 was significant to our business, in that our aerospace and manufacturing industries were adversely affected. Our potential international investors found themselves more focused on staying afloat rather than expansion or relocation during this challenging operating environment, which reduced the demand for our products and services. We however persevered despite the pandemic hampering our ability to meet with potential investors due to border closures.

Our team responded by developing an augmented reality sales application that gives users a 360-degree view and tour of the industrial park as well as the properties within. This initiative enabled investors to obtain a greater understanding of our value proposition and will help them make better decisions when operating conditions normalise. We were also focused on the health and safety of our employees ensuring that they were still able to effectively carry out their roles despite the less than ideal working conditions.



HOW WE HAVE PERFORMED

UMW DEVELOPMENT

PROGRESSING OUR KEY STRATEGIC PRIORITIES

UMW Development remained focused in unlocking the potential of the UMW HVM Park in Serendah. During the year under review, we continued with our strategic progress through collaborations with both the Federal and State Governments, the Malaysian Investment Development Authority (MIDA) and Invest Selangor Berhad to tap into their vast network and database of investors.

The UMW HVM Park is both a managed and Gated & Guarded industrial park, providing safe, secure and well-maintained facilities to our potential investors. To further meet our investor’s needs, we upgraded and enhanced the facilities, committing us in line with Malaysia’s Industry 4.0 aspirations. The segment is also able to assist investors in the set-up of their factories, offering advice on compliance to regulations and assisting to obtain the required licenses. In addition, our team is always available to assist in any other infrastructure needs or requirements.

Our commitment to sustainability underpinned the thought process in the design and development of the UMW HVM Park. To that end, uniquely green elements were taken into consideration with the construction of a linear park that also helped to facilitate work-life balance.



AWARDS

SEP 2020

Award Provider:
GreenRE

**PRECINCT 1
GUARDHOUSE –
PROVISIONAL
BRONZE
AWARD IN NON
RESIDENTIAL
CATEGORY**

Received by:
UMW HVM Park

SEP 2020

Award Provider:
GreenRE

**CENTRALISED
OFFICE –
PROVISIONAL
BRONZE
AWARD IN NON
RESIDENTIAL
CATEGORY**

Received by:
UMW Campus

NOV 2020

Award Provider:
GreenRE

**INDUSTRIAL
COMPOUND
(EQUIPMENT
DIVISION) –
PROVISIONAL
BRONZE AWARD
IN INDUSTRIAL
FACILITIES
CATEGORY**

Received by:
UMW Campus

ACCREDITATIONS

Certified by:
**Real Estate & Housing Developers’
Association Malaysia (REHDA)**

**CERTIFIED MEMBER
OF REAL ESTATE &
HOUSING DEVELOPERS’
ASSOCIATION MALAYSIA**

Received by:
UMW Development Sdn Bhd

Certified by:
Federation of Malaysian Manufacturers

**AFFILIATE MEMBER
OF FEDERATION
OF MALAYSIAN
MANUFACTURERS**

Received by:
UMW Development Sdn Bhd

OUTLOOK AND PROSPECTS

Our development initiatives continue to be driven by the long-term goals outlined in our 15-year blueprint which began in 2016. Now in the fifth year of the blueprint, we remain firmly committed to being a game changer in the area of high-value and advanced manufacturing industries. Our work in Serendah continues to drive job opportunities as well as capital appreciation in the surrounding area leading to a general improvement in the standard of living.

UMW Development will also continue to lay the groundwork for future growth and continue to engage with potential investors to secure their buy-in once our borders re-open for international travel. Looking ahead, the Equipment Division is set to relocate to UMW HVM Park by the end of 2022 and we are on track with all the necessary development work with the expectation of a seamless transition within the next two years.



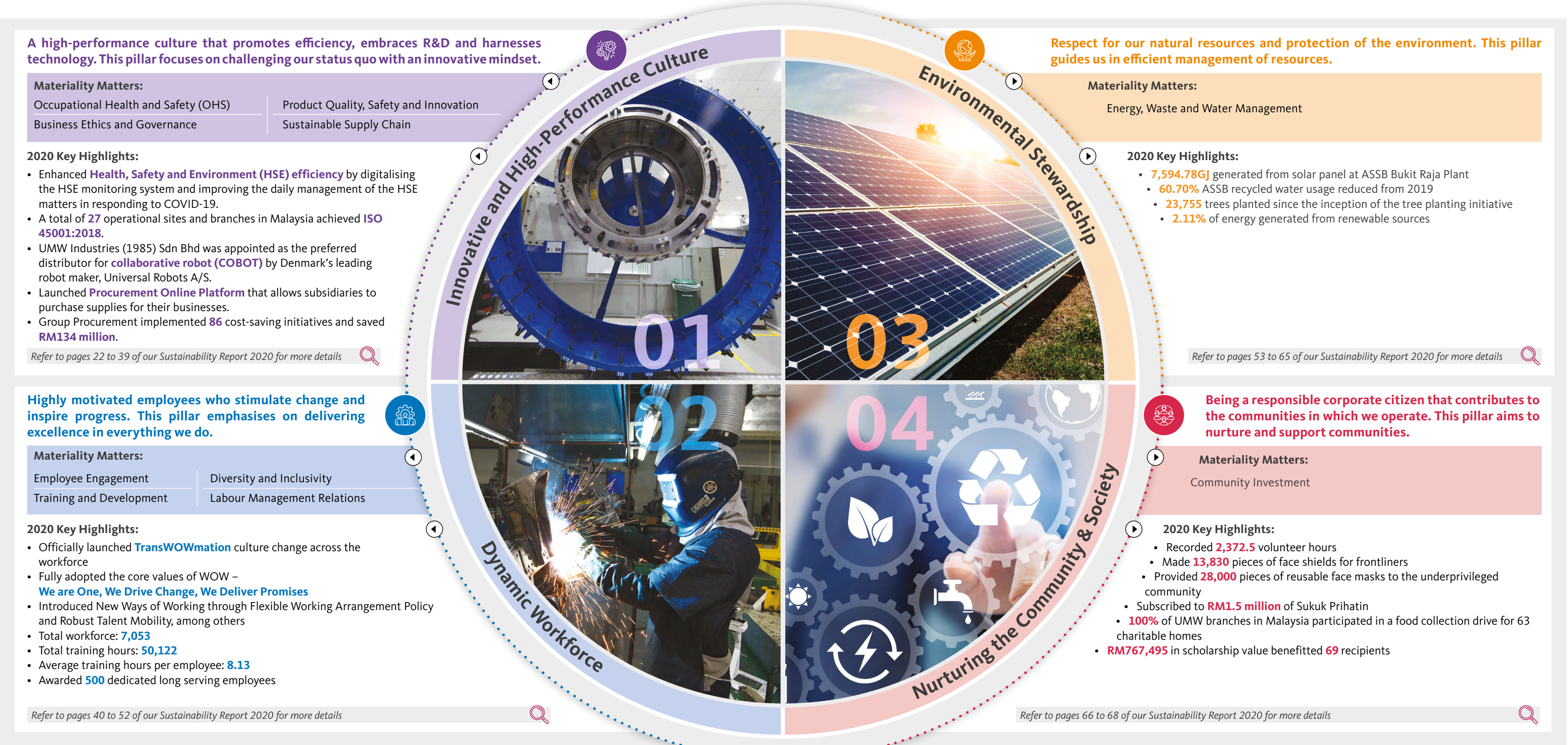


HOW WE HAVE PERFORMED


SUSTAINABILITY PILLARS

UMW's sustainability approach anchors on four pillars that guide the Group in creating tangible and intangible value for its shareholders and stakeholders.

The pillars enable the Group to identify the risks and opportunities in relation to economic, environmental and social issues that may impact the Group and its stakeholders in its value creation journey.




BOARD OF DIRECTORS



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

IC


NRC



DR. VEERINDERJEET SINGH
Independent Non-Executive Director

AC


IC



SALWAH ABDUL SHUKOR
Non-Independent Non-Executive Director


RMC

IWBC



LIM TZE SEONG
Non-Independent Non-Executive Director

IC




RAZALEE AMIN
Independent Non-Executive Director

AC

RMC


IWBC




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

IC

NRC




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

IC




TAN SRI HASMAH ABDULLAH
Senior Independent Non-Executive Director

NRC

IWBC

AC

RMC



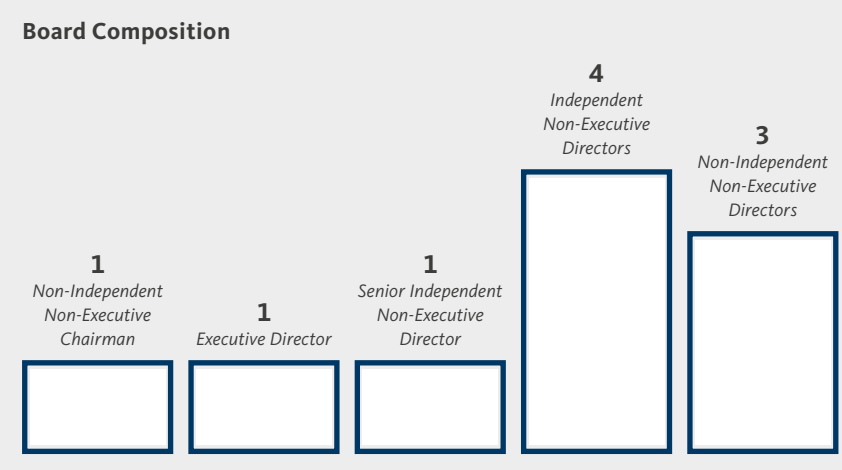
DATO' ESHAH MEOR SULEIMAN
Independent Non-Executive Director

RMC

NRC

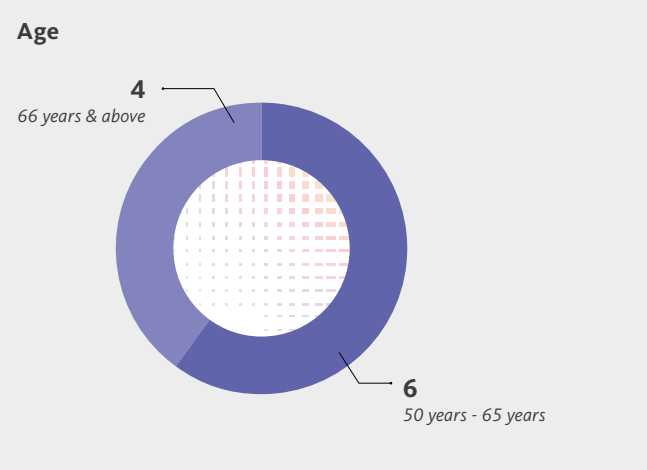
IWBC

Board Composition



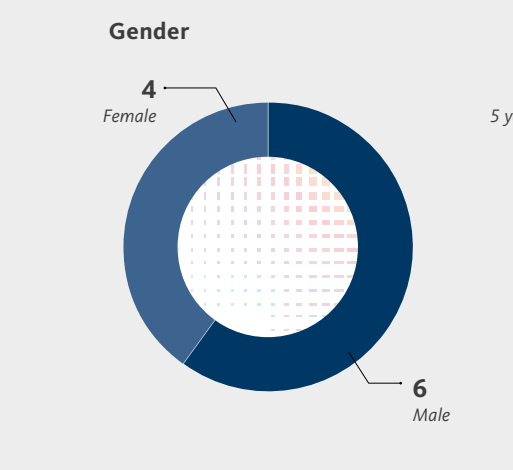
Category	Count
Non-Independent Non-Executive Chairman	1
Executive Director	1
Senior Independent Non-Executive Director	1
Independent Non-Executive Directors	4
Non-Independent Non-Executive Directors	3

Age



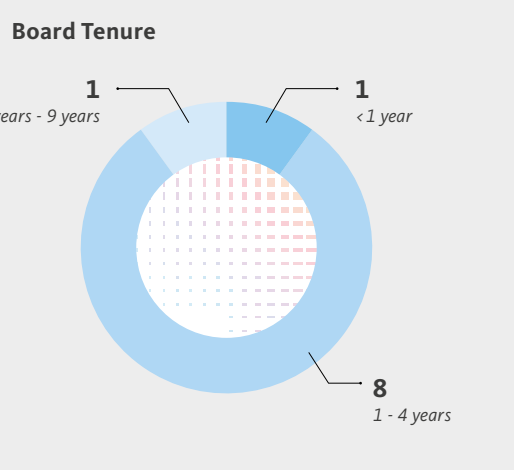
Age Group	Count
66 years & above	4
50 years - 65 years	6

Gender



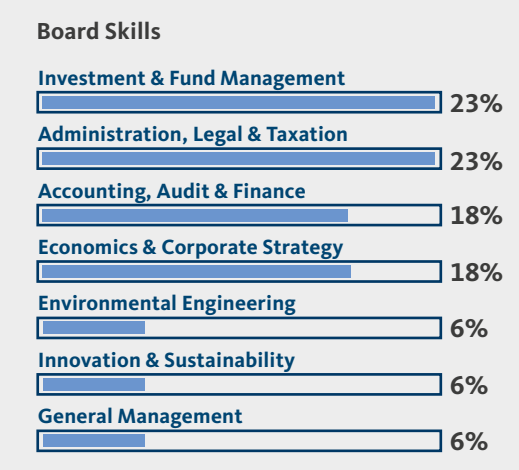
Gender	Count
Female	4
Male	6

Board Tenure



Tenure Group	Count
5 years - 9 years	1
< 1 year	1
1 - 4 years	8

Board Skills



Skill Category	Percentage
Investment & Fund Management	23%
Administration, Legal & Taxation	23%
Accounting, Audit & Finance	18%
Economics & Corporate Strategy	18%
Environmental Engineering	6%
Innovation & Sustainability	6%
General Management	6%

Committee Membership

IC

Investment Committee

NRC

Nomination & Remuneration Committee

IWBC

Integrity & Whistle Blowing Committee

AC

Audit Committee

RMC

Risk Management Committee

Chairman

Notes

1) 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.

2) None of the Directors has any conflict of interest with the Company.

3) 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.

4) None of the Directors has transacted in any of the Company's securities during the year under review.

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63

BOARD OF DIRECTORS’ PROFILE



TAN SRI DATO’ SRI HAMAD KAMA PIAH CHE OTHMAN

Group Chairman,
Non-Independent Non-Executive
Director

Malaysian

Age 69

Male

DATE OF APPOINTMENT:

1 January 2017

DATE OF LAST RE-ELECTION:

25 June 2020

LENGTH OF SERVICE (as at 15 March 2021):

4 years 2 months

BOARD MEETINGS ATTENDED:

13/13

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

- Director, Professional Golf Association of Malaysia
- Trustee, Yayasan Karyawan, Malaysia
- Council Member, Majlis Agama & Adat Istiadat Kelantan

PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES

Listed

- None

Non-Listed

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 15 March 2021)

- None



DATO’ AHMAD FUAAD MOHD KENALI

President & Group Chief Executive Officer/
Executive Director

Malaysian

Age 50

Male

DATE OF APPOINTMENT:

1 November 2020

DATE OF LAST RE-ELECTION:

Not applicable

LENGTH OF SERVICE (as at 15 March 2021):

4 months

BOARD MEETINGS ATTENDED:

2/2

IC

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 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 15 March 2021)

- None

BOARD OF DIRECTORS’ PROFILE



DATIN PADUKA
KARTINI HJ ABDUL
MANAF

Non-Independent
Non-Executive Director



Malaysian

Age 59

Female



DATE OF APPOINTMENT:
15 June 2017

DATE OF LAST RE-ELECTION:
24 May 2018

LENGTH OF SERVICE (as at 15 March 2021):
3 years 9 months

BOARD MEETINGS ATTENDED:
13/13

IC NRC

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

PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES

Listed

- None

Non-Listed

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 15 March 2021)

- None



DR. VEERINDERJEET
SINGH

Independent Non-Executive Director



Malaysian

Age 64

Male



DATE OF APPOINTMENT:
15 June 2017

DATE OF LAST RE-ELECTION:
25 June 2020

LENGTH OF SERVICE (as at 15 March 2021):
3 years 9 months

BOARD MEETINGS ATTENDED:
13/13

AC IC

AREAS OF EXPERTISE

Taxation and Accounting

RELEVANT EXPERIENCE

Dr. Veerinderjeet is currently the Non-Executive Chairman of Tricor Management Services (M) 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, Universiti 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
- Chairman, Monash Business School Industry Advisory 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 15 March 2021)

- 66 shares in UMW Holdings Berhad



Independent Non-Executive Director



Audit and Corporate Recovery, Banking and Finance

He is a licensed auditor and an approved liquidator with more than 43 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.

- 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

- None

Listed

- Velesto Energy Berhad
- Duopharma Biotech Berhad

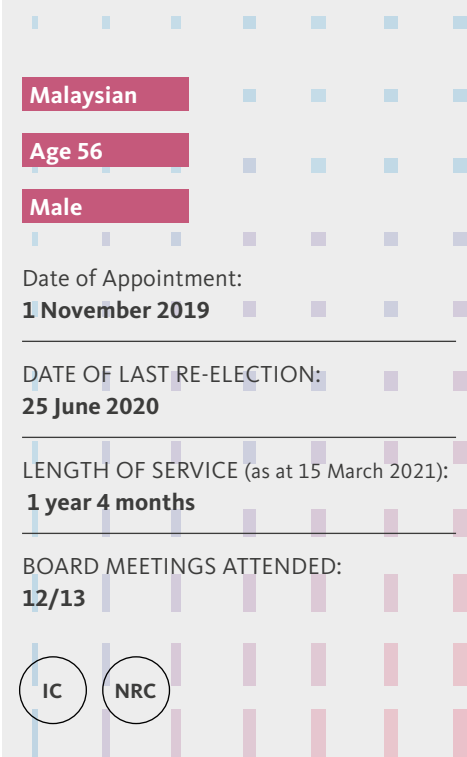
- None

(as at 15 March 2021)

- None



Independent Non-Executive Director



Environmental Engineering and Management, Innovation and Sustainability

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 42 books.

- 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 (Hons), Universiti Teknologi 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)
- 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)

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

Listed

- None

- Pengurusan Aset Air Berhad

(as at 15 March 2021)

- None



MANAGEMENT COMMITTEE MEMBERS’ PROFILE



**DATO’ AHMAD FUAAD
MOHD KENALI**
President & Group Chief Executive
Officer/Executive Director
Male, Age 50, Malaysian

DATE OF APPOINTMENT
1 November 2020

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 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
 - Member, Malaysian Institute of Accountants

PRESENT DIRECTORSHIP OF OTHER PUBLIC COMPANIES

Listed
• None

Non-Listed
• None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2021)
• None

DATE OF APPOINTMENT
1 January 2017

RELEVANT EXPERIENCE
He has served UMW Toyota Motor Sdn Bhd for almost 31 years in various capacities, during which he initiated and completed several projects that enhanced the supply chain and logistics network of 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 15 March 2021)
• None



RAVINDRAN KURUSAMY
President, UMW Toyota Motor
Sdn Bhd
Male, Age 57, Malaysian



**MEGAT SHAHRUL AZMIR
NORDIN**
President, Equipment Division
Male, Age 50, Malaysian

DATE OF APPOINTMENT
1 January 2012

RELEVANT EXPERIENCE
Began his career as an engineer with a global digital technology enterprise 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 Power & Water business and led the strategy development and execution for 17 countries in the Asia-Pacific region. He has over 27 years of expertise in strategy and growth, turnaround, business development, sales and marketing, 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, turnaround, business process reengineering and business integration in multiple industries, including automotive, oil & gas, banking, 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 15 March 2021)
• None

DATE OF APPOINTMENT
1 January 2019

RELEVANT EXPERIENCE
He is no stranger to the automotive industry with over 28 years of experience in the automotive field, Dato’ Abdul Rashid was 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 latest 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 15 March 2021)
• None



DATO’ ABDUL RASHID MUSA
Group Chief Mobility & Innovation
Officer/President, Aerospace Division
Male, Age 55, Malaysian



DATE OF APPOINTMENT
1 October 2016

He has more than 30 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.

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

Listed

- None

- None

- None



DATE OF APPOINTMENT
1 February 2016

He was admitted to the Malaysian Bar in May 1990 and practised 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 and subsequently also assumed the position of Head of Group Management Services Division, effective 1 February 2016.

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

Listed

- None

- None

- None



She has over 20 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 and transformation.

- Bachelor of Commerce majoring in 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
- Senior Management Development Programme, Harvard Business School, Alumni Club of Malaysia

Listed

- None

- None

- None

- 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT



TAN SRI DATO' SRI HAMAD KAMA PIAH CHE OTHMAN
Group Chairman

DEAR SHAREHOLDERS,

“I am pleased to present the Group’s report on corporate governance for the financial year ended 31 December 2020.”

In presenting this report, the Board of Directors (**Board**) of UMW Holdings Berhad and its subsidiaries (**Group**) takes 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 into 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 to achieve its vision and objectives. This includes among others, ethical conduct, business integrity, commitment to values, delivering sustainable values and managing stakeholders’ expectations. The Board also believes these practices are fundamental in strengthening and delivering long-term shareholders value and sustainability of the Group.

The Group is driven to continuously strengthen value creation by subscribing to and premised on the following essential regulatory requirements, statutory provisions, policies, guidelines and best practices:

Companies Act, 2016 (CA 2016)	Corporate Governance Guide: Towards Boardroom Excellence (3rd 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
Malaysian Anti-Corruption Commission (Amendment) Act, 2018 (MACCA)	Minority Shareholder Watch Group (MSWG)
Malaysian Code on Corporate Governance 2017 (MCCG)	ASEAN Corporate Governance Scorecard

The Group is fully committed to protect 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 global market conditions expected to remain challenging and the world still in the grips of the pandemic, active corporate governance and robust systems of oversight are critical in ensuring that the Group remains agile and effective in uncertain times, leveraging on our strengths to achieve sustainable growth.

As a testament of the Board’s steadfast commitment in upholding the highest level of corporate governance, the Company was accorded the Industry Excellence Award for CG Disclosure - Consumer Products & Services at the MSWG-ASEAN Corporate Governance Awards in 2019 and was the recipient of ASEAN Asset Class PLCs at the 2019 ASEAN Corporate Governance Scorecard Awards.



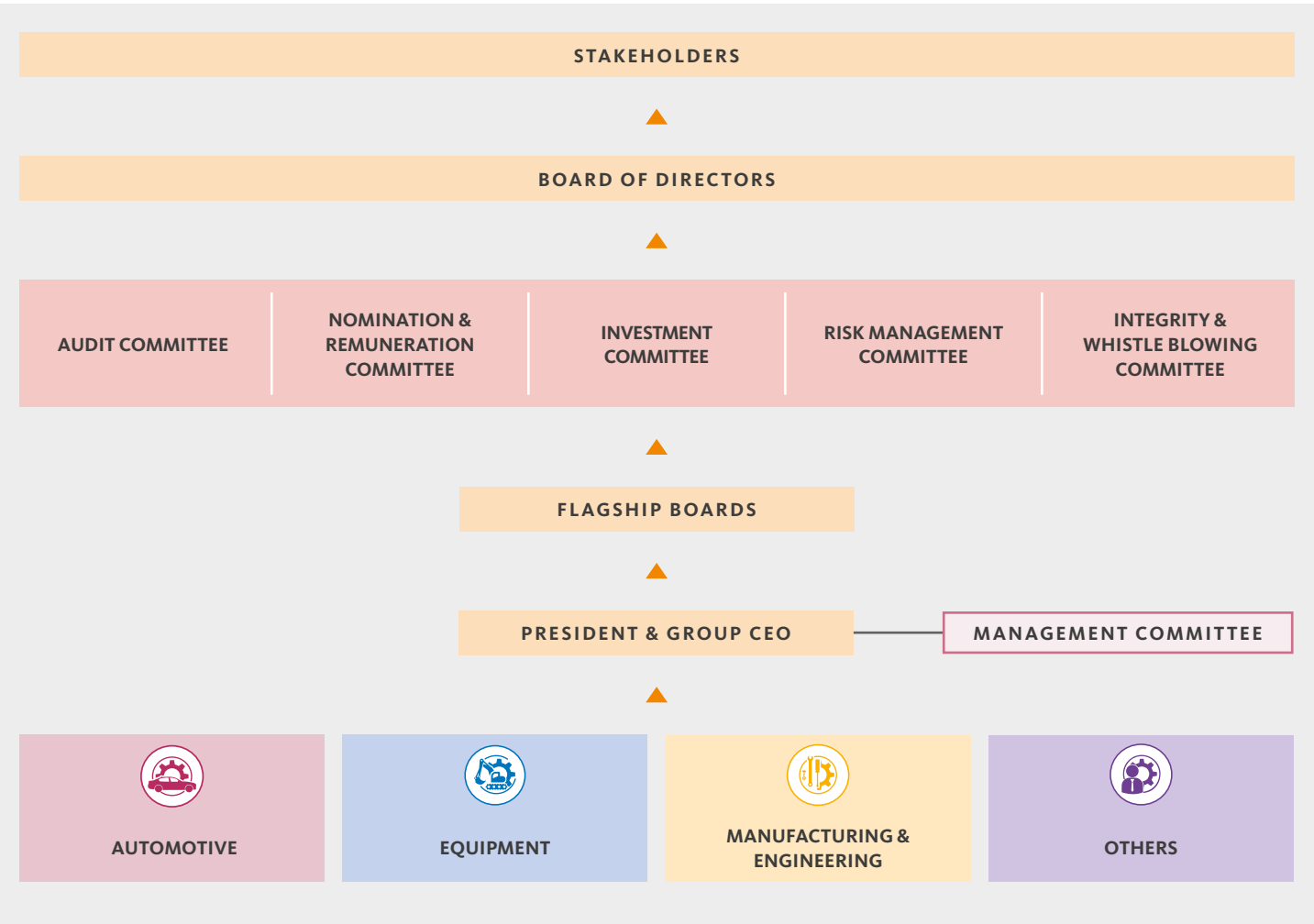
The Board considers that the Company has complied throughout the year ended 31 December 2020 with all the provisions and best practice guidance of the MCGG except those detailed in our Corporate Governance Report 2020 (**CG Report 2020**). The Audit Committee Report which is set out on pages 93 to 97 of this Integrated Annual Report also forms part of this corporate governance overview statement.

This Corporate Governance Overview Statement is written in accordance with the three Principles detailed in the MCGG. The Principles are explained in detail in the following pages:

LEADERSHIP AND EFFECTIVENESS	See Pages 80 - 85	ACCOUNTABILITY	See Pages 86 - 87	RELATIONS WITH STAKEHOLDERS	See Pages 88 - 92
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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 stakeholders, Board, Board Committees, management, external and internal auditors and other administrative committees. The roles of stakeholders, the Board, the Board Committees and management are distinctly different but complementary in attaining the Group’s core objectives.



CORPORATE GOVERNANCE
OVERVIEW STATEMENT

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 MCCG.

The Board is committed to high standards of corporate governance. The Board considers that the Company has complied throughout the year ended 31 December 2020 with all the provisions and best practice guidance of the MCCG except those detailed in our CG Report 2020. The Audit Committee report and which is set out on pages 93 to 97 of this Integrated Annual Report also form part of this Corporate Governance Overview Statement.

LEADERSHIP AND EFFECTIVENESS

NON-EXECUTIVE DIRECTOR

The Non-Executive Directors (**NEDs**) possess the necessary expertise and experience to ensure that the strategies proposed by management are fully deliberated and examined, taking into account the interests of shareholders and 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 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 66 of this Integrated Annual Report.

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 follow-up of its decisions and recommendations.

BOARD COMMITTEES

To assist the Board in discharging its duties, certain responsibilities have been delegated to the Board Committees to ensure there is independent oversight of internal control and risk management, executive remuneration and Board appointments as well as investment/corporate proposals.

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**) and the Integrity and Whistle Blowing Committee (**IWBC**) 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**).

Following the sudden demise of the late President & Group Chief Executive Officer (**PGCEO**), Badrul Feisal Abdul Rahim on 31 May 2020, an interim Board Committee, known as the Board Oversight Committee (**BOC**), comprising three (3) NED, namely, Razalee Amin as its Chairman, Datin Paduka Kartini Hj Abdul Manaf and Dr Veerinderjeet Singh, was established on 4 June 2020. The Board mandated the BOC to provide direct oversight, guidance and advice to Azmin Che Yusoff as the Acting PGCEO on various areas covering among others, Group's strategic matters, business plans, financial, operational and governance. The BOC was also entrusted to oversee the implementation and monitoring of the Board's decisions in ensuring these were efficiently

and effectively carried out by the Group's management and exercise other authorities and additional mandates, as may be directed by the Board from time to time. With the appointment of the new PGCEO, Dato' Ahmad Fuaad Kenali on 1 November 2020, the BOC was officially dissolved.

The Board and Board Committees meet on a scheduled basis and additional meetings may be called by the Chairman of the Committees when required. The Chairman of each Board Committee apprises the Board the Committee's report and its recommendations for the Board's 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 CA 2016, MMLR, MCCG, Whistleblower Protection Act 2010 and MACCA. They will be enhanced and updated periodically to ensure that the Committees are properly guided in their operations, composition and decision-making process.

Details of attendance of each Director at the Annual General Meeting (**AGM**), Board and Board Committees for the year under review are as follows:

	Total Board Meetings Attended	AGM	AC	NRC	IC	RMC	IWBC	BOC
NON-INDEPENDENT NON-EXECUTIVE								
Tan Sri Dato' Sri Hamad Kama Piah Che Othman ¹	13/13	1/1	-	-	-	-	-	-
Datin Paduka Kartini Hj Abdul Manaf	13/13	1/1	-	9/9	5/5	-	-	1/1
Salwah Abdul Shukor	12/13	1/1	-	1/1*	4/5*	2/2	1/2	-
Lim Tze Seong	13/13	1/1	-	-	5/5	-	-	-
INDEPENDENT NON-EXECUTIVE								
Tan Sri Hasmah Abdullah	13/13	1/1	6/6	9/9	-	2/2	2/2	-
Dato' Eshah Meor Suleiman	13/13	1/1	-	9/9	-	2/2	2/2	-
Dr. Veerinderjeet Singh	13/13	1/1	6/6	-	5/5	-	-	1/1
Razalee Amin	13/13	1/1	6/6	-	-	2/2	2/2	1/1
Dato' Seri Prof. Dr. Ir. Zaini Ujang	12/13	1/1	-	8/9	5/5	-	-	-
EXECUTIVE/PGCEO								
Badrul Feisal Abdul Rahim ²	4/4	-	3/3	2/2	1/1	-	-	-
Dato' Ahmad Fuaad Kenali ³	2/2	-	1/1	2/2	1/1	1/1	-	-
Total meetings in 2020	13	1	6	9	5	2	2	1

Notes:

1. Tan Sri Dato' Sri Hamad Kama Piah Che Othman is not member of any Board Committee.

2. Demised on 31 May 2020.

3. Appointed as the PGCEO and IC member with effect from 1 November 2020.

* Attended as invitee to the meeting.

The Board practises a clear demarcation of duties between the Group Chairman and the 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

- Leads in setting the values and ethical standards of UMW.
- Leads in the creation of an effective corporate governance system including the establishment of Board Committee structures and their TOR.
- Chairs the Board meetings and stimulates debates on issues and encourages positive contributions from each Board member.
- Consults with the Group Secretary in setting the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- Ensures the provision of accurate, timely and clear information to Directors.
- Ensures that all Directors are properly briefed on issues arising at Board meetings and there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranges for informal meetings prior to the Board meetings to enable thorough preparations to be made.
- Ensures appropriate procedures are in place to govern the Board's operation, decisions are taken on a sound and well-informed basis and dissenting views can be freely expressed and discussed.
- Allows every Board resolution to be voted on and ensures that a decision reflecting consensus of the whole Board is reached.
- Maintains a relationship of trust with and between the PGCEO and NEDs.
- Arranges evaluation of performance of Board members, Board Committees and their individual members, including assessment of the independence of Directors.
- Casts his votes in accordance with the prescribed provision under the Company's Constitution.
- Ensures that all Directors upon taking office, are fully briefed on the terms of their appointment, time commitment, duties and responsibilities and the business of the Company.
- Ensures effective communication with shareholders and relevant stakeholders.

PGCEO

- Develops and recommends to the Board the long-term business strategy, performance targets, goals and vision of the UMW Group that will lead to the creation of long-term prosperity and stakeholder value.
- Develops and recommends to the Board the business plan and budget that support the UMW Group's long-term strategy.
- Fosters a corporate culture that promotes ethical practices, encourages employee integrity and fulfilment of UMW's corporate social responsibilities.
- Maintains a positive and ethical working environment that is conducive to attracting, retaining and motivating a diverse workforce.
- Ensures high management competency as well as emplacement of an effective management succession plan.
- Recommends suitable management structures and operating authority levels which include delegations and responsibilities to the management.
- Formulates and oversees implementation of major corporate policies.
- Accountable to the Board for the financial management and reporting, including forecasts and budgets of UMW.
- Ensures continuous improvement in quality and value of UMW's products and services.
- Serves as a conduit between the Board and management and as a spokesperson for UMW.



CORPORATE GOVERNANCE
OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS

BOARD ROLES AND RESPONSIBILITIES

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 Group;
- Together with senior management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- Review, challenge and decide on management’s proposals for the Company and monitor its implementation by management;
- Ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Supervise and assess management 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 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 senior management;
- Ensure that 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 above roles and responsibilities are clearly set out in the Board Charter. The Board Charter is regularly reviewed with the last date of review being, 28 November 2019.

BOARD APPOINTMENT PROCESS

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.

The search for INEDs may also be made through engagement of a professional recruitment 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.

During the year under review, the Board via the NRC, continued to invest time and effort to find suitable replacement for the position of PGCEO due to the vacation of the post on the passing of the late Badrul Feisal, the former PGCEO on 31 May 2020. In the interim, Azmin Che Yusoff was appointed an Acting PGCEO on 5 June 2020, to bring stability and strong leadership to ensure the continuity of ongoing initiatives in allowing the Group to execute its strategies and plans that are already in place for its next stage of growth with minimal disruptions.

On 1 November 2020, the Board appointed Dato’ Ahmad Fuaad Kenali as the new PGCEO. His wealth of professional and corporate experience would contribute immensely to the Group and my fellow Board colleagues and I are working closely with him in propelling UMW to new frontiers and greater heights, whilst continuing to deliver value to our shareholders.

INDEPENDENCE

The Board is diverse in demographics, skills and experience. The Board comprises 50% of Independent Directors who promote independent judgement and diverse mind-sets and opinions. All Directors regardless of their status are expected to exercise their judgement independently, to act in the best interests of the Company and to exercise unfettered and independent judgement. The independence of our NEDs is considered, through the NRC, on a regular basis to ensure that they remain capable of providing unbiased and objective contribution to Boardroom discussions.

As the Group Chairman, I held a number of meetings with the NEDs without executive management being present. These meetings are useful to safeguard the independence of our NEDs by providing them with time to discuss their views in a more private environment.

The NRC also performed an internal assessment on the independence and effectiveness of the INEDs in office during the year under review and whether they have met the independence criteria as set out in the MMLR of Bursa Securities. Due consideration was made as to whether the INEDs could continue to bring independent and objective judgement to Board deliberations.

The NRC is satisfied that the INEDs remain independent in character and judgement and are free from relationships or circumstances which are likely to impair or could appear to impair their objective judgement and ability to act in the Company’s best interests.

DIRECTOR’S RE-ELECTION

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.

INFORMATION AND SUPPORT

In the discharge of our duties, my fellow board members and I have direct access to the senior management and have 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.

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 2019 to facilitate the Directors in planning ahead and incorporating the said meetings into their respective schedules as well as ensuring their full attendance at Board meetings. A pre-Board briefing is held prior to any Board meeting for management to provide me and my colleagues 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 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

PROFESSIONAL DEVELOPMENT

The Company provides new Directors with a comprehensive and tailored induction process which includes visiting a number of the Group’s properties with senior management, meetings with the Group’s audit partner and meetings with members of the senior management team. All the Directors are required to attend the Mandatory Accreditation Programme. If considered appropriate, new Directors are provided with external training that addresses their role and duties as a Director of a public listed company.

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. The Group requires all Directors to remain aware of recent, and upcoming, development. The Group requires all Directors to keep their knowledge and skills up-to-date and include training discussions with the Chairman in our annual performance review.

As required, the Board would also invite professional advisers to provide in-depth updates. Updates and training are not solely reserved for legislative developments but also to cover a range of issues including, but not limited to, market developments and trends, economic, environmental and social considerations. Our Group Secretary provides regular updates to the Board and its Committees on regulatory and corporate governance matters.

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 Principle 2.1 of the CG Report 2020.

informed decisions are made by the Board as a whole. Relevant members of 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 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.

SUCCESSION PLANNING

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 co-ordinated. The length of tenure of our Independent Directors is capped at nine (9) years.

However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the director’s re-designation as a non-Independent Director.

In the event the director is to remain designated as an Independent Director beyond nine (9) years, the Board shall first justify and obtain annual shareholders’ approval.

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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS

BOARD EFFECTIVENESS EVALUATION (BEE)

The annual Board effectiveness evaluation is an essential process to determine the effectiveness of the Board, its 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 me as the Chairman. For 2020, KPMG Management & Risk Consulting Sdn Bhd (**KPMG**) was appointed as the independent consultant to facilitate the BEE exercise.

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 assessment criteria were anchored on governance framework, best practices as well as industry norms.

The BEE was carried out through questionnaires and 1-on-1 interview sessions with Board members. The interview sessions allowed the facilitators from KPMG to explore selected issues in an in-depth manner to garner first-hand insights. This was augmented with review of selected Board papers to ascertain the robustness of information architecture.

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 KPMG without any intermediation by the management.

As a culmination to this exercise, KPMG prepared a report on the performance of the Board, the Board Committees and individual Directors, assessed against other large companies in the benchmark repository of KPMG covering a wide cross-section of industries. The BEE overall score of 89% is equivalent of the market average score of 89%. Comparatively, the BEE score also approximates the average industrial products and services board, which stands at 90%.

From the BEE results, four (4) areas of strengths were identified. These “positive highlights” can be clustered into the following 4 categories:

Captaincy of the Chairman:

- Exemplary leader in leading the Board and highly invested in UMW’s affairs

Boardroom collegiality:

- Highly dedicated to UMW’s cause and the anchor that binds all Directors

Boardroom commitment and proactivity:

- Steadfast in devoting time and crucial support to management

Working relationship between the Board and management:

- Demonstrated dynamic working culture

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

- Heightening high-level engagement with key stakeholders/partners to forge closer linkage that can yield strategic outcomes;

- Fashioning a catalytic and future-oriented process of boardroom succession planning and recruitment; and

- Enriching selected information materials to the Board and boardroom administration.

The findings and results of the overall evaluation of the BEE were summarised and presented by KPMG to me and Chairperson of the NRC, where key insights on the overall performance of the Board, the Board Committees and individual Directors, and recommended areas of continuous improvement, were discussed. The NRC and the Board have taken note of the findings and results and would address them in an appropriate manner.

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.

The formal review included the increase 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 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 38th AGM held on 25 June 2020.

The details of the Directors’ remuneration (both Executive and Non-Executive) for the financial year ended 31 December 2020 can be found under Practice 7.1 and Practice 7.2 of the CG Report 2020.

The summary of key activities carried out by the NRC for the financial year ended 31 December 2020 is as follows:

Nomination Function

- Reviewed and recommended the composition of the Board, the Board Committees and the Board of subsidiaries.
- Evaluated and recommended the suitability of potential candidates for appointments of the new PGCEO.
- Reviewed the results of the Board Performance Evaluation and made recommendation on the suitability of Directors for re-election at the 38th AGM.
- Reviewed and recommended the suitability for the appointment and/or promotion of senior management of the Group.
- Reviewed and recommended the employment service contract of senior management of the Group.
- Reviewed and recommended the new organisational structure for the UMW Group.
- Reviewed the composition of Independent Directors of the Board.
- Reviewed the UMW Group’s succession planning for senior management.

Remuneration Function

- Reviewed and recommended the remuneration package for senior management of the Group.
- Appraised and recommended the performance of the PGCEO and his direct reports for 2019.
- Appraised and recommended the total remuneration package and reward (bonus payout and salary increment) for the Group.
- Reviewed and recommended the enhancement to employees’ benefits.
- Reviewed and recommended the gratuity benefits for senior management.
- Reviewed and recommended the high-level 2020 Balance Scorecard for the PGCEO and his direct report.

Governance Function

- Reviewed the results of the Board Performance Evaluation exercise of the Board and the Board Committees for 2019 and recommended the improvement plans.
- Reviewed and recommended the appointment of KPMG as the independent third party to conduct the BEE process for 2020.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

ACCOUNTABILITY		
<p>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.</p> <p>The Group has in place a robust risk management and internal controls systems in managing risks and internal controls affecting its business operations. The realisation of risk management and internal controls is undertaken by management which regularly reports on risks identified and actions taken to mitigate and/or minimise such risks and gaps in the internal control systems. The oversight of these critical areas is carried out by the RMC and the AC, respectively.</p>		
<p>Audit Committee</p> <p>The Board has in place an AC that comprises three 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</p> <p>The AC supports the Board with matters relating to financial reporting, 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 and the Malaysian Institute of Certified Public Accountants and Member of the Chartered Tax Institute of Malaysia.</p> <p>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.</p>		
<p>External Audit</p> <p>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 includes 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.</p> <p>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.</p> <p>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.</p> <p>In addition, EY had also provided written assurance to the AC that they were and had been independent throughout the audit engagement for 2020, in accordance with the terms of all relevant professional and regulatory requirements, including the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (MIA).</p> <p>The Group conforms to the requirements of the MIA in ensuring that the Lead Partner of the external auditors is subjected to a seven-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 two years before being appointed as a member of the AC.</p>		
<p>Internal Audit</p> <p>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.</p> <p>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 Management. 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.</p> <p>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.</p> <p>Details of the summary of work performed by the AC during the year under review are provided in the AC Report on pages 93 to 97 of this Integrated Annual Report.</p>		
<p>Risk Management and Internal Control Framework</p> <p>The Board is responsible for establishing and maintaining a sound risk management framework and system of internal control to provide reasonable assurance of the effectiveness of the Group's business operations and risk management, to safeguard shareholders' investments and the Group's assets and to ensure sustainability of the Group. The system is designed to meet the Group's particular needs, to efficiently manage risks that may impede the achievement of the Group's objectives.</p> <p>The Board's RMC provides oversight and governance of risks for the Group to ensure that the Group's risk management processes are functional and effective. The RMC consists of three INEDs and is chaired by Dato' Eshah Meor Suleiman, an INED.</p>		
<p>Whistle Blowing Policy and Procedures</p> <p>Mechanisms to report unethical conducts are encapsulated in the WBPP. 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.</p> <p>The WBPP are accessible to the public on the Company's corporate website at www.umw.com.my</p>		
<p>Insider Trading</p> <p>In line with the MMLR 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.</p> <p>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.</p>		
<p>Corporate Liability</p> <p>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 Group Risk Management & Integrity has taken proactive measures to ensure that the Group has adequate procedures in place by organising workshops to UMW management employees from various divisions to develop the Organisational Anti-Corruption Plan (OACP). The OACP will address integrity, good governance and anti-corruption concerns while combatting corruption at organisational level within the Group. It also aims to provide and allocate appropriate resources required for the fulfilment of the stated plan, specification of reasonable timeframe and the derivation of the path towards the achievement of strategic activities.</p> <p>In 2020, the Group developed the Anti-Bribery & Corruption Policy (ABCP) and the UMW OACP as part of UMW Group's effort in strengthening governance, integrity and anti-corruption controls.</p> <p>The ABCP which was approved in May 2020, is aimed at creating awareness and ensuring that all UMW employees, Directors and business associates observe and uphold anti-bribery and corruption principles and good CG practices within the organisation and in all business dealings.</p> <p>The ABCP is available on the Company's website at www.umw.com.my</p>		
<p>The BCCE and CBCE are available on the Company's website at www.umw.com.my</p>		

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

RELATIONS WITH STAKEHOLDERS			
<p>RELATIONS WITH STAKEHOLDERS</p> <p>We acknowledge that investors play a vital role in the success and growth of UMW. Because of this, we want to keep lines of communication and information open and effective with investors, be it existing or prospective. Through these communications, our aim is to be able to transform passive awareness into active investor interest, investment and support. Engagements with shareholders also allow us to understand their views on our value drivers. We are then able to communicate to management and be more aware of what they measure, what they are most interested in, their concerns, and the areas of the business where we think the Group is least understood which will in turn helps us to ensure investors really understand our story.</p> <p>UMW acknowledges the importance 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). Starting 2020, the Company is taking it a step further with Integrated Reporting. Sustainability in the context of integrated reporting identifies the material sustainability risks and opportunities relevant to the Company and the key stakeholders as well as provides disclosure of how they are integrated into our core corporate strategy.</p> <p>The Board continues to be open, transparent and effective in our communication with investors. Given that this is an unprecedented situation, we recognise the need to relay information to the investment community especially relating to the ramifications and impact of the COVID-19 pandemic and</p>		<p>restrictions to our operations especially in the beginning, as well as measures taken to mitigate it. We recognise that it is important 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 the investment community. The request for virtual meetings also increased due to the restrictions imposed on having face-to-face meetings.</p> <p>Web and teleconferencing were the main tools used to engage investors and analysts. While some organisers changed their format to virtual, there were less conferences and roadshows organised during the year. However, engagements with investors, be it through meetings and queries continued as usual albeit in a different format. We were also proactive in disseminating e-mail updates to key investors to keep them in the loop.</p> <p>There is constantly close communication between our Investor Relations (IR) team and the Sustainability team to ensure effective and precise flow of communication to the investment community. As environment, social and governance (ESG) concerns become more and 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.</p>	
<p>ANNUAL GENERAL MEETING (AGM)</p> <p>The 38th Annual General Meeting was conducted on a full virtual platform via live streaming from Menara UMW on 25 June 2020. All resolutions set out in the Notice of AGM was put to vote by poll and all the resolutions tabled were carried. The AGM provides an opportunity for shareholders to pose relevant questions to me and my fellow board members.</p>		<p>CORPORATE WEBSITE</p> <p>The Group’s website, 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.</p>	
<p>STAKEHOLDER ENGAGEMENT</p> <p>Our long history is built on the trust and support given to us by our key stakeholders. Our stakeholders are the reason for our 100-year success 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.</p>		<p>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.</p>	
Key Stakeholder Groups	Channels of Engagement	Frequency of Engagement	
PRINCIPAL PARTNERS	<ul style="list-style-type: none">Video callsVirtual seminars and meetings	<ul style="list-style-type: none">MonthlyQuarterly	<ul style="list-style-type: none">Operational and business performanceQuality and complianceHealth, safety and environmentSupply chain impacts due to COVID-19
CUSTOMERS	<ul style="list-style-type: none">Marketing eventsCustomer Satisfaction SurveyDigital and social media channels (Instagram, Whatsapp, Facebook, Youtube)Customer feedback/complaints (phone-ins, walk-ins, meetings, virtual events)	<ul style="list-style-type: none">DailyMonthly	<ul style="list-style-type: none">Product and service qualityHealth and safety
EMPLOYEES	<ul style="list-style-type: none">Trade unionsNewslettersEmail blastTownhallEmployee Engagement SurveyOnline training and workshopsVirtual seminars/events	<ul style="list-style-type: none">BimonthlyMonthlyQuarterlyAnnually	<ul style="list-style-type: none">Remote workingOperational performance and productivityHealth and safetyCOVID-19 impacts on workforce
			<ul style="list-style-type: none">Shared our business performance, strategy and challengesDiscussed impact of COVID-19 on supply of key products/parts and resolutionComplied with all quality and HSE requirements <ul style="list-style-type: none">The Group continued to deliver our products and services to our customers throughout the year in a safe mannerKey feedback and concerns raised were around COVID-19:<ul style="list-style-type: none">Lack of physical engagement with customersInability/possible delay in fulfilling customers’ requests or ordersCustomers impacted by the pandemicImplemented various initiatives via digital marketing such as online campaigns and rebates to reinforce sales and attract customers <ul style="list-style-type: none">Implemented a COVID-19 safety plan to ensure our employees were safe in the workplaceEmployees were provided with laptops to assist with remote workingIT was on standby as and when required by employeesManagement team conducted regular check-ins and engagements through our internal communication platforms to ensure employees were safe and able to work productivelyEnsured existing applications and infrastructure were in place for employees working from home

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

RELATIONS WITH STAKEHOLDERS					
Key Stakeholder Groups	Channels of Engagement	Frequency of Engagement		Engagement Topics	Our Broad Management Response and Outcomes
SHAREHOLDERS/ ANALYSTS	<ul style="list-style-type: none">Virtual Analysts’ briefingsOne-on-one meetings prior to the MCO in MarchVirtual Meetings	Investor Relations Calendar		<ul style="list-style-type: none">Business strategy and directionFinancial/economic performance amidst COVID-19Sustainability of earnings in light of the COVID-19 pandemicStagnant automotive market	<ul style="list-style-type: none">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 initiativesThe Group is focused on remaining competitive and generating returns for our shareholdersIntroduction of new models, offering innovative financing packages, expansion of sales network via e-commerce <p><i>“In July 2020, RAM Ratings has reaffirmed the AA2 rating of UMW’s RM2 billion Islamic MTN Programme (2013/2028), as well as the A1 rating of its RM2 billion Perpetual sukuk Programme. Both long-term ratings have a stable outlook. The reaffirmation of the ratings is premised on the expected recovery of the Group’s credit metrics from FY Dec 2021 onwards, despite the projected weaker operating performance this year amid the COVID-19 pandemic. The Group’s sturdy liquidity profile, strong balance sheet as well as ongoing debt-reduction efforts, help it to withstand the current challenging operating environment. The rating agency expects the Group’s businesses to show improvements in the medium term.”</i></p> Financial Calendar
		DATE	ACTIVITIES		
		27 February	4Q19 Results briefing to analysts and fund managers <ul style="list-style-type: none">UMW Holdings’ net profit rose by 32% to RM454.4 million for financial year 2019		
		15 June	1Q20 Results briefing to analysts and fund managers <ul style="list-style-type: none">UMW Holdings registers net profit of RM44.3 million for the first quarter of 2020		
		25 June	UMW Holdings held virtual 38 th Annual General Meeting		
		27 August	2Q20 Results briefing to analysts and fund managers <ul style="list-style-type: none">UMW Holdings registers profit before taxation of RM4.2 million for the first half of 2020; expects improved second half		
		25 November	3Q20 Results briefing to analysts and fund managers <ul style="list-style-type: none">UMW Holdings registers net profit of RM101.3 million for the third quarter of 2020		
SUPPLIERS	<ul style="list-style-type: none">Supplier briefings (virtual and physical)Vendor Development ProgrammeOther engagements with suppliers, e.g., events, workshops, etc.	Quarterly		<ul style="list-style-type: none">Partnerships for growthBusiness opportunitiesMarket insights and industry	<ul style="list-style-type: none">COVID-19 navigation:<ul style="list-style-type: none">Communicated UMW’s Standard Operating Procedures and safety measures to suppliersProvided suppliers with personal protective equipmentDiscussed and shared industry trends and challengesComplied with all quality and HSE requirements
REGULATORS/ AUTHORITIES	<ul style="list-style-type: none">Regular updates and communications (emails, phone-ins and one-on-one meetings)Virtual meetings	Monthly		<ul style="list-style-type: none">Governance and regulatory compliance	<ul style="list-style-type: none">Complied with all regulations, especially with regards to COVID-19, and provided information on our COVID-19 safety protocols for the workplaceTook a proactive approach by engaging with regulators on the impact of the pandemic and provided suggestions on how the industry could operate safely
LOCAL COMMUNITIES	<ul style="list-style-type: none">Volunteer programmesEvents	Ad hoc		<ul style="list-style-type: none">Corporate social responsibility	<ul style="list-style-type: none">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 communitiesIn 2020, the Group contributed cash, food and PPE to targeted communities such as the underprivileged and healthcare frontliners
MEDIA	<ul style="list-style-type: none">Press releases	Monthly		<ul style="list-style-type: none">Business performance, strategy and directionNational/community projects and partnershipsProduct information	<ul style="list-style-type: none">Provided information via press releases on the Group performance and products



CORPORATE GOVERNANCE OVERVIEW STATEMENT

RELATIONS WITH STAKEHOLDERS

RESEARCH COVERAGE

No	Organisation
1	Affin Hwang Investment Bank
2	AllianceDBS Research
3	AmResearch Sdn Bhd
4	CGS-CIMB Securities Sdn Bhd
5	Citi Research
6	CLSA Securities (Malaysia)
7	Hong Leong Investment Bank
8	JF Apex Securities
9	KAF-Seagroatt & Campbell Securities
10	Kenanga Investment Bank
11	Maybank Investment Bank
12	MIDF Amanah Investment Bank Berhad
13	RHB Research Institute
14	TA Securities
15	UBS Securities Malaysia
16	UOB Kay Hian

As at 31 December 2020

Permodalan Nasional Berhad* 62.67%

Kumpulan Wang Simpanan Pekerja 13.20%

Kumpulan Wang Persaraan (Diperbadankan) 7.11%

Foreign 3.34%

Others 13.68%

Our Shareholders

MARKET CAPITALISATION

RM4.0b

TOTAL NUMBER OF SHARES

1,168,293,932

BLOOMBERG TICKER

UMWH:MK

Note:

* Inclusive of unit trust funds managed by PNB

2020 SHARE PRICE MOVEMENT

	31-Dec-19	31-Dec-20	Change	% Change
KLCI Index	1,588.76	1,627.21	38.45	2.42
UMWH	4.49	3.40	(1.09)	(24.28)

KLCI Index

UMW Share Price

OUR ACHIEVEMENT

UMW Holdings Berhad won the Most Improved Service from IR Team at the 10th Malaysia Investor Relations Awards 2020.

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 strive to uphold pledge, 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 2021.

AUDIT COMMITTEE REPORT

COMPOSITION AND MEMBERSHIP



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 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 66 and 72 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 2017 (MCCG 2017) 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

ANNUAL PERFORMANCE ASSESSMENT

In 2020, the AC members had undergone a comprehensive assessment as part of the Board Effectiveness Evaluation (BEE) carried out by KPMG Management & Risk Consulting Sdn Bhd, as the independent consultant, 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 2017.

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 AC's TOR. The AC has provided valuable recommendations and views to assist the Board in making informed decisions that have greatly contributed to the Board's discussions on high-level reviews of the Group's business processes, quality of the accounting function, financial reporting and internal control.

CONTINUOUS DEVELOPMENT

During the year under review, 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 2020 are set out under Practice 2.1 of the Corporate Governance Report 2020.

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AUDIT COMMITTEE REPORT

MEETINGS AND ATTENDANCE

The AC held six (6) meetings during the financial year ended 31 December 2020 (FY2020). The attendance record of AC members is 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 AC meetings to facilitate direct communication and to provide clarification on audit issues and the operations of the Group. The late PGCEO, Badrul Feisal Abdul Rahim attended three (3) AC meetings, the former Acting PGCEO, Azmin Che Yusoff attended two (2) AC meetings and the current PGCEO, Dato’ Ahmad Fuaad Kenali, attended one (1) AC meeting out of the six (6) AC meetings held in FY2020.

The Group Chief Financial Officer and the Head of Group Internal Audit Division (GIAD) 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. Other senior management from relevant business units and divisions also attended AC 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 management in April and November 2020, to provide an opportunity to the external auditors to raise any matters or findings they considered were important to be brought to the attention of the AC. These private sessions helped to reinforce the independence of the external auditors from the management of the Company by providing a platform to 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 AC meetings to present the report on the audited financial statements of the Group, audit scope and plan, audit report and findings together with 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 of 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 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.

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 and Directors’ interests in contracts were also presented to the AC during the year under review.

Minutes of each meeting of the AC are kept by the Group Secretary as evidence that the AC has discharged its functions 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 FY2020:

FINANCIAL REPORTING

- ▶ **Reviewed and discussed:**
- Impact to the Group on changes to accounting policies and standards.
 - The Group’s financial and foreign currency exposure.
 - Group-wide cost saving initiatives.
- Reviewed and recommended to the Board:**
- Quarterly financial results, announcements to Bursa Securities and press releases.
 - Consolidated Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 (FY2019).
 - Dividend payments for the financial year.
 - Issuance of Letters of Financial Support to subsidiaries of the Company.

EXTERNAL AND INTERNAL AUDIT

- ▶ **EXTERNAL AUDIT**
- Reviewed and discussed:**
- External Auditors’ Audit Planning Memorandum outlining their scope of work for FY2020.
 - External auditors’ report on the status of FY2019 audit for the UMW Group.
 - Status of annual audit reports and management letter on issues raised by the external auditors.
 - Audit fees for the external auditors for FY2020.
- Reviewed and highlighted to the Board:**
- Areas of concern raised by external auditors via private sessions between the AC members and external auditors without the presence of management.
- Reviewed and recommended to the Board:**
- Results on external auditors’ performance and independence evaluation for recommendation on their re-appointment.
- INTERNAL AUDIT**
- Reviewed and discussed:**
- Status of GIAD’s Transformation Initiatives.
 - GIAD’s Audit Plan, Business Plan and Budget for the financial year 2021.
 - Status of GIAD’s Audit Plan and Management Action Plans.
 - Audit, Special Review and Consultancy & Advisory Reports prepared by GIAD.
 - GIAD’s activities, which include, among others, Audit Plan status, audit fieldwork and report updates, manpower headcount and turnover rate, training, operating expenses and quality assurance improvement programmes.
 - Recommendations made by GIAD and the adequacy of management’s response to the audit findings and recommendations.
 - GIAD’s Quality Assurance Review conducted by PricewaterhouseCoopers Risk Services Sdn Bhd, as the external assessor, which assessed the GIAD as being in conformance with the relevant standards.

AUDIT
COMMITTEE REPORT

RELATED PARTY TRANSACTIONS	<p>Reviewed and discussed:</p> <ul style="list-style-type: none">RRPT entered into by the UMW Group with related parties in accordance with the shareholders’ mandate obtained, including other RRPT outside the shareholders’ mandate. <p>Reviewed and recommended to the Board:</p> <ul style="list-style-type: none">Circular to Shareholders relating to renewal of shareholders’ mandate for existing RRPT of a revenue or trading nature and new mandate for additional RRPT.
INTERNAL CONTROLS	<p>Reviewed and discussed:</p> <ul style="list-style-type: none">Updates on corporate governance, statutory and regulatory requirements, compliance with accounting standards and other business guidelines. <p>Reviewed and recommended to the Board:</p> <ul style="list-style-type: none">Corporate Governance Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Sustainability Report and the AC Report prior to inclusion in the Company’s annual report.Enhancements to the UMW Group’s practices in compliance with all laws, rules and regulations, directives and guidelines imposed by relevant regulatory bodies.
OTHER ACTIVITIES	<p>Reviewed and discussed:</p> <ul style="list-style-type: none">MAM reports.Action plans in relation to the special audit review on certain companies within the UMW Group.Proposals on write-off of receivables by companies within the UMW Group. <p>Reviewed and recommended to the Board:</p> <ul style="list-style-type: none">Results of the AC Evaluation and AC Members’ Self and Peer Evaluation for FY2019.Enhancement to the UMW Group’s Financial Limit of Authority Guidelines.Zakat payment by the Company for FY2019.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.Ad-hoc and special assignments requested by the Board.

INTERNAL AUDIT

GIAD is an in-house internal audit function of 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. UMW Group is a corporate member of the Institute of Internal Auditors Malaysia (IIAM). The internal audit activities performed by GIAD conforms with the International Standards for the Professional Practice of Internal Auditing.

For the financial year under review, GIAD carried out audit activities in accordance with the 2020 Audit Plan approved by the AC on 25 November 2019. 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. 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.

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 UMW Group’s major information systems and applications.

As part of GIAD’s Transformation Plan, it has embraced and implemented the following initiatives:

- Standardising and optimising audit processes as well as eliminating inefficiencies by digitising and digitalising audit procedures.
- Optimising resources with a 30% manpower reduction.
- Embarking on an online audit management system using Microsoft Office 365 collaboration tools, i.e. Microsoft Teams, Microsoft OneNote, Microsoft Kaizala and Microsoft Forms.
- Utilising Audit Common Language (ACL) as a data analytics tool embedded into the internal audit process, where applicable.
- Increasing value propositions by simplifying deliverables from voluminous audit reports to a simplified presentation deck.
- Developing an in-house Follow-up System (FUS) by using Microsoft PowerApps as a tool to monitor and track audit issues while the updated status of management’s action plans are reported using Microsoft Power BI for a robust dashboard reporting.

Audit findings as well as outstanding audit issues, which require follow-up or corrective action by management, are highlighted to MAM via a digital follow-up platform administered by GIAD and accessible by stakeholders. All unresolved issues will be discussed further at 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.

GIAD works collaboratively with the Risk Management function 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 internal audit function 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 management.

For FY2020, the total cost incurred by GIAD in discharging its internal audit function was RM4.794 million compared with RM5.461 million in FY2019. The Group’s internal audit function was carried out solely by GIAD and there were no areas of internal audit function outsourced in FY2020.

For the period under review, the internal audit function was headed by Zainal Akbar SK MD Abdul Kader, who reported functionally to the AC and administratively to the PGCEO. GIAD is currently manned by 25 internal auditors, the majority of whom have relevant qualifications and work experience with diverse background. GIAD 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 2021.

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 2020 which outlines the nature and scope of risk management and internal control of the Group and covers all the Group’s operations except for associated companies and joint ventures.

BOARD’S RESPONSIBILITY

The Board affirms its commitment and responsibility for the Group’s risk management and 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 and 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 to ensure compliance with regulatory and statutory requirements.

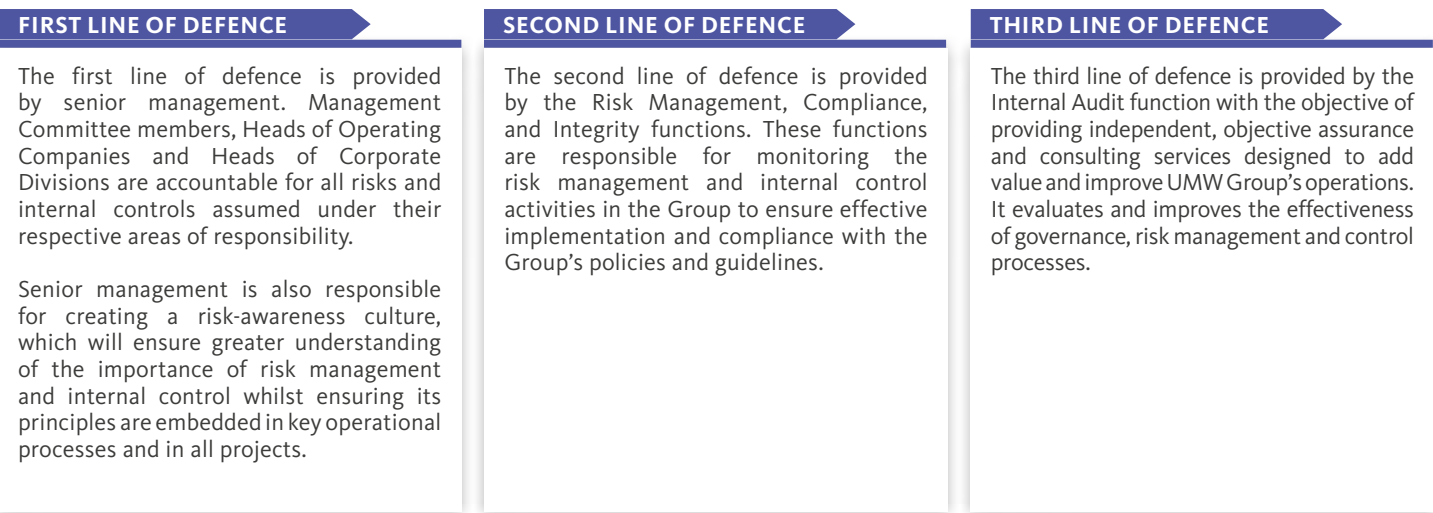
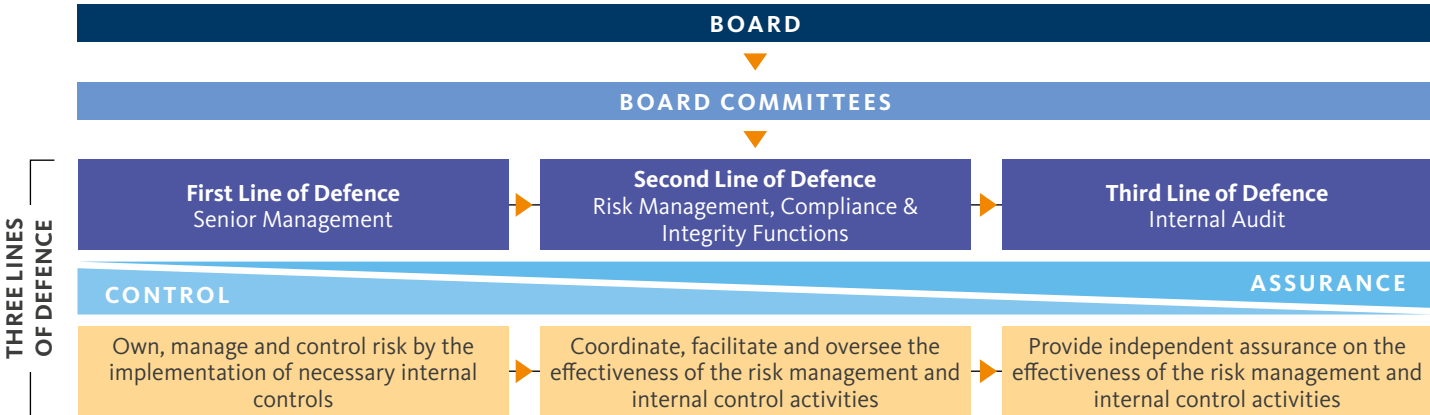
The process for the identification, evaluation, monitoring and managing of significant risks that may materially affect the Group’s business objectives has been in place throughout the year under review and regularly appraised by the Board.

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 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 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 Risk Management & Internal Control Systems is undertaken by 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 RMC and 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.



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, this 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:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For The Year Ended 31 December 2020

(a) Risk Management Oversight

The oversight role of risk management is carried out by the RMC and the Board. Mandate and commitment from the RMC and the Board are key contributors to the successful 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 Management Risk Committee (**MRC**), keeps the RMC and the Board apprised and advised of all aspects of ERM, and significant individual risks as well as 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 ERM Framework. At the Board level, the RMC assumes the oversight and strategic role for ERM. In addition to the reporting requirements to RMC and 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 Board and management participation and reporting structure is shown below:



The MRC is assisted by the Group Risk Management and Integrity Department (**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 provision of independent and objective assessment of risks as well as timely reporting to the MRC, RMC and the Board.

(b) Risk Management Policy

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

There is a clear categorisation of the risk appetite. Individual risks are measured against set 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 context within which the Group manages the risks and key focus of accountability is as follows:

- Strategic risks** are those risks that are most consequential to the Group’s ability to execute its strategies and achieve its business objectives. These risks primarily caused by events that are internal and external to the Group, but have a significant impact on its strategic decisions or activities. Accountability for managing strategic risks therefore rests with the Board and President & Group CEO. 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 some external event that calls for significant change.
- Operational risks** are inherent in the ongoing activities within the different SBUs of the Group. Typically, as some of the risks cover foreign exchange, compliance, competency, technology, etc., senior management need 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, 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) and status updates as well as Management Progress Report summary on Critical Investments. During the year under review, these reports were presented to and deliberated by MRC and RMC on two (2) occasions. The same reports were also 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:

- 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-six (26) 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 SBUs.

In 2020, the Business Continuity Office (**BCO**) team continued to provide awareness and education programme in which twenty-three (23) awareness sessions and eighteen (18) training workshops were conducted for the appointed Crisis Execution Team and Business Continuity Leaders.

To date, the BCO team has implemented BCM programs in ten (10) operating companies including UMW Corporation Sdn Bhd (**UMWC**), culminating in the creation of a total of ninety-four (94) Business Impact Analysis (**BIA**) and ninety-four (94) Business Continuity Plans (**BCP**). The BCO team had also conducted two (2) Crisis Simulation testing (Tabletop Exercise) and five (5) Crisis Simulation Game (Cyber Hacking) for UMWC, Manufacturing & Engineering and Equipment Divisions. Other tests such as Message Blast and Call Tree were also conducted to ensure familiarity in order to be able to respond to a range of threats.

The BCO has also become a Corporate Partner with The Business Continuity Institute of UK (**BCI**) to improve competency by accessing the latest knowledge and research on business resilience.

The BCO team will continue its efforts in imparting knowledge of BCM across the UMW Group to ensure UMW’s resilience in times of crisis and business disruption.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For The Year Ended 31 December 2020

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 and the Integrity & Whistle Blowing Committee (**IWBC**). 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 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 Board Committees are available in the Corporate Governance Report at www.umw.com.my.

(b) Organisation Structure and Reporting Lines

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

The Board and Board Committees are supported operationally by the Management Committee which consists of senior management headed by the President & Group CEO.

In 2020, the Management Committee met seven (7) 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 Committee

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 auditees on audit findings raised through consensus and mutual agreement
- To deliberate upon the corrective actions to be taken and their implementation
- To follow up on status of implementation of agreed actions plans

The composition and quorum of MAM shall be as follows:

- President & Group CEO (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 the MAM for deliberation.

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 are not limited to IT Security Policies, E-Mail Policies, Anti-Virus Policies, Software Usage Policies and Backup Policies.

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

These key risks which cover the areas of IT Disruption, Cyber Security and Disaster Recovery are reported to the Board through GRMI.

Key IT projects are now monitored through the Project Management Office (**PMO**) of UMW IT Services Sdn Bhd (except for the Automotive Division). 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 UMW Group.

(e) Group Internal Audit Division

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

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.

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 controls 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.

GIAD also monitors the implementation of action plans recommended to improve on areas where control deficiencies were identified during the year. On a quarterly basis, GIAD will submit its reports on major findings and significant control issues observed during the audit reviews, together with the management's response and proposed action plans, to the AC for its review and where needed, to recommend appropriate actions to strengthen controls.

On 15 May 2020, the Group Compliance roles and functions at UMW Group were rationalised. This exercise involved transitioning most of the roles under Group Compliance to GIAD while other remaining roles were distributed to process owners (SBUs/OPCOs/Corporate Divisions).

Further information on the activities of GIAD can be found in the AC Report of this Integrated Annual Report.

(f) Group Integrity Unit

In 2020, the Group Integrity Unit (**GIU**) had developed the Anti-Bribery & Corruption Policy (**ABCP**) and the UMW Organisational Anti-Corruption Plan (**OACP**) as part of UMW Group's strategy in strengthening governance, integrity and anti-corruption controls.

In May 2020, the Board approved the UMW ABCP aimed at creating awareness and ensuring that all UMW employees, directors and business associates observe and uphold anti-bribery and corruption principles and good corporate governance within the organisation and in any business dealings. In September 2020, ABCP e-learning/e-pledge was introduced and made compulsory to all employees.

In October 2020, progress updates of UMW OACP on initiatives/ action plans for execution by respective departments/unit were presented to and deliberated by the IWBC. Regular monitoring was done by the respective Human Resource Business Partner and the process owners (SBUs/OPCOs/Corporate Divisions).

(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 Limit Authority Guidelines (**FLAG**).

The FLAG outlines the authority of the Board and its Committees and that of the management for major transactions and for ensuring compliance with 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 based on 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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For The Year Ended 31 December 2020

Budgets prepared by SBUs are regularly updated and explanations on variances are incorporated in the 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 and internal controls are monitored through 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 President & Group CEO 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 senior management to monitor compliance with policies and to assess performance. The Board is updated on the business performance on a quarterly basis.

These reviews are supplemented by a comprehensive review undertaken by GIAD on controls implemented at each individual business unit. Reports on the reviews carried out by 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. In 2020, GIAD completed all audit fieldwork as per the 2020 Audit Plan and issued fifty-five (55) reports to the management and the AC.

Monthly follow-up reports on status updates of the management action plans were presented to the AC. The management had resolved two hundred and fifty-nine (259) issues while actions for the remaining fifty-two (52) issues are in-progress.

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 President & Group CEO and the Group Chief Financial Officer stating that the Group’s risk management and internal control systems have operated adequately and effectively, in all material aspects, for the financial year ended 31 December 2020 up to the date of this Statement.

The Board is of the view that during the year under review, weaknesses noted in risk management and 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 and internal controls 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 consistently safeguarded.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The external auditors, 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 annual report.

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 controls of the Group, in accordance with the disclosures required by Paragraphs 41 and 42 of the 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 2021.

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 2020 by the Company’s external auditors or their affiliates is disclosed in Note 27 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 2020, or entered into since the end of the previous financial year ended 31 December 2019, is as follows:

- 1. Joint Venture Agreement (**JVA**) dated 2 February 1993 between UMW Corporation Sdn Bhd (**UMWC**), PNB Equity Resource Corporation Sdn Bhd (**PERC**), Med-Bumikar Mara Sdn Bhd, Daihatsu (Malaysia) Sdn Bhd (**DMSB**), Daihatsu Motor Co Ltd (**DMC**) and Mitsui & Co Ltd (**MBK**) in respect of a joint venture to set up Perusahaan Otomobil Kedua Sdn Bhd (**Perodua**) to undertake Malaysia’s second national car project.

Supplement and Amendment Agreement dated 5 December 2001 between UMWC, DMC, MBM Resources Berhad (**MBM**), PERC, MBK and DMSB in respect of the setting up of Perodua Auto Corporation Sdn Bhd and the restructuring of the manufacturing subsidiaries of Perodua, i.e. Perodua Manufacturing Sdn Bhd (**PMSB**) and Perodua Engine Manufacturing Sdn Bhd (**PEMSB**) to enable the Perodua Group to acquire the ability to compete in the post-AFTA era with assistance from DMC, through DMC’s management control in PMSB and PEMS, in improving production efficiencies, reducing cost and enhancing quality and increasing Perodua’s competitiveness in the industry.

Supplemental Agreement dated 22 April 2013 between UMWC, PERC, MBM, DMSB, DMC, MBK and Mitsui Co (Asia Pacific) Pte Ltd in respect of the setting up of a new manufacturing company, i.e. Perodua Global Manufacturing Sdn Bhd (**PGMSB**) and the construction of a new plant, to enable the Perodua Group to achieve global competitiveness in a shorter time with assistance from DMC’s management control in PGMSB, by reforming corporate culture, exercising structural transformation of systems, including but without limitation, to procurement system and/or personnel system.

PERC, a wholly-owned subsidiary of Permodalan Nasional Berhad (**PNB**), had on 20 December 2018, transferred all its shares in Perodua to AmanahRaya Trustee Berhad (**ART**) as a trustee to Amanah Saham Malaysia 3 (**ASM3**). The parties named in the JVA and ART had on 18 September 2020, entered into a supplemental agreement in this respect.

ASM3 is a unit trust managed by PNB. PNB and/or funds managed by it, is a major shareholder of UMW Holdings Berhad, the parent company of UMWC.

Contracts Relating to Loans

There were no contracts relating to loans by the Company involving Directors and Major Shareholders during the financial year ended 31 December 2020.

ADDITIONAL COMPLIANCE INFORMATION

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the 38th AGM of the Company held on 25 June 2020, 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 RRPT conducted during the financial year ended 31 December 2020 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 (TMC)	TMC has 39% direct shareholding in UMW Toyota Motor Sdn Bhd (UMW Toyota), a 51%-owned subsidiary of UMW Corporation Sdn Bhd (UMWC), which is in turn a wholly-owned subsidiary of UMW Holdings Berhad (UMWH).	• Purchase of vehicle parts by UMW Toyota from Denso.	355,781
	UMW Toyota has 100% equity interest in Assembly Services Sdn Bhd (ASSB).	• Purchase of vehicle parts by ASSB from Denso.	113,925
	Denso International Asia Pte Ltd, Singapore (DIA) has 73% equity interest in Denso (Malaysia) Sdn Bhd (Denso). DIA is a wholly-owned subsidiary of Denso Corporation, Japan, a company in which TMC has 23.98% equity interest.	• Purchase of engines by ASSB from DPEM.	176,475
	TMC has indirect interest in Daihatsu Perodua Engine Manufacturing Sdn Bhd (DPEM), an 18.62%-owned associated company of UMWC, via its wholly-owned subsidiary, Daihatsu Motor Co Ltd, Japan (DMC). DMC in turn, has 51% equity interest in DPEM.		
TMC	TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMWH.	• Purchase of vehicle spare parts/local parts by UMW Toyota from JAMSB.	90,258
	UMW Toyota has 100% equity interest in ASSB.	• Purchase of vehicle parts by ASSB from JAMSB.	45,809
	UMW Toyota has 10% equity interest in JTEKT Automotive (Malaysia) Sdn Bhd (JAMSB).		
	TMC has 22.5% equity interest in JTEKT Corporation, Japan, which in turn has 90% equity interest in JAMSB.		

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
TMC	TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMWH.	• Sale of completed vehicle seats, local vehicle original equipment (OE) parts by TBU to ASSB.	204,219
	UMW Toyota has 100% equity interest in ASSB.		
	TMC has indirect interest in Toyota Boshoku UMW Sdn Bhd (TBU), vide its 39% equity interest in UMW Toyota and 39.66% equity interest in Toyota Boshoku Corporation, Japan (TBC). UMW Toyota and TBC in turn have 65% and 35% equity interests in TBU, respectively.	• Purchase of fabric and CKD seat components by TBU from TTM.	74,167
	TMC has 21.69% equity interest in Toyota Tsusho Corporation, Japan (TTC). TTC has 70% equity interest in Toyota Tsusho (Malaysia) Sdn Bhd (TTM).		
TTC	TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMWH.	• Sale of vehicles and parts by UMW Toyota to UMW Toyotsu.	136,834
	UMW Toyota has 100% equity interest in ASSB.		
	TMC has 21.69% equity interest in TTC.	• 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.	1,810
	TTC has 70% equity interest in TTM. TTC and TTM have 51% and 19% equity interests in UMW Toyotsu Motors Sdn Bhd (UMW Toyotsu), respectively, which is in turn a 30%-owned associated company of UMWC.		
TMC	TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMWH.	• 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.	263
	UMW Toyota has 100% equity interest in ASSB.		
	Toyota Daihatsu Engineering & Manufacturing Co Ltd (TDEM) is a wholly-owned subsidiary of TMC.		

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 UMWK, which is in turn a wholly-owned subsidiary of UMWH.</p> <p>TMC has indirect interest in Perodua Manufacturing Sdn Bhd (PMSB) by virtue of its 100% shareholding in DMC. DMC has 20% and 41% equity interests in Perusahaan Otomobil Kedua Sdn Bhd (POSB) and Perodua Auto Corporation Sdn Bhd (PCSB), respectively.</p> <p>POSB and PCSB in turn have 49% and 51% equity interests in PMSB, respectively.</p>	<ul style="list-style-type: none">Purchase of assembled vehicles by UMW Toyota from PMSB.	186,234
TTC	<p>TTC has 10% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWK, which is in turn a wholly-owned subsidiary of UMWH.</p> <p>UMW Toyota has 100% equity interest in ASSB.</p> <p>TTC has indirect interest in Total Logistic Services (M) Sdn Bhd (TLS) 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">Sale of vehicle parts by UMW Toyota to TLS for production of vehicle module component.Sale of local vehicle parts by ASSB to TLS for production of vehicle module component.Purchase of vehicle module component by ASSB from TLS for assembly of selected Toyota models.	<div>364,679</div> <div>252,565</div> <div>631,623</div>
TMC	<p>TMC has 39% direct shareholding in UMW Toyota, a 51%-owned subsidiary of UMWK, which is in turn a wholly-owned subsidiary of UMWH.</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">Purchase of vehicle parts by ASSB from TABM.	297,982

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
Komatsu Ltd (Komatsu)	Komatsu has direct and indirect interests in UMW Komatsu Heavy Equipment Sdn Bhd (UKHE) and its subsidiaries by virtue of its 26% direct shareholding in UKHE, a 74%-owned subsidiary of UMWK, which is in turn a wholly-owned subsidiary of UMWH.	<ul style="list-style-type: none">Purchase of industrial and heavy equipment and related spares by UESB from Komatsu.	19,407
	UMW Equipment Sdn Bhd (UESB) is a wholly-owned subsidiary of UKHE.	<ul style="list-style-type: none">Purchase of industrial and heavy equipment and related spares by UMW NL from Komatsu.	65,758
	UMW Niugini Limited (UMW NL) is a 94.4%-owned subsidiary of UKHE.		
	UMW (East Malaysia) Sdn Bhd (UMW EM) is a wholly-owned subsidiary of UKHE.	<ul style="list-style-type: none">Purchase of industrial and heavy equipment and related spares by UMW EM from BKC.	20,948
	UMW Heavy Equipment (S) Pte Ltd (UHES) is a wholly-owned subsidiary of UKHE.		
	UMW Engineering Services Limited (UESL) is a 99.9%-owned subsidiary of UKHE.	<ul style="list-style-type: none">Purchase of industrial and heavy equipment and related spares by UESB from BKC.	28,206
	Bangkok Komatsu Co Ltd (BKC) is a 74.84%-owned subsidiary of Komatsu.	<ul style="list-style-type: none">Purchase of industrial and heavy equipment and related spares by UESB from KPAC.	16,928
	Komatsu Parts Asia Co Ltd (KPAC) is a wholly-owned subsidiary of Komatsu.	<ul style="list-style-type: none">Purchase of industrial and heavy equipment and related spares by UESB from KPAC.	27,249
		<ul style="list-style-type: none">Purchase of industrial and heavy equipment and related spares by UESL from KPAC.	14,694

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 25 June 2020 in relation to the Proposed Renewal of Shareholders’ Mandate for Existing RRPT and Proposed New Shareholders’ Mandate for Additional RRPT of a Revenue or Trading Nature.



STATEMENT OF DIRECTORS’ RESPONSIBILITIES

IN RELATION TO FINANCIAL STATEMENTS

The Board of Directors (Board) is responsible 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 2020, 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.

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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 2020.

The Company is an investment holding company. The principal activities of the subsidiaries, joint ventures and associates are disclosed in Notes 37 to 39.

	Group RM'000	Company RM'000
Profit for the financial year	322,923	902,826
Attributable to:		
Equity holders of the Company	204,600	832,976
Holders of perpetual sukuk	69,850	69,850
Non-controlling interests	48,473	–
	322,923	902,826

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

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.

The amounts of dividend paid by the Company since 31 December 2019 were as follows:

A final dividend in respect of the current financial year of 8.0% or 4.0 sen per share amounting to a dividend payable of approximately RM46.7 million was declared on 25 February 2021. The dividend is proposed to be paid on 30 April 2021 to shareholders whose name appeared in the Record of Depositors as at close of business on 16 April 2021. 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 2021.

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*	
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	
Dato' Ahmad Fuaad bin Mohd Kenali*	(appointed on 1 November 2020)
Badrul Feisal bin Abdul Rahim*	(demised on 31 May 2020)

Directors of the Company and certain 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:

Akira Naito
Akio Takeyama
Anas Nasrun bin Mohd Osman
Anuar bin Abd Ani
Azmin bin Che Yusoff
Baishali Buragohain
Cheow Lip Heng
Darshan Rayat Singh
Dato' Muthukumar a/l Ayarpadde
Dato' Abdul Rashid bin Musa
Dato' Zainal Abidin bin Ahmad
Gan Kim Teck
Ichiro Sadamoto
Ichio Nemoto
Koji Yanagi
Iwao Mizuno
Kazutaka Mitsui
Kevin Lee Kok Heng
Khoo Kay Chock
Kiyoshi Mizuhara
Lee Tak Wah
Li Chendi

DIRECTORS’
REPORT (CONT’D.)

Directors of the Company’s subsidiaries (cont’d.)

Masato Yamanami	
Megat Shahrul Azmir bin Nordin	
Mohd Nor Azam bin Mohd Salleh	
Mohd Shamsor bin Mohd Zain	
Muzafar bin Munzir	
Ooi Koe Leong	
Ravindran a/l Kurusamy	
Roslan bin Yahaya	
Sandeep Buragohain	
Subramaniam a/l C Sundram	
Tsuneo Sawada	
U Thiha Shein	
Yap Chong Hong	
Yap Kok Khian	
Yasushi Fuchigami	
Yasushi Minami	
Zailani bin Ali	
Zoelaney Abid	
Farnida binti Ngah	(appointed on 9 November 2020)
Hirofumi Haneda	(appointed on 1 January 2021)
Takashi Obata	(appointed on 1 January 2021)
Fairuz Elina binti Jamilus	(appointed on 4 February 2021)
Amri bin Hasim	(resigned on 1 February 2021)
Fumitaka Kawashima	(resigned on 31 December 2020)
Yuji Tomobuchi	(resigned on 31 December 2020)
Nik Azlan bin Nik Abdul Aziz	(resigned on 1 September 2020)
Mazuki bin Abdullah @ Muhammad	(resigned on 15 May 2020)

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.

Directors’ benefit (cont’d.)

The directors’ benefits are as follows:

	Group RM’000	Company RM’000
Executive directors:		
Salaries and other emoluments	2,184	–
Defined contribution plan	303	–
Benefits-in-kind	118	–
	2,605	–
Non-executive directors:		
Fees	1,670	1,650
Other emoluments	439	407
Benefits-in-kind	269	269
	2,378	2,326
Total directors’ benefits	4,983	2,326

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 RM620,821. 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 2020	Bought	Sold	31 December 2020
The Company				
Direct Interest				
Dr Veerinderjeet Singh a/l Tejwant Singh	66	–	–	66



DIRECTORS’
REPORT (CONT’D.)

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment loss on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment loss on receivables had been made; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for impairment loss 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 40 to the financial statements.

Auditors and auditors’ remuneration

The auditors, Ernst & Young PLT (LLP0022760-LCA & AF0039), have expressed their willingness to continue in office.

Details of auditors’ remuneration are set out in Note 27 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2021.

Tan Sri Dato’ Sri Hamad Kama Piah bin Che Othman
Group Chairman

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

STATEMENT
BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Dato’ Sri Hamad Kama Piah bin Che Othman and Dato’ Ahmad Fuaad bin Mohd Kenali, being two of the directors of UMW Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 122 to 240 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 2020 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 2021.

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 122 to 240 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.

Farnida binti Ngah
MIA membership no. 22495

Subscribed and solemnly declared by the
abovenamed **Farnida binti Ngah**
at Kuala Lumpur
on 30 March 2021

Before me,

Lot 333, 3rd Floor, Wisma MPL,
Jalan Raja Chulan,
50200 Kuala Lumpur.



INDEPENDENT AUDITORS’ REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UMW Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 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 122 to 240.

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 2020, 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 2020, the provision for warranties amounted to RM280.0 million. The Group provides various types of warranties under which the performance of products delivered are generally guaranteed for a certain period or term. We focused on this area as the amount of the provision for warranties is 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.

Key audit matters (cont’d.)

Provision for warranties (cont’d.)

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 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.

Information other than the financial statements and auditors’ report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors’ report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of 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.

INDEPENDENT
AUDITORS’ REPORT (CONT’D.)
To the members of UMW Holdings Berhad (Incorporated in Malaysia)

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.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s or the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 37.


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) & AF0039
Chartered Accountants

Kuala Lumpur, Malaysia
30 March 2021



Ng Yee Yee
No. 03176/05/2021 J
Chartered Accountant



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Non-current assets			
Property, plant and equipment	4	2,463,020	2,701,692
Investment properties	5	284,383	170,768
Leased assets	6	350,438	357,947
Right-of-use assets	7	152,059	195,260
Investments in joint ventures	9	64,997	54,870
Investments in associates	10	2,015,856	1,866,512
Deferred tax assets	11	119,414	135,160
Other investments	12	5,165	5,991
		5,455,332	5,488,200
Current assets			
Other investments	12	1,286,086	1,071,881
Derivative assets	13	13,237	5,598
Inventories	14	1,439,279	1,589,567
Receivables	15	1,187,704	1,449,073
Tax recoverable		14,561	5,003
Deposits, cash and bank balances	16	2,050,893	1,472,111
		5,991,760	5,593,233
Assets held for sale	17	–	53,240
		5,991,760	5,646,473
Total assets		11,447,092	11,134,673

	Note	2020 RM'000	2019 RM'000
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	18	584,147	584,147
Capital reserve		396	396
Hedging reserve		(71)	(33)
Fair value reserve	19	5,100	4,596
Foreign currency translation reserve	19	(47,635)	(32,634)
Retained earnings		3,326,194	3,139,925
		3,868,131	3,696,397
Perpetual sukuk	20	1,097,860	1,097,860
Non-controlling interests	8(b)	1,451,178	1,303,828
Total equity		6,417,169	6,098,085
Non-current liabilities			
Deferred tax liabilities	11	47,848	39,094
Provision for warranties	21	195,994	216,647
Lease liabilities	7	47,608	56,408
Borrowings	22	1,942,278	2,123,422
		2,233,728	2,435,571
Current liabilities			
Derivative liabilities	13	1,317	2,901
Provision for warranties	21	84,039	61,138
Provision for taxation		6,132	31,400
Borrowings	22	523,769	386,361
Payables	23	2,156,211	2,076,561
Lease liabilities	7	24,727	37,607
		2,796,195	2,595,968
Liabilities associated with assets held for sale	17	–	5,049
		2,796,195	2,601,017
Total liabilities		5,029,923	5,036,588
Total equity and liabilities		11,447,092	11,134,673

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
<u>Continuing operations</u>			
Revenue	24	9,554,565	11,739,145
Other operating income	25	92,347	326,703
Changes in inventories		(165,458)	50,254
Finished goods purchased		(7,268,182)	(9,154,043)
Raw materials and consumables used		(621,115)	(733,084)
Employee benefits	26	(579,894)	(762,910)
Depreciation and amortisation		(374,074)	(345,116)
Other operating expenses		(380,526)	(599,501)
Profit from operations		257,663	521,448
Finance costs	28	(115,513)	(126,548)
Investment income	29	54,407	68,303
Share of results of associates and joint ventures		204,108	291,584
Profit before zakat and taxation	27	400,665	754,787
Zakat		(8,295)	(2,325)
Taxation	30	(69,447)	(106,355)
Profit from continuing operations, net of tax		322,923	646,107
<u>Discontinued operations</u>			
Loss from discontinued operations, net of tax	31	–	(17,370)
Profit for the financial year		322,923	628,737
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		14,491	7,122
Share of other comprehensive income of an associate		504	978
Fair value loss on cash flow hedge of an associate		(38)	(33)
Transfer of reserve of foreign subsidiaries, joint venture and associates to profit or loss upon disposal		(31,976)	(13,142)
Other comprehensive loss for the financial year, net of tax		(17,019)	(5,075)
Total comprehensive income for the financial year		305,904	623,662
Profit for the financial year attributable to:			
Equity holders of the Company		204,600	454,444
Holders of perpetual sukuk		69,850	69,659
Non-controlling interests	8(b)	48,473	104,634
		322,923	628,737

	Note	2020 RM'000	2019 RM'000
Total comprehensive income attributable to:			
Equity holders of the Company		189,680	439,548
Holders of perpetual sukuk		69,850	69,659
Non-controlling interests		46,374	114,455
		305,904	623,662
Basic/diluted earnings per share attributable to equity holders of the Company (sen):	32		
Continuing operations		17.5	38.3
Discontinued operations		–	0.6
		17.5	38.9

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

CONSOLIDATED STATEMENT

OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

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

	Non-distributable				Distributable			
	Share capital	Capital reserve	Hedging reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	584,147	396	-	3,618	(16,793)	2,773,269	3,344,637	1,271,946
Profit for the financial year	-	-	-	-	-	454,444	454,444	104,634
Other comprehensive income/(loss) for the financial year	-	-	(33)	978	(15,841)	-	(14,896)	9,821
Total comprehensive income/(loss) for the financial year	-	-	(33)	978	(15,841)	454,444	439,548	114,455
Transactions with owners:								
Dividends distributed to equity holders (Notes 33 and 8(b))	-	-	-	-	-	(75,939)	(75,939)	(96,237)
Distribution to holders of perpetual sukuk	-	-	-	-	-	-	-	-
Effect of change in shareholding in subsidiaries	-	-	-	-	-	(11,849)	(11,849)	13,664
Total transactions with owners	-	-	-	-	-	(87,788)	(87,788)	(82,573)
At 31 December 2019	584,147	396	(33)	4,596	(32,634)	3,139,925	3,696,397	1,303,828

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities			
Profit before zakat and taxation:			
- Continuing operations		400,665	754,787
- Discontinued operations		–	(13,560)
Adjustments for:			
Property, plant and equipment:	4		
- depreciation		209,053	215,018
- (gain)/loss on disposals		(3,001)	577
- impairment losses		–	860
- write offs		469	508
Investment properties:	5		
- depreciation		16,236	15,454
Leased assets:	6		
- depreciation		114,636	96,863
- gain on disposals		(21,094)	(27,282)
- write offs		43	–
- impairment losses		66	178
Right-of-use assets:	7		
- depreciation		34,149	18,833
- loss/(gain) on derecognition of lease under MFRS 16		173	(10)
Investments in joint ventures:	9		
- share of results		(6,092)	(5,505)
- reversal of impairment		(16,488)	–
- gain on disposals		(6,296)	(1,844)
Investments in associates:	10		
- share of results		(198,016)	(270,230)
- reversal of impairment		–	(11,055)
Other investments:	12		
- impairment losses		9,607	–
- gain on disposals		(122)	(276)
Net loss on liquidations/disposals of investments in subsidiaries and associates		121,858	22,438
Net reversal of impairment on receivables		(38,905)	(3,059)
Assets held for sale:			
- impairment losses		–	11,400
- gain on disposals		–	(219,956)
Dividend income from investments		(1,022)	(1,066)
Interest expense from:			
- Continuing operations		115,513	126,548
- Discontinued operations		–	3,974
		731,432	713,595

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities (cont'd.)			
Subtotal brought forward		731,432	713,595
Interest income		(56,790)	(73,077)
Net (reversal)/provision of inventories written down		(4,365)	21,301
Net provision for warranties	21	38,329	16,023
Net fair value (gain)/loss on financial assets held for trading		(3,788)	2,853
Gain on favourable rental rates		(561)	(11,319)
Net fair value (gain)/loss on derivatives		(11,728)	3,446
Net unrealised foreign exchange gain		(1,265)	(10,382)
Operating profit before working capital changes		691,264	662,440
Changes in receivables		242,664	(231,939)
Changes in inventories		156,953	(41,507)
Warranties paid		(36,055)	(1,438)
Changes in payables		96,438	130,573
Cash generated from operating activities		1,151,264	518,129
Interest paid		(116,531)	(133,475)
Zakat and taxes paid		(88,443)	(129,630)
Net cash generated from operating activities		946,290	255,024
Cash flows from investing activities			
Net cash inflow/(outflow) arising from disposal of subsidiaries		27,918	(9,216)
Property, plant and equipment:			
- additions		(95,461)	(202,526)
- proceeds from disposals		18,455	11,698
Investment properties:			
- additions		(719)	(471)
Leased assets:			
- additions		(124,705)	(142,498)
- proceeds from disposals		39,015	51,596
Other investments:			
- additions		(1,099,274)	(1,251,181)
- proceeds from disposals		997,700	1,321,232
Assets held for sale:			
- proceeds from disposals		–	442,993
Interest received		56,790	73,077
Dividends received from associates and other investments		50,075	195,830
Movement in fixed deposits placement with maturity of more than 3 months		20,913	(63,831)
Movement in deposits placement restricted by/pledged with banks		(1,200)	2,960
Net cash (used in)/generated from investing activities		(110,493)	429,663

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D.)

For the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from financing activities			
Drawdown of long term borrowings		400,102	135,789
Repayment of long term borrowings		(394,860)	(360,159)
Net movement in short term borrowings		(48,303)	(98,605)
Lease payment		(30,940)	(19,375)
Dividends paid to perpetual sukuk holders		(69,850)	(69,659)
Dividends paid to equity holders of the Company		(23,366)	(75,939)
Dividends paid to non-controlling interests		(70,325)	(96,237)
Net cash used in financing activities		(237,542)	(584,185)
Net increase in cash and cash equivalents		598,255	100,502
Effects of exchange rate changes		(3,266)	(4,250)
Cash and cash equivalents as at 1 January		1,411,487	1,315,235
Cash and cash equivalents as at 31 December		2,006,476	1,411,487
Cash and cash equivalents comprise:			
Cash and bank balances	16	536,265	522,593
Deposits with licensed banks - current	16	1,514,628	949,518
Deposits, cash and bank balances attributable to assets held for sale	16	–	3,506
		2,050,893	1,475,617
Less: Deposits with a maturity of more than 3 months	16	(43,217)	(64,130)
Less: Deposits restricted by bank	16	(1,200)	–
		2,006,476	1,411,487

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

STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Non-current assets			
Equipment	4	414	602
Rights-of-use assets	7	–	691
Investments in subsidiaries	8	2,944,450	1,229,441
Investment in an associate	10	3,779	3,779
Due from subsidiaries	15	108,284	1,055,388
		3,056,927	2,289,901
Current assets			
Other investments	12	773,756	562,843
Receivables	15	1,946	75,466
Tax recoverable		1,829	801
Deposits, cash and bank balances	16	7,509	2,126
		785,040	641,236
Total assets		3,841,967	2,931,137
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	18	584,147	584,147
Perpetual sukuk	20	1,097,860	1,097,860
Retained earnings/(accumulated losses)		391,960	(417,650)
Total equity		2,073,967	1,264,357
Non-current liabilities			
Borrowings	22	1,349,962	1,349,927
Lease liabilities	7	–	467
		1,349,962	1,350,394
Current liabilities			
Borrowings	22	399,994	299,997
Payables	23	18,044	16,152
Lease liabilities	7	–	237
		418,038	316,386
Total liabilities		1,768,000	1,666,780
Total equity and liabilities		3,841,967	2,931,137

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

For the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from investing activities			
Dividends received		161	102
Purchase of other investments		(680,320)	(422,000)
Purchase of plant and equipment		(5)	(375)
Proceeds from disposal of plant and equipment		–	258
Proceeds from disposal of other investments		468,802	658,972
Net cash (used in)/generated from investing activities		(211,362)	236,957
Cash flows from financing activities			
Lease payment		–	(107)
Net drawdown/(repayment) of borrowings		100,000	(350,000)
Dividends paid to perpetual sukuk holders		(69,850)	(69,659)
Dividends paid to equity holders of the Company		(23,366)	(75,939)
Net cash generated from/(used in) financing activities		6,784	(495,705)
Net increase/(decrease) in cash and cash equivalents		5,383	(40,017)
Cash and cash equivalents as at 1 January		2,126	42,143
Cash and cash equivalents as at 31 December		7,509	2,126
Cash and cash equivalents comprise:			
Cash and bank balances	16	6,009	2,126
Deposits with licensed banks	16	1,500	–
		7,509	2,126

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31 December 2020

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 Company is an investment holding company. The principal activities of the subsidiaries, joint ventures and associates are described in Note 37, Note 38 and Note 39 respectively. There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

2. Significant accounting policies

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 and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (**RM**) and all values are rounded to the nearest thousand (**RM'000**), except when otherwise indicated.

On 1 January 2020, the Group and the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2020:

- ## 2.2 Changes in accounting policies (cont'd.)

1. Amendments to MFRS 3 Business Combinations (Definition of a Business)

2. Amendments to MFRS 16 Leases (Covid-19 Related Rent Concessions)

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no significant impact on the consolidated financial statements of the Group upon its early adoption.

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.

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NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
<ul style="list-style-type: none">Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
<ul style="list-style-type: none">Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
<ul style="list-style-type: none">Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
<ul style="list-style-type: none">Amendments to MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

There are no other new or revised MFRS and amendments to MFRS not yet effective that would likely have a material impact on the Group and the Company in the current or future reporting periods.

2.4 Summary of significant accounting policies

(a) Subsidiaries, basis of consolidation, associates and joint arrangements

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group 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

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 arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2. Significant accounting policies (cont'd.)

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

a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

(i) Basis of consolidation (cont'd.)

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 into line 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

(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.

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

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 (cont'd.)**

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

(iii) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(iv) Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting.

(v) Joint arrangement

A joint arrangement is an arrangement of which the Group has joint control, established by contracts requiring unanimous consent on activities that significantly affect the arrangement's returns.

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).

(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.

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 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.

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.

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)

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2. Significant accounting policies (cont'd.)

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

(b) Property, plant and equipment (cont'd.)

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 period 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 50 - 99 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 residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Upon the disposal of a property, plant and equipment item, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss in the year the asset is derecognised.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(x).

(c) Leased assets

Leased assets represent 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.

2. Significant accounting policies (cont'd.)

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

(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

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

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.

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 held with the objective to only collect contractual cash flows are classified and measured at amortised cost. Otherwise, the financial assets are classified as fair value through OCI and measured at fair value.

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.

31 December 2020

2. Significant accounting policies (cont'd.)

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

(e) Financial assets (cont'd.)

(ii) **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification.

1. Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

2. Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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)

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.

2. Significant accounting policies (cont'd.)

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

(e) Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

4. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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, listed equity investments and investment in money market fund which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial 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.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

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).

2. Significant accounting policies (cont'd.)

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

(f) Impairment of financial assets (cont'd.)

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value or 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.

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

(ii) Subsequent measurement (cont'd.)

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.

recognition

Financial guarantee contracts

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:

- ## Offsetting of financial instruments

Borrowing costs

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.

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

This represents business zakat 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.

Income tax on the profit or loss for the period comprises current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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.

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

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.

(q) Revenue

(i) Revenue from contracts with customers

The Group's revenue mainly derived from the sales of the following:

- 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).

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

(i) Revenue from contracts with customers (cont'd.)

Variable consideration

- Right of return

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**

Non-cash consideration

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.

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

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

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.

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.

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.)

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.

(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.

(r) Interest income

Interest income is recognised using the effective interest method.

(s) Leases

The Group and the Company assess 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 and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise 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 and the Company recognise 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:

Leasehold land - finance lease	Over lease period of 50 - 99 years
Plant and machinery	12.5% - 33.3%
Other equipment and tools	12.5%

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

2. Significant accounting policies (cont'd.)

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

(s) Leases (cont'd.)

(i) As lessee (cont'd.)

(a) Right-of-use assets (cont'd.)

If ownership of the leased asset transfers to the Group and the Company 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 and the Company recognise 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 the Company, and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company are likely to exercise the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use 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 and the Company apply the short-term lease recognition exemption to its short-term leases of 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 and the Company also apply 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.

2. Significant accounting policies (cont'd.)

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

(s) Leases (cont'd.)

(ii) As lessor

Leases in which the Group and the Company do 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.

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.

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31 December 2020

2. Significant accounting policies (cont'd.)

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

(u) Provisions (cont'd.)

(i) **General (cont'd.)**

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.

(w) **Assets held for sale**

Assets held for sale and disposal groups, comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Immediately before classification as held for sale, the assets (or all the assets and liabilities in a disposal group) are remeasured in accordance with the Group's applicable accounting policies. Thereafter, on initial classification as held for sale, the assets or disposal group are measured at the lower of carrying amount and fair value less cost to sell. Any differences are charged to profit or loss.

Intangible assets, property, plant and equipment and investment properties once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale.

2. Significant accounting policies (cont'd.)

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

(x) Impairment of non-financial assets

The carrying amounts of assets, other than construction contract assets, inventories, deferred tax assets and non-current assets held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (**CGU**) to which the asset belongs to.

An asset's recoverable amount is the higher of the asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(y) **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 Group Chief Executive Officer, who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

(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.

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3. Significant accounting judgements and estimates (cont'd.)

3.2 Significant accounting estimates (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(ii) 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.

(iii) Provision 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 manufacturing sector, 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 and contract assets is disclosed in Note 15.

(iv) 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).

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
Group					
Cost					
At 1 January 2019	2,111,363	1,465,692	178,648	430,868	4,186,571
Exchange differences	(392)	(6,694)	(12)	(502)	(7,600)
Additions	52,724	55,929	31,579	62,294	202,526
Write offs	(1,592)	(61,339)	–	(8,874)	(71,805)
Disposals	–	(53,679)	–	(31,000)	(84,679)
Reclassification	22,499	6,625	(30,244)	1,120	-
Reclassified (to)/from assets held for sale	(21,824)	(6,977)	3,111	(26,699)	(52,389)
Reclassified to right-of-use assets (Note 7)	(117,537)	–	–	–	(117,537)
Reclassified from leased assets (Note 6)	–	259	–	–	259
At 31 December 2019/1 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 investment properties (Note 5)	(142,441)	–	(8,644)	–	(151,085)
Reclassified from leased assets (Note 6)	–	179	–	–	179
Reclassified from 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	1,937,379	1,412,680	173,409	374,179	3,897,647

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

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
Group (cont'd.)					
Accumulated depreciation and impairment losses ***					
At 1 January 2019	314,848	749,349	9,164	292,286	1,365,647
Exchange differences	(158)	(6,577)	(32)	(424)	(7,191)
Charge for the year	23,876	145,102	–	46,040	215,018
Write offs	(1,592)	(61,181)	–	(8,524)	(71,297)
Disposals	–	(52,175)	–	(19,828)	(72,003)
Impairment losses	1,229	–	(369)	–	860
Reclassification	–	(14,138)	–	14,138	–
Reclassified to assets held for sale	(19,444)	(10,487)	–	(22,318)	(52,249)
Reclassified from leased assets (Note 6)	–	235	–	–	235
Reclassified to right-of-use assets (Note 7)	(25,366)	–	–	–	(25,366)
At 31 December 2019/1 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 investment properties (Note 5)	(36,833)	–	–	–	(36,833)
Reclassified from 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	286,784	865,076	8,763	274,004	1,434,627
Carrying amount					
At 31 December 2020	1,650,595	547,604	164,646	100,175	2,463,020
At 31 December 2019	1,751,848	649,688	174,319	125,837	2,701,692

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
Group							
Cost							
At 1 January 2019	639,332	277,182	62,559	22,464	1,042,940	66,886	2,111,363
Exchange differences	–	–	(30)	(27)	(340)	5	(392)
Additions	–	579	11,779	–	40,366	–	52,724
Write offs	–	–	–	–	(1,592)	–	(1,592)
Reclassification	(59,293)	15,486	85,140	1,042	(19,876)	–	22,499
Reclassified (to)/from assets held for sale	(1,959)	(760)	4,021	(3,505)	(14,026)	(5,595)	(21,824)
Reclassified to right-of-use assets (Note 7)	–	–	(107,039)	(10,498)	–	–	(117,537)
At 31 December 2019/ 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 investment properties (Note 5)	(42,100)	(60,029)	(3,505)	–	(36,807)	–	(142,441)
Reclassified from assets held for sale	2,360	760	3,505	–	14,557	–	21,182
Liquidation of subsidiaries	–	–	–	–	(11,068)	–	(11,068)
At 31 December 2020	539,119	233,503	56,369	14,654	1,030,601	63,133	1,937,379

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

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
Group (cont'd.)							
Accumulated depreciation and impairment losses							
At 1 January 2019	–	41,529	21,454	10,485	205,560	35,820	314,848
Exchange differences	–	–	5	(6)	(169)	12	(158)
Charge for the year	–	5,449	94	201	16,884	1,248	23,876
Write offs	–	–	–	–	(1,592)	–	(1,592)
Impairment losses	–	–	753	–	–	476	1,229
Reclassification	–	(127)	3,676	(1,581)	(1,968)	–	–
Reclassified to right-of-use assets (Note 7)	–	–	(24,465)	(901)	–	–	(25,366)
Reclassified (to)/from assets held for sale	–	(455)	3,258	(2,875)	(18,186)	(1,186)	(19,444)
At 31 December 2019/ 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 (Note 5)	–	(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	–	35,896	4,611	5,631	202,982	37,664	286,784
Carrying amount							
At 31 December 2020	539,119	197,607	51,758	9,023	827,619	25,469	1,650,595
At 31 December 2019	578,080	246,091	51,655	4,153	846,943	24,926	1,751,848

Relates to right-of-use assets.

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

** Included in the other assets are office equipment, furniture and fittings, motor vehicles, renovation and improvements.

*** Accumulated depreciation and impairment losses:

	Land and buildings RM'000	Plant and machinery RM'000	Assets-in-progress RM'000	Other assets RM'000	Total RM'000
Group					
Accumulated impairment losses					
At 31 December 2020	34,561	4,998	8,763	303	48,625
At 31 December 2019	34,561	4,998	8,763	303	48,625
Accumulated depreciation					
At 31 December 2020	252,223	860,078	–	273,701	1,386,002
At 31 December 2019	258,832	745,130	–	301,067	1,305,029
Company					
Cost					
At 1 January 2019		1,103	30	12	1,145
Additions		296	79	–	375
Write offs		–	(11)	–	(11)
Disposals		(572)	(10)	–	(582)
At 31 December 2019/1 January 2020		827	88	12	927
Additions		–	–	5	5
Disposals		–	–	(5)	(5)
At 31 December 2020		827	88	12	927

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

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

	Motor vehicles RM'000	Computer equipment RM'000	Other assets RM'000	Total RM'000
Company (cont'd.)				
Accumulated depreciation				
At 1 January 2019	207	23	4	234
Charge for the year	207	7	2	216
Write offs	–	(10)	–	(10)
Disposals	(106)	(9)	–	(115)
At 31 December 2019/1 January 2020	308	11	6	325
Charge for the year	165	27	1	193
Disposals	–	–	(5)	(5)
At 31 December 2020	473	38	2	513
Carrying amount				
At 31 December 2020	354	50	10	414
At 31 December 2019	519	77	6	602

- (a) 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	
	2020 RM'000	2019 RM'000
Buildings	95,958	106,916
Plant and machinery	383,848	344,430
Office equipment, furniture and fittings, motor vehicles, renovation and improvements	119,681	130,227

- (b) Reversal of interest expense capitalised during the financial year under assets-in-progress of the Group is nil (2019: RM0.7 million) as disclosed in Note 28.

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
Group						
Cost						
At 1 January 2019	50,940	91,594	38,106	100,138	6,992	287,770
Exchange differences	–	–	(3)	–	–	(3)
Additions	–	–	–	471	–	471
Reclassified to assets held for sale	–	–	(28,674)	(5,816)	–	(34,490)
At 31 December 2019/1 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 subsidiary	–	–	(187)	–	–	(187)
At 31 December 2020	93,040	151,623	40,877	140,963	–	426,503

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

5. Investment properties (cont'd.)

	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
Group (cont'd.)						
Accumulated depreciation						
At 1 January 2019	–	15,520	12,816	35,067	3,466	66,869
Charge for the year	–	1,813	1,318	12,323	–	15,454
Reclassified (to)/from assets held for sale	–	–	(5,841)	6,498	–	657
At 31 December 2019/1 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	–	35,613	21,737	84,770	–	142,120
Carrying amount						
At 31 December 2020	93,040	116,010	19,140	56,193	–	284,383
At 31 December 2019	50,940	74,261	1,136	40,905	3,526	170,768

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 recognised by the Group during the year is RM9.7 million (2019: RM8.9 million).

Fair value of investment properties as at 31 December 2020 was estimated by the directors to be approximately RM534.3 million (2019: RM237.6 million).

6. Leased assets

	Machinery and equipment RM'000
Group	
Cost	
At 1 January 2019	730,977
Exchange differences	(362)
Additions	142,498
Disposals	(114,467)
Write offs	(705)
Reclassified to property, plant and equipment (Note 4)	(259)
Reclassified from inventories	216
At 31 December 2019/1 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	777,263
Accumulated depreciation and impairment losses	
At 1 January 2019	394,304
Exchange differences	(301)
Charge for the year	96,863
Disposals	(90,153)
Write offs	(705)
Impairment losses (Note 27)	178
Reclassified to property, plant and equipment (Note 4)	(235)
At 31 December 2019/1 January 2020	399,951
Exchange differences	108
Charge for the year	114,636
Disposals	(87,747)
Write offs	(14)
Impairment losses (Note 27)	66
Reclassified to property, plant and equipment (Note 4)	(175)
At 31 December 2020	426,825
Carrying amount	
At 31 December 2020	350,438
At 31 December 2019	357,947

31 December 2020

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

Included in leased assets of the Group are fully depreciated assets which are still in use with their carrying costs of RM140.0 million (2019: RM162.5 million).

As lessee

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:

Group

Cost

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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
Group (cont’d.)					
Accumulated depreciation					
At 1 January 2019					
Reclassified from property, plant and equipment (Note 4)	25,366	–	–	–	25,366
Reclassified from land use rights	865	–	–	–	865
	26,231	–	–	–	26,231
Charge for the year	10,645	3,326	1,685	3,177	18,833
Disposals	–	(233)	–	–	(233)
Exchange differences	1	(1)	–	–	–
At 31 December 2019/1 January 2020	36,877	3,092	1,685	3,177	44,831
Charge for the year	24,711	5,882	1,714	1,842	34,149
Disposals	–	(1,150)	–	–	(1,150)
Reclassified to investment properties (Note 5)	(6,071)	–	–	–	(6,071)
Exchange differences	(3)	–	–	–	(3)
At 31 December 2020	55,514	7,824	3,399	5,019	71,756
Carrying amount					
At 31 December 2020	140,395	9,232	673	1,759	152,059
At 31 December 2019	175,623	14,077	1,959	3,601	195,260

7. Leases (cont’d.)

As lessee (cont’d.)

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

	Motor vehicles RM’000
Company	
Cost	
At 1 January 2019	175
Additions	609
At 31 December 2019/1 January 2020	784
Disposals	(784)
At 31 December 2020	–
Accumulated depreciation and impairment losses	
Depreciation expense	93
At 31 December 2019/1 January 2020	93
Disposals	(93)
At 31 December 2020	–
Carrying amount	
At 31 December 2020	–
At 31 December 2019	691

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

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
Group					
At 1 January 2019	55,208	5,434	–	4,405	65,047
Additions	39,804	12,073	3,644	2,373	57,894
Derecognition	–	(403)	–	–	(403)
Remeasurement	(12,365)	–	–	–	(12,365)
Accretion of interest	1,975	694	203	334	3,206
Payments	(9,401)	(4,379)	(1,868)	(3,727)	(19,375)
Exchange differences	11	–	–	–	11
At 31 December 2019/1 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
At 31 December 2020	60,384	9,674	745	1,532	72,335

	Motor vehicles RM'000
Company	
At 1 January 2019	175
Additions	609
Accretion of interest	27
Payments	(107)
At 31 December 2019/1 January 2020	704
Derecognition	(704)
At 31 December 2020	–

7. Leases (cont'd.)

As lessee (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current	24,727	37,607	–	237
Non-current	47,608	56,408	–	467
	72,335	94,015	–	704

The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation expense of right-of-use assets	34,149	18,833	–	93
Interest expense on lease liabilities	3,643	3,206	–	27
Expense relating to short-term leases	1,700	1,781	–	–
Expense relating to leases of low-value-assets	262	257	–	–
Total amount recognised in profit or loss	39,754	24,077	–	120

The Group had total cash outflows for leases of RM30.9 million (2019: RM19.4 million). The Group also had non-cash additions to right-of-use assets of RM7.5 million (2019: RM69.2 million).

8. Investments in subsidiaries

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	3,359,332	1,680,045
Less: Accumulated impairment losses	(414,882)	(450,604)
	2,944,450	1,229,441

Details of subsidiaries of the Company are disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

8. Investments in subsidiaries (cont'd.)

(a) Incorporation of a subsidiary

On 2 July 2020, the Company incorporated a new wholly-owned subsidiary known as UMW Automotive Sdn. Bhd. (**UMWA**) for a paid-up share capital of RM2.00 for 2 ordinary shares.

On 25 August 2020, the Company injected RM99,998 for the subscription of 99,998 ordinary shares in UMWA.

On 18 December 2020, the Company subscribed 1,716,100,000 preference shares in UMWA amounting to RM1,716,100,000, to acquire interest in Perusahaan Otomobil Kedua Sdn. Bhd. of 53,200,000 ordinary shares from UMW Corporation Sdn. Bhd., a wholly owned subsidiary of the Company.

(b) 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:

	Effective interest held by non-controlling interests	
	2020	2019
Subsidiary		
UMW Toyota Motor Sdn. Bhd.	49%	49%
	2020 RM'000	2019 RM'000
Accumulated balances of material non-controlling interests:		
UMW Toyota Motor Sdn. Bhd.	1,468,154	1,480,189
Other individually immaterial subsidiaries	(16,976)	(176,361)
	1,451,178	1,303,828
Profit for the financial year attributable to material non-controlling interests:		
UMW Toyota Motor Sdn. Bhd.	44,236	96,056
Other individually immaterial subsidiaries	4,237	8,578
	48,473	104,634
Dividends paid to non-controlling interests:		
UMW Toyota Motor Sdn. Bhd.	56,083	78,057
Other individually immaterial subsidiaries	14,242	18,180
	70,325	96,237

8. Investments in subsidiaries (cont'd.)

(b) Material non-controlling interest of a subsidiary (cont'd.)

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

Summarised consolidation statement of comprehensive income for the financial year ended:

	2020 RM'000	2019 RM'000
UMW Toyota Motor Sdn. Bhd.		
Revenue	7,487,169	9,305,374
Profit for the financial year	90,277	196,032
Total comprehensive income	87,489	197,586

Summarised consolidated statement of financial position as at 31 December:

	2020 RM'000	2019 RM'000
UMW Toyota Motor Sdn. Bhd.		
Non-current assets	2,405,013	2,526,911
Current assets	3,083,452	2,760,023
Non-current liabilities	(675,175)	(776,570)
Current liabilities	(1,817,058)	(1,489,571)
Total equity	2,996,232	3,020,793
Attributable to:		
Equity holders of parent	1,528,078	1,540,604
Non-controlling interests	1,468,154	1,480,189
	2,996,232	3,020,793

Summarised consolidated cash flow information as at 31 December:

	2020 RM'000	2019 RM'000
UMW Toyota Motor Sdn. Bhd.		
Cash inflow from operating activities	793,035	178,078
Cash (outflow)/inflow from investing activities	(34,663)	64,001
Cash outflow from financing activities	(155,597)	(159,990)
Net increase in cash and cash equivalents	602,775	82,089

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

8. Investments in subsidiaries (cont'd.)

(c) Disposal of interest in subsidiaries that resulted in loss of control

In prior financial year, the Company completed the sale of UMW Australia Venture (L) Ltd. (**UAV**), together with its subsidiaries for a disposal proceed of AUD2.00. This gave rise to a loss on disposal amounting to RM14.4 million. The details are as follows:

	2019 RM'000
Other assets and liabilities (net)	14,410
Net assets disposed	14,410
Fair value of UAV	–
Net loss on disposal	14,410

9. Investments in joint ventures

	Group	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	53,086	267,301
Share of post-acquisition profit/(losses)	13,691	(94,329)
Less: Accumulated impairment losses	(1,780)	(118,102)
Carrying amount of investment	64,997	54,870

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 joint venture are as follows:

Summarised statement of financial position:

	2020 RM'000	2019 RM'000
Lubritech International Holdings Limited		
Cash and cash equivalents	42,152	24,079
Other current assets	83,251	92,961
Non-current assets	44,740	46,509
Current liabilities	(58,961)	(68,887)
Non-current liabilities	(2,853)	(3,211)
	108,329	91,451
Reconciliation of net assets to carrying amount as at 31 December:		
Group's share of net assets	64,997	54,870

9. Investments in joint ventures (cont'd.)

Summarised statement of comprehensive income:

	2020 RM'000	2019 RM'000
Lubritech International Holdings Limited		
Profit for the financial year	10,153	9,174
Other comprehensive loss	(2,002)	(557)
Total comprehensive income	8,151	8,617
Group's share of profit for the financial year	6,092	5,505
Group's share of other comprehensive loss	(1,201)	(318)
Group's share of total comprehensive income	4,891	5,187

During the financial year, the Group has disposed off United Seamless Tubulaar Private Limited (**USTPL**) to a third party. The disposal was completed on 22 January 2020 and USTPL ceased to be a joint venture of the Group.

Details of the joint ventures are disclosed in Note 38.

10. Investments in associates

	2020 RM'000	2019 RM'000
Group		
Unquoted shares, at cost	146,018	146,018
Share of post-acquisition reserves	1,887,081	1,738,209
Share of other comprehensive income	5,002	4,530
Less: Accumulated impairment losses	(22,245)	(22,245)
Carrying amount of investment	2,015,856	1,866,512
Company		
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 Group:

	2020	2019
Perusahaan Otomobil Kedua Sdn. Bhd. (Perodua)	38%	38%

In prior financial year, PFP (Malaysia) Sdn. Bhd. ceased to be an associated company of the Group following the fulfilment of all obligations in the Share Sale and Purchase Agreement between the Company and Mr. Paul Anthony Montague, for the disposal UMW Australia Ventures (L) Ltd. and all its subsidiaries and associates as disclosed in Note 8(c).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

10. Investments in associates (cont'd.)

Summarised financial information in respect of the Group's material associates is set out below:

	<----- 2020 ----->			<----- 2019 ----->		
	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000
Summarised statements of financial position:						
Assets and liabilities						
Current assets	1,921,938	154,827	2,076,765	1,858,748	291,720	2,150,468
Non-current assets	3,730,318	5,681,221	9,411,539	3,435,753	5,063,682	8,499,435
Total assets	5,652,256	5,836,048	11,488,304	5,294,501	5,355,402	10,649,903
Current liabilities	625,932	553,134	1,179,066	699,619	528,566	1,228,185
Non-current liabilities	53,463	4,872,645	4,926,108	90,705	4,293,501	4,384,206
Total liabilities	679,395	5,425,779	6,105,174	790,324	4,822,067	5,612,391
Net assets	4,972,861	410,269	5,383,130	4,504,177	533,335	5,037,512
Reconciliation of net assets to carrying amount as at 31 December:						
Goodwill	–	20,389	20,389	–	20,389	20,389
Group's share of net assets	1,889,687	128,025	2,017,712	1,711,587	156,781	1,868,368
Less: Accumulated impairment losses	–	(22,245)	(22,245)	–	(22,245)	(22,245)
Group's carrying amount of interest in associates	1,889,687	126,169	2,015,856	1,711,587	154,925	1,866,512

10. Investments in associates (cont'd.)

	<----- 2020 ----->			<----- 2019 ----->		
	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000
Summarised statements of comprehensive income:						
Results						
Revenue	10,879,769	488,826	11,368,595	11,733,147	646,264	12,379,411
Profit/(loss) for the financial year	596,103	(95,008)	501,095	735,748	21,771	757,519
Other comprehensive income	1,242	–	1,242	12,095	–	12,095
Total comprehensive income/(loss)	597,345	(95,008)	502,337	747,843	21,771	769,614
Dividends received	48,891	161	49,052	189,871	4,812	194,683
Group's share of profit/(loss) for the financial year	226,519	(28,503)	198,016	279,584	6,495	286,079

The Group's interest in capital commitments of the associates are as follows:

	2020 RM'000	2019 RM'000
- Approved and contracted for	13,249	4,023
- Approved but not contracted for	642	64

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 2020 of these companies have been used. Details of the associates are disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

11. Deferred taxation

	Group	
	2020 RM'000	2019 RM'000
At 1 January	(96,066)	(105,092)
Recognised in profit or loss (Note 30)	24,133	8,489
Exchange differences	367	537
At 31 December	(71,566)	(96,066)
Presented after appropriate offsetting as follows:		
Deferred tax assets	(119,414)	(135,160)
Deferred tax liabilities	47,848	39,094
	(71,566)	(96,066)

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000
At 1 January 2019	45,226
Recognised in profit or loss	1,440
Exchange differences	21
At 31 December 2019/1 January 2020	46,687
Recognised in profit or loss	8,749
Exchange differences	5
At 31 December 2020	55,441

11. Deferred taxation (cont'd.)

Deferred tax assets of the Group:

	Unutilised capital allowances RM'000	Provision for liabilities RM'000	Unabsorbed tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2019	(17,132)	(72,152)	(7,882)	(53,152)	(150,318)
Recognised in profit or loss	–	(2,011)	(8,700)	17,760	7,049
Exchange differences	34	–	353	129	516
At 31 December 2019/1 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	(12,651)	(73,795)	(11,577)	(28,984)	(127,007)

The availability of the unutilised capital and reinvestment 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 as at 31 December 2020 and thereafter will only be available for carry forward for a period of seven consecutive years. Upon expiry of the seven years, the unabsorbed losses will be disregarded.

Deferred tax assets have not been recognised in respect of these items:

	Group	
	2020 RM'000	2019 RM'000
Unutilised capital and reinvestment allowances	106,214	99,005
Unabsorbed tax losses	538,128	495,125
	644,342	594,130

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

12. Other investments

	2020 RM'000	2019 RM'000
Group		
Current:		
Financial assets at fair value through profit or loss		
Investment in money market fund	1,286,086	1,071,881
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	863	1,689
Total non-current other investments	5,165	5,991
Company		
Current:		
Financial assets at fair value through profit or loss		
Investment in money market fund	773,756	562,843

13. Derivatives

	Note	2020 Assets RM'000	2020 Liabilities RM'000	2019 Assets RM'000	2019 Liabilities RM'000
Group					
Derivatives not designated as hedging instruments					
Current:					
Forward currency contracts	(a)	568	1,317	582	2,901
Embedded derivatives	(b)	12,669	–	5,016	–
		13,237	1,317	5,598	2,901

The Group uses forward currency contracts and embedded derivatives to manage some of the transaction 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.

13. Derivatives (cont'd.)

(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.

	2020 RM'000	2019 RM'000
Notional amounts		
United States Dollar	206,113	168,541
Japanese Yen	54,798	68,793
Euro	19,321	11,841
Singapore Dollar	5,907	6
Thai Baht	3,152	3,059

(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 RM591.9 million (2019: RM334.1 million) which have been separated and carried at fair value through profit or loss.

Derivatives are neither past due nor impaired and are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

During the financial year, the Group recognised a net gain of RM11.7 million (2019: net loss of RM3.4 million) arising from fair value changes of derivative assets/liabilities.

14. Inventories

	Group	
	2020 RM'000	2019 RM'000
At cost:		
Equipment, unassembled and completed vehicles, attachments and spares	1,040,404	1,119,708
Land held for sale	17,395	17,395
Other finished goods	64,875	48,422
Work-in-progress	183,979	271,491
Raw materials and consumables	122,774	113,749
	1,429,427	1,570,765
At net realisable value:		
Equipment, unassembled and completed vehicles, attachments and spares	9,852	18,802
	1,439,279	1,589,567

The cost of inventories recognised as an expense by the Group during the financial year amounted to RM8,054.8 million (2019: RM9,836.9 million).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

15. Receivables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current:				
Trade receivables (Note a)	1,059,057	1,242,966	–	–
Other receivables (Note b)	128,647	206,107	1,946	2,022
Due from subsidiaries (Note c)	–	–	–	73,444
	1,187,704	1,449,073	1,946	75,466
Non-current:				
Due from subsidiaries (Note c)	–	–	108,284	1,055,388
Total trade, other receivables and due from subsidiaries	1,187,704	1,449,073	110,230	1,130,854
Less: Included within other receivables:				
Accrued income (Note b)	(7,176)	(17,762)	–	–
Prepayments (Note b)	(22,312)	(18,441)	(1,939)	(1,942)
Add: Deposits, cash and bank balances (Note 16)	2,050,893	1,472,111	7,509	2,126
Total financial assets carried at amortised cost	3,209,109	2,884,981	115,800	1,131,038

(a) Trade receivables

	Group	
	2020 RM'000	2019 RM'000
Third parties	819,619	1,132,358
Allowance for impairment losses	(20,992)	(135,620)
	798,627	996,738
Due from associates and joint ventures	25,351	30,432
Due from a corporate shareholder of a subsidiary	235,079	215,796
	1,059,057	1,242,966

15. Receivables (cont'd.)

(a) Trade receivables (cont'd.)

The Group's normal trade credit terms range from 1 day to 120 days (2019: 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 (2019: 30 days to 60 days).

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to a single group of debtors.

(i) Age analysis of trade receivables:

	Group	
	2020 RM'000	2019 RM'000
(a) Not due and not impaired	916,022	1,106,770
(b) Overdue but not impaired:		
1 - 30 days	46,770	60,548
31 - 60 days	67,240	39,049
61 - 90 days	7,159	12,281
91 - 180 days	6,655	12,781
More than 180 days	15,211	11,537
Total trade receivables (net)	1,059,057	1,242,966
(c) Impaired	20,992	135,620
Total trade receivables (gross)	1,080,049	1,378,586

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

15. Receivables (cont'd.)

(a) Trade receivables (cont'd.)

(ii) Receivables that are impaired for expected credit losses:

	Group		Total RM'000
	Individually impaired RM'000	Collectively impaired RM'000	
2020			
Trade receivables	9,204	11,788	20,992
Less: Allowance for impairment losses	(9,204)	(11,788)	(20,992)
	–	–	–
2019			
Trade receivables	119,593	16,027	135,620
Less: Allowance for impairment losses	(119,593)	(16,027)	(135,620)
	–	–	–
Movement in allowance for impairment losses			
At 1 January 2020	119,593	16,027	135,620
Write offs	(113,303)	–	(113,303)
Reversal of impairment losses for the financial year, net (Note 27)	(1,678)	(4,168)	(5,846)
Exchange differences	4,592	(71)	4,521
At 31 December 2020	9,204	11,788	20,992
At 1 January 2019	131,072	12,861	143,933
Write offs	(1,436)	637	(799)
(Reversal)/allowance of impairment losses for the financial year, net (Note 27)	(8,835)	2,614	(6,221)
Exchange differences	(1,208)	(85)	(1,293)
At 31 December 2019	119,593	16,027	135,620

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.

15. Receivables (cont'd.)

(b) Other receivables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current:				
Accrued income	7,176	17,762	–	–
Deposits	22,725	24,480	7	7
Deposits for acquisition of assets	–	4,081	–	–
Prepayments	22,312	18,441	1,939	1,942
Amounts due from joint ventures	–	81,580	–	81,580
Deferred consideration	27,043	45,490	–	–
Sundry receivables	62,381	202,928	–	73
	141,637	394,762	1,946	83,602
Allowance for impairment losses	(12,990)	(188,655)	–	(81,580)
	128,647	206,107	1,946	2,022

Deferred consideration

Deferred consideration relates to proceeds from disposal of an investment which is collectible over a six-year period and discounted to its present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the debtor.

Allowance for impairment losses

	2020 RM'000	2019 RM'000
Group		
Movement in allowance for impairment losses:		
At 1 January	188,655	196,738
Charge for the financial year (Note 27)	490	811
Write offs	(142,759)	(386)
Reversal of impairment losses (Note 27)	(33,549)	(8,384)
Exchange differences	153	(124)
At 31 December	12,990	188,655

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

15. Receivables (cont'd.)

(b) Other receivables (cont'd.)

	2020 RM'000	2019 RM'000
Company		
Movement in allowance for impairment loss:		
At 1 January	81,580	81,580
Write off	(81,580)	–
At 31 December	–	81,580

(c) Due from subsidiaries

	Company	
	2020 RM'000	2019 RM'000
Amount due from subsidiaries	1,680,524	2,666,842
Allowance for impairment losses	(1,572,240)	(1,538,010)
	108,284	1,128,832
Non-current	108,284	1,055,388
Current	–	73,444
	108,284	1,128,832
Movement in allowance for impairment losses:		
At 1 January	1,538,010	1,400,882
Charge for the financial year (Note 27)	34,235	141,821
Reversal of impairment losses (Note 27)	(5)	(4,693)
At 31 December	1,572,240	1,538,010

The amounts due from subsidiaries are unsecured, non-trade in nature, bear interest ranging from 2.65% to 10.51% (2019: 2.65% to 10.51%) per annum and are repayable within 1 to 5 years (2019: 1 to 5 years).

Recoverability of amounts due from subsidiaries have been reassessed during the financial year and additional provision of RM34.2 million (2019: RM137.1 million) was recognised during the financial year.

16. Deposits, cash and bank balances

	Group	
	2020 RM'000	2019 RM'000
Current:		
Cash and bank balances	536,265	522,593
Deposits with licensed banks	1,514,628	949,518
Deposits, cash and bank balances	2,050,893	1,472,111

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group	
	2020 RM'000	2019 RM'000
Deposits, cash and bank balances	2,050,893	1,472,111
Add: Deposits, cash and bank balances attributable to assets held for sale	–	3,506
	2,050,893	1,475,617
Less: Deposits with a maturity of more than 3 months	(43,217)	(64,130)
Less: Deposits restricted by bank	(1,200)	–
Cash and cash equivalents	2,006,476	1,411,487

	Company	
	2020 RM'000	2019 RM'000
Cash and bank balances	6,009	2,126
Deposits with licensed banks	1,500	–
	7,509	2,126

The range of interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2020 % per annum	2019 % per annum	2020 % per annum	2019 % per annum
Deposits with licensed banks	0.02 - 3.50	1.75 - 3.80	0.02 - 2.05	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

16. Deposits, cash and bank balances (cont'd.)

The range of maturities of deposits as at the reporting date were as follows:

	Group		Company	
	2020 Days	2019 Days	2020 Days	2019 Days
Deposits with licensed banks	1 - 365	1 - 365	1 - 72	–

17. Assets held for sale

	Note	Group			
		<----- 2020 ----->		<----- 2019 ----->	
		Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Oil and gas (unlisted) segment	(a)	–	–	40,939	5,049
UMW Toyota Motor Sdn. Bhd. (UMWT)	(b)	–	–	12,301	-
		–	–	53,240	5,049

(a) Oil and gas (unlisted) segment

The Group had in December 2017 made a strategic decision to exit from oil and gas industry and henceforth has actively pursued restructuring and recovery exercises for its oil and gas (unlisted) segment (**Unlisted Segment**). This includes divestment or disposal of the investments in these Unlisted Segment.

For financial year 2019, the Group continued to assess the fair value less cost to sell of the assets and liabilities of the disposal group, and a write back of RM1.5 million was recognised, as shown below:

	2019 RM'000
Inventories	417
Property, plant and equipment	248
Other receivables	10,735
Investments in associates	(12,846)
Write back to fair value less cost to sell	(1,446)

The write back has been recognised in discontinued operations in the statement of comprehensive income, as disclosed in Note 31.

17. Assets held for sale (cont'd.)

(a) Oil and gas (unlisted) segment (cont'd.)

The assets and liabilities of the disposal group in the previous financial year were as follows:

	2019 RM'000
Investments in associates	37,433
Deposits, cash and bank balances	3,506
Total assets of disposal group held for sale	40,939
Payables	4,856
Taxation	193
Total liabilities of disposal group held for sale	5,049

(b) UMW Toyota Motor Sdn. Bhd. (UMWT)

On 26 October 2017, the Group announced its decision to dispose a majority of the branches owned and operated by UMWT to existing Toyota dealers.

This strategic decision enables UMWT to focus on high value-added upstream activities such as product development, marketing and dealer network support, while dealers continue to dedicate themselves towards delivering customer satisfaction.

The assets classified as held for sale for the previous financial year were as follows:

	2019 RM'000
Property, plant and equipment	10,169
Inventories	2,132
Total assets held for sale	12,301

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

18. Share capital

	Number of ordinary shares of RM0.50 each		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Group and Company				
Issued and fully paid				
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.

20. Perpetual sukuk

	Group/Company	
	2020 RM'000	2019 RM'000
Issuance nominal value	1,100,000	1,100,000
Less: Transaction cost	(2,140)	(2,140)
Net nominal value	1,097,860	1,097,860

The perpetual sukuk relate 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 accounted as equity.

20. Perpetual sukuk (cont'd.)

The perpetual sukuk holders are conferred a right to receive distribution on a semi-annual basis from their issue date at the rates 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 has been Shariah-compliant.

21. Provision for warranties

	Group	
	2020 RM'000	2019 RM'000
At 1 January	277,785	263,213
Charged to profit or loss (Note 27)	40,181	21,061
Reversed during the financial year (Note 27)	(1,852)	(5,038)
Utilised during the financial year	(36,055)	(1,438)
Exchange differences	(26)	(13)
At 31 December	280,033	277,785
Presented as follows:		
Current	84,039	61,138
Non-current		
Later than 1 year but not later than 2 years	66,675	68,858
Later than 2 years but not later than 8 years	129,319	147,789
	195,994	216,647
	280,033	277,785

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised for expected warranty claims on products sold, based on past experience of the level of repairs, returns claims and recent trend analysis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

22. Borrowings

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current:				
Unsecured				
Term loans	97,714	12,000	–	–
Bankers' acceptances and revolving credits	16,271	29,058	–	–
Sukuk	399,994	299,997	399,994	299,997
Trust receipts	9,790	45,306	–	–
Total current borrowings	523,769	386,361	399,994	299,997
Non-current:				
Secured				
Term loan	87,887	87,790	–	–
Unsecured				
Sukuk	1,349,962	1,349,927	1,349,962	1,349,927
Term loans	504,429	685,705	–	–
	1,854,391	2,035,632	1,349,962	1,349,927
Total non-current borrowings	1,942,278	2,123,422	1,349,962	1,349,927
Total borrowings	2,466,047	2,509,783	1,749,956	1,649,924

The range of weighted average effective interest rates (**RWAEIR**) for borrowings at the reporting date were as follows:

	Group	
	2020 % per annum	2019 % per annum
Term loans	4.4 - 5.4	4.4 - 5.4
Trust receipts	1.1 - 2.9	3.0 - 3.7
Bankers' acceptances	2.2 - 3.7	3.9 - 4.6
Revolving credits	2.8 - 3.8	3.8 - 4.2
Sukuk	3.0 - 5.2	4.5 - 5.2

22. Borrowings (cont'd.)

The maturity and exposure to interest rate risk of the total borrowings are as follows:

	RWAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
Group						
31 December 2020						
Secured						
- Fixed rate	5.4	–	5,519	66,225	16,143	87,887
Unsecured						
- 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
31 December 2019						
Secured						
- Fixed rate	5.4	–	–	27,595	60,195	87,790
Unsecured						
- Floating rate	3.0 - 5.4	74,364	40,705	–	–	115,069
- Fixed rate	4.4 - 5.2	311,997	638,265	1,028,108	328,554	2,306,924
		386,361	678,970	1,028,108	328,554	2,421,993
		386,361	678,970	1,055,703	388,749	2,509,783
Company						
31 December 2020						
Unsecured						
- Fixed rate	3.0 - 5.2	399,994	399,992	749,986	199,984	1,749,956
31 December 2019						
Unsecured						
- Fixed rate	4.5 - 5.2	299,997	399,979	749,966	199,982	1,649,924

The secured long-term borrowings of the Group were secured by legal charge over certain assets of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

22. Borrowings (cont'd.)

Change in liabilities arising from financing activities

	At 1 January 2020 RM'000	Net addition/ (repayment) RM'000	Others RM'000	At 31 December 2020 RM'000
2020:				
Group				
Revolving credits	16,000	(8,000)	–	8,000
Bankers' acceptances	13,058	(4,787)	–	8,271
Trust receipts	45,306	(35,516)	–	9,790
Sukuk	1,649,924	100,000	32	1,749,956
Other term loans	785,495	(95,465)	–	690,030
	2,509,783	(43,768)	32	2,466,047
Company				
Sukuk	1,649,924	100,000	32	1,749,956
	At 1 January 2019 RM'000	Net addition/ (repayment) RM'000	Others RM'000	At 31 December 2019 RM'000
2019:				
Group				
Overdrafts	475	(475)	–	–
Revolving credits	77,694	(61,694)	–	16,000
Bankers' acceptances	106,801	(93,743)	–	13,058
Trust receipts	–	45,306	–	45,306
Sukuk	1,999,878	(350,000)	46	1,649,924
Other term loans	648,362	137,133	–	785,495
	2,833,210	(323,473)	46	2,509,783
Company				
Sukuk	1,999,878	(350,000)	46	1,649,924

Others comprise of unamortised transaction cost.

23. Payables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current:				
Trade payables:				
Trade payables	682,724	562,139	–	–
Bill payables	14,762	9,192	–	–
Customer deposits	37,946	29,281	–	–
Related parties	500,989	359,162	–	–
Other payables:				
Accruals	505,120	582,582	16,252	14,792
Provision for unutilised leave	7,365	6,488	–	–
Sundry payables	407,305	527,717	1,792	1,360
Total trade and other payables	2,156,211	2,076,561	18,044	16,152
Add: Lease liabilities (Note 7)	72,335	94,015	–	704
Borrowings (Note 22)	2,466,047	2,509,783	1,749,956	1,649,924
Less: Provision for unutilised leave	(7,365)	(6,488)	–	–
Total financial liabilities carried at amortised cost	4,687,228	4,673,871	1,768,000	1,666,780

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 (2019: 1 day to 90 days) terms.

Sundry payables are non-interest bearing and are normally settled on an average term of six months (2019: average term of six months).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

24. Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers:				
Type of goods or services:				
- Vehicles	5,768,090	7,259,923	–	–
- Equipment	525,405	679,237	–	–
- Parts	1,678,310	1,947,764	–	–
- Exports of goods	1,027,469	1,236,125	–	–
- Lubricants and related products	167,117	208,146	–	–
- Services	124,884	221,779	–	–
- Property development	26,639	20,922	–	–
- Others	21,276	–	–	–
	9,339,190	11,573,896	–	–
Rental income:				
Rental income from				
- leasing	209,618	160,109	–	–
- investment properties	5,757	5,140	–	–
	215,375	165,249	–	–
Dividend income:				
Gross dividend income from				
- subsidiary	–	–	925,100	250,000
- associate	–	–	161	102
	–	–	925,261	250,102
Total revenue	9,554,565	11,739,145	925,261	250,102
Timing of revenue recognition from contract with customers:				
At a point in time	9,276,902	11,430,198	–	–
Over time	62,288	143,698	–	–
	9,339,190	11,573,896	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

25. Other operating income

Included in other operating income are:

	Group	
	2020 RM'000	2019 RM'000
Net gain on disposal of property, plant and equipment, leased assets and right-of-use assets	23,922	26,715
Gain on disposal of assets held for sale	–	212,872
Bad debts recovered	94	27
Rental income	27,603	26,202
Commissions	8,025	8,616

26. Employee benefits

	Group	
	2020 RM'000	2019 RM'000
Staff costs		
Wages and salaries	424,269	579,714
Social security costs	4,353	6,111
Defined contribution plan	57,980	70,085
Other staff related expenses	93,292	107,000
	579,894	762,910

27. Profit before zakat and taxation

Profit before zakat and taxation are derived after charging/(crediting):

	2020 RM'000	2019 RM'000
Group		
Executive directors:		
- salaries and other emoluments	2,184	1,983
- defined contribution plan	303	280
- benefits-in-kind	118	157
Non-executive directors:		
- fees	1,670	1,642
- other emoluments	439	386
- benefits-in-kind	269	547
- retirement gratuities	–	203
Rental of offices	10,892	12,356
Auditors' remuneration:		
Statutory audit:		
- auditors' of the Company	1,528	1,639
- other auditors	631	570
Other services:		
- auditors' of the Company	380	226
Net (reversal)/provision of inventories written down	(4,365)	20,884
Royalty expenses	10,984	12,719
Net impairment losses/(reversal of impairment) on:		
- property, plant and equipment	–	612
- leased assets (Note 6)	66	178
- receivables	(38,905)	(13,794)
- investments in joint ventures	(16,488)	–
- investments in associates	–	1,791
- other investments	9,607	–
Net loss on liquidations/disposals of investments in subsidiaries and associates	121,858	22,438
Net foreign exchange (gain)/loss:		
- realised	(4,962)	284
- unrealised	(1,265)	(10,382)
Net provision for warranties (Note 21)	38,329	16,023
Net fair value (gain)/loss on financial assets held for trading	(3,788)	2,853
Gain on favourable rental rates	(561)	(11,319)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

27. Profit before zakat and taxation (cont'd.)

Profit before zakat and taxation are derived after charging/(crediting) (cont'd.):

	2020 RM'000	2019 RM'000
Net (gain)/loss on disposals of:		
- property, plant and equipment	(3,001)	577
- investments in joint ventures	(6,296)	(1,844)
- other investments	(122)	(276)
Loss/(gain) on derecognition of lease under MFRS 16	173	(10)
Depreciation:		
- property, plant and equipment	209,053	215,018
- investment properties	16,236	15,454
- leased assets (Note 6)	114,636	96,863
- right-of-use assets	34,149	18,833
Written off:		
- property, plant and equipment	469	508
- leased assets (Note 6)	43	-
Net fair value (gain)/loss on derivatives	(11,728)	3,446
Company		
Non-executive directors:		
- fees	1,650	1,622
- other emoluments	407	355
- benefits-in-kind	269	547
- retirement gratuities	-	203
Auditors' remuneration:		
- statutory audit	191	194
- other services	365	57
Net impairment losses/(reversal of impairment) on:		
- investment in subsidiaries	1,191	(5,000)
- investment in associate	-	1,791
Reversal of provision of financial guarantee contracts	-	(27,000)
Net allowance for impairment losses on amount due from subsidiaries (Note 15 (c))	34,230	137,128
Loss of disposal of investment in subsidiary	-	5,000
(Gain)/loss on disposal of equipment and right-of-use assets	(13)	209
Equipment written off (Note 4)	-	1
Net foreign exchange gain	(853)	(603)

27. Profit before zakat and taxation (cont'd.)

Directors Remuneration 2020

	Salary and other emoluments RM'000	Directors' fee RM'000	Benefits- in-kind RM'000	Other emoluments RM'000	Defined contribution plan RM'000
Group					
Executive directors:					
Dato' Ahmad Fuaad bin Mohd Kenali (appointed on 1 November 2020)	260	-	19	-	42
Badrul Feisal bin Abdul Rahim (demised on 31 May 2020)	1,924	-	99	-	261
	2,184	-	118	-	303
Non-executive directors:					
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	-	350	67	68	-
Tan Sri Hasmah binti Abdullah	-	165	25	65	-
Dato' Eshah binti Meor Suleiman	-	165	32	49	-
Datin Paduka Kartini binti Hj Abdul Manaf	-	165	16	57	-
Dr Veerinderjeet Singh a/l Tejwant Singh	-	165	23	45	-
Salwah binti Abdul Shukor	-	165	19	36	-
Lim Tze Seong*	-	165	17	32	-
Razalee bin Amin	-	165	46	42	-
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang	-	165	24	45	-
Subtotal	-	1,670	269	439	-
Total	2,184	1,670	387	439	303

	Directors' fee RM'000	Benefits- in-kind RM'000	Other emoluments RM'000
Company			
Non-executive directors:			
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	330	67	36
Tan Sri Hasmah binti Abdullah	165	25	65
Dato' Eshah binti Meor Suleiman	165	32	49
Datin Paduka Kartini binti Hj Abdul Manaf	165	16	57
Dr Veerinderjeet Singh a/l Tejwant Singh	165	23	45
Salwah binti Abdul Shukor	165	19	36
Lim Tze Seong*	165	17	32
Razalee bin Amin	165	46	42
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang	165	24	45
Total	1,650	269	407

* 50% of directors' fee paid to Employee Provident Fund (EPF)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

27. Profit before zakat and taxation (cont'd.)

Directors Remuneration 2019

Group	Salary and other emoluments RM'000	Directors' fee RM'000	Benefits-in-kind RM'000	Other emoluments RM'000	Defined contribution plan RM'000	Retirement gratuities RM'000
Executive director:						
Badrul Feisal bin Abdul Rahim	1,983	–	157	–	280	–
Non-executive directors:						
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	–	338	157	65	–	–
Dato' Siow Kim Lun @ Siow Kim Lin (retired 23 May 2019)	–	59	64	30	–	90
Khalid bin Sufat (retired 1 September 2019)	–	104	80	46	–	83
Tan Sri Hasmah binti Abdullah	–	159	20	42	–	–
Dato' Eshah binti Meor Suleiman	–	159	47	40	–	–
Datin Paduka Kartini binti Hj Abdul Manaf*	–	159	1	43	–	–
Dr Veerinderjeet Singh a/l Tejwant Singh	–	159	32	37	–	–
Salwah binti Abdul Shukor	–	159	22	26	–	–
Mohd Shahazwan bin Mohd Harris (resigned 31 August 2019)	–	104	102	17	–	30
Lim Tze Seong**	–	159	17	23	–	–
Razalee bin Amin (appointed 1 September 2019)	–	55	5	11	–	–
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang (appointed 1 November 2019)	–	28	–	6	–	–
Subtotal	–	1,642	547	386	–	203
Total	1,983	1,642	704	386	280	203

* Directors' fee paid to Permodalan Nasional Berhad (PNB)

** 50% of directors' fee paid to Employee Provident Fund (EPF)

27. Profit before zakat and taxation (cont'd.)

Directors Remuneration 2019 (cont'd.)

Company	Directors' fee RM'000	Benefits-in-kind RM'000	Other emoluments RM'000	Retirement gratuities RM'000
Non-executive directors:				
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman	318	157	34	–
Dato' Siow Kim Lun @ Siow Kim Lin (retired 23 May 2019)	59	64	30	90
Khalid bin Sufat (retired 1 September 2019)	104	80	46	83
Tan Sri Hasmah binti Abdullah	159	20	42	–
Dato' Eshah binti Meor Suleiman	159	47	40	–
Datin Paduka Kartini binti Hj Abdul Manaf*	159	1	43	–
Dr Veerinderjeet Singh a/l Tejwant Singh	159	32	37	–
Salwah binti Abdul Shukor	159	22	26	–
Mohd Shahazwan bin Mohd Harris (resigned 31 August 2019)	104	102	17	30
Lim Tze Seong**	159	17	23	–
Razalee bin Amin (appointed 1 September 2019)	55	5	11	–
Dato' Seri Prof. Dr. Ir. Zaini bin Ujang (appointed 1 November 2019)	28	–	6	–
Total	1,622	547	355	203

* Directors' fee paid to Permodalan Nasional Berhad (PNB)

** 50% of directors' fee paid to Employee Provident Fund (EPF)

28. Finance costs

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense:				
- Sukuk	74,911	86,515	74,911	86,515
- Bank borrowings	35,046	31,717	–	–
- Lease liabilities	3,643	3,206	–	27
- Others	1,913	4,388	–	–
	115,513	125,826	74,911	86,542
Reversal of interest expense in assets-in-progress (Note 4)	–	722	–	–
Net interest expense	115,513	126,548	74,911	86,542

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

29. Investment income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Investment income comprises:				
Gross dividend income from:				
Financial assets at fair value through other comprehensive income				
- Unquoted investments	1,022	1,066	-	-
Interest income from:				
Financial assets				
- Due from subsidiaries	-	-	111,306	125,888
- Deposit with licensed banks	24,956	29,874	323	342
Others	7	-	7	-
Distribution income from:				
Quoted investments in money market funds	28,422	37,363	13,538	14,993
	54,407	68,303	125,174	141,223

30. Taxation

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax:				
Malaysian taxes	57,544	84,957	4,488	3,400
Overseas taxes	3,253	15,171	-	-
RPGT/WHT*	(564)	13,011	-	-
	60,233	113,139	4,488	3,400
Overprovision in prior financial years:				
Malaysian taxes	(14,517)	(15,265)	(1,385)	(5,084)
Overseas taxes	(402)	(8)	-	-
	(14,919)	(15,273)	(1,385)	(5,084)
	45,314	97,866	3,103	(1,684)
Deferred taxation (Note 11):				
Relating to origination and reversal of temporary differences	19,692	(11,979)	-	-
Underprovision in prior financial years	4,441	20,468	-	-
	24,133	8,489	-	-
	69,447	106,355	3,103	(1,684)

* Real property gains tax/Withholding tax

Domestic current income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

30. Taxation (cont'd.)

Reconciliations of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	2020 RM'000	2019 RM'000
Group		
Profit before zakat and taxation	400,665	754,787
Taxation at Malaysian statutory rate of 24% (2019: 24%)	96,160	181,149
Tax incentives	(53)	(53)
Income not subject to tax	(53,484)	(59,085)
Expenses not deductible for tax purposes	98,339	65,874
Utilisation of current year's reinvestment allowances	-	(2,726)
Under provision of deferred tax in prior financial years	4,441	20,468
Over provision of income tax expense in prior financial years	(14,919)	(15,273)
Effect of share of profits of associates and joint ventures	(48,986)	(69,980)
Deferred tax assets recognised on unutilised capital and reinvestment allowances previously not recognised	(12,051)	(14,019)
Taxation	69,447	106,355
Company		
Profit before zakat and taxation	914,224	173,486
Taxation at Malaysian statutory rate of 24% (2019: 24%)	219,414	41,637
Income not subject to tax	(240,807)	(60,025)
Expenses not deductible for tax purposes	25,881	21,788
Over provision of income tax expense in prior financial years	(1,385)	(5,084)
Taxation	3,103	(1,684)

31. Discontinued operations

Strategic decision to exit from oil and gas industry

Following the strategic decision to exit from the oil and gas industry as disclosed in Note 17, the classification of the corresponding assets and liabilities of investments under the oil and gas (unlisted) segment were reclassified in prior financial years to "Assets held for sale" and "Liabilities associated with assets held for sale". The results of the oil and gas (unlisted) segment including the consequent write down of its assets to fair value less cost to sell were also classified as discontinued operations since the disposal group represent a separate major line of business of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

31. Discontinued operations (cont'd.)

Loss from discontinued operations, net of tax:

	Group 2019 RM'000
Loss from discontinued operations, net of tax	(17,370)

The results of the discontinued operations are presented below:

	Group 2019 RM'000
Revenue	21,059
Other operating income	11,901
Changes in inventories	338
Raw materials and consumables used	(6,234)
Employee benefits	(5,392)
Depreciation and amortisation	(1,052)
Other operating expenses	(14,970)
Profit from operations	5,650
Finance costs	(3,974)
Investment income	613
Share of results of associates and joint ventures	(15,849)
Loss before taxation	(13,560)
Income tax expense	(3,810)
Loss for the financial year from discontinued operations	(17,370)
Loss for the financial year attributable to:	
Equity holders of the Company	7,197
Non-controlling interests	(24,567)
	(17,370)

31. Discontinued operations (cont'd.)

Loss before taxation are derived after charging/(crediting):

	Group 2019 RM'000
Auditors' remuneration:	
Statutory audit:	
- auditors' of the Company	54
- other auditors	40
Impairment of property, plant and equipment	248
Net impairment losses on receivables	10,735
Net provision of inventories written down	417
Reversal of net impairment on associates	(12,846)
Gain on disposal of assets held for sale	(7,084)
Loss on disposal and liquidation of subsidiaries, joint venture and associate	20,594
Rental of offices and rigs	116
Net foreign exchange gain	(30,188)

Net cash flows generated from discontinued operations:

	Group 2019 RM'000
Net cash generated from operating activities	28,786
Net cash generated from investing activities	380
Net cash inflow	29,166

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32. 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	
	2020	2019
Net profit attributable to equity holders (RM'000)		
Continuing operations	204,600	447,247
Discontinued operations	–	7,197
	204,600	454,444
Weighted average number of ordinary shares in issue ('000)	1,168,294	1,168,294
Basic/diluted earnings per share (sen)		
Continuing operations	17.5	38.3
Discontinued operations	–	0.6
	17.5	38.9

Diluted earnings per ordinary share is identical to basic earnings per share as the Company has no potential dilutive ordinary shares as at the end of the financial year.

33. Dividends

	Amount		Net dividend per share	
	2020 RM'000	2019 RM'000	2020 Sen	2019 Sen
In respect of the financial year ended 31 December 2018:				
- Final dividend of 5.0%	–	29,207	–	2.5
In respect of the financial year ended 31 December 2019:				
- Special dividend of 8.0%	–	46,732	–	4.0
- Final dividend of 4.0%	23,366	–	2.0	–
	23,366	75,939	2.0	6.5

A final dividend in respect of the current financial year of 8.0% or 4.0 sen per share amounting to a net dividend payable of approximately RM46.7 million was declared on 25 February 2021. The dividend is proposed to be paid on 30 April 2021 to shareholders whose name appeared in the Record of Depositors as at close of business on 16 April 2021. 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 2021.

34. Commitments

	Group	
	2020 RM'000	2019 RM'000
Capital commitments		
Approved and contracted for:		
- land and buildings	14,478	17,207
- equipment, plant and machinery	82,447	17,949
- others	12,339	47,312
	109,264	82,468
Approved but not contracted for:		
- land and buildings	22,762	48,713
- equipment, plant and machinery	266,042	236,001
- others	29,462	344,414
	318,266	629,128
Total capital commitments	427,530	711,596

35. Contingent liabilities

As at the reporting date, the Group has the following contingent liabilities for which no liability is expected to arise:

	Group	
	2020 RM'000	2019 RM'000
Unsecured		
Performance bonds in favour of third parties	20,340	12,320

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36. Segment reporting

For management purposes, the Group is organised into business segments based on products and services, and has four reportable operating segments as follows:

- (i) The automotive segment is principally engaged in the import, assembly and marketing of passenger and commercial vehicles and related spares.
- (ii) The equipment segment is involved in the trading and leasing of a wide range of light and heavy equipment including related spares for use in the industrial, construction and agricultural sectors.
- (iii) The manufacturing and engineering segment is involved in the manufacturing, assembly and trading of automotive parts, the blending, packaging, marketing and distribution of lubricants 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; and

(d) management and corporate services and various professional services.

Transfer prices between operating segments are at terms agreed between the parties.

36. Segment reporting (cont'd.)

(a) Business segments

	Automotive RM'000	Equipment RM'000	Manufacturing and engineering RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
2020							
Revenue:							
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)	II	-
Total revenue	7,483,703	1,137,332	918,276	98,472	(83,218)		9,554,565
Results:							
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)
Segment profit/(loss) after zakat and taxation	304,160	80,329	46,828	(108,394)	-		322,923
Assets:							
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	-	III	220,885
Segment assets	7,305,552	1,486,925	992,949	1,661,666	-		11,447,092
Liabilities:							
Segment liabilities	2,412,381	404,617	573,537	1,639,388	-		5,029,923

(a) Business segments (cont'd.)

	Automotive RM'000	Equipment RM'000	Manufacturing and engineering RM'000	Oil and gas (unlisted) (Discontinued) RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
2019								
Revenue:								
External customers	9,291,513	1,380,558	1,031,441	21,059	35,633	(21,059)	I	11,739,145
Intersegment	4,361	27,606	31,108	-	55,204	(118,279)	II	-
Total revenue	9,295,874	1,408,164	1,062,549	21,059	90,837	(139,338)		11,739,145
Results:								
Depreciation and amortisation	(174,619)	(109,690)	(31,207)	(1,052)	(29,600)	1,052	I	(345,116)
Impairment loss of property, plant, equipment and leased assets	-	(1,407)	-	-	369	-	I	(1,038)
Gain on disposal of land and building	-	61,803	65,479	-	60,862	-	I	188,144
Share of results of associates and joint ventures	279,410	-	5,505	(15,849)	6,669	15,849	I	291,584
Segment profit/(loss) before zakat and taxation	530,302	197,480	126,401	(13,560)	(99,396)	13,560	I	754,787
Zakat	-	-	-	-	(2,325)	-		(2,325)
Income tax expense	(56,782)	(35,660)	(18,473)	(3,810)	4,560	3,810	I	(106,355)
Segment profit/(loss) after zakat and taxation	473,520	161,820	107,928	(17,370)	(97,161)	17,370	I	646,107
Assets:								
Investments in associates and joint ventures	1,725,198	-	53,653	37,433	142,531	(37,433)	I	1,921,382
Additions to non-current assets	108,133	151,547	68,646	212	16,957	-	III	345,495
Segment assets	6,863,763	1,442,810	1,109,427	40,939	1,677,734	-		11,134,673
Liabilities:								
Segment liabilities	2,114,383	357,586	721,957	5,049	1,837,613	-		5,036,588

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

36. Segment reporting (cont'd.)

(a) Business segments (cont'd.)

The following are nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- I. The amounts relating to the oil and gas (unlisted) segment have been excluded to arrive at amounts shown in the consolidated statement of comprehensive income as they are presented separately in the statement of comprehensive income within one line item, “loss from discontinued operations, net of tax”.
- I. Intersegment revenues are eliminated on consolidation.
- II. Additions to non-current assets consist of:

	Note	2020 RM'000	2019 RM'000
Property, plant and equipment	4	95,461	202,526
Investment properties	5	719	471
Leased assets	6	124,705	142,498
		220,885	345,495

(b) Geographical segments

	Malaysia RM'000	Overseas RM'000	Consolidated RM'000
2020			
Revenue from external customers	8,990,687	563,878	9,554,565
Non-current assets	3,036,719	213,181	3,249,900
2019			
Revenue from external customers	11,235,329	503,816	11,739,145
Non-current assets	3,239,232	186,435	3,425,667

Non-current assets stated above consist of the following items as presented in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Property, plant and equipment	2,463,020	2,701,692
Investment properties	284,383	170,768
Leased assets	350,438	357,947
Right-of-use assets	152,059	195,260
	3,249,900	3,425,667

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

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37. Subsidiaries

(i) The following are the subsidiaries of the Group:

Company	Group Effective interest		Principal activities
	2020 %	2019 %	
(a) Subsidiaries incorporated in Malaysia			
Direct subsidiaries of the Company:			
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	-	Investment holding.
Indirect subsidiaries of the Company:			
UMW Industries (1985) Sdn. Bhd.	100	100	Trading and hiring of industrial and material handling equipment and related spares.
UMW Advantech Sdn. Bhd.	100	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	Marketing, selling and distribution of “Repsol” branded lubricants.
U-TravelWide Sdn. Bhd.	100	100	Provision of travel agency services. It had ceased its operations with effect from 16 December 2020.
Otomobil Sejahtera Sdn. Bhd.	100	100	Importing and retailing of passenger and commercial vehicles.
UMW Oilfield International (M) Sdn. Bhd.	100	100	Marketing, importation, exportation and distribution of equipment and component parts, and provision of technical support, consultancy and general services related to oil and gas industry.
Lubetech Sdn. Bhd.	100	100	Blending and packaging of lubricants.
UMW Pennzoil Distributors Sdn. Bhd.	100	100	Marketing, selling and distribution of “Pennzoil” branded lubricants.
UMW Development Sdn. Bhd.	100	100	Property development.
UMW Grantt International Sdn. Bhd.	100	100	Manufacturing, distributing, selling and trading of lubricants, greases and specialty products.

37. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2020 %	2019 %	
(a) Subsidiaries incorporated in Malaysia (cont'd.)			
Indirect subsidiaries of the Company (cont'd.):			
UMW IT Services Sdn. Bhd.	100	100	Providing internal IT 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. (formerly known as UMW Training Centre Sdn. Bhd.)	100	100	Conduct innovation, research and development activities.
UMW Industrial Power Services Sdn. Bhd.	100	100	Total power solution provider.
UMW M&E Sdn. Bhd.	100	100	Investment holding.
UMW M&E Limited	100	100	Investment holding.
UMW Linepipe (L) Ltd.	100	100	Investment holding.
UMW Technology Sdn. Bhd.	100	100	Investment holding.
UMW India Ventures (L) Ltd.	75	75	Investment holding.
UMW (East Malaysia) Sdn. Bhd.	74	74	Distribution of industrial and heavy equipment and related spares.
UMW Equipment Sdn. Bhd.	74	74	Trading and hiring of industrial, heavy and material handling equipment and trading of 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.	60	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 sales of spare parts, servicing of vehicles, export of vehicles and related components and provide administrative, professional and financial services support to its subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

37. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2020 %	2019 %	
(a) Subsidiaries incorporated in Malaysia (cont'd.)			
Indirect subsidiaries of the Company (cont'd.):			
Assembly Services Sdn. Bhd.	51	51	Assembly of passenger and commercial vehicles.
Automotive Industries Sdn. Bhd.	51	51	Manufacturing and selling of vehicle exhaust system 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.
(b) Subsidiaries incorporated in the Republic of Singapore			
Indirect subsidiaries of the Company:			
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.
(c) Subsidiary incorporated in Papua New Guinea			
Indirect subsidiary of the Company:			
UMW Niugini Limited*	75.46	75.46	Trading and hiring of industrial and material handling equipment and related service and spare parts.
(d) Subsidiaries incorporated in People's Republic of China			
Indirect subsidiaries of the Company:			
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.

37. Subsidiaries (cont'd.)

(i) The following are the subsidiaries of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2020 %	2019 %	
(d) Subsidiaries incorporated in People's Republic of China (cont'd.)			
Indirect subsidiaries of the Company (cont'd.):			
Vision Fleet Equipment Leasing (Zhejiang) Co., Ltd.*	100	100	Rental and fleet management services mainly for products distributed by the UMW Group in China.
(e) Subsidiary incorporated in the Republic of Vietnam			
Indirect subsidiary of the Company:			
UMW Equipment Systems (Vietnam) Company Limited*	100	100	Provide spare parts and equipment, repair and maintenance service, and lease out equipment such as forklifts and material handling, industrial and heavy equipment.
(f) Subsidiaries incorporated in the Union of Myanmar			
Indirect subsidiaries of the Company:			
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.
(g) Subsidiary incorporated in British Virgin Islands			
Indirect subsidiary of the Company:			
UMW ACE (BVI) Ltd.	70	70	Investment holding.
(h) Subsidiary incorporated in India			
Indirect subsidiary of the Company:			
Jaybee Drilling Private Limited#	45	45	Onshore drilling activities in India.
(i) Subsidiary incorporated in the Republic of Indonesia			
Indirect subsidiary of the Company:			
PT UMW International	100	100	Engaged in lubricants supply and equipment.

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37. Subsidiaries (cont'd.)

(ii) The following companies are under members' voluntary liquidation/deregistration:

Company	Group Effective interest		Principal activities
	2020 %	2019 %	
(a) Subsidiaries incorporated in Malaysia			
Direct subsidiary of the Company:			
UMW Oil & Gas Berhad	100	100	Investment holding.
Indirect subsidiaries of the Company:			
UMW SG Power Systems Sdn. Bhd.	100	100	General trader and the provision of engineering works.
UMW SG Engineering & Services Sdn. Bhd.	100	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	52.1	Manufacturing and assembling of power steering pumps.
Kelang Pembena Kereta2 Sendirian Berhad	–	100	Assembly of commercial and passenger vehicles.
(b) Subsidiary incorporated in Bahrain			
Indirect subsidiary of the Company:			
UMW Middle East Ventures Holding W.L.L.*	100	100	Investment holding.
(c) Subsidiary incorporated in Oman			
Indirect subsidiary of the Company:			
Arabian Drilling Services L.L.C.*	–	70	Drilling of oil and natural gas wells and service activities incidental to extraction of petroleum and natural gas.
(d) Subsidiary incorporated in People's Republic of China			
Indirect subsidiary of the Company:			
UMW Coating Technologies (Tianjin) Co., Ltd.*	–	100	Provision of oil and gas related equipment and pipe coating services.
(e) Subsidiary incorporated in United States of America			
Indirect subsidiary of the Company:			
UTech Americas, Inc.	–	100	Investment holding.

* Subsidiaries audited by firms of auditors other than Ernst & Young.

The financial year end of the above subsidiaries is 30 September.

38. Joint ventures

Company	Group Effective interest		Principal activities
	2020 %	2019 %	
(a) Joint venture incorporated in Hong Kong			
Lubritech International Holdings Limited	60	60	Investment holding.
(b) Joint venture incorporated in People's Republic of China			
Lubritech Limited	60	60	Manufacturing and trading of lubricant products.
(c) Joint venture incorporated in the Republic of Indonesia			
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.
(d) Joint venture incorporated in India			
United Seamless Tubulaar Private Limited	–	37.2	Manufacturing of seamless tubular green pipes.

Other than United Seamless Tubulaar Private Limited whose financial year end is 31 March, the financial year end of all the above jointly-controlled entities is 31 December.

39. Associates

(i) The following are the associates of the Group:

Company	Group Effective interest		Principal activities
	2020 %	2019 %	
(a) Associates incorporated in Malaysia			
Perusahaan Otomobil Kedua Sdn. Bhd. (Perodua)	38	38	Investment company 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.
Perodua Global Manufacturing Sdn. Bhd.	28.12	28.12	Manufacture and assembly of motor vehicles and other related activities.

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39. Associates (cont'd.)

(i) The following are the associates of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2020 %	2019 %	
(a) Associates incorporated in Malaysia (cont'd.)			
Held through Perodua (cont'd.):			
Perodua Engine Manufacturing Sdn. Bhd.	28.12	28.12	Manufacture 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 Lender 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 software, solutions and services.
(b) Associates incorporated in People's Republic of China			
Shanghai BSW Petro-pipe Co., Ltd.	32.4	32.4	Manufacturing of spiral welded pipes for the oil and gas industry.
Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd.	–	49	Production of internal and external anti-corrosive material for pipes, architectural anti-corrosive materials, related chemical products and pipe coatings; steel processing; selling of self-produced products; provision of technical consulting and after-sales services for related products.
Zhongyou BSS (Qinhuangdao) Petropipe Co., Ltd.	–	34.3	Manufacturing of oil and gas transmission pipes, manufacturing and anticorrosion coating of pipes, providing pipe manufacturing and anticorrosion coating services, selling self-produced products including large diameter longitudinal-welded pipes, spiral-welded pipes, bend-pipes etc., which are primarily used for construction of oil and gas pipelines etc.

39. Associates (cont'd.)

(i) The following are the associates of the Group (cont'd.):

Company	Group Effective interest		Principal activities
	2020 %	2019 %	
(b) Associates incorporated in People's Republic of China (cont'd.)			
Jiangsu Tube-Cote Shuguang Coating Co., Ltd.	–	28.13	Provision of internal epoxy coating for OCTG and line pipes for the oil and gas industry.

(ii) The following company is under members' voluntary liquidation/deregistration:

Company	Group Effective interest		Principal activities
	2020 %	2019 %	
(a) Associates incorporated in Malaysia			
Held through Toyota Capital Malaysia Sdn. Bhd.:			
Seabanc Kredit Sdn. Bhd.	30	30	Hire purchase, 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.

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31 December 2020

40. Significant event

The COVID-19 pandemic had a significant impact on the global economy in 2020. Most industries were affected due to macro-economic uncertainties resulting in general reduction in consumption and challenges arising from disruptions to the supply chain. The Government of Malaysia (**Government**) implemented the Movement Control Order (**MCO**) from 18 March 2020 until late April 2020 which led to temporary suspension of operations, workplace disruption as well as lower demand for products and services.

The Group's financial performance in the first half of the financial year was impacted by the MCO as low consumer sentiment resulted in loss of revenue across all business segments particularly from the automotive segment. However, the Government has announced a full sales tax exemption for Completely Knocked-Down models and 50% exemption for Completely Built-Up models effective from 15 June 2020 to 31 December 2020 to revitalise the automotive market. This has improved automotive sales in the second half of the financial year for the Group. The sales tax exemption was further extended until 30 June 2021 as part of the national recovery plan. The Manufacturing and Engineering segment was also impacted in the first half of the year, consistent with the lower automotive sales. This segment recovered and registered improved results in the second half of 2020, spurred by the automotive sales tax exemption. The Group also recorded a decline in demand for equipment, especially in the heavy equipment as many projects were delayed due to the COVID-19 pandemic.

The COVID-19 pandemic evolution continues to present a multitude of uncertainties that will likely affect the performance of the Group for 2021. Moving forward, the Group will continue to preserve cash and operate as efficiently as possible under this unprecedented business environment.

41. Significant related party disclosures

(a) In addition to the related party transaction information disclosed elsewhere, transactions by UMW Holdings Berhad and its subsidiaries with the associates and corporate shareholder of the subsidiaries are as follows:

Group companies	Transacting parties	Nature of transactions	2020 RM'000	2019 RM'000
UMW Industries (1985) Sdn. Bhd.	)	Lease rental	8,475	8,068
KYB-UMW Malaysia Sdn. Bhd.	)	Sale of shock absorbers	52,705	59,869
U-TravelWide Sdn. Bhd.	)	Air tickets	1,187	5,302
UMW Toyota Motor Sdn. Bhd. and subsidiaries	)	Sale of goods and services	176,916	149,845
	) Perodua			
	) Group*	Purchase of goods and services	364,685	433,087
)			
UMW Industrial Power Services Sdn. Bhd.	)	Sale of goods and services	4,087	2,483
UMW Advantech Sdn. Bhd.	)	Sale of goods and services	30,501	30,084
Lubetech Sdn. Bhd.	)	Sale of goods and services	22,820	19,579
UMW Corporation Sdn. Bhd.	) Toyota Capital	Purchase of goods and services	-	4,260
	) Malaysia Sdn.			
UMW Holdings Berhad	) Bhd. and its subsidiaries	Purchase of goods and services	-	376

* Comprises Perusahaan Otomobil Kedua Sdn. Bhd., its subsidiaries and associates.

41. Significant related party disclosures (cont'd.)

(b) Transactions by the Group with Toyota Motor Corporation, Japan (the corporate shareholder of UMW Toyota Motor Sdn. Bhd.) and its subsidiaries and associates are as follows:

Group companies	Transacting parties	Nature of transactions	2020 RM'000	2019 RM'000
UMW Toyota Motor Sdn. Bhd. and its subsidiaries	Toyota Motor Corporation, Japan and its subsidiaries	Sale of goods and services	607,101	697,421
		Purchase of goods and services	2,929,948	2,922,962
	UMW Toyotsu Motors Sdn. Bhd.	Sale of goods	136,877	177,760
		Purchase of goods and services	5,402	4,510

(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	2020 RM'000	2019 RM'000
UMW Equipment Sdn. Bhd.	)	Purchase of goods and services	37,776	43,416
)			
UMW East Malaysia Sdn. Bhd.	)	Purchase of goods and services	47,045	43,189
)			
UMW Heavy Equipment (S) Pte. Ltd.	) Komatsu Ltd., Japan and its subsidiaries	Purchase of goods and services	27,221	41,822
)			
UMW Niugini Limited	)	Purchase of goods and services	65,499	73,892
)			
UMW Engineering Services Limited	)	Purchase of goods and services	15,507	5,564
)			

(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	2020 RM'000	2019 RM'000
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Kayaba Industry Co. Ltd., Japan and its subsidiaries	Sale of goods and services	68,374	76,878
		Purchase of goods and services	9,649	10,443
	Toyota Tsusho Corporation, Japan and its affiliated company	Sale of goods and services	292	121
		Purchase of goods and services	33,399	36,288

31 December 2020

(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:

(f) Transactions by the Group with a former non-executive director of the Company and with a company in which he has interests are as follows:

(g) Compensation of key management personnel

	2020 RM'000	2019 RM'000
Salaries, wages and allowances	15,192	13,996
Provision for unutilised leave	526	242
Defined contribution plan	2,004	1,849
Others	3,361	2,472
	21,083	18,559

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 and derivatives.

Determination of fair value

Fair value is determined directly by reference to their published market price at the reporting date.

Fair value is determined directly by reference to their published market price at the reporting date.

Fair value is determined by calculating the future expected dividend to be received.

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.

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 2020 was assessed to be insignificant.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

42. Fair value disclosures (cont'd.)

(i) Financial instruments not carried at fair value

	Note	2020		2019	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
Financial liabilities					
Long term borrowings					
- Fixed rate borrowings	22	592,316	620,914	685,705	501,038
- Fixed rate sukuk	22	1,349,962	1,405,310	1,349,927	1,335,068
		1,942,278	2,026,224	2,035,632	1,836,106
Company					
Financial liabilities					
Long term borrowings					
- Fixed rate sukuk	22	1,349,962	1,405,310	1,349,927	1,335,068

(ii) Financial instruments carried at fair value

	2020 RM'000	2019 RM'000
Financial assets:		
Group		
Investment in money market fund	1,286,086	1,071,881
Quoted shares	863	1,689
Unquoted shares	4,302	4,302
Forward currency contracts	568	582
Embedded derivatives	12,669	5,016
Company		
Investment in money market fund	773,756	562,843

42. Fair value disclosures (cont'd.)

(ii) Financial instruments carried at fair value (cont'd)

	2020 RM'000	2019 RM'000
Financial liabilities:		
Group		
Forward currency contracts	1,317	2,901

(iii) Assets valued at fair value less costs to sell upon classification to held for sale

	2019 RM'000
Investments in associates	37,433

Fair value hierarchy

The following provides the fair value measurement hierarchy of the Group's assets and liabilities.

The different levels have been defined as follows:

- (a) Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	Level	Note	Fair value	
			2020 RM'000	2019 RM'000
Assets measured at fair value:				
Group				
Quoted investment in money market fund	1	12	1,286,086	1,071,881
Quoted shares outside Malaysia	1	12	863	1,689
Unquoted shares	3	12	4,302	4,302
Embedded derivatives	2	13	12,669	5,016
Forward currency contracts	2	13	568	582

31 December 2020

Fair value hierarchy (cont'd.)

Policy on transfer between levels

There has been no transfers between Level 1 and Level 2 fair values during the financial year (2019: No transfer in either direction).

Valuation process applied by the Group for Level 3 fair value

43. Capital management

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.

44. Financial risk management

- (i) The Risk Management Committee at the Board level;
- (ii) The Management Risk Committee at corporate management level;
- (iii) Group Risk Management Division at corporate management level; and
- (iv) The Risk Management Unit at the respective operating units.

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)
31 December 2020

44. Financial risk management (cont'd.)

Responsibilities of the Risk Management Committee include:

- (i) to monitor the role, effectiveness and efficiency of the Management Risk Committee, 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 Management Risk Committee comprises members of the Management Committee. This Committee identifies and assesses risks, and makes recommendations on risk management to the Risk Management Committee at the Board level.

Financial risk management objectives of UMW Group are as follows:

- (i) to minimise exposure to all financial risks including foreign currency exchange, interest rate, credit, liquidity, and market price risks;
- (ii) to accept certain level of financial risks including price risk and credit risk that commensurate with the expected returns on the underlying operations and activities; and
- (iii) to minimise liquidity risk by proper cash flow planning, management and control.

The Group's financial risk management strategies include using:

- (i) derivatives to hedge its exposure to currency and cash flow risks. However, use of derivatives for speculation is specifically prohibited;
- (ii) credit controls that include evaluation, acceptance, monitoring and feedback to ensure that only reasonably credit-worthy customers are accepted; and
- (iii) money market instruments, short term deposits and bank borrowings to manage liquidity risks.

The Group's strategies and practices in dealing with its major financial risks are set out below:

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. These foreign exchange risk exposures are mainly in United States (**US**) Dollar, Great British Pound, Japanese Yen and Euro.

The Group uses forward currency contracts to manage some of the foreign exchange transaction exposures. The forward currency contracts are used mainly for payments in foreign currency for the purchase of imported components and parts. Material foreign currency exposures are hedged via forward exchange contracts and cross currency swaps by using foreign exchange facilities maintained with leading 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.

44. Financial risk management (cont'd.)

(a) Foreign currency risk (cont'd.)

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	2020 RM'000	2019 RM'000
		Effect on profit after tax	
US Dollar	+ 10%	(5,777)	(9,477)
	- 10%	5,777	9,477
Great British Pound	+ 10%	(6)	(1,519)
	- 10%	6	1,519
Japanese Yen	+ 10%	662	1,082
	- 10%	(662)	(1,082)
Euro	+ 10%	(1,418)	(150)
	- 10%	1,418	150

(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.

NOTES TO THE
FINANCIAL STATEMENTS (CONT'D.)

31 December 2020

44. Financial risk management (cont'd.)

(b) Interest rate risk (cont'd.)

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	2020	2019
		RM'000	RM'000
		Effect on profit after tax	
Ringgit Malaysia interest rates	+ 50	124	(22)
	- 50	(124)	22
US Dollar interest rates	+ 50	–	(80)
	- 50	–	80

(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.

Credit risk is managed through the application of the UMW Group Credit Granting Guidelines. These guidelines outline the credit granting criteria and approval procedures as endorsed by the Board. A credit committee performs on-going monitoring on compliance and ensures that these authorisation policies and procedures are consistent with 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 RM65.4 million (2019: RM158.3 million).

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet financial obligations when due, as a result of shortage of funds arising from mismatch of maturities of financial assets and liabilities.

To ensure a healthy liquidity position, it is the Group's policy to:

- (i) have the right mixture of liquid assets in its portfolio;
- (ii) maintain a healthy gearing ratio;
- (iii) finance long term assets with long term loans; and
- (iv) maintain a balance between flexible and structured financing options to finance its operations and investments.

44. Financial risk management (cont'd.)

(d) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment financial obligations.

	<----- 2020 ----->				
	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	Total RM'000
Group					
Financial liabilities:					
Trade and other payables	2,156,211	–	–	–	2,156,211
Lease liabilities	28,683	13,435	18,871	22,919	83,909
Derivatives:					
- Forward contracts (gross payments)	1,317	–	–	–	1,317
Borrowings	545,564	614,310	1,141,822	270,092	2,571,788
Total undiscounted financial liabilities	2,731,775	627,745	1,160,693	293,011	4,813,225
Company					
Financial liabilities:					
Trade and other payables	18,044	–	–	–	18,044
Borrowings	416,433	416,391	780,735	208,184	1,821,743
Total undiscounted financial liabilities	434,477	416,391	780,735	208,184	1,839,787

31 December 2020

(d) Liquidity risk (cont'd.)

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 2020.

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.

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 RM12.9 million (2019: RM10.7 million) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments.

As At 15 March 2021

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

ANALYSIS OF EQUITY STRUCTURE

SHAREHOLDINGS
STATISTICS

As At 15 March 2021

THE 30 SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Shares	Percentage
1	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	509,497,200	43.61
2	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	142,560,368	12.20
3	Kumpulan Wang Persaraan (Diperbadankan)	83,409,600	7.14
4	Permodalan Nasional Berhad	50,957,500	4.36
5	AmanahRaya Trustees Berhad - Amanah Saham Malaysia	47,079,400	4.03
6	AmanahRaya Trustees Berhad - Amanah Saham Malaysia 3	39,036,200	3.34
7	AmanahRaya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	33,070,500	2.83
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	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera 3 - Didik	13,250,400	1.13
11	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Bank Berhad (EDP 2)	7,000,000	0.60
12	HSBC Nominees (Asing) Sdn Bhd - HSBC BK PLC For Kuwait Investment Office (KIO)	7,000,000	0.60
13	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LSF)	6,315,100	0.54
14	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)	6,161,600	0.53
15	AmanahRaya Trustees Berhad - Public Islamic Dividend Fund	5,276,400	0.45
16	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB For PRULink Equity Fund	5,040,500	0.43
17	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)	5,000,000	0.43
18	AmanahRaya Trustees Berhad - Public Ittikal Sequel Fund	4,282,500	0.37
19	Pertubuhan Keselamatan Sosial - Bahagian Pelaburan	4,208,500	0.36
20	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AMUNDI)	3,802,400	0.33
21	Cartaban Nominees (Asing) Sdn Bhd - Exempt An For State Street Bank & Trust Company (WEST CLT OD67)	3,683,000	0.32
22	Citigroup Nominees (Asing) Sdn Bhd - UBS AG	3,638,115	0.31

No.	Name	No. of Shares	Percentage
23	Tokio Marine Life Insurance Malaysia Bhd - As Beneficial Owner (PF)	3,550,618	0.30
24	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	3,398,900	0.29
25	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	3,306,600	0.28
26	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Principal EQITS)	2,882,900	0.25
27	AmanahRaya Trustees Berhad - Public Dividend Select Fund	2,817,800	0.24
28	AmanahRaya Trustees Berhad - Public Islamic Equity Fund	2,607,400	0.22
29	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial (UOB AMM6939-406)	2,488,500	0.21
30	Citigroup Nominees (Asing) Sdn Bhd - Exempt An For Citibank New York (NORGES BANK 19)	2,477,946	0.21
Total		1,049,983,647	89.87

SUBSTANTIAL SHAREHOLDERS

No.	Shareholders	No. of Shares	%
1	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	509,497,200	43.610
2	Employees Provident Fund Board ¹	152,731,768	13.073
3	Kumpulan Wang Persaraan (Diperbadankan) ²	89,143,533	7.630

Notes:
¹ Held under multiple securities accounts of its nominees.
² 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 23 March 2021.

As At 31 December 2020

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
1	No.1, Jalan Keluli 2/KU 2, Kawasan Perindustrian Bukit Raja, Klang	Industrial Land	Factory Building, Integrated Quality Hub & Test Track	Freehold	Land - 674,300 Built-up - 27,753.34	9	-	28.12.2008	1,289,213,084
2	Part of Lot 29138 Mukim Serendah, Ulu Selangor	Industrial Land	Office, Training Facilities and Workshop	Leasehold 99 years expiring 05.06.2094	Land - 95,263 Built-up - 24,661.5	4	-	01.08.2016	103,831,354
3	Lot40020 to Lot40021 Lot40025 to Lot40027 Lot40029 to Lot40033 Mukim Serendah, Ulu Selangor	Industrial Land	Vacant	Leasehold 99 years expiring 07.07.2109	Land - 2,963,851.22 Built-up - Nil	-	-	17.04.1995	67,278,954
	Lot 15001 to 15009 & Lot 15019 to 15024 Mukim Serendah, Ulu Selangor	Industrial Land	Vacant	Leasehold 99 years expiring 25.10.2098 (formerly known as PT 4445)					
4	No. 2, Persiaran Raja Muda, Section 15 Shah Alam	Commercial Land	UMW Toyota Motor Head Office	Leasehold 99 years expiring 22.07.2067	Land - 24,283.2 Built-up - 19,840.5	16	-	06.08.1985	34,843,599
5	Lot 43, SMI Phase 1 IZ3 Jalan 1D KKIP District of Kota Kinabalu	Industrial Land	Stockyard (Sabah IQH)	Leasehold 60 years expiring 31.12.2066	Land - 34,669.42	7	-	27.07.2015	35,074,451
6	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	13	-	28.03.2006	33,784,879
7	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	13	-	29.12.2003	32,370,440
8	Lot 759, Mukim of Mentakab, District of Temerloh	Industrial Land	Showroom, Body & Paint, Parts and Service Centre	Freehold	Land - 14,285.40 Built-up - 5,992	4	-	30.04.2015	28,738,564
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	15	-	13.08.2004	27,954,034
10	No. 19, Jalan Subang Utama 2 (Jalan Puchong), Lion Industrial Park Section 22, Shah Alam	Industrial Land	Office and Factory Buildings	Freehold	Land - 46,871 Built-up - Nil	18	-	14.05.1997	25,905,447

As of 15 March 2021

AUTOMOTIVE

UMW Toyota Motor Sdn Bhd
(UMW Toyota)
Head Office
No. 2, Persiaran Raja Muda
Seksyen 15, 40200 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : +603 5123 6688
Fax : +603 5123 6201

**Perusahaan Otomobil Kedua
Sdn Bhd (PERODUA)
Head Office**
PERODUA Corporate Building
Sg. Choh, 48009 Rawang
Selangor Darul Ehsan, Malaysia
Tel : +603 6733 8888
Fax: +603 6099 2402

MANUFACTURING/ASSEMBLY PLANTS

Lion Industrial Park
40300 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : +603 5191 8487
Fax: +603 5191 1604

Toyota Boshoku UMW Sdn Bhd
No. 1, (Gate 2)
Jalan Keluli 2/KU2
Kawasan Perindustrian
Bukit Raja, 41050 Klang
Selangor Darul Ehsan, Malaysia
Tel : +603 3346 7000
Fax : +603 3346 7130

PERODUA

- Perodua Auto Corporation Sdn Bhd
- Perodua Manufacturing Sdn Bhd
- Perodua Engine Manufacturing Sdn Bhd
- Perodua Global Manufacturing Sdn Bhd

PERODUA Complex
Sg. Choh, 48009 Rawang
Selangor Darul Ehsan, Malaysia
Tel : +603 6733 8888
Fax: +603 6099 2402

MANUFACTURING & ENGINEERING

MANUFACTURING & ENGINEERING – LUBRICANTS

UMW M&E Sdn Bhd
No. 8, Jalan Utas 15/7
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Malaysia
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Fax: +603 5519 2527

**UMW Pennzoil Distributors
Sdn Bhd**
Lot 8, Jalan Utas 15/7
Seksyen 15, 40200 Shah Alam
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Xinhui District
Jiangmen 529100
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**UMW Lubricant
International Sdn Bhd**
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Lubetech Sdn Bhd
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MANUFACTURING & ENGINEERING – AUTOMOTIVE COMPONENTS

MANUFACTURING & ENGINEERING – AEROSPACE

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Fax: +603 5510 4381


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

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

GROUP
DIRECTORY

As of 15 March 2021



EQUIPMENT – CORPORATE OFFICE



HEAVY EQUIPMENT

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

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	SOUTH REGION	SARAWAK	SABAH
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	Johor Bahru No. 64, Jalan Langkasuka Larkin Industrial Estate 80350 Johor Bahru Johor Darul Takzim, Malaysia Tel : +607 237 1109 Fax: +607 236 5503	Kuching Lot 2478, Jalan Belian Pending Industrial Estate 93450 Kuching Sarawak, Malaysia Tel : +608 248 9911 Fax: +608 234 2476	Kota Kinabalu Mile 5½, Jalan Tuaran 88817 Kota Kinabalu Sabah, Malaysia Tel : +608 842 7044 Fax: +608 842 0727
BRANCHES	EAST COAST	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	Sandakan Mile 4½, Jalan Batu Sapi Karamunting Estate 90724 Sandakan Sabah, Malaysia Tel : +608 961 2604 Fax: +608 961 2432
NORTH REGION	Kuantan Lot 140 Semambu Industrial Estate 25350 Kuantan Pahang Darul Makmur Malaysia Tel : +609 566 1162/1122 Fax: +609 566 2809 +609 566 2855	Bintulu Lot 3155, Block 26 Kemena Land District Kidurong Road 97008 Bintulu Sarawak, Malaysia Tel : +608 625 5351 Fax: +608 625 5350	Tawau Mile 4½, Jalan Apas 91009 Tawau Sabah, Malaysia Tel : +608 991 2137 Fax: +608 991 3140
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	UMW (East Malaysia) Sdn Bhd	Lahad Datu Branch Lot 3 & 4 New Kimbell Light Industrial Centre Mile 2½, Jalan Dam 91100 Lahad Datu Sabah, Malaysia Tel : +608 9883 311	
Ipoh No. 8, Persiaran Tun Perak 30200 Ipoh Perak Darul Ridzuan, Malaysia Tel : +605 241 2777 Fax: +605 253 5862	HEAD OFFICE Lot 2478, Jalan Belian Pending Industrial Estate 93450 Kuching Sarawak, Malaysia Tel : +608 248 9911 Fax: +608 248 2537	Miri Mile 3, Jalan Krokop 98007 Miri Sarawak, Malaysia Tel : +608 565 4744 Fax: +608 565 4843	

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

Nay Pyi Taw
No. 3345/3346
Corner of 18th Street
& Padomar Street
Bawgawaddi Quarter
Pyinmana, Naypyitaw
Myanmar
Tel : +956 725 563
+956 725 564
Fax: +956 725 564

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

Mawlamyine Service Support Station
No. 133, Ngan Tae Road
Zay Yar Myine – Ngan Tae Ward
Mawlamyine Township
Mon State, Myanmar
Tel : +959 449 009 951
+959 964 490 995

PAPUA NEW GUINEA

UMW Niugini Limited

HEAD OFFICE

Port Moresby
Section: 57, Allotment: 463
Morea Tobo Road, 6 Mile
Port Moresby
National Capital District
Papua New Guinea
Tel : +675 325 5766
+675 323 9425
Fax: +675 325 0593

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


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

SINGAPORE

UMW Heavy Equipment (S) Pte Ltd
108 International Road
629173 Singapore
Tel : +65 6265 3155
Fax: +65 6265 8494

GROUP
DIRECTORY

As of 15 March 2021

<div><div></div><div>INDUSTRIAL EQUIPMENT</div></div>			
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	Nilai	SARAWAK	SABAH
Butterworth Plot 57 Jalan Perindustrian Bukit Minyak Taman Perindustrian Bukit Minyak 14000 Bukit Mertajam Seberang Perai Pulau Pinang, Malaysia Tel : +604 508 3368 Fax: +604 508 3370	Lot 4961, Jalan TS 2/1 Taman Semarak Fasa 2, 71800 Nilai Negeri Sembilan, Malaysia Tel : +606 799 3315 Fax: +606 799 3343	Kuching Lot 2478, Section 66 KTLD Jalan Belian Pending Industrial Estate 93738 Kuching Sarawak, Malaysia Tel : +608 233 6462 Fax: +608 233 6159	Kota Kinabalu Mile 5½, Tuaran Road 88817 Kota Kinabalu Sabah, Malaysia Tel : +608 843 0007 Fax: +608 842 7088
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	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	Sibu No. 6A, Lorong Nyatoh Jalan Lanang 96000 Sibu Sarawak, Malaysia Tel : +608 431 1315 Fax: +608 432 0309	Sandakan Mile 4½, Jalan Batu Sapi Karamunting Estate 90724 Sandakan Sabah, Malaysia Tel : +608 961 6100 Fax: +608 961 1071
	Kluang No. 1, Jalan Padang Tembak Taman Padang Tembak 86000 Kluang Johor Darul Takzim, Malaysia Tel : +607 773 2216 Fax: +607 772 3976		Tawau Mile 4½, Apas Road 91009 Tawau Sabah, Malaysia Tel : +608 991 2261 Fax: +608 991 4610
SOUTH REGION		Bintulu	
Johor Bahru No. 64 Jalan Langkasuka Larkin Industrial Estate 80350 Johor Bahru Johor Darul Takzim, Malaysia Tel : +607 237 3068 +607 237 1684 Fax: +607 236 5197		Lot 3155, Block 26 Kemena Land District Jalan Sungai Nyigu 97007 Bintulu Sarawak, Malaysia Tel : +608 625 5328 Fax: +608 625 5329	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
	EAST COAST		
	Kuantan Lot 140, Semambu Industrial Estate 25710 Kuantan Pahang Darul Makmur Malaysia Tel : +609 566 1986 Fax: +609 566 2502	Miri Mile 3, Jalan Krokop 98007 Miri Sarawak, Malaysia Tel : +608 565 4798 Fax: +608 565 7825	

REGIONAL - INDUSTRIAL EQUIPMENT			
SINGAPORE	UMW Equipment Systems (Vietnam) Co Ltd (Nghe An Branch)	UMW Equipment Systems (Vietnam) Co Ltd (Binh Dinh Office)	BRANCHES
UMW Equipment & Engineering Pte Ltd	No 2B, Street 1 VSIP Nghe An Industrial Park Hung Tay Commune Hung Nguyen District Nghe An Province, Vietnam Tel : +84 238 320 6696	No 728, Hung Vuong Street Nhon Phu Ward Quy Nhon City Binh Dinh Province, Vietnam Tel : +84 256 354 8268	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
HEAD OFFICE 108, International Road Singapore 629173 Tel : +656 265 3155 Fax: +656 265 8494		UMW Equipment Systems (Vietnam) Co Ltd (Hai Phong Office) No.241, An Phong Hamlet An Hung Ward An Duong District Hai Phong City, Vietnam Tel : +84 225 374 3897	UMW Industrial Equipment (Shanghai) Co Ltd (Jiaxing Branch) No. 258, Xingchang Road Xincheng Town Xiuzhou District Jiaxing 314015 Zhejiang Province, P.R. China Tel : +86 573 822 090 48 Fax: +86 573 822 090 49
VIETNAM	Representative Offices	UMW Equipment Systems (Vietnam) Company Limited Warehouse 17B, 4 Street Vietnam-Singapore Industrial Park Binh Hoa Ward Thuan An City Binh Duong, Vietnam Tel : +84 2743 991 668	(Shanghai) Co Ltd (Ningbo Branch) No. 825 North Jiangcheng Road Jiangdong District Ningbo 315042 Zhejiang Province, P.R. China Tel : +86 574 877 397 08 Fax: +86 574 877 397 10
UMW Equipment Systems (Vietnam) Company Limited, Vietnam	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 Vietnam Tel : +84 2923 737 331	UMW Equipment Systems (Vietnam) Company Limited Warehouse 17B, 4 Street Vietnam-Singapore Industrial Park Binh Hoa Ward Thuan An City Binh Duong, Vietnam Tel : +84 2743 991 668	
HEAD OFFICE 12A, Doc Lap Avenue Vietnam – Industrial Park Binh Hoa Ward Thuan An District Binh Duong Province Vietnam Tel : +84 274 374 333 Fax: +84 274 374 3888	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	CHINA	
BRANCHES		UMW Material Handling Shanghai Group, China	Representative Offices
UMW Equipment Systems (Vietnam) Co Ltd (Bac Ninh Branch) Lot B1-3 Dai Dong Industrial Park – Hoan Son Tien Du District, Bac Ninh Vietnam Tel : +84 2223 848 899	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	HEAD OFFICE Room 118, Building A No. 118 East Huguang Road Minhang District Shanghai 201108 P.R. China Tel : +862 154 300 338 Fax: +862 168 500 866	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
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, Vietnam Tel : +84 2553 900 188	UMW Equipment Systems (Vietnam) Co Ltd (Da Nang Office) 683 Truong Chinh Hoa Phat Ward Cam Le District Da Nang City, Vietnam Tel : +84 2363 731 731		

As of 15 March 2021



UMW Industrial Power Services Sdn Bhd
HEAD OFFICE

No. 12, Jalan Utas 15/7, Seksyen 15
40200 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : +603 5163 3600
Fax: +603 5519 2800

BRANCHES - MARINE & POWER EQUIPMENT		
NORTH REGION	SOUTH REGION	SARAWAK
Plot 57, Jalan Perindustrian Bukit Minyak Kawasan Perindustrian Bukit Minyak Mukim 13, 14100 Simpang Ampat Seberang Perai Tengah Pulau Pinang, Malaysia Tel : +604 508 3375/3376 Fax: +604 508 3373	No. 64, Jalan Langkasuka Kawasan Perindustrian Larkin 80350 Johor Bahru Johor Darul Takzim, Malaysia Tel : +607 235 0268 +607 232 0268 Fax: +607 236 9268	Lot 2478 Jalan Belian Pending Industrial Estate 93738 Kuching Sarawak, Malaysia Tel : +608 248 5102 +608 248 9911 Fax: +608 233 4867
	EAST COAST	
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	Lot 140 Kawasan Perindustrian Semambu 25710 Kuantan Pahang Darul Makmur Malaysia Tel : +609 566 5924 Fax: +609 566 2976	Lot 55, Block 9 Upper Lanang Road 96008 Sibul Sarawak, Malaysia Tel : +608 421 2934 +608 421 8121 Fax: +608 421 0019 Mile 3, Jalan Krokop 98007 Miri Sarawak, Malaysia Tel : +608 566 1820 Fax: +608 565 5889

NOTICE IS HEREBY GIVEN THAT the 39th Annual General Meeting (**AGM**) of the Company will be held fully virtual via live streaming from the broadcast venue at Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia, on Thursday, 20 May 2021 at 10.00 a.m. to transact the following businesses:

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.	
2.	To re-elect Dato' Ahmad Fuaad bin Mohd Kenali 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) Tan Sri Hasmah binti Abdullah	Resolution 2
	(b) Datin Paduka Kartini binti Hj Abdul Manaf	Resolution 3
	(c) Lim Tze Seong	Resolution 4
4.	To approve the payment of the following Directors' fees for the period from 21 May 2021 until the next AGM of the Company:	Resolution 5
	(a) RM27,500 per month for the Non-Executive Chairman and RM13,750 per month for each Non-Executive Director of the Company; and	
	(b) RM10,000 per annum for each Non-Executive Director who is the Chairman on the board of subsidiaries and RM8,000 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 21 May 2021 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 2021 and to authorise the Directors to fix their remuneration.	Resolution 7

To consider and, if thought fit, to pass the following Ordinary Resolution:

- “THAT the mandate granted by shareholders on 25 June 2020 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company and/or its subsidiaries (**UMW Group**) to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.3(b) (i) of the Circular to Shareholders dated 28 May 2020 (**Circular**), with the related parties mentioned therein, which are necessary for the day-to-day operations of the UMW Group, be renewed, AND THAT approval be given for a new mandate for the UMW Group to enter into additional recurrent transactions of a revenue or trading



NOTICE OF ANNUAL GENERAL MEETING

nature as set out in Section 2.3(b)(ii) of the Circular with the related parties mentioned therein, PROVIDED THAT such transactions are entered into in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

THAT the Shareholders’ Mandate shall continue to be in force and effect until:

- (a) the conclusion of the next AGM of the Company, at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (b) the expiration of the period within which the Company’s next AGM is required to be held, pursuant to Section 340(1) and (2) of the Companies Act 2016 (**CA 2016**) (but shall not extend to any extension as may be allowed pursuant to Section 340(4) of the CA 2016); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest;

AND THAT the Board of Directors of the Company be empowered and authorised to complete and do such acts and things as they may think expedient or necessary (including executing 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 39th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd pursuant to Article 76(2) of the Company’s Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors (**ROD**) as at 10 May 2021. Only a depositor whose name appears on the ROD as at 10 May 2021 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

MOHD NOR AZAM MOHD SALLEH
(MAICSA 7028137) (SSM PC No. 201908002015)
Group Secretary

Kuala Lumpur, Malaysia.
21 April 2021

NOTES:	
1. Mode of Meeting	<p>The 39th Annual General Meeting (AGM) will be held fully virtual 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 (SSES) via the Securities Services e-Portal platform (SS e-Portal) at https://sshsb.net.my/login.aspx. 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.</p> <p>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.</p>
2. Proxy and/or Authorised Representatives	<p>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.</p> <p>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, 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.</p> <p>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.</p>
	<p>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:</p> <p><u>Lodgement in hardcopy form</u></p> <p>To be deposited at the SSES’s office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.</p> <p><u>Lodgement via electronic means</u></p> <p>To be lodged electronically via the SS e-Portal, by fax to +603-2094 9940 or by email to eservices@sshsb.com.my.</p> <p>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.</p> <p>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.</p>
3. Audited Financial Statements for the financial year ended 31 December 2020	<p>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.</p>
4. Ordinary Resolutions 1 to 4: Re-election of Directors who retire pursuant to Articles 112, 126 and 128 of the Company’s Constitution	<p>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.</p> <p>Accordingly, Dato’ Ahmad Fuaad Mohd Kenali, who was appointed Director on 1 November 2020, will retire and being eligible, has offered himself for re-election at this AGM.</p>

NOTICE OF ANNUAL GENERAL MEETING

- 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, Tan Sri Hasmah Abdullah, Datin Paduka Kartini Hj Abdul Manaf and Lim Tze Seong, being eligible, have offered themselves for re-election at this AGM.

For the purpose of determining the eligibility of Directors standing for re-election at this AGM, all Directors with the exception of Dato’ Ahmad Fuaad, had undergone a comprehensive Board Effectiveness Evaluation (**BEE**) carried out by KPMG Management & Risk Consulting Sdn Bhd, as the independent consultant, to assess the performance and contribution of each individual Director, taking into consideration among others, character, integrity, professionalism and competency, as well as the level of independence and effectiveness demonstrated by the Independent Directors.

Based on the overall results of the BEE, the individual Directors met the performance criteria required of an effective and a high-performance Board. Given the relative recency of Dato’ Ahmad Fuaad’s tenure as Director and President & Group Chief Executive Officer, a comprehensive performance evaluation on him as Director will only be carried out for 2021.

The Board recommends the re-election of all retiring Directors.

5. Ordinary Resolution 5: Payment of Directors’ Fees to the Non-Executive Directors

Pursuant to Section 230(1) of the CA 2016, any fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Accordingly, shareholders’ approval is sought at this AGM for the payment of Directors’ fees to the Non-Executive Directors (**NEDs**) of the Company for the period from 21 May 2021 until the next AGM, as follows:

Board of the Company:

	Monthly (RM)
Chairman	27,500
Member	13,750

Board of subsidiaries:

	Annually (RM)
Chairman	10,000
Member	8,000

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

Meeting allowance (per meeting) as follows:

Description	Chairman	Member
Board of the Company	RM2,250	RM1,500
Board Committees of the Company	RM2,000	RM1,500
Board of subsidiaries/Board Committees of subsidiaries	RM2,000	RM1,500

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">• Leave passage;• Medical and insurance coverage;• Car, petrol/toll charges and driver;• Club memberships;• Telecommunication/electronic devices;• Per diem allowance;• Security services;• Claimable benefits; and• Others	<ul style="list-style-type: none">• Medical and insurance coverage;• Car and petrol;• Electronic devices;• Per diem allowance;• Claimable benefits; and• Others

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 21 May 2021 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 2017. 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 UMW Group’s day-to-day operations, and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public.

Details of the Proposed Shareholders’ Mandate are set out in Section 2.3 of the Circular to Shareholders dated 21 April 2021. 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 65, 66, 68 and 71 of the Integrated Annual Report 2020.

For The 39th Annual General Meeting

Date	:	Thursday, 20 May 2021
Time	:	10.00 a.m.
Broadcast Venue	:	Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
Online Platform	:	Securities Services e-Portal at https://sshsb.net.my/login.aspx

The 39th Annual General Meeting (**AGM**) will be held fully virtual 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://sshbs.net.my/login.aspx>

2. RPV Facilities

Please follow the procedures set out in the SS e-Portal User Guide provided in the enclosed Appendix to register, participate and vote remotely using the RPV facilities.

Only depositors/members whose names appear on the Record of Depositors and/or Register of Members as at 10 May 2021 shall be entitled to participate at the 39th 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 39th AGM.

The instrument appointing a proxy/proxies may be made via hardcopy or by electronic means in the following manner:

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.

To be lodged electronically via the SS e-Portal, by fax to +603-2094 9940 or by email to eservices@sshsb.com.my

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, 19 May 2021 at 10.00 a.m.**

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 concerning the Company's collection of your personal data, whether personally or through an appointed proxy/proxies and/or representatives for the purpose of facilitating your participation at this AGM.

The voting at the 39th 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 the SS e-Portal and Commercial Quest Sdn Bhd as the Scrutineers to verify the poll results.

6. Submissions of Questions

7. E-Vouchers

8. Integrated Annual Report 2020 and Other Documents

The following documents are available at our website:

- If you wish to obtain a printed copy of the documents above, please submit an online request at info@sshbsb.com.my or via website at <https://www.sshbsb.com.my/new/requestarep.aspx>. The printed copy of the documents will be sent to you by ordinary post upon receipt of your request.

If you have any general queries relating to the SS e-Portal, proxy appointment or encounter any technical issue to participate in the fully virtual 39th AGM, please contact the following officers below during office hours from 9.00 a.m. to 5.00 p.m. (Monday to Friday):

General Line : +603-2084 9000

Contact Persons : Wong Piang Yoong
(DID: +03 2084 9168)
Lee Pei Yeng
(DID: +03 2084 9169)
Norhasliliwati Abdullah Hashim
(DID: +03 2084 9163)

Email : eservices@sshsb.com.my

Fax : +603-2094 9940

ADMINISTRATIVE GUIDE

For The 39th Annual General Meeting

APPENDIX

Securities Services e-Portal (SS e-Portal) User Guide

BEFORE THE 39 TH ANNUAL GENERAL MEETING (39 TH AGM)		
(A) Sign up for a user account at the SS e-Portal (PLEASE SIGN-UP BY TUESDAY, 18 MAY 2021)		
Step 1:	Visit https://sshsb.net.my/login.aspx	Notes: <ul style="list-style-type: none">• SSESB requires 1 working day to process all user sign-ups. If you do not have a user account with the SS e-Portal, you will need to sign up for a user account by the deadlines stipulated above.• This is a ONE-TIME registration. If you are already a registered user of the SS e-Portal, you need not register again.• Your email address is your User ID.• Please proceed to either (B) or (C) below once you are a registered user.
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.	
(B) Register for Remote Participation at the 39 th AGM (PLEASE REGISTER BY THURSDAY, 20 MAY 2021 AT 10.00 A.M.)		
Step 1:	Log in to https://sshsb.net.my/login.aspx with your registered email and password.	Notes: <ul style="list-style-type: none">• A copy of your e-Registration for remote participation can be accessed via My Records (refer to the left navigation panel).• Your registration will apply to all the CDS account(s) of each individual shareholder/body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.• Upon verification by the Poll Administrator against the Record of Depositors as at 10 May 2021, you will receive an email on your eligibility to participate at the 39th AGM.
Step 2:	Look for UMW Holdings Berhad under the Company Name and 39th AGM on 20 May 2021 at 10:00 a.m. - Registration for Remote Participation under Corporate Exercise/Event and click “>” to register for remote participation at the 39 th AGM.	
Step 3:	Select whether you are participating as: <ul style="list-style-type: none">• Individual shareholder; or• Corporate or authorised representative of a body corporate*.	
Step 4:	Submit your registration.	
(C) Submit e-Proxy Form (PLEASE SUBMIT BY WEDNESDAY, 19 MAY 2021 AT 10.00 A.M.)		
Step 1:	Log in to https://sshsb.net.my/login.aspx with your registered User ID (email address) and password.	Notes: <ul style="list-style-type: none">• A copy of your submitted e-Proxy Form can be accessed via My Records (please refer to the left navigation panel).• You need to submit your e-Proxy Form for every CDS account(s) you have or represent.• All appointed proxy/proxies need not register for remote participation under (B) above but if they are not registered users of the SS e-Portal under (A) above by 17 May 2021. PLEASE NOTIFY YOUR PROXY/PROXIES ACCORDINGLY.• Upon processing the e-Proxy Forms, remote participation access for the 39th 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 be able to participate at the 39th AGM.• Upon verification by the Poll Administrator, your proxy will receive an email of his/her eligibility to participate at the 39th AGM.
Step 2:	Look for UMW Holdings Berhad under the Company Name and 39th AGM on 20 May 2021 at 10:00 am - Submission of Proxy Form under Corporate Exercise/Event and click “>” to submit your e-Proxy forms online for the 39 th AGM.	
Step 3:	Select whether you are submitting the e-Proxy Form as: <ul style="list-style-type: none">• Individual shareholder; or• Corporate or authorised representative of a body corporate*.	
Step 4:	Enter your CDS account number or the body corporate's CDS account number and 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.	

* 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 Melayu must be accompanied by a certified translation in English in one (1) file.

ON THE DAY OF THE 39 TH AGM		
(A) Joining the Live Stream Meeting (e-Live)		
<u>e-Live Access Date and Time</u> Thursday, 20 May 2021 at 9:30 a.m.		<u>Commencement of the 39th AGM</u> Thursday, 20 May 2021 at 10.00 a.m.
Step 1:	Log in to https://sshsb.net.my/login.aspx with your registered User ID (email address) and password.	Notes: <ul style="list-style-type: none">• You can start to login 30 minutes before the commencement of the 39th AGM as mentioned above.• 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 39th AGM.
Step 2:	Look for UMW Holdings Berhad under the Company Name and 39th AGM on 20 May 2021 at 10:00 a.m. - Live Stream Meeting under Corporate Exercise/Event and click “>” to join the 39 th AGM.	
(B) Remote Online Voting during the Meeting (e-Voting)		
<u>e-Voting Access Date and Time</u> Thursday, 20 May 2021 at 10:00 a.m.		<u>e-Voting Closing Date and Time</u> As directed by the Chairman of the 39 th AGM
Step 1:	(i) If you are logged in to the SS e-Portal and already accessing the Live Stream Meeting, click Proceed to Vote under the live stream player. OR (ii) If you are not logged in yet, please log in to the SS e-Portal, at https://sshsb.net.my/login.aspx with your registered User ID (email address) and password. Look for UMW Holdings Berhad under Company Name and 39th AGM on 20 May 2021 at 10:00 a.m. - Remote Voting under Corporate Exercise/Event and click “>” to remotely cast and submit the votes online for the resolutions tabled at the 39 th 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">• The access to e-Voting will be opened from 10.00 a.m. on Thursday, 20 May 2021 and will end when the Chairman announces the completion of the online voting session.• Your casted votes will apply throughout all 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.• A copy of your submitted e-Voting can be accessed via My Records (please refer to the left navigation panel).
(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 39 th AGM.		

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 UMW Group and/or obtained from 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 numbers, CDS account number, such other information that you provide as shareholders and/or investors of 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; and
- vi. any other information that you provide or are required to be given to become shareholders and/or investors.

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 UMW Group;
- ii. to process your request to become shareholders and/or investors;
- iii. issuance of share certificates or securities, if applicable;
- iv. to deliver, communicate and transmit UMW Group's integrated annual reports, newsletters, latest information

- and other shareholders and/or investors relation information and materials through modes of communication and delivery we deem appropriate (including without limitation verbally, in hard print, electronically or online);
- v. payment of dividends and other benefits to shareholders and/or investors, if applicable;
- vi. to maintain, upkeep and update our records regarding our shareholders and/or investors;
- vii. statistical analysis and historical data;
- viii. execution of the relevant legal documents and instruments to give effect to your status as shareholders and/or investors of the UMW Group;
- ix. as part of the UMW Group's internal records management, internal compliance and corporate governance (including auditing, internal investigations, compliance, risk management, conflict of interest reporting, management reporting and security processes);
- x. verification and identification purposes;
- xi. compliance with laws, regulations, guidelines, codes and statutory requirements;
- xii. to provide you with the services or information requested;
- xiii. for contact purposes;
- xiv. to defend and/or enforce UMW Group's rights under law and/or obtain legal advice;
- xv. to attend to your enquiries and generally to enable resolution of a concern or complaint;
- xvi. to facilitate your participation in any of UMW Group's functions, activities, meetings and/or events;
- xvii. administrative and operational purposes;
- xviii. security and access within UMW Group's 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;

- 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 overseas):

- 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, 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; and
- vii. other parties, in respect of whom you have consented to the disclosure of your personal data.

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 Melayu version of this Notice, the terms in this English language Notice shall prevail.

NOTIS PERLINDUNGAN DATA PERIBADI

Notis Perlindungan Data Peribadi ini dikeluarkan menurut Akta Perlindungan Data Peribadi, 2010 untuk pihak-pihak yang dinyatakan di dalamnya.

Notis Perlindungan Data Peribadi ini (**Notis**) dikeluarkan oleh **UMW HOLDINGS BERHAD** dan anak-anak syarikatnya, syarikat-syarikat bersekutunya, syarikat-syarikat berkenaan dan syarikat-syarikat berkaitannya (“**Kumpulan UMW**” atau “**kami**”) untuk pemegang saham dan/atau pelabur yang sedia ada dan bakal pemegang saham dan/atau pelabur. Notis ini menerangkan bagaimana kami mengumpul dan mengendalikan data peribadi anda mengikut Akta Perlindungan Data Peribadi, 2010 (**Akta**). Bagi mengelakkan keraguan, semua pemegang saham dan/atau pelabur yang sedia ada dan bakal pemegang saham dan/atau pelabur akan dirujuk secara kolektif sebagai “**pemegang saham dan/atau pelabur**” atau “**anda**”. Sila maklum bahawa Kumpulan UMW berhak untuk membuat apa-apa perubahan dan/atau pengubahsuaian kepada Notis ini pada bila-bila masa. Apa-apa perubahan dan/atau pengubahsuaian kepada Notis ini akan disampaikan melalui mod komunikasi yang dianggap sesuai oleh Kumpulan UMW.

1. Data Peribadi

Sebagai pemegang saham dan/atau pelabur Kumpulan UMW, kami mungkin memproses (setakat mana berkenaan) data peribadi yang berikut, sepertimana yang diberikan oleh anda dan/atau pembekal perkhidmatan yang dilantik oleh Kumpulan UMW dan/atau yang diperolehi daripada domain awam, pihak berkuasa, pihak berkuasa pentadbiran dan/atau pihak berkuasa penyeliaan, yang mungkin termasuk tetapi tidak terhad kepada:

- i. identiti anda termasuk gambar, tandatangan, nama, nombor telefon, alamat-alamat emel, alamat-alamat, kad pengenalan/ nombor pasport, umur, jantina, kaum, kewarganegaraan dan status perkahwinan;
- ii. akaun bank anda, nombor akaun CDS, maklumat lain yang anda berikan sebagai pemegang saham dan/atau pelabur Kumpulan UMW;
- iii. rakaman video dan suara (termasuk rakaman CCTV dan rakaman sekuriti, imej, testimoni, gambar dan/atau rakaman anda yang diperoleh apabila anda berada di premis, kemudahan dan pejabat Kumpulan UMW dan/atau di mana anda menghadiri mana-mana acara berkaitan, “function”, aktiviti dan/atau mesyuarat Kumpulan UMW berkaitan;
- iv. maklumat berkenaan pegangan saham dalam Kumpulan UMW atau syarikat lain;
- v. data peribadi lain yang anda berikan/isytiharkan kepada Kumpulan UMW dan/atau dikumpulkan dari anda sebagai pemegang saham dan/atau pelabur Kumpulan UMW; dan
- vi. maklumat lain yang anda berikan atau yang perlu diberikan untuk menjadi pemegang saham dan/atau pelabur.

2. Tujuan mengumpul dan seterusnya memproses (termasuk penzahiran) data peribadi anda

Setakat mana bersesuaian, kami akan memproses data peribadi anda untuk tujuan-tujuan berikut:

- i. untuk memberi kesan dan memproses status anda sebagai pemegang saham dan/atau pelabur untuk Kumpulan UMW;
- ii. untuk memproses permintaan anda menjadi pemegang saham dan/atau pelabur;
- iii. penerbitan sijil saham atau sekuriti, jika berkenaan;
- iv. untuk menyampaikan, menghubungi dan menghantar 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;

- v. pembayaran dividen dan manfaat lain kepada pemegang saham dan/atau pelabur, jika berkenaan;
- vi. pemeliharaan, penjagaan dan mengemaskini rekod kami mengenai pemegang saham dan/atau pelabur;
- vii. analisis statistik dan penyimpanan rekod sejarah;
- viii. pelaksanaan dokumentasi perundangan dan instrumen untuk memberi kesan kepada status anda sebagai pemegang saham dan/atau pelabur Kumpulan UMW;
- ix. bagi pengurusan rekod dalaman, pmatuhan dalaman dan tadbir urus korporat Kumpulan UMW (termasuk audit, penyiasatan dalaman, pmatuhan, pengurusan risiko, laporan konflik kepentingan, laporan pengurusan dan proses-proses sekuriti);
- x. bagi tujuan pengesahan dan pengenalan;
- xi. pmatuhan undang-undang dan peraturan-peraturan, garis panduan, kod dan keperluan statut;
- xii. memberikan anda perkhidmatan atau informasi yang diminta;
- xiii. tujuan perhubungan;
- xiv. mempertahankan dan/atau menguatkuasakan hak Kumpulan UMW di bawah undang-undang dan/atau mendapatkan nasihat guaman;
- xv. untuk melayani pertanyaan anda dan secara amnya untuk menangani kebimbangan atau aduan anda;
- xvi. untuk memudahkan penyertaan anda dalam mana-mana “function”, aktiviti, mesyuarat dan/atau acara Kumpulan UMW;
- xvii. untuk tujuan pentadbiran dan operasi;
- xviii. untuk tujuan sekuriti dan akses dalam premis dan kemudahan Kumpulan UMW;
- xix. penyertaan dalam penglibatan media dan/atau apa-apa acara relevan atau berkaitan;
- xx. penerbitan dalam bahan bercetak, laman sesawang, media elektronik dan/atau laman media sosial berikutan penyertaan anda dalam “function”, aktiviti, mesyuarat dan/atau acara berkaitan dengan Kumpulan UMW;
- xxi. untuk lebih memahami keperluan anda sebagai pemegang saham dan/atau pelabur;
- xxii. bagi tujuan penyiasatan dalaman, pmatuhan, sekuriti dan/atau tujuan audit;

- xxiii. untuk mendakwa, mencegah, menyiasat dan/atau mengesan sebarang aktiviti, tingkahlaku dan/atau transaksi haram dan/atau dilarang; dan
- xxiv. bagi apa-apa tujuan lain yang bersampingan, berdampingan atau lanjutan dengan tujuan di atas.

Maklumat ini perlu untuk Kumpulan UMW. Sekiranya anda gagal untuk menyediakan 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 negara):

- i. entiti di dalam Kumpulan UMW;
- ii. pembeli berpotensi atau sebenar, pengganti dalam hakmilik perniagaan atau saham (keseluruhannya atau sebahagian) Kumpulan UMW (termasuk penasihat dan wakil-wakil mereka) berikutan daripada potensi/cadangan atau jualan perniagaan sebenar, pelupusan, pemerolehan, penggabungan atau pengorganisasian semula;
- iii. jabatan dan agensi kerajaan, agensi-agensi penguatkuasaan undang-undang, pihak berkuasa, pihak berkuasa berkanun dan/atau pengawal selia industri dan kepada pihak di mana kami dikehendaki berbuat demikian di bawah undang-undang;
- iv. pihak ketiga yang dilantik oleh Kumpulan UMW untuk menyediakan perkhidmatan kepada Kumpulan UMW atau bagi pihak Kumpulan UMW (termasuk juruaudit, peguam, ahli kewangan, ejen, penasihat profesional, pendaftar saham dan lain-lain jenis pembekal perkhidmatan);
- v. mana-mana individu di bawah kewajipan kerahsiaan dan/atau telah mengaku janji untuk memastikan data tersebut dirahsiakan;
- vi. mana-mana pemegang hak, peserta, sub-peserta atau penerima pindahan bagi mana-mana hak atau obligasi kami; dan
- vii. pihak-pihak lain di mana anda telah memberikan persetujuan untuk menzahirkan data peribadi anda kepada mereka.

4. Laman Sesawang

4.1 Teknologi maklumat

Sekiranya anda melawat laman sesawang Kumpulan UMW, kami mungkin boleh mengenalpasti anda melalui pengumpulan maklumat berikut semasa anda melawat laman sesawang Kumpulan UMW dan/atau nama domain yang layak sepenuhnya (fully qualified domain name) dari mana anda melayari laman sesawang Kumpulan UMW, atau sebaliknya, melalui alamat protokol internet anda (IP):

- i. tarikh dan masa di mana anda melayari laman sesawang Kumpulan UMW;

- ii. mana-mana URL laman sesawang dari mana anda melayari laman sesawang Kumpulan UMW; dan
- iii. pelayar sesawang yang anda gunakan dan halaman yang telah anda akses.

Laman sesawang Kumpulan UMW mungkin memerlukan anda untuk memberikan sejumlah maklumat yang terhad untuk mendapatkan perkhidmatan yang anda minta dan membolehkan Kumpulan UMW memberikan maklum balas kepada pesanan-pesanan dan permintaan-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 dan pesanan-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 permohonan 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 Melayu ini, versi Bahasa Inggeris akan diguna pakai.

UMW HOLDINGS BERHAD 198201010554 (90278-P)
(Incorporated in Malaysia)
Level 6, Menara UMW, Jalan Puncak
Off Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia

PROXY
FORM

*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 39th Annual General Meeting (**AGM**) of the Company to be held fully virtual via live streaming from the broadcast venue at Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia, on Thursday, 20 May 2021 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			
1	To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon			
	ORDINARY BUSINESS	RESOLUTION	FOR	AGAINST
2	Re-election of Dato’ Ahmad Fuaad bin Mohd Kenali 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) Tan Sri Hasmah binti Abdullah	2		
	(b) Datin Paduka Kartini binti Hj Abdul Manaf	3		
	(c) Lim Tze Seong	4		
4	Approval of the payment of Directors’ fees from 21 May 2021 to the next AGM of the Company	5		
5	Approval of the payment of benefits payable to Non-Executive Directors from 21 May 2021 to the next AGM of the Company	6		
6	Re-appointment of Ernst & Young PLT as Auditors for the financial year ending 31 December 2021 and authorising Directors to fix their remuneration	7		
	SPECIAL BUSINESS			
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		
Total		

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 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 concern for his/her/their personal data to be disclosed and processed in accordance with the PDPA Notice.

Signed this _____ day of _____ 2021

Signature of Member(s)/Common Seal

NOTES

1.

The 39th Annual General Meeting (**AGM**) will be held fully virtual 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 ePortal platform (**SS e-Portal**) at <https://sshsb.net.my/login.aspx>. Members/proxies are advised to follow the procedures provided in the Administrative Guide for this AGM in order to register, participate and vote remotely via the RPV facilities.

2.

The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Article 84(2) of the Company's Constitution which require the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to be physically present at the broadcast venue on the day of the AGM.

3.

A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person as proxy to attend, participate, speak and vote in his/her stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

4.

A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, is allowed to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member is an exempt authorised nominee, which holds ordinary shares of the Company for multiple beneficial owners in one (1) security account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5.

The instrument appointing a proxy shall be in writing signed by the 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.

6.

The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be deposited not less than 24 hours before the time appointed for the taking of the poll or at any adjournment thereof:
Lodgement in hardcopy form
To be deposited at the SSESB's office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
Lodgement via electronic means
To be lodged electronically via the SS e-Portal, by fax to +603-2094 9940 or by email to eservices@sshsb.com.my.

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 the Notice will be put to vote by poll.

9.

For the purpose of determining a member who shall be entitled to attend the 39th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd pursuant to Article 76(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors (**ROD**) as at 10 May 2021. Only a depositor whose name appears on the ROD as at 10 May 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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UMW Holdings Berhad
39th 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

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